

REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1942.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON MONDAY, 5th APRIL 1943.



Bombay :

PRINTED BY G. CLARIDGE & CO., LTD.

1943.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

REPORT FOR THE YEAR 1942.

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Millobmers' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 5th APRIL 1943.

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 (Second Floor, Patel House, Churchgate Street, Fort) at 11-15 a.m. (S.T.) on Monday, the 5th April 1943, to transact the following business :—

- (1) To receive and adopt the Committee's Report for the year 1942 ;
 - (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. KRISHNARAJ M. D. THACKERSEY, Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. D. M. Passmore (Deputy Director-General, Cotton Textiles) ; Mr. T. Maloney ; Mr. M. R. Sachdev, O.B.E., I.C.S. (Controller of Supplies) ; Mr. T. W. Johnstone, O.B.E. (Food Controller) ; Mr. M. K. Vellodi, I.C.S. (Standard Cloth Commissioner) ; Mr. M. R. Kazimi (Yarn Controller) ; Mr. S. V. Joshi (Commissioner of Labour) ; Mr. J. M. B. Gibbons ; Dr. Nazir Ahmad (Director, Technological Laboratory, Matunga) ; Dr. K. Venkataraman (Head of the Department of Chemical Technology, University of Bombay) ; Mr. Jal Rutnagar ; Mr. K. Shama Iyer (Secretary, Mysore Chamber of Commerce) ; Mr. J. N. Mody ; Mr. A. C. M. Cursetjee ; Sir Vithal Chandavarkar, M.L.A. and Mr. Vijayanand D. Sirur representing the Minerva Mills Ltd., the Modern Mills Ltd. and the Mysore Spinning and Manufacturing Co., Ltd. ; Sir Ness Wadia, K.B.E., C.I.E. and Mr. Neville N. Wadia representing the Bombay Dyeing and Manufacturing Co., Ltd. ; Sir Sorab Saklatvala, M.L.A. and Mr. T. V. Baddeley representing the Ahmedabad Advance Mills Ltd., the Central India Spinning, Weaving and Manufacturing Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills Ltd. ; Sir Frederick Stones, O.B.E., M.L.C. representing the Apollo Mills Ltd., the David Mills Co., Ltd., the E. D. Sassoon United Mills Ltd., the Edward Sassoon Mills Ltd., the Elphinstone Spinning and Weaving Mills Co., Ltd., the Loyal Mills Ltd., the Meyer Sassoon Mills Ltd. and the Raymond Woollen Mills Ltd. ; Mr. Dharamsey Mulraj Khatau and Mr. Laldas Tribhowandas representing the Khatau Makanji Spinning and Weaving Co., Ltd. ; Mr. H. G. H. Everitt and Mr. John R. Kay representing 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. ; Mr. A. Geddis representing the Finlay Mills Ltd., the Gold Mohur Mills Ltd., the Shri Shahu Chhatrapati Spinning and Weaving Mills, and the Swan Mills Ltd. ; Mr. L. F. H. Goodwin representing the Lakshmi Cotton Manufacturing Co., Ltd., the New Pralhad Mills Ltd., and the Vishnu Cotton Mill Ltd. ; Mr. Ramnath A. Podar and Mr. Purohit representing the Podar Mills Ltd. ; Mr. J. G. Lancashire representing the Gokak Mills Ltd., and the Simplex Mills Co., Ltd. ; Mr. H. F. Milne representing the Kohinoor Mills Co., Ltd. ; Mr. A. Pether representing the New Union Mills Ltd., the Sassoon and Alliance Silk Mill Co., Ltd., and the Sassoon Spinning and Weaving Co., Ltd. ; Mr. Ramnivas Ramnarin representing the Bradbury Mills Ltd., and the Phoenix Mills Ltd. ; Mr. B. S. Dabke representing the Morarjee Goculdas Spinning and Weaving Co., Ltd. ; Mr. Cavasji Cursetji Dalal representing the Khandesh Spinning and Weaving Mills Co., Ltd. ; Mr. B. W. Batchelor representing the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., and the Buckingham and Carnatic Co., Ltd. ; Mr. Vithaldas Narandas representing the Indian Manufacturing Co., Ltd. ; Mr. M. M. Amersey representing the Madhusudan Mills Ltd. ; Mr. Russa H. Mehta representing the Gaekwar Mills Ltd., and the Navsari Cotton and Silk Mills Ltd. ; Mr. Motilal Tapuriah representing the Kamala Mills Ltd. ; Mr. N. D. Bangur and Mr. B. D. Somani

representing the Shree Niwas Cotton Mills Ltd. ; Mr. Navinohandra Mafatlal representing the Standard Mills Co., Ltd. ; Mr. P. M. Panpalia representing the Raja Bahadur Motilal Poona Mills Ltd. ; Mr. G. N. Vaidya representing the Ruby Mills Ltd. ; Mr. Vithaldas Damodher Govindjee ; N. S. V. Aiyer (Secretary) ; and Mr. R. G. Gokhale (Labour Officer).

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

GENTLEMEN,

In presenting to you the Committee's Report for the year 1942, I shall refer very briefly to two or three of the more important events of the year. When my predecessor addressed you exactly a year ago, the war situation was gloomy from every point of view : Japan's successes in the Far East, Malaya, Burma and in other theatres of war in the South West Pacific led to panic in this country, and not only prices collapsed, but evacuations followed on a very large scale from industrial centres like Bombay, Madras and Calcutta. In Bombay, for instance, production in cotton mills suffered a severe setback, absenteeism cutting down output in the second shift by about 50 per cent. Though, as expected, the operatives came back in large numbers from the end of May onwards, immediate resumption of normal output was, with the reshuffling of labour which had taken place, out of the question. The disturbances and the *hartals* in August, and the isolated strikes which were reported from several parts of the country were also responsible for a drop in production, and it is estimated that, in the year 1942-43, the cotton mills in India produced about 4,000 million yards as against 4,500 million yards in the previous year. The cloth supply position in the country was unsatisfactory even in 1941, and though the Government of India had certain plans for the manufacture and distribution of standard cloth, the matter had not, for reasons known only to Government, gone beyond the discussion stage. Market prices shot up in consequence of the lag between supply and demand, and the standard cloth scheme was revived towards the end of 1942, and certain proposals acceptable to Government and the industry were put forward and tentatively agreed to at a conference held in Bombay recently, which was presided over by the Hon'ble the Commerce Member. Here, I may inform you that, at this conference, the representatives of the industry, *inter alia*, agreed to place at the disposal of Government 60 per cent. of its productive capacity for the manufacture of standard cloth and the cloth required by the army.

The essence of the whole standard cloth scheme is that there will be a Central Committee consisting of representatives of Government and the industry, advising the Central Government on matters primarily relating to manufacture of the cloth, allocations to individual mills in India, etc., Government being responsible for payment to manufacturers. The actual distribution of the cloth will be done by Provincial Governments on the advice of Provincial Committees. Progress in the direction of implementing the decisions of the Bombay Conference has not, unfortunately, been rapid. The wheels of the Central Government usually grind very slowly, but when they come in contact with those of the Provincial Governments, the process is slower still. My information is that some of the Provincial Governments have already expressed their inability to co-operate with the Government of India's scheme, and the Madras Government, for instance, seem to be tackling the issue from another point of view. They have issued an Order entitling the Provincial Yarn Commissioner to take over yarn stocks with spinning mills at Panel prices. These yarns, I understand, will be supplied to the handloom industry at Panel prices, there being no control in the price of the cloth turned out by the handlooms. There cannot be a better example of a "rob Peter and pay Paul" policy. Any control of the yarn industry, as has been done by the Madras Government for the benefit of the handloom industry, would be meaningless unless the products of the handloom industry are similarly controlled.

Coming back to the standard cloth, the scheme is intended to help the poor man, and I am anxious to ensure that he gets the full benefit of it. Any scheme of distribution, which falls short of this requirement, would defeat one of its main objects, and would further help the flow of this cloth to the hands of the profiteer, which I desire to avoid at all costs. While we regarded a proper scheme of rationing as a condition precedent to the introduction of a successful standard cloth scheme, we agreed to co-operate with Government as we felt that, in the interval which might have to be allowed for securing the distribution of ration

cards, unnecessary hardship might accrue to our people. An initial quantity of 15 million yards of standard cloth has already been manufactured and delivered ; orders for a further quantity of 25 million yards are being placed for delivery in April/May. The Standard Cloth Panel will be meeting in a week's time, after which, it is hoped that further orders for standard cloth will be placed on mills.

INDUSTRY AND WAR-TIME CONTROL.

Our relations with the Textile Directorate of the Department of Supply continue to be extremely cordial. This, I must admit, is no doubt, due to the most able and helpful manner in which Mr. Passmore and Mr. Maloney have met us. Here I must inform members that the requirements of the Supply Department, which amounted to 1,000 million yards per year, have now been reduced to 700 million yards. With the rising *tempo* of war a strict control in respect of a number of raw materials and stores used by the industry became absolutely indispensable and though control in any form is generally repugnant to human sentiment, it must be said to the credit of the Directorate and Mr. Greaves that these control laws have been administered in a fair and straightforward manner. I am particularly referring to the work done by the Priority Assistance Committee and the Cotton Movements Panel in which I have represented the Association. I must also pay a tribute to the Controller of Supplies, Mr. Sachdev, who, as the Chairman of the Advisory Committee on Control and Distribution of Fuel Oils, has been extremely helpful to us. There is nothing of the usual officiousness with the gentlemen I have mentioned, and rarely has there been any serious difference of opinion between them and the non-official members working with them. Nobody wants control, but here is an example of control laws being administered by Government in consultation with representatives of the trade in the interest of the trade and to the satisfaction of the trade.

EXPORT RESTRICTIONS ON CLOTH.

To relieve the pressure on the cloth supply position in this country, the Committee suggested a limitation in the exports of cotton piecegoods. The details were discussed with representatives of the Government of India at a series of conferences in Bombay, and as a result, Government have agreed that exports would not be allowed to exceed a maximum of 600 million yards of cloth per annum. This figure is subject to review. Government have also agreed at our suggestion to set up an Advisory Committee to be associated with the Export Trade Controller, and I sincerely hope that this arrangement may produce beneficial results to both exporters and Government. When on this question, I would like to point out that, in agreeing to restrict exports and to manufacture standard cloth, the Committee were actuated by only one motive, namely, that their duty lay first and foremost to the people of this country, who had stood by the industry when it was in need of protection.

TRADE MARKS ACT.

The Committee, as you are aware, had drawn the attention of the Government of India to certain drawbacks in the Trade Marks Act, 1940, but nothing happened. Our efforts were renewed in the year under review, and this time with success ; the Trade Marks Amending Bill recently passed by the Assembly seeks to give effect to the principal suggestion made by us, namely, that the entire Trade Marks Registry should be transferred to Bombay and concentrated in the hands of one Registrar. I am glad that, at long last, Government recognised the justice of our demand, and made up their mind to amend the law in the direction suggested.

PROSPECTS FOR THE FUTURE.

I know, gentlemen, you expect me to refer to the prospects for the future. As has happened in the last three years, the industry's fortunes will fluctuate with the events of the war. Though the military situation is not, by any means, as gloomy as it was when we met a year ago, there is no room for complacency. I am convinced that this country is still capable of making a very substantial contribution to the war effort if the proper atmosphere conducive to such contribution were created, and it is up to Britain and the leaders of public opinion in this country to make strenuous efforts to facilitate the flow of this contribution through voluntary channels. I sincerely feel that, if Britain has to make a sacrifice, that sacrifice must be made in the interest of humanity and the speedy and successful termination of the

war. So long as the war continues, and provided nothing unfortunate happens to our great industrial cities, the cotton textile industry of the country will thrive. That does not mean that we want the war to continue. We are assured that our defences are in a high state of efficiency and preparedness, and we can, therefore, face the next year with a feeling of relief. I do not, however, say that, in the year 1943, we shall be able to earn the same amount of profit as we had been able to earn in 1942. The reasons are not far to seek. Firstly, about 60 per cent. of our productive capacity has been placed at the disposal of Government for the manufacture of cloth required by the army and the standard cloth, and, as you are aware, the net yield on these cloths is nothing like what it is on the cloth sold to the market. Secondly, I expect that a general tightening up of the export regulations in respect of cloth would have a sobering effect on our cloth prices, and thirdly, there are strong indications that control of the industry in some form or other would be brought in by the Provincial Governments if not by the Central Government. In this connection, I would refer to the power for requisitioning yarn from spinning mills already taken by the Madras Government, according to which spinning mills have to surrender their stocks to Government at Panel prices. The action of the Madras Government is inconsistent with the understanding which we came to with the Government of India towards the end of 1941, and if, as is very likely to happen, other Provinces imitate Madras, the relations between Government and the industry will be unnecessarily strained.

DOMESTIC AFFAIRS.

It now only remains for me to express my deep debt of gratitude to my colleagues on the Committee. The Deputy Chairman, Sir Vithal Chandavarkar, has been of very great assistance to me. His long experience in all matters concerning the Association has been of inestimable value to me, and in selecting him to hold the office of the Chairman for the coming year, you have recognised in a very practical manner his ability and the services he has rendered to the Association all along. My colleagues on the Committee have given me of their best, and I am deeply indebted to them for their co-operation in a year which was very eventful from every point of view. I must also express my grateful thanks to the Association's representatives on the various bodies set up by the Central and Provincial Governments, and also to the members of the various Sub-Committees set up by the Association in the year under review. I must also express my appreciation of the services rendered by Mr. Neville N. Wadia, our representative on the Food Advisory Council of the Government of Bombay. On him fell the responsibility for maintaining supplies to our grain shops in a critical period, and I must say that he has discharged his duties to my entire satisfaction. Mr. T. Maloney, in whose honour we had a pleasant function only the other day, has retired from the services of the Association, and the Committee have appointed Mr. N. S. V. Aiyer as Secretary. In appointing him to this office, the Committee have recognised the services rendered by Mr. Aiyer to the Association in the last 20 years, and from the close contact which I had with him during my tenure of office, I am convinced that Mr. Aiyer has justified his appointment in every respect. I must also gratefully acknowledge the loyal and willing services rendered by Mr. R. G. Gokhale, our Labour Officer. Mr. Gokhale has given to the Association of his best, and successive Chairmen have already paid a tribute to the conscientious manner in which he has served our interests. I now come to the small staff of the Association; the routine work of the Association, as you are aware, had already increased enormously as a result of the war. In the course of the year, on my suggestion, the Association undertook additional responsibility in the matter of procuring members' requirements of grain, sugar, tapioca, electric bulbs, hessian, etc., with the result that the staff of the Association had to carry an extremely heavy load. Nevertheless, they responded nobly and efficiently to all the calls made on them, and my thanks are also due to them.

Gentlemen, I now formally propose "that the Report of the Committee of the Association for the year 1942 be and is hereby approved and adopted."

SIR VITHAL CHANDAVARKAR, Deputy Chairman, in seconding the adoption of the Report and the Accounts for the year 1942, said :—

GENTLEMEN,

After the very able survey presented to you by the Chairman, I have very little to add except a few words on the labour situation.

The Chairman has already referred to the loss of production resulting from isolated cessations of work in several centres of the industry. In Bombay City alone, there were 27 strikes in 1942 resulting in a loss of 2,24,000 man-working days as against 15 strikes and 1,63,000 man-working days in the preceding year. Almost all the strikes in 1942 were in contravention of the Bombay Industrial Disputes Act. In addition, there were stoppages aggregating to about 9,25,000 man-working days for political and other reasons, thus bringing the total loss of production in man-working days to 11,49,000 in 1942. This, gentlemen, you will agree, reveals a very unsatisfactory state of affairs. I had expected that the machinery provided in the Bombay Industrial Disputes Act and in the various Orders issued by the Government of India under the Defence of India Rules for the investigation and settlement of workers' grievances would do away with lightning strikes and put an end to avoidable loss of production. These expectations have not borne fruit, and in spite of everything, operatives still continue to resort to lightning strikes whenever it suits them. It is unfortunate that the authorities concerned seem inclined to bring about resumption of work, not by upholding the law, but by resorting to a policy of appeasement of labour, regardless of the psychological effect of such a policy on labour, and with the pressure which is often brought to bear on him, the employer has perhaps no option but to yield. The Committee had occasions to draw the attention of the Central and Provincial Governments to the dangers underlying this policy, but without result.

This brings me to another matter which has been causing considerable anxiety to the Committee. There is no finality to the proceedings which can be instituted under the Bombay Industrial Disputes Act, and even if a worker failed to convince the Conciliator and/or the Industrial Court, he could still so manipulate things and secure the appointment of an Adjudicator under the Ordinance. There is no limit to the matters which can be referred to adjudication under the Ordinance, and there have been instances in which the loophole I have referred to in the Act and in the Ordinance has resulted in the same worker, who was the subject of proceedings in three separate Courts and lost every time, finally succeeded in securing the appointment of an Adjudicator under the Defence of India Rules, and the management out of sheer desperation, had to enter into a compromise with him. This state of affairs is not conducive to the maintenance of internal discipline in mills. We have had cases in Bombay where the disciplinary action taken by the management strictly in accordance with the Standing Orders and subsequently endorsed by the Government Labour Officer has been made the subject of a notice of change by the other operatives. The Bombay Industrial Disputes Act clearly lays down that the Standing Orders are determinative of the relations between the employer and the employed, and in any event, there cannot be any action for specific performance of a contract of personal service. There was difference of opinion between the Government of Bombay and the Committee on the issue as to whether, the Bombay Industrial Disputes Act contemplated a notice of change in regard to a matter disposed of in accordance with the Standing Orders, and as the matter is now pending in the High Court, I do not propose to say anything more about it at this stage.

Our policy has always been to give labour a fair deal; we are prepared to go into all *bona fide* complaints and set matters right wherever possible, but we want labour and those who profess to lead them to understand that internal discipline in factories must be maintained. There seems to be a growing tendency abroad to regard *immediate* labour welfare and social legislation on British lines as the surest short cut to perfect peace and harmony in the industry. The Government of India appear to be inclined to go even further and advocate legislation of the type which is without a known parallel in any other civilised country. In this connection, I would refer to the abortive proposal to compel employers to give the workers four days' notice or wages in lieu of notice, when the whole factory had to be closed down on account of a strike in a department of the factory. I am glad that, following protests from all employers, this proposal was subsequently dropped, but the Press propaganda with which such proposals are ushered to the country has not failed to leave its legacy behind, and recently we have had demands for strike pay too from our workers.

RECOGNITION OF TRADE UNIONS.

The attitude adopted by the Committee on certain proposals put forward by the Government of India in connection with recognition of trade unions has unfortunately been misinterpreted by a section of the Press. The position taken up by us was dictated by our

unfortunate experience in Bombay in the last ten years or more. Recognition of employees' unions should ordinarily come voluntarily from the employers, and there was no difficulty in recognition where the trade union concerned consisted of *bona fide* workers and was managed by representatives of workers and adopted strictly trade union methods in securing the redress of its members' grievances and was further in a position to impose its will upon its members in securing the due observance of all agreements and undertakings given by it in its negotiations with employers. Without prejudice to this contention, we stated that the proper time to go into this matter would be when the war was over and normality had been restored. We went further and stated that if, in spite of what we said, Government wanted to proceed further in this matter, the conditions regarding the grant of recognition should be specifically laid down so as to ensure that the unions concerned did represent a substantial section of the labour whom they claim to represent. In doing so, we did nothing unusual and insisted only on the observance of those conditions which were laid down by Government in dealing with unions of State Railway employees. Gentlemen, if this is not reasonable, I would like to know what is reasonable.

DEARNESS ALLOWANCE.

In my speech as the Chairman of the Association last year, I referred to the principle of compensating rise in cost of living by a special system of cash dearness allowance varying with the rise in the Bombay working-class cost of living index numbers prepared by the Labour Office and accepted by the Association. You will find from the Report which is in your hands that the graduated scale which has been extended up to 143 in 1942 has now been extended to 213, and at the last mentioned figure the dearness allowance for a month of 26 working days would amount to Rs. 25-10-0. I am very glad to note that the spokesmen of the Government of India now consider that the payment of high dearness allowances in cash is unsound in principle for the reason that it helps to inflate prices, and I would only point out that the very same consideration was urged by us more than 18 months ago when we met the Local Government. We were egged on to extend our list, but I hope that in the unfortunate event of the cost of living index number exceeding the stipulated limit of 213, the Government of Bombay would remember the wholesome advice given by the Government of India. Looking at the way in which the questions like dearness allowance have been handled by individual Provinces, I wonder whether provincial autonomy in labour matters with the Central Government's constitutional dislike to interfere in such matters and the Provincial Governments' enthusiasm for handling things themselves, is calculated to work in the interest of India as a whole.

I will now turn to another matter. Our mill grain shops, which, certain unions in Bombay were never tired of running down, sprang into great prominence during the year, and the total number of purchasers which was round about 26,000 in January 1942 rose to about 2,40,000 in January 1943. With the unsettled market conditions which have been prevailing since August 1942, considerable difficulties were experienced by mills in buying the requirements of mill grain shops, and I may say that with the sole object of keeping our workers contented, no expenditure was spared in securing their grain requirements. Here I must pay a personal tribute to the farsightedness of our then Secretary, Mr. T. Maloney, who was largely responsible for the establishment of these shops, and to-day the number of people taking supplies from these shops justifies the policy followed by him in connection with these shops.

Labour matters are demanding increased attention from the Committee, and it is very likely that the same will be the position in the Assembly at a very early date. While I am ready to admit that there is scope for improvement of our relations with labour and their conditions of work, even our strongest critic must concede that a great deal has been done in the last few years mainly through our own initiative, sincerity and drive. I have, however, a feeling that with the sole idea of placating labour and with the hope of securing its support to the war effort, Government are forcing the pace. The Defence of India Rules are very handy, for every purpose, and while one may not mind temporary emergency measures, I have an uneasy feeling that what is being done to-day under the Defence of India Rules as a war measure will come to stay with us after the war whether we like it or not on the ground that a precedent has already been established and that workers are not likely to give up without creating trouble the privileges which they have enjoyed in the

emergency period. However, in this connection, I welcome the recent move on the part of the Hon'ble Mr. Ambedkar who, instead of utilising his powers under the Defence of India Rules, has placed before the Assembly a Bill to provide for the payment of compensation to workmen sustaining war injuries. This Bill, gentlemen, I may inform you has been referred to the Select Committee.

While we shall be prepared to consider reasonable proposals designed to meet the temporary war expediency, we strongly feel that all proposals for labour legislation of a far-reaching character should be deferred for the duration of the war. Social and labour legislation means money, and our commitments in this regard must necessarily be dictated by the industry's capacity to pay. Industrial prosperity which has been brought about by the World War is not likely, as I have said, to be of permanent or semi-permanent character, and it would be dangerous to embark on costly ventures of a permanent character till such time as we could safely estimate whether and if so to what extent the industry could undertake the financial responsibility inherent in such schemes.

Gentlemen, it now only remains for me to thank you for the honour you have done me by electing me to the chairmanship of the Association for the year 1943. This is the fourth time that I am being called upon to be your Chairman, and I am most grateful to you for the confidence you have continued to place in me, and I would like to make it absolutely clear that I shall continue to hold this office only so long as I have your goodwill and confidence.

Gentlemen, I have now great pleasure in seconding the resolution for the adoption of the Report and the Accounts for the year 1942, moved by the Chairman.

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

On the motion of MR. T. V. BADDELEY, seconded by MR. NEVILLE N. WADIA, it was resolved :

"That effect be given to the supplementary provisions regarding Dealers' Trade Marks, Dealers' Trade Names and Dealers' Trade Numbers for a further period of one year from 1st April, 1943."

MR J. C. LANCASHIRE proposing, and MR. A. PETHER seconding, 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."

On the proposal of SIR SORAB SAKLATVALA, seconded by SIR FREDERICK STONES, 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."

SIR NESS WADIA proposed a vote of thanks to the outgoing Chairman and Committee for their very able conduct of the Association's affairs during the year, which was carried with acclamation.

Millowners' 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 1942.

F O R E W O R D .

ONE more eventful year has passed into History. The year 1942 opened with gloom and anxiety for the cause of the Allies, and the forces of freedom has just ended in a feeling of confident hope and cheerful optimism. The dark clouds which crowded the horizon early in the year have rolled away leaving behind them a message of hope for better things to come.

The events on the war front found a corresponding echo in the markets of the world, and the prices of all commodities were swayed by war news.

The initial successes gained by the Russians, who were trying to avail themselves of winter in their country to push back the Germans from the places they had occupied, continued for a short time, and at one time it appeared that the position of the Germans in Russia was untenable, but the Germans soon recovered their poise, and by dint of ceaseless reinforcements, again gained the upper hand over the Russians, and succeeded in reaching the Caucasian oil-fields which they so eagerly coveted. Regardless of the cost in men and materials, which the retreating Russians exacted from the Germans for every yard of Russian soil occupied by them, Hitler's hordes succeeded in making themselves masters of the whole of Ukraine, and advanced to Stalingrad. Happenings on the Russian front coupled with the adverse news of the British withdrawal on the Libyan front and of the successes of Japan in the Far East had a very demoralising effect on all the markets in India. The rapidly deteriorating situation in the Far East brought about a crash in the cotton and cloth markets, and there were wholesale repudiations of contracts from buyers in Bengal and Madras Provinces. Germany's aim was to neutralise Russia as a fighting force, and at one time it appeared that what the Germans failed to do in 1941 they would achieve in 1942.

Side by side with their push in Russia, the Germans also succeeded in their advance on the Libyan front where the withdrawal of the British Armies laid the road open and brought the Germans to the gates of Alexandria in Egypt.

The reverses of the Allies in Russia and Egypt coincided with the dazzling success of Japan in the Far East. The year opened with the fall of

Manila, the capital of the Philippines. The Japanese then scored a series of victories which soon gave them mastery over the whole of Malaya from where they pounced upon Singapore which fell after a short but heroic struggle. It also did not take Japan long to bring the Dutch East Indies Islands of Java and Sumatra under her control and achieve her objective of undisputed sway over the whole of the Far East. Continuing her onward progress, Japan turned her attention to the occupation of Burma where she wanted to close the Burma Road to China with a view to cut off supplies to the Chinese forces from the Allies. Japanese forces occupied the whole Province of Burma, and this brought them to the very doors of India. The panic which had gripped the markets in all the principal trading centres in India was further intensified, and business in general was demoralised. The feeling of insecurity and the fears of an invasion by Japan were aggravated by the news received soon after of the aerial bombing of two of the Indian Ports, Cocanada and Vizagapatam. The control of the Eastern Waters emboldened Japan to make an invasion attempt on Colombo, but the British Fleet stationed in the Indian Ocean and the British Air Force at Colombo were more than a match for her and she considered it better to defer her intentions over Colombo to a later date, when she hoped to muster sufficient strength to go out on a venture so far removed from her sources of supply.

The combination of reverses on all fronts made the Allied situation extremely grave for the time being. The British Prime Minister, Mr. Churchill, again paid a visit to President Roosevelt in America to plan for a better co-ordination of the Allied resources. The Military Alliance between Russia and England was announced in June. Owing to the advent of the monsoon in India, the Japanese had to suspend their activities, which gave India a much needed respite to make adequate preparations to meet the Japanese invasion. The German push in Egypt was also very successfully held at El Alamein by the determined stand of the British and Colonial Forces under General Auchinleck. There were also signs of recovery on the part of American and Australian Forces in the Pacific, The American preparations were rapidly getting into stride, and the Japanese had a foretaste of American might, which inflicted crippling losses on the Japanese fleet, in naval engagements in the Coral Sea and near the Midway Islands. The Japanese thought it prudent to draw in their horns and get a respite for re-organising their naval and air forces, which was however denied to them by American and Australian forces both of whom under the leadership of General MacArthur, the hero of the Philippines, soon decided to wrest the initiative from the Japanese, and launched an offensive for the purpose by sending out their forces to occupy the strategic Islands of Guadalcanar. The news of their initial victories over the Japs came as a relief to the drooping tone of the markets where a revival was again noticeable. But the deterioration in the Russian situation still continued to cause anxiety especially in India, because the occupation of the Caucasus by the Germans would bring them perilously close to the North Western Frontiers of India. About this time, the trading conditions in India had to encounter an adverse factor brought about by the political upheaval in India itself. The arrest of the national leaders brought about a political deadlock, which caused the Government of India some anxiety, and led to a continued suspension of trading in all markets. An attempt was also made to bring about a cessation of all industrial activities throughout

the country, and while such an attempt proved abortive in all places, it met with success at Ahmedabad where the Mill Industry came to a complete standstill which continued for 3½ months till 23rd November 1942.

Uninterrupted German successes in Russia led to a demand from several quarters for opening a second front with a view to relieve pressure on the Russians, who were putting up a heroic defence. Indeed, things assumed a very dark shape in October for the cause of the Allies but soon there was a sudden and unexpected reversal of fortune. The gathering momentum of the Allied preparations culminated in resounding victories achieved by the forces under General Montgomery in Libya, which took them to the gates of Tripoli, the Axis stronghold in North Africa. The push in Libya was timed with the Allied occupation of French North Africa which was accomplished by a huge armada comprising of nearly a thousand British and American ships, and the whole affair was planned with such meticulous skill that the coup went off without any hitch. The persistent clamour for a second front against the Germans was thus answered by the Allies, who spent months in negotiations and planning in the course of which the Prime Minister, Mr. Churchill, paid a visit to Mr. Stalin at Moscow. The Russians too had in the meantime begun to show recovery. They were fighting for the existence of their country, and the defence of Stalingrad—the city named after their brave leader—had a double significance for them. The epic defence of Stalingrad was not only an outstanding event of the past year, but will go down in history as the most remarkable the world has witnessed. The Russians not only fought street by street but literally house by house, and encouraged by the news of the Allied victories on other fronts, they put up a resistance which bled the Germans white. A marked improvement in the Russian situation was noticeable, and taking advantage of the setting in of the cold weather the Russians continued their pursuit of the German armies.

The run of continuous successes enjoyed by the Japanese also came to an end and they had to make desperate efforts to stem the rising tide of the Allied offensive which had only just begun. The plight of the economic condition of the Japanese people can be gauged by the news of the closing of two of their financial institutions—the Stock Exchanges at Tokyo and Osaka—and the amalgamation of four of their leading banking houses. It should not, however, be forgotten that the Japs are desperate fighters of no mean courage and resources, and the task before the Allied Powers is by no means light.

The peculiar feature of trading in all markets in this country after the arrest of the national leaders was that while business activities were outwardly suspended by the merchants, private dealings were taking place very freely, and the magnitude of such private dealings made business almost a normal affair. In course of time the merchants realised the futility of trade suspension which brought no gain to the country. This led to a reopening of the stock and commodity exchanges, and normal trading was once again resumed from the beginning of December. All markets became cheerful, in the wake of news of Allied gains in all sectors, but a check was once again imposed on the upward trend of prices by the news of the bombing of Calcutta, and the close of the year once again saw nervousness and uncertainty pervading through all the markets.

The year 1942 will go down in history as a year in which most important events took place which will shape the history of mankind in future. The year was equally eventful as far as our own country is concerned. Early in the year India had the honour of a visit by the first man in China, the distinguished Generalissimo of that country, who had come to India to obtain first-hand knowledge of the situation in this country and to impress on her leaders the necessity of national unity for making common cause against the Axis powers. His visit was followed by the arrival of Sir Stafford Cripps, who came as a special ambassador of Great Britain for arriving at a basis for the grant of independence to India. Hopes were running high, of the grant of important political rights leading ultimately to self-government, but they were soon frustrated, and Sir Stafford's mission did not achieve the success that was anticipated. Dissatisfaction and disappointment were acute in the minds of the Congress leaders who gave open manifestations of their intentions to launch the campaign of Civil Disobedience. This culminated in the arrest of Mr. Gandhi and all the Congress leaders on 9th August 1942, and the effect of these arrests on the different markets and trade generally has already been referred to.

Another source of anxiety due to the war during last year was the growing scarcity of foodstuffs throughout the country. The lack of co-ordination among the different Provinces and of transport facilities aggravated the situation to such a pitch as to give rise to fears of food riots. Public opinion on the question has been thoroughly roused, and attempts are being made not only by Government but also by local organisations to overcome the difficulties, and it is hoped, with the co-operation of all, the situation will be considerably relieved.

While the year 1942 opened with evil augury for the cause of the Allies, it came to a close with events, which were definitely cheerful and inspired hopes of an Allied victory. Although the difficulties and dangers for the Axis powers show signs of increase day by day, the Allied nations cannot yet afford to adopt a complacent attitude. The Axis powers are not yet at the end of their resources. Desperation will make them yet more dangerous. The road to final peace will, therefore, be long and arduous, demanding a continuance of the exertion of unstinted efforts on the part of every person in the Commonwealth of the United Nations.

We shall now pass in review the principal markets, with which the Textile Industry is directly connected and trace the effects brought about by the military and political events described above.

Cotton.—The year opened with Broach April-May 1942 at Rs. 220 ; Oomra January at Rs. 190 ; and Bengal January 1942 at Rs. 137 ; New York March 1942 at 17.40. Parity difference Broach below New York 908 cent points. However, from the very commencement the market showed signs of nervousness owing to initial Japanese gains in the Pacific and Malaya as also reports of cancellations of cloth orders from Burma. Prices began to decline, and Broach touched Rs. 197. The New York market on the contrary reached a higher level owing to the importance of U.S.A. as a big supply centre for cloth to the Allied Armies in all theatres of war, resulting in

increased consumption of cotton. Disposal of short-staple varieties such as Oomras and Broach, however, became a great problem for the market owing to stoppage of exports of these styles, and eventually these varieties proved a great drag on the market. Prices of staple cotton did not decline to the same extent. Broach gradually went up, and was quoted at Rs. 214 in the last week of the month. Subsequently, the prices again declined. On 1st February import duty on foreign cotton was raised from one to two annas per pound, and it was announced that the proceeds of this additional duty would be utilised to give relief to cotton cultivators preventing them from selling their stocks of low grade cotton at a very cheap price in panic. This announcement came a little too late, as most of this had already been marketed. Most of the January Oomra tenders were taken up by some prominent spot houses for investment on the calculation that prices were just at the bottom. At one time the discount of Oomra under Broach stood at Rs. 80 being the lowest, while at another time it stood at Rs. 10 only. Broach came down to Rs. 194 on the 6th of February 1942 on account of pressure of hedge selling on increased arrivals of this cotton. There was some inquiry for C. P. from U. K. and cheap old crop Broach which was mostly taken up round Rs. 100 by U.S.A. After a short reaction, prices further declined to Rs. 178 on the 12th. From this point the market turned for better, and Broach touched Rs. 197 again. Here prices ruled for some time with narrow fluctuations during the month of March with the tendency towards a decline owing to uncertain war situation. Later on, there was exodus from the big cities, and trade was getting nervous with reports of war developments in Burma. Prices naturally fell, and touched Rs. 149 on the 1st of April 1942. Suggestions were made from several quarters that the acreage of short-staple cotton should be reduced, and it was announced subsequently that Government intended to help towards reducing production of short-staple cotton for the coming season and encourage more food production. The Bombay Government also put a ban on entry of short-staple cottons into Bombay. The war risks insurance scheme was also introduced. Prices reacted thereafter to Rs. 165, but this rise could not be maintained and prices touched as low as Rs. 141 on the 18th of April. There was exodus of mill operatives from Bombay as well as Ahmedabad, and this also had adverse effect on the markets. The cotton parity at this time between New York and Bombay reached as low as 1,400 points.

It was felt that the existing Hedge contracts of Broach, Oomra and Bengal were unsuitable under present conditions mainly owing to the continued deterioration of Broach cotton fibre, as also the likelihood of absence of demand of such cotton from foreign countries during the war, and the need for revision was pressed from many quarters. The East India Cotton Association, therefore, prepared a new scheme to meet the war-time requirements in India, and submitted it to Government for approval. Prices began to sag and continued to remain between Rs. 150 and Rs. 160 till 11th May. Such low prices attracted investors, who began to purchase cotton as, comparatively, it was the cheapest of all commodities. At this time, Government of Bombay put a ban on import of any variety of cotton into Bombay without a licence. This helped to bring up the market, and prices began to rise particularly for staple varieties. There were large Government orders for cloth for war requirements, and the mills were thus in a position to afford

to store cotton for their yearly requirements. Prices soon rose and finally Broach, May closed at Rs. 171 on the 25th. The total number of tenders was for 84,850 bales. Broach July/August Contract showed signs of rising and it touched Rs. 203 on the 8th June. Prices dropped again to Rs. 183 on the 13th, but kept steady round this level for some time. Very little business was done in contracts except by some option dealers. Thereafter prices registered a rise of about Rs. 20. After a reaction of Rs. 10, prices advanced to Rs. 219 on 8th July. In the meantime, prices of Sudan Africans and Egyptians continued to rise owing to scarcity of fresh arrivals into India.

Eventually the new Hedge Contract to be known generally as Indian Cotton Contract was introduced, the basis being Fine Khandesh Jarilla with a staple length of $\frac{3}{4}$ " ; cotton upto $\frac{7}{8}$ " staple could be tendered with "on" allowances, the delivery months to be January, March, May, July and September, with the buyers' option for demanding up-country delivery. Almost all staple varieties are tenderable against this Contract. The business commenced in this contract on 15th of July, and prices opened at Rs. 351, touched Rs. 365, but again dropped to Rs. 350 with very wide fluctuations. New York/Jarilla parity stood at 550 points. This is attributable to the fact that this contract could not be gauged at the start as to its proper value. Price fluctuations were for some time very irregular, but thereafter there was a rapid fall as the stocks of unsold cotton were being hedged in sales of Jarilla contract. Prices touched Rs. 300 on 6th August, while Broach stood at Rs. 185. This big fall in prices may be attributed to war uncertainties as also to political deadlock in India. Thereafter owing to the arrest of prominent leaders in the country, markets, both spot and forward, remained closed for nearly four months except on the 22nd of August, just one day for settling August Broach contract. Jarilla contract opened at Rs. 309, and sharply rose to Rs. 319 on heavy short covering. Broach August contract closed on the 24th at Rs. 188 after which date Broach Contract with its long history behind it, came to an end.

On 8th of August, the U.S.A. Bureau report was published, showing a big crop of 13,085,000 bales, much more than generally expected, but the New York markets under present conditions did not exercise the same influence on our markets as before. Although there was no trading actually taking place, the market showed signs of improvement all round. The official settlement rate continued to be Rs. 314 from 22nd of August for some time, but private reports showed Jarilla contract price to be about Rs. 365 towards the middle of October.

Thereafter owing to continued better outlook as also the advance in other markets specially gold and silver, prices stood above Rs. 400, and some private business was being daily gone through, but owing to very restricted field, price movements were very erratic. But there was again a fall in prices about the middle of November of about Rs. 30 being a natural reaction after such rapid advance. There was regular trading from 7th of December, and prices again improved very soon on crop estimates being reduced owing to failure of last rains in most of the cotton districts. Moreover, owing to continued shortage of wagons for carrying cotton to Bombay, whatever cotton came to Bombay naturally fetched handsome premiums.

The ban on entry of cotton into Bombay was lifted, and it was announced that tenderable cotton would be allowed free entry here. For this purpose different zones were outlined. The highest point touched for Indian Cotton contract was Rs. 445 on the 17th of December, owing to absence of sellers as well as big speculators squeezing the prices. Thereafter this rise could not be maintained, and coupled with reports of bombing of Calcutta by Japanese planes, prices abruptly fell back to Rs. 390 within four days after the top was reached. There were some signs of nervousness and generally all the principal markets were more or less affected.

Bases for different varieties of cotton tenderable against Indian Cotton contract have also been fixed by the Board. These are spot rates, and any cotton tendered will fetch only $81\frac{1}{4}$ per cent. of the premiums while cotton at discounts will be at further $18\frac{3}{4}$ per cent. discount. In short, premium will be 3 annas in the rupee less while discount 3 annas in the rupee more. This has been devised to minimise dumping of any variety and also to prevent any unreasonable squeeze owing to shortage of wagons.

Finally markets closed as under on 31st December 1942 : —

Indian Cotton Contract January	..	..	..	Rs. 421½
Indian Cotton Contract March	..	..	..	Rs. 415
Indian Cotton Contract May	..	..	..	Rs. 419
New York March	..	..	..	19.20 cents
Parity Indian Cotton Contract below New York	..	..	..	278 points

Cloth and Yarn.—The cloth and yarn markets remained throughout the year from steady to strong, when prices are compared to those prevailing in the previous year. Fluctuations, however, were many and wide. The war situation in the *eastern section* affected prices to a smaller extent than they affected offtake. The early successes of Japan shook confidence greatly and while prices remained steady to firm, deliveries were greatly diminished. The working of the mills both in Ahmedabad and Bombay was greatly affected through exodus of workmen from both the centres owing to war scares, and at one time Ahmedabad mills had to discontinue all night work, while Bombay mills had to reduce double shift working to a considerable extent. In Bombay the exodus commenced towards the end of January, but the scale increased considerably after the payment of bonus in February. It was not till towards the end of June that normal conditions of working were restored. In the meantime, with short working in Bombay and Ahmedabad, there was considerable shortage of cloth, and when export demand increased, this shortage was felt most acutely. Exporters were prepared to pay anything from Rs. 2 to Rs. 5 a piece of 35" × 30 yards 9 to 12 lbs. shirtings higher for ready lots than the prices at which goods could be sold for internal consumption, though these prices were already higher when compared to prices of other commodities.

For a considerable time prices for export goods were so high and the profits so good compared to prices for goods for internal consumption that the trend of trade appeared to lead merchants to contract for goods for

export. One consequence of this was that when the far eastern export markets were lost through Japanese occupation of these territories, prices saw a considerable decline. This decline was not, however, long or lasting.

The political situation in India also affected all markets. With the arrest of political leaders on 9th August, all markets, though officially open, did not function normally. In the cloth and yarn markets there was spasmodic trading done furtively and the markets were kept up mainly because of export demand. This state of affairs continued till the end of October. Normal trading was resumed only in the second week of December, and prices reached their climax during that week when 20s/20s cloth sold at Rs. 2-7 a lb., and 20½s yarn sold at over Rs. 750 per bale for December delivery, while the quotation for February delivery was about Rs. 680. Bombing of Calcutta shook confidence again, and cloth receded to Rs. 2-0-6 a lb., while 20½s lost over Rs. 100 a bale in a week. Towards the end of the year prices had again steadied at the lower level.

During January, prices firmed up from closing prices of the previous year, 15½ annas to 17½ annas, but no large sales were reported by mills. On the contrary, there were many cancellations of contracts particularly from Calcutta side owing to the early successes of Japan. The Punjab markets were closed from 9th January owing to imposition of sales tax. During February, while offtake continued poor, prices remained nominally steady, and sales of 20s/20s were reported at Rs. 1-1-6 a lb. while export qualities in 14s/14s were sold at Rs. 1-3-6. At the end of February, stocks with mills were the largest since August 1940 being 109,000 bales. During March, prices remained at the same level. During April, owing to the reported intention of Government to tighten up exports, markets were a little nervous, but prices remained steady round Rs. 1-2-6 for 20s/20s. Calcutta markets also steadied after the nervousness of January, and those dealers, who had not run away in the panic reaped the benefit of scarcity of stocks in that market. Considerable sales of 30s/40s dhoties were effected by Bombay mills first at Rs. 1-14 a lb., and later at Rs. 2-2 a lb., while the prices ruling in Calcutta were Rs. 2-6 a lb. During May the prices in Calcutta rose to Rs. 2-10 with good demand for ready lots. When considerable export freight was made available in this month, there was brisk demand, and 20/20s cloth changed hands at Rs. 1-4-6 with eager buyers. In June, large sales were reported by mills with prices between Re. 1-3 and Re. 1-4 for 20s/20s shirting, and between Re. 1-15 and Rs. 2-2 for 30s/40s dhoties, while saris in these yarns were reported to have been sold at Rs. 2-6 a lb. Inter-merchant dealings were very brisk, and at one time 20s/20s cloth was reported to have changed hands at Re. 1-8-6, with 14s/14s cloths fetching still higher prices. The rise continued into July, when cloths were reported to have been sold as high as Re. 1-11-6, but there was a recession to Re. 1-7-6 when the Indian political outlook seemed gloomy. Offtake, however, continued good. Government action in arresting Congress leaders on 9th August, led to disturbances in several parts of India and this dislocated trade once again. The working of Bombay mills, however, was affected for a few days and that too only spasmodically, but Ahmedabad mills remained closed till the last week of November. During August sales of 20s/20s shirtings were reported from Re. 1-6 to Re. 1-7 a lb. During September there was no normal trading, but many of the leading

merchants transacted business at their *pehdis*, and business was reported to have been done at Re. 1-13 for 20s/20s. Some sales were also reported as high as Rs. 2-3-6; but mills were reported to have sold only comparatively small lots at Re. 1-7. With good export demand continuing sales of shirtings 20s/20s were reported at Rs. 2-4-6 outside the market. Considerable sales by mills were also reported at from Re. 1-14 to Rs. 2 for 20s/20s shirtings and at Rs. 3 to Rs. 3-2 for 30s/40s dhoties. During November, mills were reported to have sold 20s/20s shirtings on the basis of Rs. 2-1 while prices in the market fluctuated between Rs. 2-2 and Rs. 2-5. The highest price for the year was reached in December when shirtings were sold at Rs. 2-7 and 30s/40s dhoties at Rs. 3-8. At the end of the year prices had receded to Rs. 2-0-6 owing to nervousness created by the bombing of Calcutta.

With the rise in prices of cloths, the question of supplying cheap cloth to the poorer classes was taken up by the Central Government in the beginning of the year. No definite action was taken till the end of the year when Government prepared a scheme for Standard Cloth. In the meantime, with large exports, prices continued to rise. The question of curtailing exports was also seriously taken up, as exports under present circumstances created a shortage of cloth in the country.

During the year, the industry has prospered, and it is to be hoped that this prosperity will continue during the year 1943. The industry may not, however, hope for as good profits in 1943 as in 1942, as more than half its productive capacity will be employed on cloths to be supplied to Government and on Standard Cloth. The sacrifice that the industry will make in supplying Standard Cloth will benefit the industry itself in the long run only if its distribution is so handled that it really reaches the people for whom it is manufactured, and does not become only another source of income to the profiteer.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1943.

The annual ballot for the office of the Chairman of the Association for the year 1943 was held on the 11th January 1943 and resulted in the election of Sir Vithal Chandavarkar, M.L.A., 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 1943.

The ballot for the election of the Deputy Chairman of the Association for the year 1943 was held on the 18th January 1943, and resulted in the election of Mr. J. C. Lancashire, Director of the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1943.

The ballot for the election of the 18 members of the Committee for the year 1943 was held on the 25th January 1943, and the following gentlemen were duly elected :—

Sir Ness Wadia, K.B.E., C.I.E.; Sir Chunilal V. Mehta, K.C.S.I.; Sir Sorab Saklatvala, M.L.A.; Sir Frederick Stones, O.B.E., M.L.C.; Mr. A. Geddis; Mr. T. V. Baddeley; Mr. H. F. Milne; Mr. Dharamsey Mulraj Khatau; Mr. A. Pether; Mr. Neville N. Wadia; Mr. C. P. Wadia; Mr. Krishnaraj M. D. Thackersey; Mr. G. D. Somani; Mr. L. F. H. Goodwin; Mr. H. G. H. Everitt; Mr. W. B. Bryden; Mr. Ramniwas Ramnarain and Mr. Ramnath A. Podar.

INDIAN CENTRAL COTTON COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Sir Sorab Saklatvala, the Association's representative on the Indian Central Cotton Committee, was due to expire on 31st March 1942, and the Association was, therefore, called upon to nominate a representative for a further period of 3 years. The Committee reappointed Sir Sorab Saklatvala as their representative and the Indian Central Cotton Committee was informed accordingly.

INDIAN CENTRAL COTTON COMMITTEE—TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVES.

At a meeting of the Committee held on 2nd March 1942, Mr. A. D. Walwyn and Mr. F. F. Bignell were renominated for appointment as the Association's representatives on the Technological Research Sub-Committee of the Indian Central Cotton Committee for the year 1942-43.

NEW USES FOR INDIAN SHORT-STAPLE COTTON.

ASSOCIATION'S REPRESENTATIVES ON THE SPECIAL SUB-COMMITTEE.

Towards the end of February 1942, the Committee of the Association were requested to nominate representatives to a special Sub-Committee which the Indian Central Cotton Committee had decided to set up for the purpose of exploring new uses for Indian short-staple cotton. The Committee recommended the names of Mr. J. C. Lancashire and Mr. J. Mordecai for appointment on the special Sub-Committee.

ADVISORY BOARD OF THE SYDENHAM COLLEGE OF COMMERCE AND ECONOMICS, BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

Early in July, the Principal, Sydenham College of Commerce and Economics, Bombay, informed the Committee that Government had been pleased to sanction the reconstitution of the Advisory Board of the College for the triennium commencing from 25th May, 1942, under which a seat had been reserved as usual for a representative to be nominated by the Association, and requested the Committee to appoint their representative. The Committee reappointed Mr. B. S. Dabke, to represent the Association on the Advisory Board of the College.

BOARD OF VISITORS OF THE UNIVERSITY DEPARTMENT OF CHEMICAL TECHNOLOGY.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Sir Vithal Chandavarkar, the Association's representative on the Board of Visitors of the University Department of Chemical Technology, expired on the 31st January 1942, and the Association was called upon to recommend the name of a representative for a further period of two years commencing from 1st February, 1942. The Committee reappointed Sir Vithal Chandavarkar as the Association's representative on the Board.

G.I.P. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Under Rule 9 of the Rules and Constitution of the G.I.P. Railway Local Advisory Committee, Bombay, the term of office of Mr. Krishnaraj M. D. Thackersey, the Association's representative on that Committee, was due to expire in May 1942, and the Association was, therefore, called upon to appoint its representative to serve on the new Committee to be constituted for a period of two years beginning from June 1942. The Committee reappointed Mr. Krishnaraj M. D. Thackersey as their representative on the Advisory Committee.

PANEL OF ADVISERS TO ASSIST THE ASSISTANT DIRECTOR-GENERAL, COTTON TEXTILES, IN RESPECT OF IMPORTATION OF TEXTILE MACHINERY AND MILL STORES.

ASSOCIATION'S REPRESENTATIVE.

Early in March, the Association was informed that the Government of India had decided to constitute a panel of Advisers to assist the Assistant Director-General, Cotton Textiles, in the work of making priority recommendations to the Secretary of State for India for the importation from the United Kingdom of essential textile machinery and mill stores, other than those in respect of jute textile machinery, which were dealt with by the Director-General, Munitions Production, in the first instance. Government suggested that a representative of the Association might be nominated to serve on the panel which was to consist of the following persons :—

- (1) The Assistant Director-General, Cotton Textiles, or his nominee—Chairman ;
- (2) Not more than two other officers to be nominated by the Assistant Director-General, Cotton Textiles ; and
- (3) One representative each from :—
 - (a) The Millowners' Association, Bombay ;
 - (b) The Indian Merchants Chamber, Bombay ; and
 - (c) The Chamber of Commerce, Bombay.

The Committee appointed Mr. Krishnaraj M. D. Thackersey as the Association's representative on the panel. The names of members of the Advisory panel as finally constituted are as follows :—

1. The Assistant Director-General, Cotton Textiles or his nominee as Chairman.
2. Sir Frederick Stones, Honorary Technical Adviser, Cotton Textiles Directorate ;
3. Mr. J. B. Greaves, Honorary Adviser, Machinery and Mill Stores, Cotton Textiles Directorate ;
4. Mr. Krishnaraj M. D. Thackersey, representing the Millowners' Association, Bombay ;
5. Mr. M. C. Ghia, representing the Indian Merchants' Chamber, Bombay, and
6. Mr. J. Slater, representing the Chamber of Commerce, Bombay.

The Import Trade Controller was subsequently appointed as an additional member to assist the panel on matters relating to import trade control.

About the middle of October, the functions of the panel were enlarged, and they were authorised to make recommendations regarding other requirements of the textile industry except in regard to the movements of cotton to mills, for which a separate Cotton Movements Panel was constituted by

Government. The panel's recommendations regarding imports of textile machinery and mill stores are implemented directly, but those in respect of other requirements of textile industry are required to be reported to the Director-General of Supply for consideration and appropriate action.

ADVISORY COMMITTEE ON CONTROL AND DISTRIBUTION OF FUEL OILS.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of March, the Government of India, Department of Supply (Petroleum Products Directorate) informed the Association that a scheme for the control of fuel oils had been set up in order to distribute the available stocks of fuel oils in the manner most advantageous to the war effort. For this purpose, Local Advisory Committees under the chairmanship of the respective Controllers of Supplies were proposed to be set up at Calcutta, Karachi and Madras, and in the case of Bombay, which included the Port of Bombay, Port Okha and Marmagoa, the control was to be exercised by a Committee consisting of the Chairman of the Bombay Port Trust as Chairman with the following members:—

- (a) The Principal Mercantile Marine Officer.
- (b) A representative of the Naval Office.
- (c) The Controller of Supplies, Bombay.
- (d) A representative of the Millowners' Association, Bombay.
- (e) A representative of the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.
- (f) A representative of the Standard-Vacuum Oil Co. (India), Ltd.

The Oil Companies would act as Secretaries to the Committee. The terms of reference of the Committee were stated to be as follows:—

- (i) The primary function of the Advisory Committee is to advise the Chairman regarding the most profitable use from the point of view of the war effort, of the fuel oil resources of the area under his control.
- (ii) The Secretaries of the Committee will provide for the Committee statements of the fuel oil requirements of the various users with such information as they are able to give of the possible uses of alternative fuels.
- (iii) Chairman will have overriding powers of decision, but the Advisory Committee being constituted to represent the interests of those connected with the Industries using fuel oils, its advice, it is anticipated, will ordinarily carry considerable weight.
- (iv) The Advisory Committee will, in the general way, meet when the Chairman considers its advice necessary and not less frequently than once a month."

Government, enquired whether the Association would be prepared to nominate a representative to serve on the proposed Advisory Committee for Bombay. The Committee agreed to the suggestion and appointed Mr. Krishnaraj M. D. Thackersey as the Association's representative on the Advisory Committee.

THE ADVISORY COMMITTEE OF THE GOVERNMENT APPRENTICE SCHEME.

ASSOCIATION'S REPRESENTATIVE.

Early in August, the Government of Bombay invited the Committee to nominate a representative to serve on the Advisory Committee of the Government Apprentice Scheme for a further period of three years from 1st January 1943. Sir Vithal Chandavarkar represented the Association on the Advisory Committee for the triennium which was due to expire at the end of the year and it was decided that he should continue to represent the Association on the Advisory Committee for a further period of three years.

BOARD OF TRANSPORT, BOMBAY NON-OFFICIAL ADVISORY PANEL.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of October, the Government of Bombay announced their decision to set up a non-official Advisory Panel to afford advice to the Transport Advisory Board and its Standing Committee, on transport questions, which might concern business or commercial interests. Government requested the Association to nominate a representative on the Panel which was to consist of a representative of each of the following bodies :—

- The Millowners' Association, Bombay
- The Indian Merchants' Chamber, Bombay, and
- The Chamber of Commerce, Bombay.

The Committee nominated Mr. Neville N. Wadia as the Association's representative on the Advisory Panel.

CONSUMERS' COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Early in January, the Committee were requested by the Government of Bombay to nominate two representatives on the Consumers' Committee which it was proposed to constitute with a view to associate middle and lower middle classes with the price control activities of Government. The functions of the proposed Committee were stated to be :

- " (a) to bring to the notice of the Controller of Prices, Bombay, and Government, cases where the official reports of wholesale and retail prices, which will be supplied to them, do not agree with those actually charged in the bazaar ;
- (b) to indicate any cases where the retail price of any essential article is causing particular hardship to lower middle class and labour consumers ; and
- (c) to meet the Controller of Prices, Bombay, in his office in the Secretariat once a week and acquaint him with information about price movements gathered by themselves or brought to their notice by their fellow employees."

Government indicated that the members of the Committee selected should have personal experience of retail prices as affecting the lower middle class and the salary and the wage-earning labour class and that the members should represent (a) the main communities which differed to some extent in their requirements of necessaries, and (b) the following income groups:—

- (i) up to Rs. 80 ;
- (ii) between Rs. 80 and Rs. 150 ; and
- (iii) between Rs. 150 and Rs. 250.

It was further pointed out that the Committee would not be required to suggest what were fair prices and what should be the proper standard of living among the lower middle classes and that recommendations for a dearness allowance or an increase in salaries and wages would be outside its scope.

The names of Mr. R. G. Gokhale, the Association's Labour Officer, and Mr. J. E. Jacob of Messrs. E. D. Sassoon & Co., Ltd., were suggested for appointment as the Association's representatives on the proposed Consumers' Committee.

The full constitution of the Committee as subsequently announced by Government is as under :—

1. Mr. T. H. Sonavane, Inspector, Bombay Municipality.
2. Mr. D. M. Umrigar, Clerk, Bombay Municipality.
3. Mr. H. G. Mhatre, Conductor, B.E.S.T. Co., Ltd.
4. Mr. A. C. Ramalingam of the Indian Merchants' Chamber.
5. Mr. J. E. Jacob of Messrs. E. D. Sassoon & Co., Ltd.
6. Mr. Ajmatali Kurban of Indian Manufacturing Co., Ltd.
7. Mr. K. A. Habibulla of Messrs. Burmah-Shell Oil Storage and Distributing Co. of India Ltd.
8. Mr. W. D. Samant of the B.B. & C.I. Railway.
9. Mr. E. M. Daniel of the Bombay Port Trust.
10. Mr. G. M. Thakker of the G.I.P. Railway.

FOOD ADVISORY COUNCIL.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of October, the Supply Commissioner, Bombay, informed the Association that with the development in the war situation, the problem was no longer one merely of price control, but of organising the whole field of civil supplies, and it had become necessary to reorganise the machinery of consultation with the various interests concerned and the general public in the matter of civil supplies and prices. Government had, therefore, decided to set up a Food Advisory Council consisting of about 30 members representing important trade associations, the general public

and labour. The Council was to be presided over by the Adviser (Finance). The functions of the Advisory Committee were to advise Government regarding :—

- (1) securing sufficient essential supplies for Bombay City,
- (2) methods and agencies of distribution of supplies,
- (3) control of import and export,
- (4) fixing of prices, wholesale and retail and their enforcement,
- (5) if needed, the advisability of rationing and methods thereof,
- (6) working of Government grain-shops, and
- (7) prevention of profiteering.

It was also proposed to appoint a Standing Committee consisting of the Supply Commissioner, as Chairman, and four non-official members in the Council. The functions of the Standing Committee were described as follows :—

- (1) to advise the Supply Commissioner on day-to-day problems as they arise, and
- (2) especially, to consult with the various trade associations regarding :—
 - (a) fixing of prices,
 - (b) securing supplies,
 - (c) allocation of permits, etc., to the trade, and
 - (d) removing difficulties in organisation experienced by the trade.

The Association was requested to appoint a representative on the Council, and the Committee nominated Mr. Neville N. Wadia as the Association's representative. At the first meeting of the Council, Mr. Neville N. Wadia was also elected as one of the four non-official members of the Standing Committee.

JOINT CIVIL DEFENCE COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of June, the Committee were informed that the Government of Bombay intended, at the instance of the Municipal Corporation, to set up a Joint Civil Defence Committee for the City of Bombay which would undertake the following activities :—

1. Instructing citizens in precautionary measures to be taken against enemy attacks and training them for civil defence work.
2. Propaganda in support of civil defence measure.
3. The organisation of first-aid training and first-aid posts; organisation of ambulance work.

4. Formation of volunteer rescue parties to supplement the rescue service.
5. Organisation and running of rest camps for the use of people rendered homeless as a result of enemy action.
6. Formation of voluntary fire-fighting parties to supplement the Municipal Fire Brigade and the Auxiliary Fire Service.
7. The organisation and training of a corps of volunteers to keep the essential services working in an emergency.
8. Recruitment and training of fire-watching parties.
9. To supplement the arrangements made by Government for the distribution of food supplies and other necessities of life in times of emergency.
10. Arrangements for the disposal of the dead.
11. The clearance of debris and the demolition of buildings rendered dangerous by hostile attacks.
12. The organisation of assistance to persons leaving the city in the event of a large exodus.
13. Protection and augmentation of water-supply.
14. Organisation of sanitary arrangements in the event of a breakdown."

The proposed Joint Civil Defence Committee was to consist of 16 members, 8 of whom would be representatives of the Corporation and the other 8 would be nominated by Government. Government requested the Committee to nominate a representative and Mr. Neville N. Wadia, the Chairman of the A.R.P. Sub-Committee of the Association, was nominated to the Civil Defence Committee.

MEMBERSHIP.

The total membership of the Association as at the end of 1942 was 122 as against 113 at the beginning. The under-mentioned nine mills were elected members during the year :—

- (1) The Narsinggirji Manufacturing Co., Ltd., Sholapur.
- (2) The Pulgaon Cotton Mills, Ltd., Pulgaon.
- (3) The Raghuvanshi Mills, Ltd., Bombay.
- (4) The Vidarbha Mills, Berar, Ltd., Ellichpur.
- (5) The Pratap Spinning, Weaving and Manufacturing Co., Ltd., Amalner.
- (6) The R. S. Rekhchand Gopaldas Mohota Spinning and Weaving Mills, Akola.
- (7) The Rai Saheb Rekhchand Mohota Spinning and Weaving Mills, Hinganghat.
- (8) The Shree Anand Cotton Mills, Ltd., Ahmedabad.
- (9) The Jiyajeerao Cotton Mills, Ltd., Gwalior.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Tuesday, the 24th March 1942, the following donations were sanctioned and paid out of the Association's Funds :—

	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

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of the members of the Association held on Tuesday, the 24th March 1942, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on a remuneration of Rs. 300 per annum.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1941.

In accordance with the usual practice, a combined balance sheet and profit and loss account of the Bombay cotton mill industry for the year 1941 was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The statement which covered the returns from 68 mills disclosed a total net profit on the year's working of Rs. 6,94,27,750. This profit would, however, have been reduced to Rs. 6,92,30,312 if managing agents had not voluntarily given up commission and allowance of Rs. 1,97,438 due to them for the year. It might be pointed out that in the year 1940, the industry made a profit of Rs. 50,72,272 excluding a sum of Rs. 29,61,122 voluntarily given up by managing agents from their claims for interest, commission and allowance.

CONFERENCE OF REPRESENTATIVES OF C. P. AND BERAR MILLS.

Towards the end of May, an informal meeting of the representatives of the C. P. and Berar mills was held in the rooms of the Association under the chairmanship of the Deputy Chairman of the Association to discuss

certain matters of common interest. The following decisions were taken at this conference :—

- (a) All mills in C. P. and Berar should, as early as practicable, introduce uniform Standing Orders for Operatives on more or less the Bombay model. Copies of the Standing Orders, wherever they had already been introduced, should be sent to the Association by the mills concerned and the Association should, from the Standing Orders already in force, draw up a model set of Standing Orders for introduction in all C. P. and Berar mills.
- (b) All mills should carefully study the book of "Labour Recommendations" published by the Association and arrive at conclusions by mutual consultation as to which of these recommendations should be given effect to with or without modifications to suit particular conditions in C. P. and Berar mills.
- (c) All mills in C. P. and Berar should form themselves into a Local Committee under the chairmanship of Mr. S. H. Batlivala of the Empress Mills, Nagpur, this Local Committee meeting as often as was necessary in Nagpur, or at some other centre, to discuss matters of common interest. The Local Committee should meet and dispose of matters of purely local interest, and all questions of a major character which, in Mr. Batlivala's opinion, required consideration by the Association on an all-India basis, should be referred to the Association in Bombay.

To make the Local Committee an effective organization both from the point of view of the C. P. Government and of individual mills in C. P. and Berar, it was also decided that individual mills should forthwith send a communication to the C. P. and Berar Government stating that, as they had formed themselves into an organization under the ægis of the Millowners' Association, Bombay, of which they were all members, with Mr. S. H. Batlivala as the Chairman of the Local Committee, and as this Local Committee would be responsible for co-ordinating and putting forward the views of all mills in C. P. and Berar on all questions of policy pertaining to industry and labour, it might facilitate matters if communications from Government requiring employers to express an opinion on such matters were addressed to Mr. Batlivala.

Individual mills agreed to consult Mr. Batlivala on all matters of local importance, and Mr. Batlivala would deal with such references as he thought best either in consultation with other millowners or otherwise.

It was further decided that Millowners in C. P. and Berar should, as early as possible, appoint Labour Officers in their respective mills and send such Labour Officers for training to the Association.

The following mills in C. P. and Berar which were not members of the Association subsequently became members of the Association :—

The Vidarbha Mills, Berar, Ltd., Ellichpur.

The R. S. Rekhchand Gopaldas Mohota Spinning and Weaving Mills, Akola.

**The Rai Saheb Rekhchand Mohota Spinning and Weaving Mills,
Hinganghat.**

The draft of a set of Standing Orders was also prepared and forwarded by the Association to mills in C. P. and Berar for consideration.

PANELS OF ARBITRATORS AND UMPIRES.

(See also page 19 of Report for 1941.)

On pages 19-20 of the Association's Report for the year 1941, a list of gentlemen appointed by the Committee to constitute the Panels of Arbitrators and Umpires for the triennium ending 31st March, 1942, was given. Subsequently there were three vacancies in the Millowners' Panel of Arbitrators owing to the death of Mr. Hurgovandas Jamnadas Ramji and Mr. A. M. Mehta and owing to the absence on leave of Mr. R. L. Ferard. A vacancy also occurred in the Panel of Umpires owing to the death of Mr. Hurgovandas Jamnadas Ramji. The question of filling up these vacancies was considered by the Committee at a meeting held on 8th June, 1942, and Mr. L. F. H. Goodwin, Mr. Ramniwas Ramnarsin, and Mr. Narandas Manmohandas Ramji were appointed to fill the vacancies in the Panel of Arbitrators, and Mr. Ramniwas Ramnarsin was appointed to fill the vacancy in the Panel of Umpires.

MUNICIPAL ASSESSMENT OF COTTON MILLS.

(See also page 23 of Report for 1936.)

During the month of July member mills were called upon by the Assessor and Collector of Municipal Taxes to furnish copies of up-to-date plans of mills showing certain particulars for assessment purposes. It was understood that these plans were required in connection with the proposed revision of assessment of Bombay mills. The Municipal Commissioner stated that, due to increased demand for textiles, several mills had put up extensions and installed additional machinery with the result that the areas with and without machinery had considerably changed since the last assessment was fixed some seven years ago.

Early in November, the Assessor and Collector informed the Association that, it was proposed to take detailed measurements of all the mill premises in connection with the revision of assessment which the Municipality had in view, and that in order to avoid any disputes about the measurements later on, it would be convenient if the mills agreed to a joint measurement and appointed their own staff to help the municipal staff in the joint survey. The Committee felt that it would be advantageous if a surveyor were appointed by the Association to represent all member mills at the proposed joint survey which the Assessor and Collector proposed to undertake, and Mr. B. S. Rangnekar of Messrs. Poonager Bilimoria & Co. was subsequently appointed as the Association's surveyor.

FUEL OIL SUPPLIES TO COTTON MILLS.

(See also pages 23 and 146 of Report for 1941.)

Fuel Oil Contract—Notice of Revocation of Clause 2.—Reference was made on page 23 of the Association's Report for the year 1941 to the terms of the new oil supply contract introduced by Messrs. The Burmah-Shell Oil Storage and Distributing Co., of India, Ltd., with effect from 1st January 1941. Early in June, the attention of the Committee was drawn to a letter addressed by the oil company to member mills in Bombay giving six months' notice of their intention to revoke clause 2 of the fuel oil contract which referred to oil specifications.

It was pointed out by the oil company that on account of the war situation it might not be possible for their suppliers to continue to send furnace oil of the present quality and that the oil shipped in future might have specification figures which differed from those shown in clause 2 of the contract. If mills were unable to agree to the deletion of clause 2 they had the option, under clause 13, of giving six months' notice of termination of the contract.

The Committee recommended that in view of the abnormal conditions prevailing, members might accept the notice of the oil company as a war emergency. In communicating this decision to the oil company they expressed the hope that revocation of clause 2 of the contract would not mean any deterioration in the quality of the oil supplied, and that it would be possible for the oil company to reinsert the specification clause as soon as normality was restored. (*Appendix 1.*)

Increase in the Price of Furnace Oil.—In the latter half of August, 1942, Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. proposed to increase the price of furnace oil from Rs. 42-4 to Rs. 55-2 per ton and explained that, although the current mill contracts of furnace oil had been designed to allow suppliers a reasonable measure of freedom in recovering increased costs by "special" and "general" variations, it had proved in practice impossible to "keep up" with the recovery of additional costs under clauses which now existed in the contract. It was further pointed out that the increase in costs was necessitated mainly by increase in freight, insurance (including war risk insurance), transit charges, duty and leakage, all of which were beyond the control of the company under the present-day conditions. Under the fuel oil contract, the oil company was only empowered to make a special variation up to Rs. 2 per ton by three months' notice. Further variations, if any, required six months' notice, but the oil company requested the committee that, as a special favour, the increased price of Rs. 55-2 might be paid by member mills with effect from 18th September 1942.

The oil company's letter was considered by the Committee, and in view of the difficulties explained, it was decided, without accepting the principles underlying the calculations made by the oil Company or the accuracy of the figures quoted by them, to recommend member mills to pay the increased rates asked for from 18th September 1942. (*Appendix 2.*)

POWER CONTRACTS.

(See also pages 45 and 183 of Report for 1940.)

On page 45 of the Association's Report for the year 1940 reference was made to the following suggestions made by the Committee to Messrs. The Tata Hydro-Electric Agencies, Ltd., for a modification of Clauses 21 and 23 of Exhibit "B" of the standard contract for power supply to the textile mills :—

- (a) that Clause 21 which prescribed the basis of compensation to mills in the event of failure of power supply should be changed, and that a more equitable method of calculating indemnity payable to the consumer should be introduced; and
- (b) that Clause 23 of the contract which dealt with the payment to be made by a consumer to the Power Company if the factory was wholly or partially destroyed by fire was one sided and should be amended. It was pointed out that partial or total destruction of a mill by fire was something entirely beyond the control of the company, and since no compensation of any kind was payable by the Hydro Companies if a breakdown in the power supply occurred "by reason of the cutting off of or damage to any wires or works during war, mutiny or riot, or by reason of earthquake, lightning or tempest or any accident or cause of whatever nature beyond the control of the company", a mill wholly destroyed by fire should not be called upon to make payment to the Hydro Companies until it had been rebuilt. In the case of partial destruction by fire, it was suggested that an automatic adjustment should be made to meet the new situation by billing the mill at the average cost per unit for the twelve months previous to the partial destruction of the mill and that this average rate should continue until normal operations had been restored.

In a reply received towards the end of January 1942, the Power Companies, pointed out :—

- (i) that the indemnity clause of the contract was no longer necessary. They maintained that this clause came to be incorporated in the power contract at a time when millowners in Bombay were somewhat sceptical as to the ability of the Power Companies to supply power. Since then, the Power Companies had demonstrated their power to supply and except in the case of one member mill where they had two breakdowns, there had been no other breakdown in power supply which clearly demonstrated that the indemnity clause was redundant; and
- (ii) that, as regards Clause 23, they agreed with the Association's viewpoint, and were prepared to recommend its deletion.

As regards the omission of Clause 21 of the power contract, the Committee were of the opinion that the Power Companies' guarantee and indemnity to consumer elaborated in this clause should be allowed to stand. It was quite true that up to the present there had been no serious difficulty as regards supply of power, but the question of retaining the indemnity

clause should, it was thought, be considered on its own merits apart from the Power Companies' ability to supply power in terms of the contract. Even if the contention of the Power Companies that power supply had not failed in the past and was not likely to fail in the future was accepted, it would, it was felt, only mean that the indemnity clause in the contract would not be brought into operation, and there appeared, in the opinion of the Committee, to be no harm in retaining this clause which had been in the agreement all these years. What the Committee desired was that the basis of compensation should be enhanced, but in view of the abnormal conditions which existed at present owing to the war, they were prepared to agree to the consideration of this question being postponed for the time being.

The Power Companies, however, pointed out in reply that their proposal for the deletion of Clause 23 was contingent upon the Committee agreeing at the same time to the deletion of Clause 21. In view of the abnormal conditions existing on account of the war the Committee decided not to take any further action for the time being. (*Appendix 3.*)

FIRE INSURANCE RATES FOR COTTON MILLS.

Combined Rates for Stores and Spare-parts of Machinery.—Under the Fire Insurance Tariff Rules which existed in 1938, godowns or compartments used solely for the storage of spare parts of machinery were chargeable at the rate of 2 annas for non-fireproof when these godowns were situated within 300 feet of the mill compound. Early in 1938, the Madhowji Dharamsi Mills complained to the Association that in two blocks in the same building separated by a brick wall they had machinery spare parts and mill stores like dyes, etc., and pointed out that their insurance company was charging machinery spare parts at the rate of 6 annas per cent., that is to say, the rate applicable to dyes and other mill stores, etc. They, therefore, suggested that in view of the fact that there was a brick wall in the godown, the machinery spare parts should be assessed at the rate of 2 annas. This matter had been under correspondence between the Fire Insurance Association and the Committee since 1939, and at the end of February this year the Fire Insurance Association informed the Committee that they had decided to fix the following rates under Sections I and II of the Bombay and Salsette Cotton Mills Godowns Tariff :

	<i>Not less than annas per cent. per annum</i>	
	F.P.	N.F.P.
<i>Section I. (Within 100 feet)</i>		
“(b) (2) Non-hazardous goods including spare parts of machinery but excluding cotton and dyeing and/or bleaching substances, dyes, metal oxides, acids and salts ..	2½	4
(c) (2) Hazardous goods excluding cotton but including dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	4	7
<i>Section II. (Beyond 100 feet)</i>		
(b) (2) Non-hazardous goods including spare parts of machinery but excluding cotton and dyeing and/or bleaching substances, dyes, metal oxides, acids and salts ..	2½	3
(c) (2) Hazardous goods excluding cotton but including dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	4	6”

Extra for Night Work on Boiler House.—This was also one of the points taken up by the Committee with the Fire Insurance Association in 1939. The point made by the Committee in this case was that when a mill was working night shift, 50 per cent. extra premium was charged on the boiler house. This was considered to be unjustifiable for the reason that a boiler was always under steam as required by the tariff regulation. For example, if a mill worked only single shift, the boiler was expected to be under steam all the 24 hours. In this view of the case, it was pointed out that the working of night shifts did not aggravate the risk on the boiler house and that the 50 per cent. extra premium on this section of the mill should not be charged for night shift. The Fire Insurance Association at the end of February, agreed that no extra for night work would be charged on a boiler house which did not communicate with an engine house. This arrangement was satisfactory and the Committee, therefore, accepted it.

Rates for Fireproof Sprinklered Godowns in the Mofussil.—On page 41 of the Association's Report for 1939 a reference was made to the efforts made by the Committee to obtain a reduction in the fire insurance rates for fireproof sprinklered godowns in the mofussil, which were raised after the introduction of the Insurance Act. The Fire Insurance Association had increased the allowance for fire extinguishing appliances from 15 to 30 per cent. but had, at the same time, increased the tariff rates ranging from 33½ to 50 per cent. The point made by the Committee with the Fire Insurance Association was that the fire extinguishing appliance allowance granted to mofussil cotton mills' godowns would be considerably offset by the increased rates in the Fire Tariff. It was understood that the increase in tariff rates was necessitated by insurance companies' unfortunate fire experience, but in the correspondence which subsequently ensued between the Association and the Fire Insurance Association it transpired that this unfortunate experience was confined to non-fireproof and non-sprinklered godowns only in the mofussil. At the joint conference held towards the end of February 1941 between the representatives of the Association and of the Fire Insurance Association, the case for reduction in tariff rates for fireproof sprinklered mofussil godowns was reiterated by the Association's representatives but was not conceded. (*Appendix 4.*)

RIOT AND CIVIL COMMOTION TARIFF.

(See also pages 17 and 126 of Report for 1930.)

Early in August, the Bombay Fire Insurance Association increased the rates under the Riot and Civil Commotion Tariff by 50 per cent. with effect from the midnight of 5th/6th August 1942. This increase applied to all new business and renewals falling due after the midnight of 5th/6th August. The Committee felt that while there might be some justification for raising the rates in respect of new business, it was not fair to make the new rates applicable to renewals falling due after the above date. A communication was, therefore, addressed to the Fire Insurance Association, and it was pointed out that most of the cotton mills in Bombay had been regularly taking cover

under the Riot and Civil Commotion Tariff even under normal conditions, and it would be unfair to them to increase the rates when conditions became abnormal. It was, therefore, suggested that the proposed increase should not be made applicable to those cotton mills or cotton mill godowns in respect of which riot and civil commotion covers had been taken during the last few years. Early in September, a reply was received from the Fire Insurance Association in which they expressed their inability to accept the Association's suggestion, and pointed out that the present general situation was totally different from that contemplated when the normal annual rates were fixed and that in the conditions generally existing nowadays, the majority of riot covers would be enjoying an unwarrantedly low rate if an increase intended to be of a general nature were not applied to renewals as well as to new annual business.

The Committee, however, felt, that the Fire Insurance Association's decision on the question of application of increased rates to old policies coming up for renewals required reconsideration. The Committee had no information regarding the circumstances under which the decision to increase the rate was taken. Madras and Calcutta circles did not appear to have increased their renewal rates. Bombay was apparently better equipped and protected than any other centre to prevent or deal with all possible risks coming under the Riot and Civil Commotion Tariff, and the matter was subsequently discussed at a joint meeting of representatives of both the Associations, but no reduction in rates was obtained. (*Appendix 5.*)

COTTON IN FULLY PRESSED BALES STORED IN MILL COMPOUNDS —ADDITION OF A WARRANTY IN THE INSURANCE TARIFF.

Towards the middle of May, the Bombay Fire Insurance Association pointed out to the Committee that storage of fully pressed bales of cotton in close proximity to process blocks in mill compounds was a practice which was being followed or allowed to an increasing extent in recent months. The reason for this appeared to be in most cases, lack of space elsewhere in the compound under present conditions, but the Insurance Association suggested that the attention of member mills might be drawn to the resultant increase in the fire risk to mill property. The fire tariffs provided penalty rates in cases where loose cotton was stored within 50 feet of mill buildings in which processes previous to spinning were carried on, and although it had not been necessary hitherto, the Insurance Association appeared to be considering the advisability of applying increased rates to lower rated process blocks where the danger of fire spreading from stacks of bales in close proximity was a real danger. The Insurance Association admitted that this open storage might be temporary or of short duration, but even so, it was felt that the practice must be discouraged. They, therefore, enquired whether any real hardship would be entailed if a warranty on the following lines was introduced in the fire insurance policies :—

"When cotton in fully pressed bales is stored in the open or in sheds within 30 feet of any building rateable under this (various Cotton Mills and Cotton Mills Godowns Tariffs) Tariff the highest rate applicable shall in all cases apply over all."

The Committee felt that mills should on no account permit the storage of loose unpressed cotton within 50 feet of mill buildings. In the case of fully pressed cotton, the Committee recognised the difficulties of individual mills in providing adequate godown accommodation within a reasonable time of the arrival of such cotton within the mill premises, but they agreed that in view of the risk of fire, stacking of fully pressed cotton within 30 feet of process blocks should be avoided as far as possible.

The Committee, however, felt that in these abnormal times when the supply of railway wagons was by no means certain, mills had to carry large stocks of cotton for which adequate godown accommodation was not available. It was also a fact that in certain cases when a large consignment was brought into the mill compound, it took some time to arrange for the necessary space during which the bales had to be kept in the mill compound even within 30 feet of the process blocks. Moreover, as Government had taken over large godown accommodation, the godown facilities at Sewree formerly available to mills were no longer available, with the result that mills were likely to experience considerable difficulty in stacking cotton at a respectable distance from process blocks. Taking all these facts into consideration, the Committee suggested that a reasonable margin should be provided to enable mills to arrange for the necessary stacking accommodation in respect of cotton brought by them within the mill compound. This concession was asked for only in respect of fully pressed cotton bales, because the risk of fire in such cases was not by any means as great as it was in the case of loose cotton.

Turning to the warranty proposed by the Fire Insurance Association there was, however, one point, viz., that the malpractice against which the proposed regulation was directed was that of storing cotton bales in the open near the lower rated process blocks, whilst with the proposed revision, as at present worded, other types of buildings might also be penalised. The Committee, therefore, suggested that if the warranty were amended in the light of observations made, they would have no objection to its adoption if it were also understood that the special difficulties of mills with inadequate godown accommodation would be taken into consideration.

The Bombay Fire Insurance Association in their reply conceded the first suggestion and reduced the margin in the additional warranty from 30 feet to 20 feet. They turned down, however, the second suggestion regarding the wording of the warranty with the result that cotton bales stored near all mill buildings are affected by this warranty. (*Appendix 6.*)

INSURANCE RATES FOR EAST AFRICAN COTTON.

(See also pages 68 and 242 of Report for 1938.)

It was indicated on pages 68/69 of the Association's Report for 1938 that, as a result of representations made by the Association, the Bombay Fire Insurance Association had agreed to class East African and Sudan cotton bales in the same manner as Indian and/or Egyptian cotton bales for rating purposes. Under this arrangement, Indian, Egyptian, East African

and Sudan cotton bales came in for assessment at annas 3 per cent. in fireproof and annas 6 per cent. in non-fireproof godowns or sheds within 100 feet of the mill premises and at annas 3 and annas 4½ per cent. respectively in fireproof and non-fireproof godowns or sheds situated beyond 100 feet but within 300 feet of the mill premises.

Early in February, the attention of the Committee was drawn to an amendment made by the Bombay Fire Insurance Association in their tariff whereby Jinja, Congo and Belgian Congo cotton bales were rated on the same scale as American cotton bales. This change brought these three types of cottons at a rate which was 1½ annas higher than the existing rates of premium. An inquiry was, therefore, addressed to the Bombay Fire Insurance Association regarding the circumstances under which it was found necessary to effect the change. The Insurance Association stated that, when the matter was under discussion between the two Associations in 1938, Jinja and Congo cotton bales had not made their appearance in Bombay. After careful investigations, the Insurance Association had ascertained that, as regards density, Jinja and Congo cotton bales were comparable to American cotton bales and they had been classified accordingly. The Association had, however, on a further consideration of the matter, decided to classify Jinja cotton bales as East African, while Congo and Belgian Congo cotton bales would continue to be classed with American cotton bales for rating purposes.

It appeared, therefore, that the only reason for Belgian Congo cotton bales being still classified by the B. F. I. A. with American was that, according to them, these bales were comparable to American cotton as regards density. Further inquiries were, therefore, made and it was found that while the Belgian Congo cotton bales were smaller in size than East African (Mwanza) cotton bales, their density in pounds per cubic foot was 23.59 as against 23.11 in the case of Mwanza cotton. If these figures were correct, there was no justification for changing the classification of Belgian Congo cotton bales. A representation was accordingly addressed to the Bombay Fire Insurance Association suggesting that Belgian Congo cottons might be assessed along with Indian, Egyptian, East African and Sudan cottons. No reply has been received to this reference so far. (*Appendix 7.*)

PREMIUM UNDER WAR RISKS (GOODS) INSURANCE.

(*See also pages 30 and 163 of Report for 1941.*)

Early in September, a communication was addressed to the Government of India, Department of Commerce, suggesting a reduction in premium under the War Risks (Goods) Insurance for the quarter October/December 1942. It was pointed out that, on the basis of figures disclosed by Government in their notification dated 20th December 1941, and making necessary adjustments for the increase in premium which had since been collected, the total fund at the disposal of Government under the War Risks Insurance (Goods) was likely to be in the neighbourhood of Rs. 5 crores. The existing rate of premium, namely, 3 annas per Rs. 100 per month, was fixed at the end of March 1942, in the face of an imminent Japanese invasion of this

country, but conditions had since improved and, not only had the armed forces of Japan been halted in Burma, but the defences of this country, according to official announcements, were in a very high state of efficiency and preparedness to deal with any possible emergency, and the circumstances which necessitated the increase in premium had, to a certain extent, disappeared and there seemed to exist a good case for a reduction in premium rates. Even if the war situation deteriorated, which was very unlikely, an experimental reduction in premium for the quarter October/December 1942, would not, it was pointed out, financially embarrass Government as the reserve already built up was sufficiently high to meet any immediate emergency. In a reply received in the middle of November, Government stated that they were unable to agree to a reduction in rate. (*Appendix 8.*)

WAR RISKS (FACTORIES) INSURANCE ORDINANCE AND RULES.

(*See also pages 47 and 188 of Report for 1940.*)

Reference was made on page 47 of the Report of the Association for the year 1940 to representations submitted by the Association in connection with the Government of India's proposals for the introduction of a compulsory scheme of war risk insurance on commodities. Government, however, thought that an insurance scheme applicable to buildings, machinery and other forms of immovable property was not a suitable method of dealing with possible damage to immovable property resulting from war risks. With the commencement of hostilities in the Far East, this question was again taken up with Government and it was pointed out that in the absence of any private agency to undertake the insurance of mill buildings and machinery against war risks, Government might consider the desirability of introducing legislation on the lines of the United Kingdom Act at a very early date.

Early in April, the Government of India promulgated Ordinance No. XII to provide for the insurance of factory buildings, plant and machinery. Insurance was compulsory for every factory as defined in clause (j) of section 2 of the Factories Act with the exception of factories belonging to the Crown. All premiums and other sums received by the Central Government by way of composition of offences punishable under the Ordinance were to be paid into a central fund. The fund was to be utilised for the discharge by the Central Government of any of its liabilities under the Ordinance. If there was at any time a deficiency in the fund, it was to be met by an advance out of general revenues. If, on the other hand, the amount standing to the credit of the Fund at any time exceeded the sum which, in the opinion of the Central Government, was likely to be required for making of payments out of the Fund, the excess was to be paid into general revenues. The liability of the Central Government as insurers would not extend to more than 80 per cent. of the insurable value of the property insurable, and in respect of each claim, the insured should bear the first one thousand rupees or 20 per cent. of the claim, whichever was greater.

This was followed by the Rules and Scheme under the Ordinance which were published early in May.

As the various suggestions made by the Committee did not appear to have been embodied in the Ordinance and Rules, the following points were taken up with the Government in the various representations submitted during the course of the year, and the replies received thereto are given in juxtaposition :

(a) The expression "Insurable value" should be defined as full reinstatement value of buildings, machinery and appurtenances, whether old or new, on prices current on 1st April, 1942.

If Government could not accept the proposal contained in the previous paragraph, the basis of compensation should be raised to 90 per cent. of the insured value, and 100 per cent. in cases where Government employed scorched earth policy.

If, however, Government could not agree with the suggestions contained in the two previous paragraphs, it was suggested that, as Government were going to pay only 80 per cent. of the claim, factory-owners should be allowed to be their own insurers in respect of the remaining 20 per cent. of the insured value. The factory-owners should have the option of covering this 20 per cent. by making an internal debit to their profit and loss account of a proportionate part of the premium thus creating a reserve which should be free from income-tax, super-tax and excess profits tax during the currency of the Ordinance. The Committee would have no objection to any unspent portion of the reserve thus created being treated as income in the hands of the company and assessed accordingly after the termination of the war.

(b) All claims under the policy must be settled not later than six months and if a claim was not settled within this period, the amount of compensation due should carry interest at the rate of 3 per cent. per annum.

(c) Clause 3(5) (d) (ii) of the Rules should be omitted; factories constructed in the interior of India in what might be called "safety zones" in times of war were likely to be an unprofitable proposition when normal conditions were restored as

Government expressed their inability to accept these suggestions.

Government turned down our suggestion, but by a subsequent amendment of the Rules, have reduced the insured party's liability, which would vary in accordance with a graduated scale to be prescribed.

Clause (c) of sub-section 4 of section 3 of the Ordinance authorised Government to postpone in accordance with certain prescribed principles payment of admitted claims. By an amendment, the position has, however, been clarified and though the Central Government have still power to postpone payment for one year from the date of termination of the present hostilities or to any subsequent date, interest will be allowed at the rate of 2 per cent. per annum on the amount of admitted claims from the expiry of such year to any later date.

This suggestion was not acceptable to Government, but an assurance was given that before exercising their powers under this clause in any particular case, Government would take the wishes of the owner of the factory into consideration, and in

they might be far away from the cotton producing centres or the cloth and yarn markets, or they might not have the requisite railway and port facilities, which were indispensable in developing markets both within and without the country. In this view of the case, Government should not be empowered to require the factory-owner to reconstruct his factory elsewhere. If, however, Government found that this suggestion was not feasible, then, where a factory owner who had sustained a total loss was not willing to reconstruct his factory elsewhere, he should not be compelled to do so.

(d) The insurable values under the War Risks (Factories) Insurance Ordinance of 1942 should include all machinery and/or spare parts located or in transit anywhere in British India which were not for sale, but required for employment in business.

any case, it was not intended to exercise the power in such a manner as would result in undue hardship to the owner or owners concerned.

Subsequent amendment to the Ordinance defines property insurable as under :

“ Property insurable under this Ordinance means, in relation to any factory, the factory buildings, and except where they are for the time being goods insurable under the War Risks (Goods) Insurance Ordinance, 1940, all plant and machinery in the factory, all materials in the factory for use in the production or transmission of motive power, or in the maintenance of plant and machinery or in the construction or reconstruction or maintenance of factory buildings, and such other plant, machinery or materials as may be prescribed.

(Appendix 9.)

IMPORT DUTY ON RAW COTTON.

COTTON FUND ORDINANCE.

(See also pages 65 and 224 of Report for 1939.)

Early in February, the attention of the Committee was drawn to the “ Cotton Fund Ordinance ” issued by His Excellency the Viceroy and Governor-General of India on 29th January 1942, which enabled Government immediately to impose an additional import duty of one anna per lb., on raw cotton imported into British India. The Ordinance further provided that the proceeds of the additional duty would be utilised to finance such measures for the benefit of the growers of cotton in India as the Central Government might deem advisable. The matter was considered by the Committee, and the following telegram was despatched to the Central Government on the 2nd February 1942 :—

“ Committee, Millowners' Association, Bombay, respectfully protest against Provisions Ordinance VIII which impose additional duty one anna per lb. on raw cotton imported into British India. As Government are aware, successive Tariff Boards have stressed importance Indian textile industry producing fine count goods and a number of mills have carried out Boards' recommendations at considerable expense. Additional duty will not only make further progress in this direction impossible but will also penalise mills which have already resorted to fine spinning.”

(Appendix 10.)

COTTON MOVEMENTS PANEL.

ASSOCIATION'S REPRESENTATIVE.

Early in October, the Government of India communicated their decision to establish a Cotton Movements Panel in Bombay with a view to ensure that the cotton requirements of the Cotton Textile Industry were given due weight in the allocation of transport facilities without embarrassing Provincial Governments, Regional Transport Authorities and Railway Administrations in dealing with the general transport problem. Government suggested that a representative of the Association might be appointed on the Panel which was to consist of the following persons :—

- (1) The Honorary Adviser on Mill Stores (Mr. J. B. Greaves) (*Chairman*).
- (2) The Assistant Director-General of Cotton Textiles (representing the Cotton Textiles Directorate).
- (3) The Export Trade Controller (representing Commerce Department).
- (4) The Regional Controller of Priorities (representing War Transport Department).
- (5) One representative from the Government of Bombay.
One representative from—
- (6) The Millowners' Association, Bombay.
- (7) The East India Cotton Association.
- (8) The Indian Central Cotton Committee.
- (9) Cotton Growing Interests.

The functions of the Panel were :—

- " (1) (a) To ensure a steady flow of cotton to consuming mills in adequate quantities, more particularly for mixings required to maintain the standard of quality demanded by specifications governing war supplies.
 - (b) To co-operate with Provincial Governments (in particular with the Government of Bombay) and local bodies, in arranging supplies of cotton in a manner that will assist them in maintaining the economic life of large urban areas where cotton is largely consumed.
 - (c) To maintain close contact on all matters with the Railways, either direct or through such transport and priority organisations as may be set up by the Central Government or by Provincial Governments, and to do whatever is possible to assist towards the ultimate and main objective of complete control and co-ordination of transport.
 - (d) In the interests of the cultivator, to maintain as far as possible, free and competitive markets for all types of cotton.
- (2) For the performance of its general functions, the Panel was authorized :—
- (a) To set up an executive organization which, acting under the general directions of the Panel and under authority delegated to it by the Government of India, shall call for returns from all consuming mills, in such form as the

Panel shall direct, of their consumption of cotton during the past twelve months or suitable previous period showing broadly what types and from what areas those supplies were drawn and requiring mills to state their minimum requirements of any special cottons which are essential to them, particularly in the execution of war supplies.

- (b) To obtain through the good offices of the East India Cotton Association estimates of quantity and quality of the coming crops in each and every area.
- (c) After receiving and collating the figures at (a) and (b), to draw up with a view to the greatest possible economy in the use of transport a draft of general directions for the guidance of Railway Administrations, consuming mills, and merchants as to the areas from which mills in each district should and, if necessary, will be compelled to draw their supplies of cotton; and when this draft has been approved by the War Transport Department through the appropriate Regional Transport Authority to issue it to all concerned.
- (d) Within the framework of the general directions referred to in (c) to advise the Regional Transport Authority as to the measures necessary to regulate the volume and flow of supplies to mills."

The Committee appointed Mr. Krishnaraj M. D. Thackersey as the Association's representative on the Panel.

Early in November, the Government of India informed the Committee that they would have no objection to the various bodies represented on the Panel nominating alternative representatives so as to provide for the unavoidable absence from the meeting of the Panel of the representatives already nominated. Mr. A. Pether was, therefore, appointed as a substitute representative of the Association on the Panel. (*Appendix 11.*)

COTTON MOVEMENTS CONTROL ORDER, 1942.

Towards the end of November, the Government of India issued the Cotton Movements Control Order, 1942, which provided that no person shall offer cotton for export by rail, or cause any consignment of cotton to be transported by rail, except under and in accordance with the terms of a general permit notified by the Central Government or a special permit issued by the Regional Controller of Priorities, Bombay, or the Executive Officer or Deputy Executive Officer of the Cotton Movements Panel, Bombay. For the purpose of this Order, India had been divided into the following Free Areas and Zones :—

Northern Free Area, comprising the Province of Sind, the State of Khairpur and the area served by railway stations to the North or West of the railway line Reti-Samasata-Ferozepur City-Jullundur Cantonment, including the stations on that railway line.

North Zone, comprising all territory bounded on the North-West by the Northern Free Area and on the South by an imaginary line joining the railway stations of (1) Samasata, (2) Merta Road, (3) Ajmer, (4) Kotah, (5) Chhabra Gugor, (6) Bina, (7) Katni, (8) Bilaspur, (9) Raipur, (10) Arang Mahanadi, (11) Cuttack, stations (1) to (6) being excluded from this Zone but stations (7) to (11) included therein.

West Zone, comprising all territory bounded on the North-West by the Northern Free Area and an imaginary line joining the railway stations of Samasata, Merta Road, Ajmer, Kotah, Bina, Sehore Cantonment, Khandwa, Jalgaon, Daulatabad, Latur, Gulbarga, Gadag, Davangeri including all those stations and thence to the coast at Karwar.

South Zone, comprising all territory to the South of an imaginary line joining the railway stations of Cuttack, Arrang Mahanadi, Warangal, Kurnool Town, Guntakal, Bellary, Davangeri excluding all those stations, and then to the coast at Karwar.

Central Free Area, comprising the territory bounded by the North, West and South Zones."

The general permit as notified in the *Gazette of India* allowed the movement of cotton by rail :—

- (a) within the boundaries of any of the Zones or Free Areas ;
- (b) from the Central Free Area into any Zone but not into the Northern Free Area or *vice versa* ;
- (c) from the Northern Free Area into either the North Zone or the West Zone provided that cotton is consigned to a mill or consigned to a merchant in Karachi or to a mill or a merchant in Bombay, who has previously obtained a licence from the Government of Bombay permitting its import into Bombay. Such licence is necessary only when the cotton is not the current season's crop and is not tenderable against the Indian Cotton Contract.

The movement of cotton by rail from one Zone to another Zone or from a Zone to a Free Area or from the Northern Free Area to the South Zone or from the Northern Free Area to the Central Free Area or *vice versa* was prohibited except under a special permit. Similarly, movement by rail from Karachi or Bombay City and Island and Salsette is prohibited except under special permit. (*Appendix 12.*)

REVISION OF HEDGE CONTRACTS.

Early in February, the Committee were requested to appoint representatives to attend an informal conference convened by the Government of Bombay, Finance Department, for examining the possibility of reviewing the existing cotton hedge contracts. Sir Ness Wadia and Sir Frederick Stones subsequently represented the Association at a conference which took place towards the middle of February. The conference appointed a Sub-Committee to go into the question of revising the hedge contracts and early in May, the East India Cotton Association forwarded to the Committee a copy of the Report of the Hedge Contracts Sub-Committee and invited their views thereon for consideration by their Board of Directors.

The Sub-Committee recommended that the following principles should be kept in view in connection with the revision of hedge contracts :—

- "(a) That a hedge contract is essentially an instrument of insurance to both the buyer and the seller, and should be so constructed and worked as to discourage the acquisition and/or disposal of cotton through its medium. We would emphasise

that failure to observe this principle would encourage manipulators to turn the hedge contract into a delivery contract, with a resultant dislocation of the hedge market which would affect adversely the best and long lasting interests of growers and traders.

- (b) That adequate safeguards should be devised within the framework of that contract to protect it against speculative manipulations especially in times of stress when unexpected developments both at home and abroad may encourage and accentuate such manipulations.
- (c) That a hedge contract should be well enough balanced to afford an equal measure of protection and opportunity to both the buyer and the seller.
- (d) That a hedge contract should represent a 'fairly close relation to actual values of cotton.'

Bearing the above principles in mind, the Sub-Committee recommended, *inter alia*:—

(1) *Basis and staple length*.—That the basis of the new contract shall be *Fine Jarilla*, staple $\frac{3}{4}$ ", as per standard to be prepared from Jarilla cotton grown in Khandesh District tenderable up to two classes 'on' and one class 'off' for grade, and upto $\frac{7}{8}$ " staple, values 'on' and 'off' for grade and 'on' for staple.

(2) *Restrictions*.—That in order that the new Hedge Contract may work essentially as an instrument of insurance to both the buyer and seller, acquisition and/or disposal of cotton through its medium should be discouraged by imposing restrictions on tenders of premium as well as discount varieties of cotton against the proposed contract as under:—

Tenders of premium, viz., 'on' cotton should fetch $18\frac{1}{2}$ per cent. less than the premium fixed for that particular variety as well as for staple, e.g., if the tendering difference between standards is fixed by the Special Committee as Rs. 10/- 'on' the basic cotton and if the final award in arbitration is $\frac{1}{16}$ " 'on' for staple and if the 'on' allowance for a staple of $\frac{1}{16}$ " over the basic staple length of $\frac{3}{4}$ " is fixed by the Special Committee at Rs. 20 'on', then in the Delivery Order tendered to the Clearing House the variety difference would be mentioned by the Clearing House, as Rs. 10 'on' less $18\frac{1}{2}$ per cent. i.e., Rs. 8-2 and in the arbitration award the 'on' allowance for staple would be mentioned as $\frac{1}{16}$ " 'on' i.e., Rs. 20 'on' less $18\frac{1}{2}$ per cent. i.e., Rs. 16-4. Therefore, the tenderer of premium cotton, instead of getting Rs. 10 'on' for variety and Rs. 20 'on' for staple, i.e., in all Rs. 30 'on' per candy, would get only Rs. 24-6 'on' per candy.

Similarly, tenders of discount cotton, viz., 'off' cotton, should fetch $18\frac{1}{2}$ per cent. more discount for variety difference as well as for staple, e.g., if the tendering difference between standards is fixed by the Special Committee as Rs. 10 'off' the basic cotton and if the final award in arbitration is $\frac{1}{16}$ " 'on' for staple and if the 'on' allowance for a staple of $\frac{1}{16}$ " over the basic staple length of $\frac{3}{4}$ " is fixed by the Special Committee at Rs. 20 'on' then in the delivery order tendered to the Clearing House the variety difference would be mentioned by the Clearing House, as Rs. 10 plus $18\frac{1}{2}$ per cent. i.e., Rs. 11-14 'off' and in the arbitration award the 'on' allowance for staple would be mentioned as $\frac{1}{16}$ " 'on' i.e., Rs. 20 'on' less $18\frac{1}{2}$ per cent. i.e., Rs. 16-4. Therefore, the seller of discount, i.e., 'off' cotton, instead of getting only Rs. 10 'off' for variety and Rs. 20 'on' for staple, i.e., Rs. 10 'on' per candy would get Rs. 4-6 'on' per candy.

The basis cotton shall be excluded from the above restrictions. In other styles, class difference awarded in arbitration shall not be taken into account when calculating the above-mentioned handicap of $18\frac{1}{2}$ per cent.

(3) That the contract shall be styled 'Indian Cotton Contract.'

(4) *Descriptions tenderable*.—(i) Jarilla (Basis), (including Verum, Cambodia, Upland and Gaorani 6) cottons grown in Khandesh, Berar, Nizam Hyderabad, C.P., Central India, Gwalior State and certain Rajputana States; (ii) Broach, Surti (including Navsari) and

Rajpipla cottons grown in Gujerat ; (iii) Punjab and Sind American styles, roller as well as saw-ginned from the Punjab and Sind Provinces ; (iv) Dholleras and Kalagin cottons grown in Kathiawar ; (v) Cutch cotton grown in the Cutch State ; (vi) Western, Coompta, Upland, Bagalkot, Bijapur and Miraj cottons grown in the " Southern " areas.

(5) *Standards*.—Standards to be prepared and maintained separately for class and for staple for the following :—(a) Jarilla (Basis) (Verum, Cambodia, Upland and Gaorani 6) from Jarilla cotton grown in Khandesh District (Verum, Cambodia, Upland and Gaorani 6 cottons from Jarilla districts to be surveyed against this standard) ; (b) Broach ; (c) Surti (including Navsari) ; (d) Rajpipla ; (e) 4F, LSS, and 289F, both Punjab and Sind styles and N.T. Roller as well as Saw-ginned ; (f) Dholleras ; (g) Kalagin ; (h) Cutch ; (i) Upland (Southern) ; (j) Coompta (Jowari and Jayawant) ; (k) Western ; (l) Bagalkot ; (m) Bijapur ; (n) Miraj."

Boxes for class and standards for staple to be made for the followings :—

" *Class*.—Extra Superfine, Superfine Fine (Basis), Fully Good and Good to Fully Good, i.e., half a class " off " Fully Good.

Note.—Cotton below the standard " Fully Good " shall be rejected .

Staple.— $\frac{3}{4}$ " , 13/16" and $\frac{1}{4}$ " .

(6) *Months of Delivery*.—February, March, May, July and September."

The Hedge Contract Sub-Committee's Report was considered by the Committee, who agreed that the recommendations might be accepted as a temporary measure for the duration of the war. The Committee, however, drew the attention of the Board of the East India Cotton Association, to the acute wagon shortage, and pointed out that it was desirable that the arrivals of cotton in Bombay should be limited to types which were strictly necessary for the use of the industry. In this view of the case, it was suggested that Dholleras, Cutch, and Kalagin cottons might be eliminated from the contract on account of their weak staple.

At an extraordinary general meeting of the East India Cotton Association held on 14th July 1942, the new Indian Contract formulated by the Hedge Contract Sub Committee was unanimously adopted. The new contract immediately received the sanction of the Government of Bombay, and trading in it was opened on 15th July 1942.

PROHIBITION OF IMPORTS OF RAW COTTON INTO BOMBAY.

Towards the end of April, the Government of Bombay issued a notification prohibiting import of cotton into the city of Bombay by road, rail or sea except under a licence. It was explained that the restriction was necessary in order to reduce pressure on storage accommodation in Bombay. Enemy action in the Bay of Bengal and elsewhere, it was stated, had caused a very large volume of both inward and outward traffic, which would normally have gone by other routes, to be diverted to Bombay. Owing to the limitations of rail transport, it was inevitable that there would be very great need in Bombay of godown accommodation for both incoming and outgoing goods,

especially for those connected with the Defence and Supply Departments. It was, therefore, necessary to ensure that accommodation in Bombay was, as far as possible, used economically.

A further notification issued towards the end of October, however, provided that the restriction regarding imports should not apply with effect from 1st November 1942 to cotton of the descriptions specified hereunder :—

SCHEDULE.

<i>Description.</i>	<i>Booked from</i>
<i>M.G. Jarilla</i> —(including Verum, Cambodia, Upland and Gaorani).—Cotton grown in Khandesh, Central Provinces and Berar, Nizam Hyderabad, Central India, Gwalior State and certain Rajputana States.	All places in Nasik, East and West Khandesh districts of Bombay Province, Central Provinces and Berar, Central India, Hyderabad State, Gwalior State, Jhalawar and Partabgarh States and Sironj, Chhabra and Pirawa Parganas of Tonk State of Rajputana.
<i>M.G. Broach</i> .—Cotton grown in Gujerat.	All places in Kaira District and Broach and Panch Mahals District (excluding Ankleshwar Taluka) of Bombay Province, Balasinor State, Baria State, Cambay State, Chhota Udepur State, Lunawada State, Sant State, Jambughoda State, Kadana State, Mandwa State, Vajiria State, Bhaderwa State in the Gujerat States Agency and Baroda district of Baroda State.
<i>M.G. Surti</i> —(including Navsari).—Cotton grown in Gujerat and Nawapur Taluka of West Khandesh.	All places in the Ankleshwar Taluka of Broach and Panch Mahals District, Surat District and Nawapur Taluka of West Khandesh District of Bombay Province, Sachin State, Bansda State and Dharampur State of the Gujerat States Agency and Navsari District of Baroda State.
<i>M.G. Rajpipla</i> .—Cotton grown in Gujerat ..	All places in Rajpipla State.
<i>Roller Ginned—</i>	All places in the Punjab, N.W.F. Province, Bahawalpur State, Faridkot State, Jind State, Malerkotla State, Nabha State and Patiala State and Karachi (Punjab/American description via Karachi).
Punjab/American 4F	
" " LSS.	
" " 289F	
<i>Saw-Ginned—</i>	
Punjab/American 4F	
" " LSS.	
" " 289F	
Cotton grown in the Punjab and N.W.F. Province.	
<i>Roller Ginned—</i>		All places in Sind and Khairpur State.
Sind/American 4F	
" " LSS.	
" " 289F	
" " N.T.	
<i>Saw-Ginned—</i>	
Sind/American 4F	
" " LSS.	
" " 289F	
" " N.T.	
Cotton grown in Sind	

<i>Description.</i>	<i>Booked from</i>
<i>M.G. Dholleras.</i> —Cotton grown in Kathiawar.	All places and ports in Kathiawar and places beyond Ahmedabad on the B. B. & C. I. Railway including those on the Ahmedabad-Dholka-Dhandhuka section of the B. B. & C. I. Railway and Barejdi, Petlad, Cambay State and Vaktapur Taluka.
<i>M.G. Kalagin.</i> —Cotton grown in Kathiawar.	Junagadh, Manavadar, Porebunder, Rajkot and Verawal.
<i>M.G. Upland (Southern).</i> —Cotton grown in the "Southern" areas.	All places in Dharwar, Belgaum, Bijapur and Satara Districts of Bombay Province, Jath State, Aundh State, Phaltan State, Kolhapur State, Sangli State, Miraj Senior State, Miraj Junior State, Kurundwad Senior State, Kurundwad Junior State, Sawanur State, Jamkhondi State, Mudhol State, Ramdurg State, Mysore State (excluding Mysore and Bangalore Districts), and Raichur Protected Area in Raichur District of Hyderabad State.
<i>M.G. Coompta (Jowari and Jaywant).</i> —Cotton grown in the "Southern" areas.	As above.
<i>M.G. Western.</i> —Cotton grown in the "Southern" areas.	All places in Bellary, Anantapur and Cuddapah Districts and Pattikonda Taluka of Kurnool District of Madras Province, Raichur District (excluding Raichur Protected Area) and Gulburga District of Hyderabad State.
<i>M.G. Bijapur.</i> —Cotton grown in the "Southern" areas.	All places in Bijapur District of Bombay Province.
<i>M.G. Bagalkote.</i> —Cotton grown in the "Southern" areas.	Bagalkote.
<i>M.G. Miraj.</i> —Cotton grown in "Southern" areas.	All places in Jamkhandi, Miraj (Senior and Junior), Mudhol and Sangli States and Bhilavdi, Budgaon, Kudchi, Chikodi Road and Shedbal.
<i>M.G. Cambodia.</i> —Cotton grown in the "Southern" areas.	All places in North Arcot, South Arcot, Coimbatore, Salem, Trichinopoly (including Pudukkottai State), Madura, Ramnad, Tinnevely, Chittoor and Chingleput Districts of Madras Province.
<i>M.G. Kurunganni.</i> —Cotton grown in the "Southern" areas.	All places in Coimbatore, Madura, Ramnad and Tinnevely Districts of Madras Province.

Note.—Cotton pressed at Karachi shall be tenderable under the Sind/American Standard but in the case of cotton imported into Karachi from any place other than Sind and rebooked to Bombay, it shall be tenderable under the standard assigned to the place from which it comes.

A subsequent notification issued by Government also provided that the restriction would not apply to such cotton as was tenderable against the Indian Cotton Contract under the provisions of the by-laws of the East India Cotton Association.

LABOUR CONFERENCES.

(See also page 35 of Report for 1941.)

Towards the middle of June, the Employers' Federation of India requested the Committee to express an opinion on certain proposals made by the Government of India which had for their object the promotion of joint discussions between representatives of Governments, employers and workers. In a lengthy communication addressed to the Federation, the Government of India pointed out that they themselves felt that there was an urgent need for some collaborative organisation at the Centre which could be called together fairly easily and whose advice would be available to the Government of India on subjects having all-India importance. Government also felt that such collaborative machinery might be developed along with the joint conferences which they had in mind. The idea was that the conference, which must necessarily be a large conference, could be called together often enough to be able to serve by itself the object aimed at, but that, if that conference was brought into being as a Plenary Conference to meet once or twice a year, it would be suitable for that conference to nominate a Standing Advisory Committee on labour matters with power to co-opt additional members. The composition and functions of the Plenary Conference and of the Standing Advisory Committee which it was proposed to set up, were then referred to by Government, and it was suggested that the first joint conference might be held towards the end of July for the specific object of considering Government's proposals regarding the appointment of the Standing Advisory Committee. The Committee agreed with the principle underlying Government's proposals, and the Federation was informed accordingly.

The first session of the Conference was held at New Delhi on 7th August 1942, when the following resolutions were adopted:—

"The Conference, being convinced that a collaborative machinery composed of the representatives of Governments, employers and workers in India should be established forthwith for the consideration of all questions relating to the conditions of labour, resolves—

(1) that a Plenary Conference shall be constituted as follows:—

The Hon'ble the Labour Member of the Government of India, Chairman,

3 representatives of the Government of India, including one representative to represent Minor Administrations,

11 representatives of Provinces,

6 representatives of the industrially important States,

2 representatives of the Chamber of Princes to represent other States,

11 representatives of employees, of whom 4 will be nominated by Government in agreement with the All-India Trade Union Congress; 4 will be nominated by Government in agreement with the Indian Federation of Labour; and 3 will be nominated by Government as representatives of other employees' interests,

11 representatives of employers, of whom 4 will be nominated by Government in agreement with the Employers' Federation of India; 4 will be nominated by Government in agreement with the All-India Organization of Industrial Employers; and 3 will be nominated by Government to represent other classes of employers.

(2) The Conference shall meet at least once a year, the first meeting being held in Delhi and subsequent meetings at such places as may be decided upon from time to time.

(3) The Plenary Conference shall advise the Government of India on any matters referred to it for advice taking into account suggestions made by Provincial Governments, States and the Chamber of Princes and representative organisations of Employers and Workers recognised for purposes of the Conference.

II. This Conference further resolves—

(i) That a Standing Labour Committee shall be constituted as follows :

The Hon'ble the Labour Member of the Government of India—Chairman.

1 representative of the Government of India,

1 representative each of the Governments of Bengal, Bombay and the United Provinces,

1 representative to represent the Provinces of Madras and the Central Provinces and Berar,

1 representative to represent the Provinces of Assam, Bihar and Orissa,

1 representative to represent the Provinces of the Punjab, Sind and North West Frontier Province,

3 representatives of Indian States, including one representing the Chamber of Princes,

5 representatives of employers,

5 representatives of employees.

(ii) That the Standing Labour Committee shall consider and examine such questions as may be referred to it by the Plenary Conference or by the Central Government taking also into account suggestions made by Provincial Governments, States, the Chamber of Princes and representative organisations of workers and employers.

(iii) That the Standing Labour Committee shall meet as often as it may be convened by the Central Government for the consideration of questions that may be before it.

(iv) That the Committee shall be competent—

(a) to advise Government on any matters referred to it by Government, provided that copies of any such advice shall be forwarded to all members of the Plenary Conference ;

(b) to report to the Plenary Conference upon any matters referred to it by that Conference."

The Standing Labour Committee was subsequently constituted by Government, and its first meeting was held at New Delhi on 30th November and 1st December 1942. At this meeting, employers were represented by the following gentlemen :

- | | |
|--|---|
| (1) Sir Shree Ram, | } All-India Organisation of Industrial Employers. |
| (2) Mr. Kasturbhai Lalbhai. | |
| (3) Sir Ardeshir Dalal, | } Employers' Federation of India. |
| (4) Mr. W. A. M. Walker, C.B.E., M.L.A. | |
| (5) Dewan Bahadur C. S. Ratnasabapathy
Mudaliar, C.B.E. | } Other employers. |

BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

(a) *Hosiery Industry*.—Early in February, the Committee were requested to express an opinion on a suggestion made by the Commissioner of Labour for the separation of the hosiery industry from the cotton textile industry for purposes of the Bombay Industrial Disputes Act, on the ground that the problems of the hosiery industry were in many respects dissimilar to those of the cotton spinning and weaving industry. The Committee's views were also desired on the following draft of the definition of the term "hosiery industry" which Government proposed to adopt:—

" 'Hosiery industry' includes

- (a) all concerns using power and employing 20 or more persons which are engaged in knitting or the manufacture of hosiery made of cotton, wool, silk, artificial silk, rayon or an admixture of two or more of these;
- (b) all mechanic shops attached to and all dyeing and bleaching departments in any of the above concerns."

The Committee pointed out that, in the circumstances explained by Government, they had no objection to the hosiery industry being treated as an industry by itself for purposes of the Bombay Industrial Disputes Act. The Committee also agreed with the definition of the term "hosiery industry" proposed by the Commissioner.

(b) *Working of the Act*.—Towards the end of February 1942 a representation was submitted to the Government of Bombay suggesting that an annual report on the working of the Bombay Industrial Disputes Act, mainly devoted to statistical analysis of the number of cases received by the Labour Officer, number of cases dealt with by various Conciliators in various centres, number of cases dealt with by the Industrial Court, number of cases decided in favour of employees and the number in favour of employers, etc., might be published by Government for the information of the public. The Committee thought that an annual report limited to statistical details only was not likely to be a costly proposition and would be useful to the industry.

In reply, Government stated that in the present emergency they did not intend to publish an annual report, but suggested that the required statistical information could be obtained from the Commissioner of Labour. The Commissioner of Labour has since furnished to the Association statistics in respect of conciliation cases dealt with during the year 1941 under the Bombay Industrial Disputes Act.

WAR BONUS TO BOMBAY MILL WORKERS.

(See also pages 41 and 194 of Report for 1941.)

Reference was made on page 41 of the Association's Report for 1941 to the resolutions passed at a General Meeting of the members of the Association held on the 3rd December 1941 announcing the grant of a bonus to Bombay cotton mill workers.

The question of granting a bonus to the operatives from the profits of the year 1942 was considered by the Committee at a meeting held on 12th November 1942, and it was decided to make the following recommendations to the general body of members :—

- (a) that a war bonus equivalent to one-sixth of their total earnings in the period 1st January 1942 to 31st December 1942 inclusive, be granted to all cotton mill workers who are on the musters of permanent and *badli* workers in member mills in Bombay City and Island on 31st December 1942, and who continue to be on such musters till the dates of payment, with the exception of those *badlis* who have worked for less than an aggregate period of 75 days in the said period ;
- (b) that bonus be calculated on earnings exclusive of dearness allowance ;
- (c) that, in the case of women who have been on maternity leave in the period referred to, the actual maternity allowance drawn by them be included in their wages for the purpose of calculating the bonus payable ;
- (d) that bonus as laid down in the preceding clauses be calculated and paid to the workers in two equal instalments : the first on Saturday, the 23rd January 1943, and the second on Saturday, the 20th March 1943 ;
- (e) that notices declaring the grant of bonus and the conditions attached thereto be put up in all cotton mills in the City and Island of Bombay which are members of the Association, on the 24th November 1942.

The recommendations of the Committee were considered at an urgent General Meeting of all mills in the City and Island of Bombay held on 21st November 1942, when the following resolution was passed :—

“ Resolved that the Committee’s recommendations in connection with the grant of a war bonus to the operatives employed in cotton mills situated in Bombay City and Island, which are members of the Association, be approved and adopted.”

The recommendations of the Association were communicated to the Government of Bombay and to all members, and were announced to the operatives through special posters put up at all mills on 24th November 1942.

DEARNESS ALLOWANCE TO BOMBAY MILL WORKERS.

(See also page 39 of the Report for 1941.)

Reference was made on page 39 of the Association’s Report for 1941 to the adoption by the Association and its member mills in Bombay, of a sliding scale of dearness allowances to provide for variations in the Bombay working class cost of living index number between the figures 124 and 143.

The index number for May was 142, and it appeared that the index number for June was likely to be above 143. The question of compensating future rises in the cost of living index number was, therefore, considered by the Committee, and on their recommendation, the following resolution was passed at an urgent general meeting of the Bombay members of the Association held on the 19th June 1942:—

- “(a) Resolved that the sliding scale of dearness allowance adopted at the Urgent General Meeting of the Bombay members of the Millowners' Association, Bombay, held on Friday the 8th August 1941 be extended as under to provide for variations in the official working class cost of living index number between 144 and 163 inclusive:—

<i>Official working class cost of living index No.</i>	<i>Dearness allowance per month of 26 working days.</i>
	Rs. a. p.
144	9 4 0
145	9 8 0
146	9 11 0
147	9 15 0
148	10 3 0
149	10 7 0
150	10 11 0
151	10 14 0
152	11 2 0
153	11 6 0
154	11 10 0
155	11 14 0
156	12 1 0
157	12 5 0
158	12 9 0
159	12 13 0
160	13 1 0
161	13 4 0
162	13 8 0
163	13 12 0

- (b) Further resolved that, in the event of the official working-class cost of living index number falling below 124, the scale of dearness allowance recommended by the Rangnekar Board of Conciliation, namely, As. 2 per day, shall again become operative.
- (c) Further resolved that the sliding scale of dearness allowance referred to in paragraph (a) of this resolution shall be paid to all those classes of employed workers to whom the dearness allowance recommended by the Rangnekar Board of Conciliation was made applicable.”

The recommendations of the Association were communicated to the Government of Bombay and all members, and were communicated to the operatives through posters put up on the 22nd June 1942. The Government of Bombay in a Press *communiqué* issued by them on 20th June 1942, expressed their approval of the promptness with which the Association had anticipated a likely rise in the cost of living and of its action in extending the scale of dearness allowance up to index number 163 so as to compensate its workers for any future rise up to that index number.

Towards the end of July, it became apparent that the index number for July was likely to be above 163. The question of compensating further rises in the cost of living index number was, therefore, considered by the Committee, and on their recommendation, the following resolution was passed at an urgent General Meeting of the Bombay members of the Association held on 30th July 1942 :—

- “ 1. (a) Resolved that the sliding scale of dearness allowance adopted at the Urgent General Meeting of the Bombay members of the Millowners' Association, Bombay, held on 8th August, 1941, and extended according to the resolution adopted at the Urgent General Meeting of the Bombay members of the Association held on 19th June 1942, be further extended as under to provide for variations in the Bombay official working-class cost of living index numbers between 164 and 183 inclusive :—

Official working class cost of living index No.	Dearness allowance per month of 26 working days.		
	Rs.	s.	p.
164	14	0	0
165	14	4	0
166	14	7	0
167	14	11	0
168	14	15	0
169	15	3	0
170	15	6	0
171	15	10	0
172	15	14	0
173	16	2	0
174	16	6	0
175	16	9	0
176	16	13	0
177	17	1	0
178	17	5	0
179	17	9	0
180	17	12	0
181	18	0	0
182	18	4	0
183	18	8	0

- (b) Further resolved that in the event of the Bombay official working class cost of living index number falling below 124, the scale of dearness allowance recommended by the Rangnekar Board of Conciliation namely, As. 2 per day, shall become operative.”

The recommendations of the Association were communicated to the Government of Bombay and to all members of the Association and were also communicated to the operatives through posters put up on 31st July 1942. In a Press *communique* issued on 31st July, Government again expressed their approval of the promptness with which the Association dealt with the further rise in the cost of living index number and of its action in extending the allowance.

Towards the end of December it was understood that the cost of living index number for December was likely to be 188, and the question was again considered by the Committee and, as authorised at the urgent General Meeting of the Bombay members of the Association held on 30th July 1942, a resolution was passed by the Committee extending the scale of dearness allowance, as under, to provide for variations in the Bombay official cost of living index numbers between 184 and 203 :—

<i>Official working class cost of living index No.</i>	<i>Dearness allowance per month of 26 working days.</i>
184	18 12 0
185	18 15 0
186	19 3 0
187	19 7 0
188	19 11 0
189	19 15 0
190	20 2 0
191	20 6 0
192	20 10 0
193	20 14 0
194	21 1 0
195	21 5 0
196	21 9 0
197	21 13 0
198	22 1 0
199	22 4 0
200	22 8 0
201	22 12 0
202	23 0 0
203	23 4 0

The Government again issued a Press Note on 2nd January 1943 and approved of the Association's action in extending the scale of dearness allowance.

SHORTAGE OF QUININE.

Towards the end of June, member mills reported considerable difficulty in securing quinine for their dispensaries. It was ascertained that about 400 lbs. of quinine would be required by mill dispensaries in Bombay during the half year ending 31st December 1942. Matters were represented to the Government of Bombay, and at the end of November, 60 lbs. of quinine were received from the Superintendent, Yeravada Central Prison, Poona, at a total cost of Rs. 3,365. This quantity was distributed to member mills according to their requirements.

SUPPLY OF KEROSENE OIL TO MILL OPERATIVES.

In view of the difficulties experienced by mill operatives in obtaining their requirements of kerosene oil, the Committee recommended in August 1942 that member mills might undertake the sale of kerosene to their operatives if such facilities were asked for by their workers. Mills were requested to supply half a gallon of oil per operative per month and to take special precautions to ensure that the ration was allowed only to those who used kerosene for lighting purposes. The sale of kerosene was to be on credit like other articles sold in the mill grain shops. A tentative scheme dealing with the basis of rationing and methods of distribution was also prepared and circulated for the guidance of members.

STANDING ORDERS FOR OPERATIVES.

Standing Order No. 22 for operatives reads as under :—

“No order of dismissal shall be made unless the operative concerned is *informed in writing of the alleged misconduct*, and given an opportunity to explain the circumstances alleged against him.”

The order clearly requires, *inter alia*, that the operative concerned should be informed in writing of the offence alleged to have been committed by him. It transpired that this requirement was not being complied with and in view of the fact that non-compliance with the procedure laid down in the orders constituted an offence under the Bombay Industrial Disputes Act, members were requested to draw the special attention of their mill managers to the formalities prescribed, which should be followed before an operative was dismissed.

STANDING ORDERS FOR CLERKS.

Standing Order No. 6 for clerks in cotton textile mills reads as follows :—

“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.”

In accordance with the provisions of this Standing Order, it was necessary for mill managements to fix two days in a month on which the register specifying the scales of pay of clerks would be open to inspection by the employees of the mill. The Association, therefore, recommended that member mills might fix two days in a month, for example, first Monday and third Monday of the month, as the days on which the register would be open for inspection by the clerks. If either of these Mondays was a holiday, the register might be kept open for inspection on the following day. It was further suggested that the register should be kept in the Manager's room on these two days, and should be made available for the clerks who desired

to inspect it during the working hours. Member mills in Bombay were also requested to instruct their managers to put up a notice on the following lines :—

NOTICE.

“ All clerks are hereby informed that, in accordance with the provisions of Standing Order No. 6, the register specifying the wages and scales of pay shall remain open in the Manager's room for inspection by the clerical employees on the 1st Monday and 3rd Monday of each month during office hours. If either of these Mondays happens to be a holiday, the register will be open to inspection on the following working day.”

WAR INJURIES ORDINANCE, 1941 : PAYMENT OF COMPENSATION
FOR WAR INJURIES.

(See also page 47 of Report for 1941.)

On page 47 of the Report for 1941, reference was made to the Personal Injuries Ordinance, 1941, promulgated by the Central Government empowering them to make a scheme or schemes providing for the grant of relief in respect of certain types of injuries sustained by workmen during the continuance of the present hostilities. The details of Government scheme under the Ordinance were published on the 1st January 1942. The scheme provides for the following relief in respect of war injuries :—

Temporary allowances : Payable for a period of not more than six months at the rate of Rs. 13-8 a month for an adult male (Rs. 18 a month in the case of civil defence volunteers and persons compelled by Government to be present at a particular place).

Disability pensions : For a 100 per cent. disability, relief will be payable at Rs. 13-8 a month for an adult male (Rs. 18 in the case of civil defence volunteers, etc.), and this rate will be reduced where disability is not total. Thus, in the case of a 50 per cent. disability, normal pension will be half of that payable in the case of total disability. When disablement is not more than 50 per cent., provision is made for the commutation of the allowance at 70 times the monthly payment.

Family pensions and children's allowances : The family pension is intended for the maintenance of the family as a whole and not for the person who is actually eligible to draw it, and the eligible member will be entitled to draw for his life a family pension of Rs. 8 a month. The eligible members are in order of priority, widow, father, mother, legitimate son, and legitimate daughter. In addition, there will be children's allowances at the rate of Rs. 2 a month for male children under 15, and female children under 16, unless married earlier. The children's allowance will be continued in case the child is physically or mentally unable to support himself or herself. Family pensions will not be payable if death occurs more than seven years after the injury is caused.

The normal rates of allowances and pensions for a woman would be 80 per cent. of the adult pension and for a person under the age of 18, 75 per cent. of the pension otherwise admissible. The pension of a person, while under treatment in a hospital, would be reduced by 20 per cent.

Payments of pensions and allowances will be made through post offices and will ordinarily be made quarterly and, in exceptional cases, monthly.

LICENSING OF EXPORTS OF COTTON MANUFACTURES TO EMPIRE COUNTRIES.

(See also pages 53 and 205 of Report for 1941.)

During the year under review, several representations were submitted to Government dealing with the orders issued by the Government of India and the Export Trade Controller from time to time on various matters arising out of the detailed procedure to be adopted to obtain licences for the export of cotton piecegoods and yarn. These representations were followed up in certain instances by personal discussions with officers of Government during their stay in Bombay. It is not necessary to go into the details of the various representations submitted: these are printed in the appendices for purposes of record. Towards the end of the year under review, however, in view of the shortage of cloth available for consumption in the country, the question of restricting exports of cotton piecegoods and yarn was examined by the Government of India in consultation with the Association, and, as a result of the discussions which followed, it was agreed tentatively that annual exports of cotton piecegoods should, for the time being, be limited to a maximum of 600 million yards per annum. Government also accepted a suggestion made by the Committee regarding the association with the Export Trade Controller of a Sub-Committee consisting of representatives of the trade to facilitate the administration of the quota regulations. It is understood that the various details relating to the constitution of the Committee and their functions are at present engaging the attention of Government in consultation with various Chambers of Commerce and Associations.

AMENDMENT OF ASSOCIATION'S STANDARD CONTRACT FORM.

DELAY IN DELIVERY OR INABILITY TO DELIVER ON ACCOUNT OF WAR ORDERS.

Early in February, the advisability of inserting a new clause in the Association's standard contract in order to safeguard mills against non-fulfilment of bazaar contracts as a result of Government requisitioning loomage, was considered by the Committee. Briefly stated, the position was that individual mills had, at the request of Government, placed not less than 20 per cent. of their productive capacity at the disposal of the Department of Supply. The remaining capacity was devoted to fulfilment of orders accepted from the trade, and mills had entered into commitments which extended in some cases to six months. It was then very likely that

further calls would be made on the industry, in which event individual mills would have to place a greater portion of their capacity than at present at the disposal of Government. This would naturally necessitate postponement or cancellation of contracts already entered into by mills with the trade. The standard contract form of the Association did not contain any specific provision to meet this emergency. In the circumstances, a representation was submitted to the Government of India, Department of Supply, requesting clarification of the position, i.e., whether mills would be effectively protected in an action for damages brought, for instance, by a dealer where cancellation of the contract or postponement of delivery with an adjustment in price, was necessitated by Government requisition. Government were also requested to express an opinion on the measures which should be taken to protect mills in this emergency.

In reply, Government made the following suggestions :—

- (a) that mills should protect themselves by an additional clause in the Standard Contract Form which would enable them to ask for postponement of delivery in case their machinery was requisitioned by Government ; and
- (b) that if, in future, mills found themselves unable to accept Government orders without disturbing civil contracts already entered into by them, the matter should be brought to the notice of Government immediately, and a priority order would be issued by Government.

The question of amendment of the Association's Standard Contract was subsequently taken up by the Committee with the Association's solicitors, and the following additional " war emergency " clause, drafted by them, was approved and forwarded to members for insertion in all future contracts which might be entered into by mills with bazaar dealers :—

" Notwithstanding anything hereinabove contained or implied if an order for goods shall be placed with the Company by or on behalf of the Government of India subsequent in date to the contract date and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part within the contract time or times then the Company shall within seven days of the receipt of such order give written notice (the Company's Notice) to the buyer of such decision, and shall in the Company's notice state the extent of its inability to perform and within what substituted time or times the Company will be able to perform the contract. Within seven days of the receipt of the Company's notice the Buyer shall give written notice (the Buyer's Notice) to the Company whether the Buyer elects to affirm the contract as varied by such substituted time or times or whether the Buyer elects to cancel the contract to the extent of the inability. If the Buyer affirms the contract as varied then, the contract shall remain in force as varied. If the Buyer cancels the contract, to the extent of the inability then the contract shall stand cancelled to that extent, and the Buyer shall have no claim for compensation. If the Buyer fails to give the Buyer's Notice to the Company within the period aforesaid the Buyer shall be deemed to have affirmed the contract. If an order for goods shall be placed by or on behalf of the Government of India subsequent in date to any such affirmation and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part as so varied then the like procedure shall be adopted with the like consequences. The Buyer shall be entitled, if he so requires, to inspect any order giving rise to such decision as aforesaid but the Buyer shall not be entitled to raise any question in respect of such decision or in respect of the extent of the inability or in respect of the time or times so substituted."

Member mills were reminded that if in future they found themselves unable to accept Government orders without disturbing civil contracts already entered into by them, the matter should be reported at once to the Assistant Director-General (Cotton Textiles), Bombay, and a priority order must be secured before undertaking Government's requisition.

PAYMENT FOR SUPPLY DEPARTMENT ORDERS.

In February, consideration was given to certain complaints received from member mills regarding delays in securing full payment for goods supplied against war orders. The attention of the Committee was also drawn to certain new measures which were taken by Government since 15th December 1941, to ensure speedy payment of contractor's bills. Briefly stated, the new procedure gave the contractor the option to claim an "on account payment" by submitting his bill with counterfoil of the military credit note and inspection note to the Controller of Supply Accounts, New Delhi. If the bill had been properly prepared, "on account" payment was received by the contractor within about a fortnight, but to secure the payment of the balance due, the contractor had to await the "balance payment form" from the consignee, and on receipt of this form a claim had to be submitted to New Delhi again as usual. An alternative to the "on account payment" system was that the contractor was entitled to claim hundred per cent. of his bills, but, in this case, the bill had to be presented to the Controller of Supply Accounts, New Delhi, with a copy of the inspection note signed by the inspector and by the consignee. Here again, if the documents were in order, payment was received by the contractor in about a fortnight from the date of rendering the bills to New Delhi.

The new procedure was to a certain extent satisfactory, and while no undue delay took place between the submission of bills by the contractor to the Controller of Supply Accounts and the issue of the pay order by the latter, the real difficulty arose in securing the consignee's signature on the "balance payment form" in cases where an "on account" payment had been taken, and the inspection note where no such payment had been taken. What happened was that the consignee was not promptly reporting to the consignor the safe arrival of the goods and returning the appropriate document duly signed, with the result that the rendering of the bill itself by the contractor was delayed.

This state of affairs, in the opinion of the Committee, called for remedial measures which were absent in the new procedure adopted by Government. The matter was taken up with the Government of India, Department of Supply, and it was suggested:—

- (a) That as Government were now entering into f.o.r. contracts, contractors should be entitled to secure a hundred per cent. payment of their bills on presentation together with the inspection note without having to wait for the consignee's signature on the inspection note. If, however, the consignee subsequently reported shortage in consignments, adjustments could be made, after verification of such claims according to ordinary commercial practice, in contractors' subsequent bills. It was pointed out that

mills were on running contracts for six months, and it was very easy to adjust overpayments made by Government in one month in the bills presented by mills in the following month. The Standard Contract Form of the Association provided for delivery against cash, and there was no reason why Government should not adopt the same procedure ; and

- (b) that Government should immediately transfer to Bombay a self-contained unit from the office of the Controller of Supply Accounts, New Delhi, so that pay orders might be issued in Bombay. Bombay City alone supplied Government with textiles worth about $3\frac{1}{2}$ crores of rupees per month, and this figure would be considerably increased if the share of other centres of the Province were taken into consideration. Considerable sums had to be paid by Government monthly to non-textile contractors like General Motors, Ford Motor Car Company, etc., bringing the aggregate share of the Province to a very substantial figure which, the Committee considered, would amply justify the establishment of an office in Bombay as suggested by them.

In the course of a reply received towards the end of April, Government stated that a scheme was under examination which would provide for 100 per cent. payments after inspection and despatch. Deliveries to local depots would be regarded as equivalent to despatch. The benefit of this arrangement, it was pointed out, would be extended to all suppliers whose performance had been satisfactory in the past, or where in the absence of past dealings the standing and reputation of a firm could be regarded as a guarantee of satisfactory performance. Every effort was being made to work out the detailed procedure in order to introduce the scheme at the earliest possible date, and it was expected that when this scheme was introduced and became effective, most of the complaints would be removed. Under this scheme the suppliers to whom its benefits were extended would be relieved of the responsibility for obtaining consignees' receipts and furnishing them to the Government Accounts Office.

Government stated that they were also contemplating the appointment of a Special Officer for a temporary period to examine the procedure in all its stages and to apply such remedies as might suggest themselves for ensuring prompt payments.

As regards the Committee's suggestion for opening a branch accounts office in Bombay, Government stated that there were insuperable difficulties in accepting this proposal and that they were not convinced that any real improvement would be secured thereby. Frequently, the Controller of Supply Accounts had to obtain orders of Government for making payments where payments were not permissible under the ordinary rules without further formalities of an essential nature or without settling some points of doubt arising out of the conditions of contracts. In such cases, greater delays would occur if payments were made from Bombay. Moreover, the Accounts Office had expanded enormously during the last two years ; the proportion of men

with experience of stores payment and accounting was extremely small and the best possible use had to be made of them. Government stated that it would be difficult, if not impossible, in the circumstances to spare experienced men in any number for the proposed Bombay office without the risk of breakdown in the Delhi office. Government, therefore, felt that it would be unwise to open a branch accounts office in Bombay, and hoped that the steps they were taking to ensure prompt payments in future, would bring about a definite improvement in the position.

The Committee were subsequently supplied with a copy of the scheme to provide for 100 per cent. payment which was referred to in Government's communication. Briefly stated, this scheme, which was to be introduced from 1st June 1942, provided for an advance payment of 100 per cent. on inspection and proof of despatch of stores. In cases where the stores were required to be delivered at the station in which the contractor's factory was situated, a "final" 100 per cent. payment would be made on the authority of the inspection certificate and the consignee's receipt. Government pointed out that suppliers under the new scheme would not have to wait for full settlement of their dues till the receipt of stores had been acknowledged by the consignees, as had hitherto been the case. The Committee acknowledged that the revised scheme was an improvement on the existing arrangements. They, however, pointed out that it did not go far enough, for suppliers had to wait for a considerable time for despatch instructions and even after receipt of despatch instructions, the goods had to be stored for a considerable time in the mill premises pending allotment of railway wagons. On the whole, therefore, between inspection and actual despatch of the stores, there was a wide gap. Even in cases where delivery was to be made in the same station, consignees, it had been reported, were not prepared to sign the certificate promptly. What the Committee therefore suggested was that the supplier should be in a position to claim 100 per cent. payment immediately on completion of inspection.

Turning to the difficulties in the opening of a branch accounts office in Bombay, the Committee explained that the point was that over or underpayments made by the Bombay office could always be adjusted without any difficulty. Government were not perhaps unaware of the fact that with an Accounts Office in Delhi, a certain amount of time was being wasted in sending the bills to and fro in the post. The point made by Government about the necessity of consultation, in certain cases, by the Controller of Supply Accounts before making payment, was beside the point for the reason that, so far as cotton mill suppliers were concerned, such questions were not likely to arise, for, so far as the Committee were aware, everything had been settled by the Panel and the necessity of such consultation did not arise at all. In these circumstances, the Committee considered that there was a good case for the establishment of a pay office in Bombay. If a Pay Office were established in Bombay, it would not only relieve the congestion in the Delhi office, but would also facilitate work in Delhi being carried on with a lesser number of officers and staff than at present without danger of any breakdown.

Government have since opened a Pay Office in Bombay from 1st October 1942. (*Appendix 13.*)

INSPECTION BY I.S.D. INSPECTORS.

Early in January, the attention of the Committee was drawn to certain correspondence which had recently passed between the Assistant Director-General (Cotton Textiles) and a member in connection with the question of admitting the inspecting staff of the Supply Department into the process departments of mills. They were also furnished with copy of a letter addressed to the Assistant Director (Cotton Textiles) by the Controller of Inspection, Bombay Circle, in which reference was made to the following paragraph extracted from a circular issued by the Controller-General of Inspection:—

“Inspectors should not always wait for the finished goods to be put up by the factory for inspection, but should take samples of raw or semi-manufactured materials and send to the Chief Inspector of Stores and Clothing, Cawnpore, for report, the guiding principle being that whatever early action can be taken to avoid delay in production should be taken.”

The Committee were also furnished with copy of a letter addressed by the Controller of Inspection, Bombay Circle, to Messrs. E. D. Sassoon & Co., from which it appeared that the Controller of Inspection, Bombay, had interpreted the circular of the Controller-General of Inspection as an order to enter all process departments of cotton mills and obtain samples, which he apparently proposed to carry out under the provisions of clause 8 of the I.S.D. contract which read as under:—

“The whole contract is to be executed in the most approved and workmanlike manner to the satisfaction of the Inspector who, both personally and by any deputy appointed by the purchaser or the Inspector in this behalf, shall have full power at every stage of progress, to inspect the manufacture of the stores or any part thereof at such times as he may deem fit and to reject any of the stores of which he may disapprove; and his decision thereon and on any question of the true intent and meaning of the specification or drawings or of the work necessary for the proper completion of the contract shall be final and conclusive. The Inspector shall have the right to mark rejected stores with a small rejection mark so that they may be easily identified if re-submitted and the contractor shall not be entitled to claim anything on that account.”

The Committee were not aware of the circumstances under which clause 8 of the I.S.D. contract came to be incorporated in the contract relating to the supply of cotton piecegoods, nor were they aware of the circumstances under which the Controller-General of Inspection issued the circular which had been referred to by the Controller of Inspection. Further, they had no means of ascertaining whether the instructions issued by the Controller-General of Inspection were really applicable to cotton piecegoods or whether they were only instructions of a general nature applicable to goods which did not change their shape or form substantially when undergoing the various processes. For instance, the Controller-General's orders were understandable in the case of, say, the leather trade or iron and steel trade, but no useful purpose would, it was thought, be served by the Inspector entering the process departments of cotton mills and collecting samples of, say, cotton mixings or the products of the roving department and sending them to the Chief Inspector of Stores and Clothing, Cawnpore. Reports received by the Association appeared to indicate that Inspectors had taken samples of roving bobbins and drawing slivers. The main issue before the Inspector was whether the cloth supplied was according to specification, and so long as this was so, the material utilised in the manufacture of the cloth should, ordinarily,

be a matter of no consequence to them. It was conceded that there might be cases where individual mills required technical assistance from Inspectors in producing the correct type of cloth, but where mills themselves were in need of such assistance, the question of asking for, or granting, permission to enter process departments did not arise, because mills themselves would be anxious to secure the presence of the Inspectors in the departments, and no special provisions regarding the admission of inspectors inside the departments were necessary. If, however, as had probably happened in the case of Messrs. E. D. Sassoon & Co., Ltd., Inspectors sought to enter departments by virtue of the provisions of clause 8 of the I.S.D. contract, even though the mills did not require their presence in the departments, friction between the management and the inspection staff was inevitable. In this view of the case, the Committee strongly urged that clause 8 of the contract should be deleted from all the contracts which might be entered into in future by Government with mills for the supply of cotton piecegoods and yarn.

Early in March, a reply was received from Government in which it was indicated that the question raised in the Association's representation had been subsequently discussed by the Deputy Director-General and the Controller-General of Inspection with Sir Ness Wadia and Sir Frederick Stones, when it was made clear by the Controller-General of Inspection that it was never the intention to take samples from every mill working on Government contracts. All that was intended was to help firms who were in difficulty over production, by taking whatever action could be taken, in the early stages, to avoid wholesale rejections. Government also gave an assurance that in cases in which the inspecting authorities considered it advisable to go into details of production of any particular mill, the managing agents of the mill concerned would be addressed, and hoped that the management would afford them necessary facilities in the matter. Lastly, Government stated that the letter issued by the Controller-General of Inspection would be cancelled, but they were unable to agree that clause 8 of the conditions of contract should be deleted from the contracts in future.

The Committee were agreeable to the retention of clause 8 of the I.S.D. contract in the light of explanations given by Government, but they made it clear that where entry to process departments became necessary, it should be limited only to principal officers of the Department like the Assistant Director-General, Director of Textiles and the Controller of Inspection, Bombay Circle. (*Appendix 14.*)

INSPECTING STAFF OF THE DEPARTMENT OF SUPPLY.

Early in January the Committee were informed that all cotton spinning and weaving mills in India had, under instructions from Government, allotted 20 per cent. of their loomage to Government against their war requirements in the six months of the year 1942-43. Deliveries against Government orders were likely to commence in February 1942 and unless the inspecting staff of the Department of Supply were considerably reinforced, it would be very difficult to rail goods as and when they were manufactured. Many mills had only limited storage accommodation, and accumulation of

goods awaiting inspection necessitated the employment of extra storage accommodation and additional expenditure in the shape of godown rent, insurance against fire, war risks, etc. In these circumstances the matter was taken up with the Controller-General of Inspection, and it was suggested that early action should be taken to increase the inspecting staff so that arrangements might be made to rail goods manufactured without unnecessarily detaining them in the mill godowns and premises.

It is understood that action has since been taken to reinforce the inspecting staff to enable the outturn to be inspected with the minimum of delay. (*Appendix 15.*)

COTTON YARN REQUIREMENTS OF GOVERNMENT.

GOVERNMENT REQUIREMENTS.

On page 69 of the Association's Report for the year 1941, reference was made to the Cotton Textile Advisory Panel constituted by the Government of India, Department of Supply, for the purpose of advising the Cotton Textiles Directorate in the matter of facilitating and expanding supply of cotton textiles for war purposes. At a meeting of the Panel held in Delhi in the first week of December 1941, the view was expressed that it would be difficult for the Panel, as then constituted, to put forward recommendations in regard to the percentage of yarn production to be reserved for Government or the prices for any such reserved production, since the important yarn producers were not directly represented, and it was agreed that an *ad hoc* Sub-Committee consisting of seven members: three representatives of the spinning mills in Southern India (including one from the Madura mills), one representative from the Central Provinces, two representatives of the mills belonging to the Millowners' Association, Bombay, and one representative of the Cawnpore mills should be appointed, to whom the Panel should delegate their authority in respect of all matters connected with yarn supplies. The Committee were called upon to nominate two representatives from Bombay and one from Nagpur to represent spinning interests on this Sub-Committee. Sir Ness Wadia, K.B.E., C.I.E., and Mr. J. C. Lancashire were appointed to represent Bombay spinning interests and Mr. S. H. Batliwala to represent mills in Central Provinces.

PRICES AND SUPPLIES TO HANDLOOM INDUSTRY.

Early in January, the Committee were requested by the Government of India to express an opinion on the question of ensuring a satisfactory supply of cotton yarn to the handloom weavers in India at reasonable prices. Government pointed out that this question had been discussed at the last meeting of the Yarn Sub-Committee of the Cotton Textile Advisory Panel held towards the end of December, and that this Sub-Committee had recommended:

- (a) that exports of yarn should be prohibited; and
- (b) that a fixed percentage of surplus yarn output should be allotted to meet Government's war requirements.

Government, however, felt that these measures would not be sufficient, for the reason that, in the event of the present shortage of yarn being further aggravated as a result of increase in the demand, the problem of adjusting the various competing elements of demand for the limited supplies of yarn and of maintaining a reasonable level of prices would be difficult. In these circumstances, they suggested, as an alternative, that the entire yarn surplus of the industry should, from the beginning, be placed under Government control.

The Committee felt that there was no case whatsoever for the institution of a system of control on the lines proposed by Government. The commencement of hostilities in the Far East, restrictions on exports of yarn and the panic created in the market had brought down the prices of yarn considerably; moreover, in view of the steady drop in prices, buyers were keeping away from the markets, and uncertainty as regards the future had compelled even stockists to unload their holdings in the markets at prices which in several cases were lower than what they themselves had paid for them, with the result that there was in the market a very large quantity of yarn which could be bought by Government for the handloom industry. Another argument against the introduction of a scheme of control was that Government had considerably overestimated the consumption of yarn by the handloom industry, and if proper allowances were made for the fact that a portion of the yarn available for sale in India after meeting mills' weaving requirements went into the manufacture of miscellaneous textile items such as tapes, newars, webbings and the cotton knitting industry, the real consumption of the handloom industry would be in the neighbourhood of 350 million lbs. rather than 450 million lbs. as estimated by Government. If Government's requirements were revised on this basis, the deficit would be 73 million lbs. and not 173 million lbs. which did not, in the opinion of the Committee, justify such stringent measures as control. Moreover, this deficit was after providing for large Government exports outside India, and the Committee saw no reason why they should agree to a scheme of control to facilitate exports, which were not strictly connected with war requirements. In these circumstances, the Association's representatives on the Yarn Sub-Committee were instructed to oppose any scheme of control.

The Yarn Sub-Committee met towards the end of January, and approved of the following scheme for the supply of yarn to handloom weavers :—

(1) A Central Yarn Commissioner should be appointed by the Government of India and with him would be associated an Advisory Committee of the Textile Panel. Similarly, each Province would have a Yarn Commissioner, and an Advisory Committee.

(2) Distribution of yarn would be effected in two stages : (i) primary wholesale dealers, who would purchase directly from the mills; and (ii) other dealers who would purchase from the primary wholesale dealers and distribute to the consumers.

(3) The Provincial Governments would license dealers in both the stages and no other person would be allowed to sell.

(4) The yarn dealers would submit their indents to the Provincial Yarn Commissioner who would collect all these indents and pass them on to the Central Yarn Commissioner. If there was a shortage of supplies, the Provincial Yarn Commissioner would consult the Central Advisory Committee.

(5) Price control would be resorted to if need arose in consultation with the Yarn Sub-Committee.

THE PROVINCIAL YARN ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Early in June, the Government of Bombay invited the Committee to appoint a representative to serve on the Provincial Yarn Advisory Committee which would consist of: The Director of Industries, Bombay, as the Yarn Commissioner for the Province of Bombay and one representative each from the Millowners' Association, Bombay; the Millowners' Association, Ahmedabad; the Indian Merchants' Chamber; the Bombay Chamber of Commerce; the Memon Chamber of Commerce; the Yarn and Silk Merchants' Association, Bombay; the Bombay Yarn Exchange and two persons representing yarn dealers in the districts.

The Committee appointed Sir Ness Wadia, K.B.E., C.I.E., to represent the Association on the proposed Advisory Committee. The constitution and functions of the Yarn Advisory Committee for Bombay as finally constituted are as follows:—

- (1) The Director of Industries and Yarn Commissioner, for the Province of Bombay (*Chairman*).
- (2) Sir Ness Wadia, K.B.E., C.I.E.
- (3) Madanmohan Mangaldas, Esq.
- (4) J. C. Setalwad, Esq.
- (5) J. C. Lancashire, Esq.
- (6) Ismail Jusaf, Esq.
- (7) Sankalchand G. Shah, Esq.
- (8) Seth Haridas Madhavdas, J.P.
- (9) Nagappa Aralappa Abdulpurkar, Esq.
- (10) Rao Saheb G. N. Madiman.

Mr. R. U. Patel, Assistant Stores Purchasing Officer, to be Secretary of the Committee in addition to his present duties.

The functions of the Committee would be to advise when necessary, the Yarn Commissioner for the Province of Bombay in the following matter, namely:—

- (a) Grant of licences to wholesale and retail dealers in cotton yarn;
- (b) Supply of yarn to licenced dealers on indents if and when that system is introduced;
- (c) Fixation of prices of cotton yarn, if and when it is considered necessary; and
- (d) Distribution of available supplies and control over the price of cotton yarn. (*Appendix 16.*)

SCHEME FOR THE PRODUCTION AND SALE OF STANDARD CLOTH.

On page 69 of the Association's Report for 1941, reference was made to the all-India conference of textile interests held in Bombay early in September. One of the subjects discussed at this conference related to the trend of prices of cotton yarn and piecegoods and the steps which should be taken in order to avoid an inflation in prices. The general view of the conference appeared to be that control of cloth and yarn prices would be a most difficult thing to attempt; and that efforts should be made to increase production in order to restore the balance between the supply of and the demand for cloth, and that if it came to the necessity of protecting the interests of the consumers in the country, then the production of "standard cloth" on the lines attempted during the last Great War should be considered. Following the conference, the Cotton Textile Advisory Panel was constituted by the Department of Supply to advise them on matters relating to supplies of cotton textiles for war purposes. The scope of this Panel was subsequently extended so as to permit consultation by the Department of Commerce on questions relating to "standard cloth," supply of yarn to the handloom industry, etc.

At a meeting of the Panel held in Delhi early in December when the question of introducing a scheme for the production of standard cloth was discussed, Mr. Kasturbhai Lalbhai put forward certain proposals which, it was agreed, should be circulated to the various Millowners' Associations in the country for an expression of opinion. Accordingly, early in January, the Committee were requested to express an opinion on a rough scheme for the production and sale of standard cloth in India prepared by Mr. Kasturbhai Lalbhai.

The Committee felt that in view of the slump in prices of cotton piecegoods following the entry of Japan into the war, there was no necessity for the introduction of a scheme for the manufacture of standard cloth. If, however, Government decided to carry through their proposals regarding the control of yarn output, then, in the opinion of the Committee, all the requirements of Government in the shape of standard cloth should come from the handloom industry. If this suggestion too was not agreed to by Government, then it was urged :—

- (i) that the demands from the Department of Supply and demand in the shape of standard cloth should be aggregated, and mills should be asked to contribute a fixed percentage against these demands. This would mean that mills which had already allotted more than 20 per cent. of their production to the Department of Supply would get a corresponding reduction in their allotments of standard cloth.
- (ii) that as regards specification of standard cloths, provision should be made to secure the maximum utilisation of the short-staple cotton grown in the country; and
- (iii) that selling arrangements in connection with standard cloth should be made by Government themselves.

It was also pointed out that standard cloth made by mills should be taken over by Government on a "cash against delivery basis." As regards prices, it was felt that they should be fixed by the Cotton Textile Advisory Panel and linked up, as far as possible, to the prices fixed for cloth sold to the Department of Supply. The Association's representatives on the Panel were requested to put forward the Association's views before Government.

The meeting of the Panel took place on the 30th January 1942, and a Sub-Committee consisting of Mr. Kasturbhai Lalbhai, Sir Shree Ram, Mr. Krishnaraj M. D. Thackersey and Lala Padampat Singhanian was appointed to study, in collaboration with the technical officers of the Commerce and Supply Departments, the types of standard cloth which should be introduced if and when a scheme for the actual manufacture of standard cloth was brought into operation.

The Sub-Committee referred to met later in the year, and fixed up details regarding the specifications of the standard cloths to be supplied. Nothing further transpired, but towards the end of the year, the matter was reviewed by the Government of India, and the draft of a scheme prepared by a Sub-Committee of the Cotton Textiles Panel to provide for the manufacture and distribution of standard cloth was referred to the Association. The Committee were willing to recommend member mills to co-operate with Government in the manufacture of standard cloth, but their only point was that the standard cloth being intended for the poor, adequate steps should be taken to ensure that it really reached the poor without unnecessary middleman's charges, etc. They also wanted to be assured that, in devising measures for distributing the cloth, the desirability of preventing standard cloth reaching the black market should also be kept in view.

The draft scheme prepared by the Panel Sub-Committee did not appear to have been accepted *in toto* by the commercial Organizations which were consulted in this matter, with the result that, at a meeting of the full Panel held in Bombay early in February 1943, under the chairmanship of the Hon'ble the Commerce Member, Government placed before members present the draft of a new scheme for the manufacture and distribution of standard cloth which, with certain minor alterations, was accepted by the representatives present.

Official orders on the lines of the understandings reached in Bombay have since been issued and the scheme has begun to function from the beginning of March 1943. (*Appendix 17.*)

EXTENSION OF HOURS OF WORK IN COTTON MILLS.

(*See also pages 70 and 238 of Report for 1941.*)

Reference was made on page 70 of the Association's Report for 1941 to the notification issued by the Government of Bombay early in November 1941 exempting cotton spinning and weaving mills in the Province from the operation of section 34 of the Factories Act, 1934, for a period of

six months, with a view to increasing the production of textiles. The Provincial Government simultaneously amended the Bombay Industrial Disputes Act making it unnecessary on the part of employers to give notice of change as required under the Act.

Towards the end of April, the Committee requested Government to continue the exemption for a further period of six months. Government replied stating that they did not consider it necessary to extend the exemption granted, but that they would be prepared to grant exemption to those mills whose labour had agreed to a ten-hour day. In the meantime, pending further advice from Government, the mills concerned applied to the Chief Inspector of Factories, who issued an exemption order under section 44 (2) entitling them to work for not more than 60 hours in any one week. The exemption issued by the Chief Inspector of Factories was followed by a communication from the Commissioner of Labour, in which it was pointed out that the granting of exemption under section 44 (2) did not relieve mills of the necessity of complying with the provisions with regard to notices of change and other provisions of the Bombay Industrial Disputes Act. It was further added that, unless mills had an existing agreement with their employees regarding the enhanced total weekly hours of work, the procedure of the Bombay Industrial Disputes Act should be followed before making use of the exemption. The Commissioner's decision created a very difficult situation for some of the mills, which had introduced a 60-hour week not by an agreement, but by a simple notice put up at the mill premises, as they were entitled to under Government's original Notification of November 1941. In the circumstances, a representation was submitted to Government pointing out that this would create unnecessary trouble, for, if past experience was any criterion, the mills concerned would, in all probability, have to give up the 60-hour week. Secondly, the Committee did not see the necessity of a notice of change being given by the employer if he wanted to continue the 60-hour basis for the reason that, as the mills had all along been working for 10 hours, there was really no "change." Certain mills, as Government were aware, were working 60 hours per week in particular departments to relieve the congestion created by the commitments they had undertaken with the Department of Supply, and it would be really unfortunate if the proceedings which they were called upon to institute, led to the discontinuance of this system of working. In this view of the case, the Committee suggested that *in all cases* where mills had been, immediately prior to the termination of Government notification of November 1941, working on the basis of 10 hours per day, or 60 hours per week, an exemption from the provisions of section 34 might be granted by Government under section 8 of the Factories Act, which would ensure that they would not be called upon to comply with the provisions of the Bombay Industrial Disputes Act. The Committee agreed that if, *in future*, any mill desired to adopt the 60 hours per week system, the procedure outlined in the Bombay Industrial Disputes Act should be followed. In view of the uncertain situation created by the ruling given by the Commissioner of Labour, the Committee requested that early orders be passed by Government in this matter. It was also pointed out to Government that the number of mills concerned was not, by any means, large.

In response to this request the Government of Bombay issued a notification early in June exempting, until further orders, all cotton spinning

and weaving factories and all bleaching and dyeing factories situated within the Province of Bombay from section 34 of the Factories Act, with retrospective effect from 4th May, 1942. (*Appendix 18.*)

THE PROTECTIVE DUTIES CONTINUATION ACT, 1942.

(*See also pages 73 and 243 of Report for 1941.*)

The protective duties on cotton and silk manufactures, which were due to expire on the 31st March 1942, were extended for a further period of two years by the Protective Duties Continuation Act, 1942, passed by the Legislative Assembly and assented to by the Governor-General. It was explained in the Statement of Objects and Reasons appended to the Bill that it was not possible, during the present unsettled conditions, to ascertain the quantum of protection required during normal years in the absence of any stable data, on the basis of which enquiries by a Tariff Board could be instituted, and the Bill, therefore, sought to maintain the *status quo* for a further period of two years, i.e., up to the 31st March 1944.

EXCESS PROFITS TAX—APPLICATIONS TO THE CENTRAL BOARD OF REVENUE FOR A SUBSTITUTED PROFITS STANDARD.

(*See also pages 80 and 257 of Report for 1941.*)

On page 80 of the Association's Report for 1941, reference was made to the correspondence which had taken place between the Committee and the Central Board of Revenue, requesting for a clarification of the position regarding the exact procedure to be followed by an industry having little or no profit in the standard period in relation to a claim for special treatment under the provisions of the Excess Profits Tax Act.

The Member, Central Board of Revenue and the Excess Profits Tax Adviser when they were in Bombay, heard a number of applications under section 26 (1) for a substituted standard and they appeared to be inclined to recommend a return of 4 per cent. on the capital employed unless reasons to the contrary were adduced. The Committee, however, felt that the cotton mill industry of Bombay had passed through severe trade depression on account of reasons over which it had no control with the result that the years out of which it had the option to select a standard period were years of losses or of very low profits. A comprehensive representation was, therefore, submitted to Government stressing the need for a higher rate of profit.

Towards the middle of December, Government informed the Committee that they saw no reason for changing their policy or the procedure to be followed with regard to applications made to the Central Board of Revenue under section 26 (1) of the Excess Profits Tax Act, 1940.

(*Appendix 19.*)

INDIAN INCOME-TAX ACT: EXTRA DEPRECIATION FOR ABNORMAL USER.

(See also pages 75 and 244 of Report for 1941.)

On page 75 of the Association's Report for 1941, reference was made to a representation submitted to Government requesting that, in the matter of business income assessable under Income-tax, Super-tax and Excess Profits Tax Acts, factories employed on war work should be given additional relief in the following directions:—

- (1) Where alterations were made in their plants by textile mills in order to fulfil Supply Department orders, the cost of reconversion of the plant to its original form should be allowed as revenue expense of the business even when such cost was incurred after the lifetime of the Excess Profits Tax Act.
- (2) Where, in order to execute war orders, looms had been adapted to heavy work for which they were not originally designed, and suffered such heavy deterioration that they were not worth the cost of readaptation to their original use, the present written-down value of the plant should be allowed to be written off completely as revenue expenditure even when such plant was not scrapped within the lifetime of the Excess Profits Tax Act.
- (3) Extra depreciation allowance should be given for abnormal user occasioned by (a) running of machinery at abnormal speeds, (b) working double shifts of ten hours each instead of nine hours, and treble shifts, and (c) working on heavier sorts for which the plant was not originally designed.

In a reply received towards the end of March, the Central Board of Revenue stated that power had been retained in section 26 (3) (a) of the Excess Profits Tax Act whereby relief could be granted in cases (1) and (2) mentioned above, but that in regard to item (3), Government were not prepared to make any further special concessions.

CERTIFICATE OF PAYMENT OF INCOME-TAX: PROCEDURE TO BE FOLLOWED WHEN ISSUING DUPLICATES.

Rules 13A and 14 of the Indian Income-tax Rules, 1922, prescribed the form in which a company, while paying interest on debentures or dividend, should issue a certificate in respect of income-tax or super-tax deducted therefrom. Early in March, in a letter addressed to all Chambers of Commerce, the Central Board of Revenue pointed out that duplicate certificates of payment of income-tax were sometimes issued by companies without the word "Duplicate" being stamped on them, and that this had, in certain instances, led to a double refund of income-tax. To prevent any such loss of revenue, the Board suggested that companies should, in future, adopt the following procedure:—

- (i) The first distribution of certificates should be made from books containing certificates bearing the word 'Original' printed at the top with a footnote that they should be carefully preserved for the purpose of income-tax refund.

duplicates being issued from separate books with the word 'Duplicate' printed in bold letters on the top preferably in red ink. The duplicate should not be given the same number and date as the original, but should bear a different number and the actual date of its issue. A reference should, however, be given on the top of the duplicate thus :

' Duplicate issued for original.

No. date

- (ii) Before issuing a duplicate certificate a declaration should be obtained from the shareholder in writing that the original certificate had been lost or destroyed—and that he was the owner of the shares in respect of which the duplicate was applied for.
- (iii) As and when a duplicate certificate was issued the fact with full particulars thereof should be communicated to the Income-tax Officer by whom the company was assessed.

The Board further observed that certain companies did not sign the certificates as required by the rules, but only printed their names. This practice, in the opinion of the Board, was likely to facilitate forgery or the unauthorised use of blank forms, and hence the Board considered that the provisions of the rules should be adhered to strictly.

The Committee were generally inclined to agree with the procedure which Government proposed to follow, but they desired to point out that it was unnecessary to inform the Income-tax Officer by whom the company was assessed as and when a duplicate was issued. So long as a duplicate was clearly stamped "Duplicate," there was no likelihood of it being misused, as the Income-tax Officer could very easily check up whether the original certificate had already been utilised by the assessee in securing one refund. For the same reason, the Committee thought it unnecessary to ask the companies to sign the duplicates.

Early in September the Central Board of Revenue prescribed the following procedure in connection with the grant of duplicate certificates, which appeared to be generally in conformity with the views previously expressed by the Committee,

- " (i) The word 'ORIGINAL' should be marked, preferably printed, in bold letters at the top of the original certificates with a footnote that they should be carefully preserved for the purposes of income-tax refunds.
- (ii) The word 'DUPLICATE' should be marked, preferably printed, in red in bold letters on the top of the duplicate certificates. The duplicate should not be given the same number and date as the original, but should bear a different number and the actual date of its issue. A reference should, however, be given on the top of the duplicate thus :

Duplicate issued for original

No. date.

- (iii) Before issuing a duplicate certificate a declaration in writing should be obtained from the registered holder or from the person to whom the original certificate was issued by the company that the original certificate has been lost or destroyed."

EXPENDITURE INCURRED ON A.R.P. MEASURES.

(See also pages 77 and 245 of Report for 1941.)

On page 77 of the Preliminary Report for the year 1941, reference was made to certain discussions which took place between Mr. Prior, Secretary to the Government of India, Department of Labour, and the representatives of the Association, and to the draft of a scheme framed by the Government of India for the recovery of costs of A.R.P. measures in factories. In expressing their views on the draft scheme, the Committee then pointed out that, while, on the whole, Government's scheme appeared to be fair and reasonable it would be equitable in cases where A.R.P. expenditure was not recoverable in full under the scheme, if a grant were made either by the Central Government or by the Provincial Government out of funds received from air raid damage insurance, in proportions that might be settled after discussions by the authorities in question.

Government's scheme was further considered in the light of certain representations received by the Association from its member mills, and another communication was addressed to Government in April.

It was stated in the draft scheme framed by Government that "the present scheme is intended to apply to all *approved* A.R.P. measures and not as did the original scheme to structural precautions only." It, therefore, followed that the draft scheme, when finally issued, would apply *only* to *approved* A.R.P. measures. If this inference was correct, the Committee felt that the position was unsatisfactory since the draft scheme did not cover expenses on various A.R.P. measures already incurred by the mills with or without the requisition from, or the approval of the A.R.P. Officer. For example, a number of mills in Bombay had, on the suggestion of the Association and the Factory Inspection Department, already incurred expenditure on :—

- (i) Purchase of A.R.P. outfit including uniforms, whistles, stretchers, buckets, etc.
- (ii) Payment of tuition fees for their A.R.P. staff.
- (iii) Payment of special allowance to induce their A.R.P. men to attend special courses of lectures.
- (iv) Construction of walls to protect vital plants and machinery.
- (v) Construction of shelters and/or digging of trenches.
- (vi) Construction of static water-supply tanks.
- (vii) Provision of secondary lighting and for obscuration of lights, etc.

The above list was not complete, but what the Committee desired to point out was that in all these cases, the previous approval of the A.R.P. Officer concerned might not have been taken, and the procedure laid down in Government's draft scheme might not have been followed. In this view of the case, it was suggested that the scheme should provide for proper safeguards which would enable a mill company to claim an allowance in respect

of all A.R.P. expenses incurred prior to the introduction of the scheme even though the formalities prescribed therein had not been followed and even if expenses had been incurred on A.R.P. measures without the previous approval of the A.R.P. Officer concerned. Where expenses already incurred were of a capital nature, the quantum of post-war value of the assets created by the expenditure should be certified by the A.R.P. Officer on receipt of a certificate from the mill company regarding total amounts spent, and the A.R.P. Officer's certificates should be accepted as final for purposes of income-tax and excess profits tax.

Secondly, it appeared that Government's intention was to enable business concerns to recoup the *full* cost of A.R.P. measures, but the actual position under the scheme was that an assessee was ordered to pay hundred per cent. of the cost of A.R.P. measures, but the allowances granted to him did not aggregate to 100 per cent. In fact, the effect varied according to the tax position of the assessee, that is to say :

- (a) If he had excess profits tax liability, he would recover about 76 per cent. by way of relief from income-tax, super-tax and excess profits tax. *The balance of 24 per cent. would be borne by the assessee.*
- (b) If he had no excess profits tax liability, but was assessable for income-tax and super-tax, he would recover about 30 per cent. by way of relief from income-tax and *the balance of 70 per cent. of the expenditure would be borne by him.*
- (c) If he had no tax liability in the year in which the expenditure was incurred, it could only be carried forward as part of a loss or deficiency and setoff against future profits, if any.

The point which the Committee wished to make was that, in all cases where the post-war value of an asset brought into existence did not arise, a provision should be made to enable the assessee to recoup 100 per cent. of the expenses incurred by him. In the case of the woollen industry, for instance, which was entirely on war work, no difficulty was likely to arise and 100 per cent. recoupment of A.R.P. expenses could be effected, partially by relief from taxation, and partially by an increase in prices paid by Government in respect of goods produced on their account. Where, however, as in the case of most cotton mills, a factory was only partially on Government orders, the position was different, but in such cases it was suggested that a lump-sum payment equivalent to the difference between the total expenses incurred on A.R.P. and the cash value of the relief from taxation already afforded should be made by Government.

Thirdly, the scheme made no mention of the expenditure incurred by an assessee in filling up trenches and in demolishing temporary structures put up by him under orders of an A.R.P. Officer. The question of an allowance for demolition of such structures was no doubt bound up with the question of the re-sale value of the scrap material after demolition, but in view of the fact that several structures put up, e.g., temporary walls around vital plants and machinery, blast-proof walls against windows, concrete trenches, etc.,

might not have any scrap value, the Committee suggested that a provision should be made to enable an assessee to claim an allowance for demolition and restoration of his premises to pre-war condition.

Lastly, the Committee urged upon Government the desirability of publishing a final scheme at a very early date.

Towards the end of April, Government published another draft scheme for the recovery of cost of measures on air raid precautions in factories.

The scheme covered most of the points raised by the Committee, but it was still defective inasmuch as it did not enable mills to recoup 100 per cent. of the expenses incurred by them on air-raid precautionary measures. In the circumstances, the matter was again taken up with Government.

About the beginning of May, the Government of India published their final scheme and stated that some of the points raised by the Committee in their previous representation had been cleared up. It was stated that this scheme was evolved after careful consideration and that Government were satisfied that it was a fair and reasonable one and that they proposed adhering to it. As regards the cost of demolishing of A.R.P. structural measures after the war, Government stated that they were prepared to give an assurance that expenditure on this would be allowed to be treated as revenue expenses for income-tax and excess profits tax purposes. The scheme forwarded by Government was considered by the Committee, and it was felt that it was unsatisfactory from two points of view, namely,

- (1) It did not provide for 100 per cent. recovery of the expenses incurred by a factory owner. The recoupment will vary from 30 to 80 per cent., according to the tax position of the assessee.
- (2) No provision had been made to grant relief to an assessee in respect of expenses which may be incurred by him in demolishing temporary structures put up by him as an A.R.P. measure on the suspension of hostilities.

A further representation was, therefore, made to Government bringing out these points about the middle of May.

About the middle of August, the Central Board of Revenue issued a circular in which they pointed out that in the case of new factories and extensions to existing factories the additional cost incurred in constructing it to air-raid precautions standard over and above the necessary normal cost would also be treated as revenue expenditure, provided the extra expenditure did not add to the post-war value of the building and provided the measures were included in the new construction. The exact amount of expenditure to be allowed was required to be certified by an Air Raid Precautions Officer. It was further stated that the Government of India had decided to allow the following items of expenditure as revenue expenditure for purposes of income-tax, super-tax and excess profits tax :—

- (1) Remuneration paid to personnel enrolled under the Air Raid Precautions Services Ordinance, 1941.

- (2) Expenditure incurred in equipping factories with wireless sets and loudspeakers.
- (3) Cost of demolition of air-raid precaution structural measures in factories after the war.
- (4) Cost of such equipment as trailer pumps, etc., even though these articles were durable if it were proved that they had no post-war value, the scrap value, if any, of such articles being treated as income on the analogy of section 10 (2) (vii).
- (5) Cost of identity discs purchased by factories.

In October Government announced that they had decided to allow expenditure incurred by factories on approved camouflage measures other than extra cost, if any, incurred in constructing new buildings of importance with a view to secure natural concealment, as revenue expenditure for purposes of income-tax and excess profits tax.

The Government of India, Civil Defence Department, announced at the end of August, that in order to encourage factories to lay in stocks of essential foodstuffs and establish an organization for the cooking of food in an emergency, half the cost of the construction of kitchens and stores in the year of construction, would be allowed as revenue expenditure for the purposes of income-tax and excess profits tax assessments, and the balance would be treated as capital expenditure on which depreciation would be allowed in subsequent years. Member mills who construct kitchens and stores were, therefore, advised to obtain certificates in the prescribed form from A.R.P. Officers authorised to issue such certificates. (*Appendix 20.*)

TRADE MARKS ACT, 1940.

(*See also pages 83 and 258 of Report for 1941.*)

DRAFT RULES UNDER THE TRADE MARKS ACT.

It was stated on page 83 of the Report of the Association for the year 1941 that sections 1 and 85 of the Trade Marks Act were brought into force on 11th March 1940, and that the deposit of trade marks under section 85 of the Act was completed by 30th June 1941.

Section 84 (1) of the Trade Marks Act empowered the Central Government to make rules for carrying out the provisions of the Act. On 21st February, the draft rules were published which were considered by the Committee, and in a representation submitted in March 1942, the following general observations were made :—

(a) *Trade Mark Journal.*—It was not clear whether the *Journal* would be published in Bombay or Calcutta, or whether it would be published

in both centres. It was also not made clear whether the *Journal* would be issued free of charge to the public and, if not, what the rate of subscription would be. Another point which arose in connection with the *Journal* was whether it would be a weekly, bi-monthly or monthly publication. It was thought that, as more than 90 per cent. of the textile marks would be dealt with in Bombay, a separate *Journal* dealing only with textile marks should be issued weekly in Bombay by the Bombay Office.

(b) The schedule of fees appended to the rules appeared to be generally consistent with the concessions which had already been agreed to by Government in respect of trade marks relating to textile goods, but the drafting of some of the items required reconsideration. This was, however, a matter of detail which, it was understood, was receiving the attention of the Registrar of Textile Marks.

(c) *Draft Rule 97.*—Section 62 of the Act empowered the Central Government to prescribe the classes of goods referred to as “textile goods” in relation to which the provisions of Chapter IX were applicable. Rule 97, which sought to carry out the intentions of this section, stated that the following types of goods should be referred to as “textile goods”:

- (i) Goods included in classes 23 and 24 of the Fourth Schedule to the rules; and
- (ii) Those of the goods, included in classes 22, 25, 26 and 27 of the Fourth Schedule which were either complete articles of clothing or were composed to a substantial extent of natural or artificial fibres.

Draft rule 11 stated that, for the purposes of the registration of trade marks and of the rules, goods should be classified in the manner specified in the Fourth Schedule of the draft rules. From section 62 read in conjunction with the draft rule 11, it appeared that all that section 62 did was to confer on Government the power of mentioning the classes which constituted textile goods from the list reproduced in the Fourth Schedule to the draft rules. In other words, it seemed that no power was given under section 62 to say that only those goods in classes 22, 25, 26 and 27 were to be deemed textile goods which were composed to a substantial extent of natural or artificial fibres. In this view of the case, the proposed sub-paragraph (ii) of rule 97 seemed to be *ultra vires* of the Act and the Rules, and was likely to create difficulties. It was, for instance, very difficult to state what were complete articles of clothing and what were not. It was also equally difficult to say what types of goods were composed to a substantial extent of natural or artificial fibres. The whole purpose of establishing an office in Bombay was to facilitate registration of textile marks, and draft rule 97, as it stood, was likely to defeat this object as it introduced an element of uncertainty. In these circumstances, the Committee suggested that all goods included in classes 22 to 27 inclusive, should be deemed textile goods. It was obvious that the question whether goods were complete articles of clothing or were composed to a substantial extent of natural or artificial fibres would lead to unnecessary litigation which

the Committee were anxious to avoid. If, as suggested, all goods in classes 22 to 27 were deemed to be textile goods, this difficulty would be overcome.

(d) Section 63 of the Act empowered the Central Government to direct certain proceedings to be disposed of either in Bombay or in Calcutta. The draft rules did not seem to contain any provisions in this regard, and it was hoped that the Central Government would, in all cases of conflict, direct the Bombay Registrar to dispose of cases as more than 90 per cent. of the textile trade marks would be registered in Bombay and as textile trade marks registrable in Calcutta would also be examined in Bombay.

(e) *Rules 100 and 101.*—Draft rule 100 provided that an application for the registration of a trade mark consisting of letters or numerals or any combination thereof relating to textile goods should be made on Form TM-52. Draft rule 101 provided that a separate application for the registration of a trade mark should be made in respect of each of the items of textile goods mentioned in the Fifth Schedule to the rules where the mark consisted of letters or numerals or any combination thereof. Apparently rule 100 referred to goods which did not fall under rule 101 and the Fifth Schedule. In other words, the concession in fees asked for by the Association which was incorporated in rule 101, would not be available in regard to textile goods which were not specifically mentioned in that schedule, and which might, *ipso facto*, come in, in rule 100. In this connection, the point which the Committee desired to make was that the list of classes of goods incorporated in the Fifth Schedule was taken from the Association's rules for the registration of trade numbers. The list covered practically all types of textiles except wool, jute, flax and linen goods, ordinarily manufactured in Indian mills. Each subclass had been described according to the usual trade practice, but it was quite possible that certain types of goods known and described as stated in the Fifth Schedule, were also known by other trade descriptions. For example, Sub-Class V was described as grey coarse cloth. This was not a recognised textile term, but was intended to cover all goods which were made from coarse count yarn. Cases might arise where applications for the registration of trade numbers were made for use of the numbers on madarpat cloth or khadi cloth, and so long as the Registrar would accept these applications under grey coarse cloth, no difficulty was likely to be experienced. If, however, he insisted upon treating them as applications under rule 100, simply because the cloths were not described as specified in the Fifth Schedule, the applicant might have to pay a fee of Rs. 10 per application, and not the concessional rate of Rs. 3 which would be applicable in connection with applications coming under rule 101.

(f) Rules 119 to 123 inclusive laid down the procedure to be followed in connection with the meetings of the Advisory Committee constituted under rule 115. Rule 119(i) stated that the first meeting of the Advisory Committee should be held in Bombay, and rule 119(3) stated that subsequent meetings should be convened by the Chairman at Calcutta or Bombay at the request of the Registry of the Bombay Registrar as the case might be. The Committee did not understand the necessity of holding a meeting in Calcutta. The Advisory Committee was constituted in connection with Textile Trade Marks and, as had already been pointed out, more than 90

per cent. of the Trade Marks would be registered in Bombay, and the rest would also be sent from Calcutta to Bombay for examination, and in this view of the case, there seemed to be no justification for a provision to hold meetings in Calcutta.

Rule 119-(i) also stated that the Advisory Committee should appoint a Chairman and Vice-Chairman, and rule 119 (2) empowered them to appoint a Secretary. It was presumed that all communications in respect of matters on which the Registrar in Calcutta or the Bombay Registrar desired information would be sent to the Advisory Committee through the Chairman or Vice-Chairman as the case might be and the Secretary. Even if the minutes made by members revealed differences of opinion, the Calcutta or the Bombay Registrar would not have anything to do with it, as it was for the Advisory Committee to meet and arrive at a decision in regard to those matters. In this view of the case, the Committee failed to see why the Registrar in Calcutta or the Bombay Registrar should be brought into the picture, as was proposed in rule 119 (3) in connection with the fixation of the venue of the meeting. Having appointed the Chairman, Vice-Chairman and Secretary, the conduct of business of the Advisory Committee should be regulated by these three persons, and neither the Registrar in Calcutta nor the Registrar in Bombay should ordinarily have anything to do with the date, time and venue of the meeting.

The final rules were published in the *Gazette of India Extraordinary* on 23rd May 1942. By another notification published on the same date, Government announced that the Trade Marks Act would be brought into force from the 1st June, 1942. (*Appendix 21.*)

JURISDICTION OF BOMBAY REGISTRAR IN RESPECT OF TRADE MARKS USED IN RELATION TO TEXTILE GOODS.

Section 63A-(i) of the Indian Trade Marks Act stated that when the applicant for registration of a trade mark used or proposed to be used in relation to textile goods was a person having his principal place of business situated in Madras, Bombay, the Punjab, the Central Provinces and Berar, the North-West Frontier Province and Sind, the application was to be submitted only to the Bombay Registrar. In this section, there was no reference to Delhi Province; further, the section suggested that applicants residing in Provinces not specifically mentioned were at liberty to send their applications either to Calcutta or Bombay. The question was, therefore, raised whether applicants for registration residing in Provinces other than those specifically mentioned in section 63A (i) would have the option of sending their applications to Bombay or Calcutta. The Committee felt that the option referred to was implied in the section, but to make matters certain a reference was addressed to Government, who ruled that the jurisdiction over trade marks owned by applicants residing in Provinces other than those specified in section 63A (i) was vested in the Calcutta Registrar and with him only. Thereafter, the Bombay Registrar rejected an application made by a member of the Association from Bangalore on the ground that he had no jurisdiction in the case. The matter was taken up by the member concerned in the High

Court of Judicature, Bombay and the learned Judge who heard the appeal stated in his judgment that the Bombay Registrar had jurisdiction to entertain the application of the petitioners, and the Registrar was directed to proceed with the application.

LOCATION OF REGISTRY.

Reference was made on pages 35 and 36 of the Association's Report for the year 1939 to the criticism put forward by the Committee on clauses 4 (i) and 63 (i) of the Trade Marks Bill which provided for the establishment of a Trade Marks Registry in Calcutta and a branch of the Trade Marks Registry in Bombay to deal with textile marks. It was urged that 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. Subsequently, the Act was amended and the Bombay Office ceased to be a branch of the Calcutta Office, and the Deputy Registrar of Trade Marks, Bombay, was raised to the status of the Registrar of Textile Marks, Bombay.

The judgment of the Bombay High Court on the question of jurisdiction in the case of applications for registration from persons having their principal places of business in Provinces other than those specifically mentioned in section 63A-(1) brought to the forefront the advisability and desirability of concentrating the registration of all textile marks in Bombay and a further representation was submitted to Government early in December.

In the previous representations submitted by the Association on the subject, it was pointed out that as more than 70 per cent. of the loomage of this country was situated in Bombay, there was an overwhelming case for the establishment of the Registry in Bombay. In this connection, from enquiries made at the office of the Bombay Registrar, the Committee found that the position in regard to applications for registration upto 1st October 1942 was roughly as under :—

(a) Total applications for registration of <i>all</i> marks received by Bombay and Calcutta Registrars	67,131
(b) Total number of applications for <i>textile marks alone</i> received by the <i>Bombay Registrar</i>	61,134
(c) Total number of applications for textile marks received by the Registrar in Calcutta	546
(d) Total number of applications for the registration of marks other than textiles received in Calcutta	5,451

The above figures showed that out of 67,131 applications for the registration of textile and non-textile marks received in Bombay and Calcutta, more than 61,000 or a little over 91 per cent. were textile marks in respect of which applications were made to Bombay. Only 546 applications for the registration of textile marks were sent to Calcutta as against 61,134 sent to Bombay. Another interesting fact which emerged from the Association's

enquiries was that 75 per cent. of the textile marks in respect of which applications were sent to Calcutta were from foreign proprietors, who were not in the least concerned as to whether the trade marks were registered in Bombay or in Calcutta. As a matter of fact, the Council of the Trade Marks, Patents and Designs Federation Limited, London, in submitting their opinion to the Board of Trade on the subject of location of the Registry in India, stated that the balance of opinion in the Council favoured Bombay as the head office, but the convenience of the traders in India should be the deciding factor. This showed that as far as proprietors of trade marks in the United Kingdom were concerned, they were on the whole in favour of Bombay rather than Calcutta, and there was no question at all that with regard to the convenience of Indian traders, Bombay would be the most suitable place in India for registration of both their textile and non-textile trade marks. In view of the statistical position set forth above, the Committee did not see any justification for investing the Calcutta Registrar with jurisdiction over textile marks. At the same time there existed a strong case for the concentration of registration of all textile marks in Bombay.

The existence of two Registries with concurrent powers of jurisdiction and administering a complicated piece of legislation like the Trade Marks Act, was likely to create difficulties not only from the point of view of administration, but also from the point of view of trade. Section 63A (2) of the Act provided that when once an application for registration of a textile mark was made to the Registrar in Calcutta or to the Bombay Registrar, no subsequent change in the location of the principal place of business of the applicant shall divest the Registrar or the Bombay Registrar as the case may be of any of his powers or functions under the Act in relation to such trade marks. In other words, although a very large proportion of textile marks owners would desire to have all proceedings under the Act relating to textile marks to be instituted at the Bombay Registry they would be forced to go to Calcutta to institute opposition or rectification proceedings in respect of application for registration of marks which were similar to theirs. Rule 106 of the Trade Marks Rules required references from Bombay to Calcutta and *vice versa*. Whenever it appeared to either the Registrar or the Bombay Registrar as the case may be that an application submitted to him was in respect of a trade mark so nearly resembling the trade mark which was registered or was being registered at the other registry as was likely to deceive or cause confusion the matter was also to be reported to the Central Government for action. The Committee felt that the delay thus involved in disposal of applications for registration, which arose from the existence of two separate registering organisations, was not altogether warranted by the very small number of marks which the Calcutta Office was at present and was likely to handle in future.

The proviso to section 63 (3) was likely to give rise to considerable difficulties and inconsistencies in the practice of two Registries. For instance, in the case where a person applied to register a textile trade mark at Bombay and another applied for the registration of the same mark at Calcutta and each applicant opposed the other person's application, there would be two proceedings to settle the same disputes. This would lead to conflicting decisions by the two Registrars and if appeals were lodged against the decisions

of the two Registrars on the same matter, there might again be possibility of different decisions by the High Courts. Furthermore, where one application was decided by one Registrar, the decision of the other Registrar in respect of the other application would be in actual fact a review of the first Registrar's decision.

The existence of two registering authorities was likely to create complications in connection with the publication of the *Trade Marks Journal*. The publication of separate *Journals* would be an uneconomic proposition, and even if it were assumed that a combined *Journal* including all textile applications accepted by Bombay and Calcutta were published in Bombay, it would mean that the Registrar in Calcutta would have to send to Bombay regularly dyes and other particulars of trade marks in respect of which applications were accepted by him, and even if this difficulty could be overcome, there was the possibility of some of the particulars supplied by the Calcutta Registrar being omitted from a particular issue of the *Journal* on account of the requisite details not being received in time.

It was doubtful whether it was justifiable to incur the expenditure involved in maintaining a separate establishment in view of the very small number of marks in respect of which applications were likely to be received at Calcutta. If the Government were not prepared to concede this point, then it was urged that the textile marks should be dealt with only in Bombay.

PROPOSED AMENDMENTS TO THE TRADE MARKS ACT, 1940.

While examining the provisions of the Trade Marks Act, the attention of the Committee was drawn to certain anomalies existing in the Act as it stood and it was pointed out that without appropriate amendment, the Act might be rendered unworkable. The matter was, therefore, taken up with the Government of India, and the following specific instances were given illustrating the need for amendment.

Section 12 of the Act provided for the registration of associated trade marks. Where a trade mark which was registered, or was the subject of an application for registration, was identical with, or was similar to another trade mark which was registered, or was the subject of an application for registration in the name of the same proprietor in respect of the same goods or description of goods, the Registrar might at any time require that the trade marks should be entered in the register as associated trade marks. Under rule 42, where a trade mark was registered as associated with any other marks, the Registrar was required to note in the register in connection with the first mentioned mark, the registration numbers of the marks with which it was associated, and was also required to note in the register in connection with each of the associated marks, the registration number of the first mentioned mark as being a mark associated therewith. It would be seen that the above provisions could not be satisfactorily worked under the present scheme when there were two separate registries in existence. For instance, if a person having his principal place of business in Bombay registered a trade mark for use on paper and leather bags in the Calcutta Office and subsequently wanted to associate that trade mark with any other trade mark

he might be using on cloth bags, his application requesting the association of the marks would have to be made at Bombay, and there was no provision under the Act by which one of the Registrars might make an entry as regards associated marks which were entered in the register maintained by the other Registrar.

Section 69 of the Act, which sought to prevent the unauthorised use of Royal Arms and State emblems and which seemed to have been based on the British Act, read as under :

" 69. If a person, without due authority, uses in connection with any trade, business, calling or profession—

- (a) the Royal Arms (or arms so closely resembling the same as to be calculated to deceive) in such manner as to be calculated to lead to the belief that he is duly authorised so to use the Royal Arms, or
- (b) any device, emblem or title in such manner as to be calculated to lead to the belief that he is employed by, or supplies goods to, or is connected with, His Majesty's Government or the Central Government or any Provincial Government or any department of any such Government.

he may, at the suit of any person who is authorised to use such Arms or such device, emblem or title or of the Registrar or the Bombay Registrar, be restrained by injunction from continuing so to use the same."

In this connection, it was pointed out that the following proviso which was present in the British Act was omitted from the Indian Act :—

" Provided that nothing in this section shall be construed as affecting the right, if any, of the proprietor of a trade mark containing any such arms, device, emblem or title to continue to use such trade mark."

The reason for the omission was not clear, but the point was that the Act as it stood in India was likely to create difficulties for those mills whose well-known marks consisted of or included Royal Arms and State emblems or something similar to those. Such marks were used for several years in the trade, and it could not be said that they had been calculated to deceive the public, and it would be very unfortunate if the proprietors of these marks were restrained by law from continuing to use them.

The proviso to section 63 (3) was likely to give rise to considerable difficulties and inconsistencies in the practice of the two registries. For instance, it was possible that in the case of a person applying to register a textile trade mark at Bombay and another person applying to register the same mark at Calcutta, and each applicant opposing the other person's application, there would be two proceedings to settle the same dispute. This would lead to conflicting decisions by the two Registrars, and if appeals were lodged against the decisions of the two Registrars on the same matter there might again be different decisions by the High Courts. Furthermore, where one application was decided by one Registrar the decision of the other Registrar in respect of the other application would be in actual fact a review of the first Registrar's decision.

Rule 106 provided that the Registrar in Calcutta shall send to the Bombay Registrar every application for the registration of a trade mark in respect of textile goods for record. The latter portion of this rule appeared to be *ultra vires* of section 10 (1) of the Act. The rule stated that where it appeared to either the Registrar in Calcutta or the Bombay Registrar that an application submitted to him was in respect of a trade mark so nearly resembling a trade mark which was registered as likely to deceive or cause confusion, he should report the matter to the Central Government for action under the proviso to section 63 (3). Under section 10 (1) no trade mark could be registered which was identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or which so nearly resembled such trade mark as to be calculated to deceive or cause confusion. Where the applicant's trade mark was the same or was nearly the same as a registered trade mark belonging to a different proprietor, there could be no question of referring the application to the Central Government for action as the application must, under section 10 (1), be refused.

The above points required careful consideration, and it might perhaps save a good deal of trouble and inconvenience to the trade if these matters could be set right before the Act actually began to operate. In this connection, the Committee understood that a proposal for the amendment of section 64 (d) of the Act had already been circulated by Government to all Chambers of Commerce and Associations. Piecemeal amendments of the Act, it was thought, were likely to create difficulties for both Government and trade inasmuch as the effect of such amendments on the superstructure of the Act as a whole, might be lost sight of. The Committee carefully considered the question as to how best this could be done, and they felt that it would probably expedite matters if the Bombay Registrar, who was apparently dealing with most of the textile trade marks, could be placed on special duty with instructions to submit a report within two or three months in consultation with other Chambers of Commerce and Associations, so that the amendments recommended by him might be considered and incorporated in the Act at the next session of the Central Legislative Assembly. (*Appendix 22*)

ADVISORY COMMITTEE FOR TEXTILE TRADE MARKS.

Section 66 (1) of the Trade Marks Act, 1940, empowered the Central Government to constitute one or more Advisory Committees of persons versed in the usages of the textile trade.

Rule 116 of the Trade Marks Rules, 1942, laid down that this Advisory Committee should be appointed by the Central Government on the recommendation of the trade organisations specified in the Seventh Schedule appended to the Rules. According to this schedule, the Association was entitled to send in three representatives to this Committee. Towards the middle of June Government invited the Association to nominate its representatives on the Advisory Committee. Mr. T. V. Baddeley, Mr. A. Pether and Mr. Dharamsey Mulraj Khatau were nominated by the Committee to represent the Association on the Advisory Committee.

In a notification published in the *Government Gazette* dated 8th August 1942, Government published the names of members of the Advisory Committee. The names are as under :—

Dharamsey Mulraj Khatau, Esq.

B. W. Batchelor, Esq.

T. V. Baddeley, Esq.

A. Pether, Esq.

Chinubhai Naranbhai, Esq.

Gautam Sarabhai, Esq.

Natvarlal G. Mazumdar, Esq.

Purshotam Mulji Kapadia, Esq.

Ratansey Champsey, Esq.

Harnarayan Gopaldas, Esq.

Sheth Bhogilal Chhotalal Sutaria.

Nanubhai Vadilal Shah, Esq.

G. J. Gardner, Esq.

Girija Prasanna Chakravarti, Esq.

Mohanlal L. Shah, Esq.

G. M. Garrie, Esq.

Kishorilal Dhandhanis, Esq.

Dwarkaprasad Jhunjunwalla, Esq.

Debiprasad Goenka, Esq.

Dewan Bahadur C. S. Ratnasabapathi
Mudaliar, C.B.E.

Rao Bahadur C. Gopala Menon.

N. Ranganadhan, Esq.

E. Royston, Esq.

R. K. Sidhwa, Esq., M.L.A.

Seth Gobindsingh Hassasingh, J.P.

Madangopal Jodhraj Agarwal, Esq.

M. M. Amersey, Esq.

D. A. Telfer, Esq.

M. D. Dalmia, Esq.

Sri Kalangi Rajagopal Chetty.

Sjt. Manoobhai Doongursee (*since resigned*).

W. L. Clement, Esq.

Rai Bahadur H. Moohkerjee, A.M.C.T.

The first meeting of the Advisory Committee was held in the rooms of the Association on 7th September 1942, at which the following gentlemen were elected as office-bearers :

Dharamsey Mulraj Khatau, Esq. (*Chairman*),

B. W. Batchelor, Esq. (*Vice-Chairman*).

Mr. N. S. V. Aiyer, the Acting Secretary of the Association, was appointed Secretary of the Advisory Committee with the permission of the Committee of the Association.

Further correspondence has taken place between the Government of India and the Committee, and it is now understood that the suggestions made by Government regarding the transfer of the Registry to Bombay and the amendment of the Act in certain directions have been favourably considered by Government and that their decisions would be announced at a very early date.

**THE BOMBAY SHOPS AND ESTABLISHMENTS ACT AND
THE STAFF EMPLOYED IN MILL CANTEENS AND
MILL GRAIN SHOPS.**

(See also pages 96 and 269 of Report for 1941.)

Reference was made on page 96 of the Report for 1941 to Government's notifications exempting mill clerks employed in connection with the following kinds of work from the provisions of the Bombay Shops and Establishments Act, 1939, for the duration of the war :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.
8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by timekeeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

The exemption did not cover clerical and other staff employed in mill canteens, restaurants and grain shops. When the question of exemption was originally discussed with Government in December 1940, there were not so many mill canteens and mill grain shops as at present, and anyway, they had not assumed the dimensions which they had assumed to-day. Moreover, several mill canteens were then run on contracts and mill grain shops were staffed on a temporary basis by drafting volunteers from the regular mill establishment. The position since then had considerably changed, and there were at the moment 60 mill grain shops in Bombay with a large staff in attendance. A large number of mills had also established canteens with separate staff and it had, therefore, become necessary that the position of these people under the Bombay Shops and Establishments Act should be cleared up at an early date.

The expression "restaurant" was defined in section 2 (16) of the Shops and Establishments Act as under :—

" 'Restaurant or eating house' means any premises in which is carried on wholly or principally the business of the supply of meals or refreshments to the public or a class of the public for consumption on the premises but does not include a restaurant attached to a theatre."

and the expression "shop" was defined in section 2 (17) as under :—

" 'Shop' means any premises where goods are sold either by retail or wholesale or both or where services are rendered to customers and includes offices, store rooms, godowns or warehouses, whether in the same premises or otherwise, used in connection with such trade or business but does not include a restaurant, eating house or a commercial establishment."

Sub-section (3) of section 2 read in conjunction with sub-section 13 (ii) of section 2 seemed to indicate that mill grain shops and canteens could not be regarded as "commercial establishments" for purposes of the Act. Further, the expression "person employed" in a factory meant "a member of the clerical staff employed in such factories," but in the case of mill grain shops and canteens there were other people such as attendants, servers, waiters, etc., who would not be covered by the expression "person employed" in a factory, and whatever the position of clerks employed in mill grain shops and canteens, it was necessary that the position of such attendants, waiters, etc., under the Act should be cleared up. It was held by the Association's solicitors that mill canteens would not come within the scope of the expression "restaurants" as defined in the Act, as mill canteens could not, in their view, be regarded as being engaged "wholly or principally" in supplying meals or refreshments to the "public or a class of the public." It was also pointed out by the solicitors that the mill canteens might be regarded as "shops" for purposes of the Act, as "goods are sold either by retail or wholesale" in such canteens. The Association was not concerned with the correctness of this view, and it was immaterial whether mill canteens and mill grain shops were classified as shops or restaurants for purposes of the Act. The important point, however, was that if mill canteens and grain shops could not be regarded as "commercial establishments" for purposes of the Act, several practical difficulties would arise. Mill canteens and grain shops existed as an amenity to the workers employed in cotton mills, and they had to be kept open throughout the mill working hours. Hence unless the conditions of employment of the staff working in the mill grain shops and canteens were more or less similar to those relating to general factory labour, a situation was likely to arise when mill grain shops and canteens would be closed when the factory was working or *vice versa*. Mill grain shops and canteens existed not only as an amenity to the workers, but also as an indispensable adjunct to a regular factory establishment in these days when difficulties were being experienced by factory labour in securing their supplies of food-grains, etc., outside the mill premises in requisite quantities, at reasonable prices and without any inconvenience. A representation was accordingly submitted to the Government of Bombay in which it was suggested that member mills in Bombay might be permitted to regulate the conditions of employment of the staff employed in mill grain shops and canteens on the same basis as factory labour and that any other basis would result in confusion and was calculated to neutralise the utility of these establishments. This matter has not yet been finally disposed of. (*Appendix 23.*)

PROHIBITION OF STRIKES AND LOCKOUTS.

DEFENCE OF INDIA RULES: RULE 81A.

One of the suggestions made by the industry's representatives at the All-India Conference of textile interests convened by the Commerce Member early in September 1941 was that complete protection should be given to mills against cessations of work of any kind whatsoever, and that all strikes and lockouts should be made illegal by an amendment of the Defence of India Rules, for the reason that, although there was already machinery under the Trade Disputes Act, that machinery took a long time for a decision to be reached. Towards the end of January, the Defence of India Rules were amended, empowering Government by a general or special order to make provision for all or any of the following matters :—

- (a) prohibiting a strike or lockout in connection with any trade dispute ;
- (b) referring or authorising the Provincial Government to refer any trade dispute for conciliation or adjudication ; and
- (c) requiring employers to observe such terms and conditions of employment as might be determined to be, or to be not less favourable than, those existing in their respective undertakings at any time within three months preceding the date of the order.

The machinery under the Trade Disputes Act was left unaffected by the amendment. Contravention of the provisions of any order issued by Government under this rule was made punishable with imprisonment for a maximum term of three years, or with fine or with both.

On 21st August 1942, the following order was issued by Government :

“(1) No person employed in any undertaking shall go on strike in connection with any trade dispute without having given to his employer within one month before striking, not less than 14 days' previous notice in writing of his intention so to do.

(2) No employer of any undertaking shall lockout his employees in connection with any trade dispute without having given to his employees within one month before locking-out not less than 14 days' previous notice exhibited prominently in his undertaking, of his intention so to do, provided that no such notice shall be necessary while a strike exists in the undertaking, but a notice of the lockout shall be sent within 3 days to such authority as may be specified by the Provincial Government either generally or for particular areas or particular classes of undertakings.

(3) When any trade dispute has been referred to a Court of Inquiry or a Board of Conciliation under the Trade Disputes Act, 1929 (VII of 1929) or for conciliation or adjudication under an order made under Rule 81A of the Defence of India Rules, no person employed in any undertaking concerned in the dispute shall go or remain on strike and no employer in any undertaking concerned in the dispute shall lockout or continue to lockout his employees during the period from the making of the reference until the expiry of two months after the conclusion of the proceedings upon such reference.

(4) Sub-rule (5) of Rule 81A of the Defence of India Rules shall apply to the interpretation of this order.”

Under the above order, strikes and lockouts without 14 days' previous notice were illegal, but when a strike had been started in an undertaking no previous notice of a lockout was necessary. The Government of India, in addressing the Employers' Federation of India about the middle of September 1942, stated that when a strike was in existence, a certain proportion of the workers often presented themselves for work. Such workers, Government felt, should not get locked-out without previous notice or wages in lieu of such notice, and it was proposed to insert a provision in the order issued on 21st August, requiring that employers declaring a lockout as the result of a strike in an undertaking, should give four days' notice excluding Sunday, or wages in lieu of such notice to workers, who did not participate in the strike. The Committee opposed the amendment for the following reasons:—

Work in cotton mills was of a fairly continuous character as one department of a mill could not, by itself, be kept on working for more than a day or so when all the other departments were closed down. A cotton mill with 1,000 looms and about 40,000 spindles employing about 1,800 to 2,000 workers would come to a standstill if the operatives in key departments, say, drawing-in or sizing, went out on strike. The number actually employed in the drawing-in department of a mill of the above size could not be very much above a dozen, but if they struck work, the entire factory would have to be closed down. If Government's proposal were agreed to, employers would have to pay four days' wages to 99 per cent. of their workers.

It was true that when a major strike was already on, a certain proportion of workers often presented themselves at or near the mill gate, but it was very difficult to say whether the crowd at or near the mill gate indicated willingness to work, or their determination to intimidate loyal workers if and when the latter presented themselves for work. It was extremely difficult to separate strikers from non-strikers, or to eliminate the secret striker who presented himself for duty not to work, but in order to gain admission to create trouble within the mills. In this view of the case, the proposal formulated by Government was not only unworkable, but was likely to lead to unnecessary friction between employers and employees, and the former would have to deal with claims for four days' wages, even from workers who had something to do with the strike and who, if their claims were not satisfied, would not hesitate to create trouble again.

The various orders issued by the Government of India prohibiting strikes and lockouts without notice referred in every case to a strike or lock-out in connection with any "trade dispute." The expression "trade dispute" covered disputes or differences between employers and employees connected with the employment or non-employment or terms of employment or the conditions of labour, etc., and it was very doubtful whether if, for instance, the employees struck work for political reasons, as they had recently done in several centres, action could be taken in pursuance of the Defence of India Rules. What had recently happened in Bombay was that an economic background had been sought to be given to these political strikes by interested parties and all sorts of demands had been made on the management over the signature of nobody. This procedure, it was conceded, placed the operatives at a disadvantage inasmuch as it brought them within the four corners of the

order which made them liable for prosecution, but the operatives and those who pretended to lead them realised more than anybody else the impossibility of action being taken against the employees in general for infringement of the Defence of India Rules. If, however, the amendment referred to, was accepted, it would mean that, far from being placed at a disadvantage, frequent strike drills would be a very profitable proposition from the point of view of the operatives.

Early in January 1943, Government informed the Employers' Federation of India that they had, after careful consideration, decided not to proceed with the proposed amendment. (*Appendix 24.*)

THE NATIONAL SERVICE (TECHNICAL PERSONNEL) ORDINANCE, 1940.

EXEMPTION OF TECHNICAL PERSONNEL EMPLOYED IN COTTON MILLS FROM PROVISIONS OF SECTION 13(3) OF THE ORDINANCE.

Section 13(3) of the National Service (Technical Personnel) Ordinance, 1940, (Ordinance No. II of 1940) reads as under :—

“ 13 (3). No owner or manager of an industrial undertaking (including a notified factory) situated within an area in respect of which a Tribunal has been constituted shall, save as may be otherwise prescribed, discharge, dismiss, suspend, release, or remove from one factory to another any person included in the definition of technical personnel unless he has given fifteen days' previous notice in writing, of the contemplated discharge, dismissal, suspension, release or removal, to the Tribunal.”

So far as cotton mill members of this Association are concerned, the Ordinance was applicable to certain technical personnel like chemists, engineers, blacksmiths, boiler cleaners, platers, brick-layers, carpenters, electricians, tool fitters, fitters, grinders, motormen, pattern makers, tin-smiths, etc. Standing Orders Nos. 19, 21 and 22 of the Standing Orders for operatives in cotton textile mills, in Bombay City and Island, which were settled by the Industrial Court under section 26 (6) of the Bombay Industrial Disputes Act, 1938, prescribe the offences for which an operative may be dismissed, suspended or discharged with 14 days' notice. According to clause 13(3) of the Ordinance, technical personnel employed in cotton mills could not be discharged, dismissed, or suspended by the management even for any of the offences laid down in the Standing Orders without giving 14 days' previous notice to the Tribunal constituted under the Ordinance, and it would be a grave breach of the Ordinance if an employee who came within the scope of the expression “ technical personnel ” were dismissed by the management without such notice, even though the former was guilty of an offence for which he could be punished with dismissal. In June, the attention of the Committee was drawn to an actual case where an employee coming within the scope of the expression “ technical personnel ” had been summarily dismissed for insubordination, and the Tribunal had held the management guilty of an offence under section 13(3) of the Ordinance. This position apparently arose out of a defect in the draftsmanship of sub-section (3) of section 13 of the Ordinance, which did not appear to provide for dismissal

for cause. If an employee was guilty of insubordination and the employer had to wait for 15 days under section 13(3) before dealing with him, the employer would be held in law to have waived the insubordination. The Committee appreciated Government's anxiety to give all employees coming within the scope of the expression "technical personnel" a fair deal, but under section 13(3) of the Ordinance as it stood, it would mean that no disciplinary action whatsoever could be taken against the operative referred to without giving 15 days' notice to the Tribunal. It would be impossible to maintain internal discipline unless employers were empowered to inflict summary punishments for offences laid down in the Standing Orders. A representation was addressed to the Chairman, the National Service Labour Tribunal suggesting that in pursuance of the powers conferred on him under Rule 12A of the Rules issued under the Ordinance, technical personnel working in cotton mills might be exempted from the provisions of this Ordinance. The Standing Orders had been settled by the Industrial Court, and so long as disciplinary action taken by the management was fully in conformity with the Standing Orders, no hardship was likely to result from the grant of an exemption.

In reply, the Chairman, National Service Labour Tribunal, Bombay, stated that the Tribunal had resolved that cotton textile mills in the town and island of Bombay other than those on which notice in form 'G' had been served by the Tribunal should be exempted from the requirements of giving fifteen days' previous notice of the contemplated discharge, dismissal, suspension, release or removal of technical personnel, to the Tribunal. He, however, requested that such cases might be reported to the Tribunal with a view to enabling it to decide whether the technical personnel discharged from service in the cotton textile mills could be usefully employed elsewhere in the national service.

Early in September, the Employers' Federation of India requested the Committee to express an opinion on certain proposals for amending section 13 of the National Service (Technical Personnel) Ordinance, 1940, making it incumbent on the owner or manager of an industrial undertaking covered by that section to obtain the previous permission of the National Service Labour Tribunal, before discharging or dismissing (except for misconduct) any technical personnel employed in such establishment. It would seem that the Federation had been informed by Government that whereas a person employed or undergoing training in an industrial undertaking covered by this section was required to obtain the permission of the Tribunal before leaving employment, the owner or manager of the undertaking was only required to give 15 days' previous notice of the contemplated discharge, dismissal, etc., to the Tribunal. It appeared that the difference between provisions applicable to the employees, on the one hand and the employers on the other was the subject-matter of discussion in the Legislative Assembly, and the Government of India considered that a provision requiring employers also to take the Tribunal's permission before discharging, dismissing, etc., a technical employee, should be made. Government were aware that with the present shortage of technical personnel, the discharged or dismissed persons stood good chances of obtaining other employment, but the scheme of the National Service (Technical Personnel) Ordinance and Rules was to

ensure that technical personnel were employed to the maximum advantage and the Tribunal was the authority for deciding questions as to the best distribution of the technical personnel. Government, therefore, proposed that sub-section (3) of section 13 of the Ordinance should be so amended as to make it incumbent on the owner or manager of an industrial undertaking covered by this section not to discharge or dismiss (except for misconduct) any technical personnel in its employment without the Tribunal's permission. The exception regarding misconduct would be provided for in a new rule to be made under section 13, and it was also proposed that the permission of the Tribunal would not be necessary for the discharge of persons taken on probation for a fixed period or engaged for a specified period.

The Committee were not interested in the proposed amendment as cotton mills in the City and Island of Bombay, except certain notified factories, had already been exempted at the instance of the Association, from the provisions of section 13(3) of the Ordinance. It was, however, pointed out that one of the objects of the Ordinance was to enable Government to mobilise technical personnel in a national emergency, and in this view of the case what was required was that Government should always be in full possession of information relating to the whereabouts of these people. This was probably the reason why it was laid down in section 13(2) of the Ordinance that no technician should leave his employment unless he had previously obtained the permission in writing from the Tribunal. Section 13(3) of the Ordinance stated that no owner or manager of an industrial undertaking shall dismiss, suspend, release or remove from one factory to another any person included in the definition of "Technical Personnel" unless he had given 15 days' previous notice in writing of the contemplated discharge, dismissal, etc., to the Tribunal. It had already been admitted by Government that the provisions of section 13(3) were defective inasmuch as they did not empower employers to dismiss the technicians without notice for misconduct, but if it was suggested that previous permission of the Tribunal should be obtained in all other cases, then, it would amount to handing over the maintenance of discipline in the mills to the Tribunal itself. The Committee, therefore, felt that the provision requiring the employer to notify the Tribunal of the dismissal, discharge, removal, etc., of a technician was enough, and that it would give sufficient opportunity for the Tribunal to get in touch with the employee concerned. (*Appendix 25.*)

SCOPE OF CONCILIATION UNDER THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

SIMPLEX MILL'S CASE.

Early in May, the attention of the Committee was drawn to the Conciliator's report on the proceedings held by him under the Bombay Industrial Disputes Act, 1938, in respect of a dispute between the Simplex Mill and its employees. Briefly stated, the facts of the case were that an operative employed in the drawing-in-department of the Mill was discharged by the management on 12th November 1941, under Standing Order No. 19 (a) of the Standing Orders, for inefficiency, and the records of the

mills proved that he had been previously fined and suspended for bad and inefficient workmanship. The employee approached the Government Labour Officer who, after a thorough examination of his past record with the Mill, came to the conclusion that the former had no case and that the management had acted in conformity with the Standing Orders. The Labour Officer's enquiry was followed by a notice of change served on the Government Labour Officer by certain workers employed in the drawing-in-department of the Mill, demanding the reinstatement of the discharged operative. The Government Labour Officer thereupon convened a meeting of workers of the drawing-in-department, which resulted in the election of five representatives, and these five representatives, in due course, gave a notice of change to the management of the Simplex Mill. The matter came up before the Conciliator, who decided to proceed with the case in spite of protests from the representatives of the management that the Conciliator had no jurisdiction in the case. The management was understood to have stated that they had acted under the Standing Orders which empowered an employer to terminate the services of a permanent employee by giving him 14 days' notice or 13 days' wages in lieu of notice. They further pointed out that the decision of the management in this matter was final, and could not be reopened by the Conciliator. The management further argued that a contract between the employer and the employee was one of personal service, and that no Court of Law could order specific performance of such a contract, and that, in this view of the case, a demand for the reinstatement of a worker who had been properly discharged was in itself bad in law. It was not however, proposed to go further into this matter as it was then understood that the very same issue was shortly to be taken to the High Court by another member of the Association.

There was, however, another point which did not appear to have been stressed as forcefully as it should have been before the Conciliator. The workers' case, as was set forth in the notice of change, was nothing but an allegation of victimisation against the mill management for the part which the discharged operative was reported to have played in the worker's move for securing overtime. The main case was victimisation, and relief asked for was reinstatement. There was a specific provision in the Bombay Industrial Disputes Act for dealing with cases of victimisation, and victimisation if proved in a court competent to try such cases was punishable with a fine which might extend to Rs. 1,000, and the trying court was empowered to direct, out of the fine recovered, such amount as it deemed fit to be paid to the employee concerned as compensation. The Committee submitted that when the Act provided a specific remedy for a specific grievance, it was the duty of the Conciliator not to take upon the reference, but to draw the attention of the applicants to the remedies available to them. Incidentally, it was also pointed out that the penalty for victimisation, as had already been stated, was a monetary fine and not reinstatement of the employee alleged to have been victimised.

The power to discharge an operative by giving 14 days' notice or 13 days' wages in lieu of notice, exercised by the management at their sole discretion, should under no circumstances be tampered with. If internal discipline in mills was to be maintained—and it must be maintained at all

costs—it was essential that nothing should be done which would take away from the management or question their discretion in the matter of employment and discharge, and if, in discharging an operative, the management were not contravening the provisions of the Bombay Industrial Disputes Act, their decision should be final for purposes of the Act. The precedent set up by the Conciliator in this case was likely to lead to a crop of conciliation cases whereby workers would seek to test out the managements' authority under the Act and resort to a strike within two months of the Conciliator's report. This was a position which the Committee could not contemplate with equanimity, and they, therefore, requested Government to consider this matter and make it known to the Conciliators that such cases should not be accepted by them under the Act for conciliation.

In a reply received towards the middle of January, Government informed the Committee of their inability to act in the manner suggested as the Bombay High Court had held that it was within the jurisdiction of the Conciliator to proceed with such cases. (Appendix 26.)

STRIKE PAY—MR. JUSTICE CHAGLA'S AWARD IN THE GENERAL MOTORS FACTORY DISPUTE.

Early in June the attention of the Committee was invited to an award made by Mr. Justice Chagla, as the Arbitrator in a dispute between the General Motors Workers' Union and the General Motors (India), Ltd.

A brief history of the strike and the circumstances under which the Arbitrator came to the conclusion that the workers were entitled to strike pay will be found in the following extract from His Lordship's Award:—

“ On the 7th of March 1942 a general order was issued by the Government of India declaring every strike without proper notice as illegal; and there is not the slightest doubt that when the men struck on the 9th and 10th of March 1942 they were committing an illegal act. Mr. Pardivala has tried to persuade me that in all probability these men were ignorant of the Notification issued by Government so recently as the 7th of March 1942. I am not very much impressed by that argument because, firstly, I am not satisfied that they were in fact ignorant; and, secondly, even if they were ignorant, in law it would make no difference to the illegality of their act.”

“ On the 11th of March 1942, when the workers and their Union clearly realised that the strike was illegal, they offered to go back to work and were prepared to refer all matters in dispute between themselves and the company to arbitration. The only condition they made was that there should be no victimisation and that the Government would agree not to prosecute any of the strikers under the new notification. I am informed by Mr. Pardivala that the Commissioner for Labour assured the workers that if they went back to work the Government would agree to overlook the illegality of the strike and not launch any prosecution against any of them. But the company refused to give any undertaking that it would not dismiss any of the workers who had struck. Mr. Aitken for the company has told me that the reason for its doing so was that the company suspected some sabotage and wanted to dismiss those who were guilty of or in any way involved in this sabotage. The union of the workers was even prepared to leave to arbitration the question of dismissal of any guilty strikers. Even that the company refused to accede to. It was only on the 21st of March 1942, that the company announced that it would take back all the workers who went to work on the 23rd of March. On the 23rd of March 1942, the Secretary of the union wrote to the Managing Director of the company that, judging from the temper of the men at the meeting

which had been called on the 21st of March, it did not seem likely that they would return to work unless and until some substantial part of their demands had been accepted, e.g., bonus, eight-hour day, gratuity, etc. The workers failed to return to work on the 23rd of March 1942, and it was only after an agreement had been arrived at between the parties on the 4th of April 1942 that they resumed work on the 6th of April. The company in its reply has strenuously resisted being called upon to pay anything at all to the workers during the time they were on strike. It has contended that the men struck in flagrant contravention of the Defence of India Rule 81A and the general order issued by the Government of India on the 7th of March 1942 under that rule. The company feels that if it were called upon to pay to the workers for the time that they were on strike, it would be subsidising an illegal act. Undoubtedly there is considerable force in the company's argument, but it overlooks the important fact that as soon as the workers realised their mistake they offered to go back to work and were prepared to refer all matters in dispute to arbitration. If the company instead of waiting till the 21st of March had immediately agreed to this proposal of the workers, the strike would have been over within two days. It has also got to be remembered that Government were more anxious to see that war work was not impeded by the strike continuing rather than launch prosecutions against the strikers for contravening Rule 81A of the Defence of India Rules. When the agreement was arrived at between the workers and the company on the 4th of April 1942, at the intervention of the Commissioner of Labour, the question of pay for the strike days had been raised by the union, and the Commissioner of Labour at its instance had agreed to intimate his views to the Arbitrator appointed by Government. Pursuant to that, the Commissioner of Labour has written to me and has expressed as his opinion that it would be reasonable to pay the workers three-quarters of the pay from the 9th to the 22nd of March 1942 which they would normally have drawn during that period. In my opinion the suggestion of the Commissioner of Labour is extremely fair. The workers are not entitled to any pay after the 22nd of March because the company had agreed to take back all the workers on the 23rd of March. They are not entitled to full pay during the period from the 9th to the 22nd of March 1942 because, however just their demands might have been, they were not justified in going to strike contrary to the provisions of the law and they must be penalised for their act. I do not think, especially in view of their attitude on the 11th of March, that any more drastic penalty than depriving them of one-fourth of their pay is called for. In asking the company to pay the workers three-quarters of their wages from the 9th of March to the 22nd of March 1942, I am not really in any way interfering with the machinery of the law because it is entirely a matter for Government to consider whether under particular circumstances a prosecution should be launched or not. I am deciding this only because I feel that the company was in the wrong in refusing to accept the offer made by the workers on the 11th of March 1942."

The Arbitrator had on the whole found fault with the employers for not giving an undertaking to the effect that there would be no victimisation and that Government would not be asked to prosecute any of the strikers under the Ordinance. He had further stated "If the company instead of waiting till the 21st March had immediately agreed to this proposal of the workers, the strike would have been over within two days." In an earlier part of the award, the Arbitrator had conceded that the strike was illegal under the Ordinance. An employer had the right to refuse to take back an employee who had gone on an illegal strike, and this position had been recognised in the Standing Orders for Operatives settled by the Bombay Industrial Court for the Bombay cotton textile industry. If, therefore, the legal position of the employer *vis-a-vis* the employee in an illegal strike was as it was conceded by the Bombay Industrial Court and incorporated in the Association's Standing Orders, then the attitude adopted by the learned Arbitrator was not readily understandable.

The second ground on which the employer had been penalised on the question of strike pay was his refusal to agree that Government would not

prosecute the offenders. It had been admitted in another part of the award by the Arbitrator that "it is entirely a matter for Government to consider whether under particular circumstances, a prosecution should be launched or not." If, therefore, the decision to prosecute an offender for an infringement of the provisions of the Defence of India Rules really rested with the appropriate Government, there was really no point in expecting the employer to give an undertaking in that regard, or in penalising him for not giving an undertaking.

The Arbitrator had pointed out in his award that the Commissioner of Labour had expressed as his opinion that it would be reasonable to pay the strikers three-fourths of the pay from the 9th to the 22nd of March which they would normally have drawn during that period. The Arbitrator had also stated that he had it on the authority of the counsel for the strikers that "the Commissioner for Labour assured the workers that if they went back to work the Government would agree to overlook the illegality of the strike and not launch any prosecution against any of them." In another part of the award, the Arbitrator had stated, "It has also got to be remembered that Government were more anxious to see that war work was not impeded by the strike continuing rather than launch prosecution against the strikers for contravening Rule 81A of the Defence of India Rules." The Committee had no data before them to indicate on what grounds the Commissioner of Labour regarded that strike pay was reasonable in the circumstances of the case and whether he was expressing the official policy of the Government of Bombay on this important question. Similarly, they were not also sure whether he was authorised by the Government to offer free pardon to those workers who went on an illegal strike, if they went back to work. The position created by the award in so far as it concerned strike pay was, on the one hand, the learned Arbitrator by unfortunately penalising the employer for refusing to surrender a right which the law of the land conferred on him and for refusing to give an undertaking which he was not authorised to give and which would have no binding in law, had established a precedent which, it was thought, the workers would not hesitate to take advantage of in future. On the other hand, one of the responsible officers of Government had not only offered to overlook the illegality of the strike, but had conceded that strike pay was reasonable. A strike in contravention of the provisions of Rule 81A of the Defence of India Rules continued to be an illegal strike punishable under that section, and the resumption of work on a subsequent date did not, so far as the Committee were aware, make it any the less an offence. It was very difficult to say what the future trend of events would be, but if past experience could be taken as a guide, the award was calculated not only to create disrespect for law and order and encourage lightning strikes, but also to make resumption of work more difficult, as workers expecting pay for the number of days they remained on strike would not be anxious to get back to work.

The matter was taken up with Government and the Committee suggested that the position should be set right by Government by issuing a Press Note reaffirming their determination to prosecute the offenders in all cases of illegal strikes and pointing out that the grant of strike pay in the General Motors case did not meet with the approval of Government and should not in any event be taken as a precedent.

In a reply received from Government towards the middle of September it was pointed out that when an Arbitrator or adjudicator was appointed by Government, it was for him to arrive at an independent decision, but that he was not the mouthpiece of Government and Government had no intention of criticising his decision. The opinion of the Commissioner of Labour, Bombay, on the subject of strike pay, to which reference had been made by the Committee was, it was pointed out by Government, based on the particular circumstances of the case which were that the General Motors had, from time to time, refused arbitration and so protracted the strike, and that it in no way represented an expression of Government's general policy. As regards prosecution for striking in contravention of Rule 81A of the Defence of India Rules, Government pointed out that "it may have escaped the notice of your Association that the strike began on the day when this rule first came into force, and it would not have been reasonable for Government to act as if the rule had been familiar to the workmen." Government further added that they had every intention of prosecuting under this rule when that course appeared advisable in order to enforce the Rule, but that did not mean that a prosecution would be launched in every case.

In acknowledging Government's communication, the Committee stated that they were glad that the Commissioner's opinion in this particular case did not in any way represent an expression of Government's general policy, and they hoped that the Commissioner of Labour had been made aware of this position.

With regard to Government's observations regarding the application of the Defence of India Rules to the General Motor's case, Government's attention was drawn to the following observations made by the Arbitrator himself :—

"On the 7th of March 1942 a general order was issued by the Government of India declaring every strike without proper notice as illegal, and there is not the slightest doubt that when the men struck on the 9th and 10th of March 1942, they were committing an illegal act."

The learned Arbitrator had further pointed out :—

"Mr. Pardivala has tried to persuade me that in all probability these men were ignorant of the notification issued by Government so recently as the 7th of March 1942. I am not very much impressed by that argument because, firstly, I am not satisfied that they were in fact ignorant; and, secondly, even if they were ignorant, in law it would make no difference to the illegality of their act."

The Committee pointed out that their only object in pursuing this matter was to ensure that persons who were on an illegal strike, or persons who were guilty of an illegal lockout should receive no encouragement whatsoever from the officers of Government and that further no attempt should be made to enter into a discussion of grievances until the men had resumed work if they were on an illegal strike, and until the lockout had been cancelled, if an illegal lockout had been declared. This policy, the Committee pointed out, had all along been followed in the case of Bombay cotton mills by the Commissioner of Labour and the Conciliators appointed under the Bombay Industrial Disputes Act, and their only anxiety was that this practice should

not be departed from as that might have unfortunate repercussions on labour. Several illegal strikes had already taken place in Bombay and elsewhere in recent months, and it was thought that any attempt to enter into any negotiations with the men while they were out would unnecessarily prolong the strike. (*Appendix 27.*)

RATES OF BENEFIT PAYABLE UNDER THE BOMBAY MATERNITY BENEFITS ACT.

(*See also pages 33 and 227 of Report for 1929.*)

Towards the end of September, in response to an enquiry from the Government of Bombay, the Committee of the Association recommended that for the duration of the war and three months thereafter, a war surcharge of 50 per cent. of the total amount payable as maternity benefit should be granted to the women employees of the mills. It was understood that the surcharge would be payable on all amounts due for payment after the date of announcement by Government.

Subsequently, the following Press Note was issued by Government on 10th November 1942 :—

“The cotton textile industry has compensated workers for the rise in the cost of living by granting dearness allowances. These allowances were not applicable to women workers in receipt of maternity benefit. The Factory Department of the Government of Bombay therefore approached the Millowners' Associations of Bombay and Ahmedabad with a suggestion that the rate of maternity benefit should be 12 annas a day instead of the eight annas provided by section 5(1) of the Bombay Maternity Benefits Act, 1929. The Millowners' Association, Bombay, has decided to pay for the duration of the war and three months thereafter a surcharge of 50 per cent. of the total amount payable on maternity benefit to an employee; while the Association in Ahmedabad has agreed to recommend the suggestion of the Factory Department to all its members. The Government of Bombay desires to express its appreciation of the ready response which the Associations have given to this suggestion.”

PROVIDENT FUND FOR INDUSTRIAL WORKERS.

One of the subjects discussed at the third conference of Labour Ministers which was held in Delhi in January 1942 was the desirability of instituting provident fund for industrial workers. It was the general opinion of the conference that provident fund schemes had many advantages as, apart from their humanitarian aspect of making available to the industrial workers something to fall back upon in old age and at times of sickness, such schemes tended to strengthen the bond between workers and employers and made the labour force more contented and stable. The conference, however, felt that it was not possible to make the introduction of provident fund schemes compulsory and that the most that could be done was to recommend to the interests concerned the adoption of such schemes. The main principles

as envisaged by the conference which provident fund schemes should provide were apparently :—

- (i) that any fund should be constituted by the joint contributions of the employer and the employee, which should be equal ;
- (ii) that employees with at least one year's continuous service only might be eligible to subscribe ;
- (iii) that the worker should be liable to lose the employer's share of the contribution, if he was dismissed for any act of misconduct on his part ; or to lose such share in part or in whole if he resigned within a short period of joining the fund ;
- (iv) that withdrawals from the fund should be subject to strict control ;
- (v) that the fund should be invested in some form of Government securities and, in any case, outside the particular undertaking.

It was also suggested at the conference that it would be useful if the Government of India framed a set of model rules in this connection.

Early in April, the Commissioner of Labour, Bombay, at the instance of the Government of India, requested the Association to express its opinion on the above proposals. In reply, the Committee pointed out that certain members of the Association had already, on their own initiative, established provident funds for their operatives. These funds were more or less based on the principle set forth above. Unfortunately, however, these provident fund schemes were not patronised by the workers to any extent, and they were generally found unwilling to make any contributions to the fund, and the schemes appeared to have proved unsuccessful from the point of view of building up a permanent labour force.

The Committee were, however, entirely in agreement with the conclusions reached at the conference that the introduction of provident fund schemes should not be made compulsory. They felt that the extension of existing schemes or their introduction in mills where they were not in existence should be left entirely to the mill management after ascertaining the wishes of the workers concerned. As Government were aware, the conditions in the Bombay cotton textile industry, then, were far from normal ; a very large proportion of the permanent labour force had already left the city, their places being temporarily taken up by substitutes, and there was, a good deal of uncertainty as to how long the latter would stick to their posts. In this view of the case, the Committee felt that no useful purpose would be served by taking up this question for the time being at any rate. The proper time for consideration of this and other questions would be on the termination of the war, when normal working conditions would have been restored. Even then, the question of instituting provident funds should not be dissociated from other similar questions, and an employer must be told in advance what other commitments Government proposed to ask him to undertake in the shape of social and welfare schemes for workers. The Committee, therefore, suggested that the subject be reopened on the termination of the war after Government had decided on their programme of social and welfare legislation. (*Appendix 28.*)

PROPOSED AMENDMENT OF THE TRADE DISPUTES ACT, 1929.

(See pages 34 and 161 of Report for 1936.)

Towards the end of June the Commissioner of Labour requested the Committee to express an opinion on a draft Bill framed by the Government of India to amend the Trade Disputes Act, 1929, for certain purposes. Briefly stated, the Bill proposed the following changes in the Act:—

(1) Power was sought to be conferred on the appropriate Government to require any employer to supply such information as might be considered necessary regarding the conditions of labour in the industry, business or undertaking concerned, whenever a trade dispute existed or was apprehended.

(2) 14 days' notice of a strike or lockout should be made obligatory not only in respect of public utility concerns, but also in the case of notified private industries and industrial undertakings. It was also proposed to prohibit strikes in private industries when the subject-matter of the dispute was under reference to a Board of Conciliation or a Court of Inquiry.

(3) In the case of strikes without proper notice, the prescribed punishment might be made applicable to any person who instigated, incited others to take part in, or otherwise acted in furtherance of such strikes.

The Committee pointed out that provisions somewhat on the lines of the draft Bill had already been incorporated in the Bombay Industrial Disputes Act, 1938. The Bombay Act was applicable to the cotton textile industry of the Province, and in this view of the case, the amendments were only of academic interest so far as the Bombay membership of the Association was concerned. Referring, however, to the specific clauses of the Bill, the Committee made the following observations:—

(1) Clause 4 of the Bill provided for the insertion of a new section 3A(1) to (3) requiring the employers to supply to Government such information as they might require regarding conditions of labour in the industry, business or undertaking, if any trade dispute existed or was apprehended. The object of these provisions was not clear. If the information required from employers was only to enable Government to make up their mind as to whether the dispute should be referred to a Board of Conciliation or Court of Inquiry, then there was probably nothing to be said against it except that a similar obligation might also be placed on labour with appropriate penal provisions for failure to supply the information called for. If, however, the information called for was really intended for the use of the Board or Court, then the powers proposed to be conferred on the appropriate Government were unnecessary since the Board or Court already enjoyed these powers under section 9 of the Act.

(2) Clause 8 of the Bill provided for the insertion of a new section 15A(1) and (2), which prohibited strikes during the pendency of the dispute before a Board or Court. It was pointed out that this was not enough. Even in spite of the Government Ordinance prohibiting strikes without

notice, there had been a number of lightning strikes, and it seemed that such strikes would continue to take place in future also. In this view of the case, it was suggested that a further proviso might be added to the proposed section 15A which would require the workers to resume work on the appointment of a Board or Court if they were already on strike.

Finally, the Committee expressed grave doubts as to whether the amendments which Government had in view would serve any useful purpose from the point of view of preventing lightning strikes. In spite of the Ordinance prohibiting lightning strikes and in spite of the provisions of the Bombay Industrial Disputes Act prohibiting such strikes, there had been in the last few months several illegal strikes in Bombay and elsewhere. The operatives knew that they had struck work in contravention of the law of the land, but they also knew that it was practically impossible to prosecute all those who were concerned in an illegal strike. The prosecution of the ringleaders was difficult because in several cases it was difficult to find out who the ringleaders were and in several other cases such ringleaders condemned the strike in public but participated in it in private. The authorities responsible for the handling of the strikes were very often obsessed with the desire to get the workers back to work and placated the workers by appeasement, which in their opinion was the most logical thing to do. A case had come to the notice of the Association where workers were promised by a responsible Government officer that they would not be prosecuted for defying the Ordinance if they resumed work immediately. The psychological effect of these and other similar undertakings on workers could not be underrated and if Government really wanted to control lightning strikes in future, it was absolutely necessary that they should create respect for law and order. (*Appendix 29.*)

HOLIDAYS WITH PAY FOR WORKERS IN NON-SEASONAL FACTORIES.

PROPOSED AMENDMENT OF THE FACTORIES ACT, 1934.

(See also pages 49 and 193 of Report for 1937.)

In the Association's Report for 1937, reference was made to the views expressed by the Committee on certain proposals made by the Government of India regarding the grant of holidays with pay to industrial workers. This subject was discussed at the third conference of Labour Ministers held in January 1942, and towards the middle of May, the Committee were requested by the Commissioner of Labour, Bombay, to express an opinion on a draft Bill framed by the Government of India to amend the Factories Act, 1934, for the purpose of securing holidays with pay for workers in non-seasonal factories. The principal provisions of the Bill were:—

- (a) a minimum number of seven paid holidays in a year running in one block was proposed ;
- (b) the qualifying service was one year ;
- (c) half the wages due for the holiday period were required to be paid at its commencement ;

- (d) workers were prohibited from undertaking remunerative work during the holidays ;
- (e) "compensatory" holidays were provided for workers deprived of the weekly holidays as a result of exemption of a factory from the provisions of section 35 of the Factories Act ;
- (f) no provision had been made for the continuance or otherwise of local and other customary holidays at present given by individual employers ; the matter was left for mutual adjustment between the employers and employees.

The Committee drew the attention of Government to the discussions which took place at the conference of Industrial Employers convened by the Hon'ble the Labour Member in January 1942. At this conference, the representatives of employers present were unanimously of opinion that there should be no legislation for holidays with pay. These representatives also held the view that while holidays with pay would increase the cost of production, there would be no corresponding benefit to labour, and that as the workers took long holidays during the year to go to their villages for family and festive occasions, the need for the amenities proposed had not, therefore, been made out. The Committee entirely agreed with the position taken up by the employers' representatives at the abovementioned conference, which was also entirely in accordance with the views expressed by the Association on previous occasions. (*Appendix 30.*)

RECOGNITION OF TRADE UNIONS.

AMENDMENT OF THE TRADE UNIONS ACT, 1926.

(*See also pages 50 and 199 of Report for 1937.*)

Towards the end of April, the attention of the Committee was drawn by the Employers' Federation of India to a communication addressed to them by the Government of India, Department of Labour, regarding certain amendments which were proposed in the Trade Unions Act. Briefly stated, Government proposed to compel employers to recognise all trade unions registered under Act XVI of 1926. Government further proposed that any Union registered under the 1926 Act, which did not provide for the exclusion of members on communal or religious grounds and in which the executive met at least once a quarter, should be eligible for recognition. The rights of a recognised union, as set forth in Government's proposals, entitled the executive of a recognised union to negotiate with the employer in respect of matters affecting the common interests of the members of the union. It was further laid down that the employer should receive and send replies to letters sent by union officials and grant interviews, etc. There was a proviso for recognition of unions once granted, to be withdrawn, but the right to withdraw recognition was vested in Government, and the only ground on which recognition could be withdrawn was for failure to submit periodical reports prescribed under the Trade Unions Act.

In reply, the Committee stated that it was their considered view that employers should not, under any circumstances, be compelled by statute to recognise unions. Where a trade union, which consisted of *bona fide* workers and which was managed by representatives of workers, adopted strictly trade union methods in securing redress of its members' grievances, and was further in a position to impose its will upon its members in securing the due observance of all the agreements and undertakings given by it in its negotiations with employers, and was, in addition, thoroughly representative of labour, recognition by employers followed as a matter of course without any compulsion whatsoever. Where these conditions did not obtain, and recognition was forced on employers, as Government proposed to do, it would become not only a farce, but an irritant, and employers would be forced into endless correspondence with a number of unions of all dimensions on something or other connected with internal working conditions in factories with no useful or practical results.

In an earlier communication, the Government of India had requested the Employers' Federation to recommend its members "to adopt a liberal policy towards any trade unions of their workers even though they may feel some doubts regarding the leaders of those unions." The Committee respectfully submitted that they could not accept this proposition. Their experience in Bombay had, unfortunately, been extremely bitter. Active leadership and initiative in all trade union matters had passed, owing to the lack of workers in sufficient numbers with experience in trade union methods, into the hands of outsiders with destructive views, and these leaders had not hesitated to use the union machinery in their hands as a convenient weapon for the advancement of their personal aims and objects, regardless of the interests of the union which they were supposed to represent and of the industry affected. That this was the real state of affairs was borne out by the Reports of the Riots Enquiry Committee and the Court of Inquiry under the Trade Disputes Act, which held their sittings in 1929 and the White Book published by the Government of Bombay in 1930. With the long interval which had since elapsed, conditions had not changed, for the Bombay Disturbances Enquiry Committee appointed by the Government of Bombay on 11th November 1938, strongly indicted the communist leaders of the Girni Kamgar Union for the violent speeches they made immediately before the outbreak of the disturbances and stated that the origin of the disturbances was to be traced to the combination of the Committee of the Bombay Provincial Trade Union Congress and the Independent Labour Party on an anti-Congress platform and the incitement by the leaders of these parties to violence to make the strike successful.

The Committee were, therefore, firmly convinced that unless there was a radical change in leadership, recognition of the type which Government proposed to bestow on unions would not only fail to confer any benefit on labour, but was likely to be a positive danger to the industry and its war efforts. The real need, therefore, was good leadership by men who came into the movement purely as trade unionists, pledged to rectify the economic grievances of the men and not to mix them up with politics. If such men came forward and showed their *bona fides* and if, as was most essential, labour was also willing to accept their leadership out of their own will, the Committee stated, they would be willing to reconsider the whole position.

The Trade Unions Act, 1926, sought to offer immunity from legal proceedings to officers of registered trade unions for tortuous acts done, and the Committee strongly felt, in the light of what had happened in Bombay and elsewhere, that far from conferring additional privileges on unions, there existed a case for tightening up Government control over unions. In this connection, Government's attention was invited to the following remarks made by the Government of Bombay in the White Book published in 1930 :—

“ Another suggestion which would depend upon the Government of India is that the Trade Unions Act should be amended so as to vest the Registrar with greater powers of supervision and intervention. The present Act which is based on the British model assumes that the trade unions will observe their rules and pursue the objects for which they are formed. Such an assumption is not justified in India, where the labouring population is ignorant and disorganised and easily falls a prey to unscrupulous and designing agitators who often seek objects which, if correctly understood, the members of their unions would not approve. At the present stage, the labourers need, above all things, impartial advice and guidance. It is possible that if the Registrar were vested with powers of inspection and possibly of audit, such a measure would assist trade unions—as it has already assisted co-operative societies—in getting on to sounder lines.

Another amendment of the Act which appears desirable is the extension of the powers of cancellation. It is unsatisfactory that a union which wilfully infringes its own by-laws and which seeks objects other than those for which it was registered cannot be cancelled but continues to enjoy immunities which it ought not to possess.”

Without prejudice to their general contention that recognition was not a fit subject for legislation, the Committee stressed that the proper time to go into these matters would be when the war was over and normality had been restored. The greatest need of the hour was for all concerned to concentrate on war work, and discussion on such matters would not only make this difficult, but was likely to create diversions, which might have unfortunate consequences on peaceful working conditions in the industry. Bombay had already enacted separate legislation which provided for proper investigation into labour's grievances, and for all practical purposes, this legislation was working satisfactorily. It was, therefore, immaterial in the present emergency whether the object in view was achieved through unions or any other agency. What might, however, be done was that Provinces which had not passed any such legislation, might bring in immediately a simple statute on the lines of the Bombay Trade Disputes Conciliation Act of 1934 for the duration of the war.

If, in spite of everything that had been said, Government still desired to proceed with their proposals for amendment of the Trade Unions Act, then the Committee pointed out that, bearing in mind the desirability and importance of ensuring that recognition was accorded by statute only to *bona fide* and representative unions, the conditions governing the grant of recognition should be tightened up. There was nothing unusual and unreasonable in this suggestion, for the Committee understood that the Central and Provincial Governments had already laid down certain conditions for recognition of unions of their own employees. As a further safeguard, it was suggested that under certain circumstances, detailed below, it should be made possible for the employer to withdraw recognition. Government proposed that where labour did not agree with the employers' decision to withdraw recognition, the matter should be dealt with by the Registrar whose

decision would be final in these matters. The Committee had very serious objections to the Registrar of Trade Unions acting as the final appellate authority in this matter. What was suggested was that if labour felt that the employers' action was in contravention of the Act, then it should be free to appeal to the High Court or to a Court equivalent to the Bombay Industrial Court.

In connection with the conditions precedent to the grant of recognition, the Committee suggested that, in addition to the conditions specified by Government in the proposed section 28C, it should be laid down that the union rules should specifically provide for:—

- (1) the prohibition of class war ;
- (2) peaceful and legitimate methods being followed in all disputes with employers ;
- (3) total prohibition of violence ;
- (4) control by actual workers representing a substantial number of persons whom the union claimed to represent ;
- (5) prohibition of strikes without notice ;
- (6) prohibition of strikes unless preceded by a ballot in which two-thirds of the workers actually affected were in favour of the strike ;
- (7) disowning of workers who had gone on strike except with the consent of the union ;
- (8) membership being purely voluntary ; and
- (9) maintenance of proper records of subscriptions collected and of negotiations with employers.

The Bombay Industrial Disputes Act of 1938 (*vide* section 7) laid down a minimum of 25 per cent. membership of the total number of employees employed in any industry or occupation in a local area, to qualify a union for registration under that Act, and the Committee insisted on the minimum laid down in the Bombay Act to entitle a union to recognition from employers.

With regard to the circumstances in which recognition might be withdrawn by an employer, the Committee suggested that they should be as under:—

- (i) if any of the conditions governing the grant of recognition were broken by the union ;
- (ii) if the union preached class war or violence or called out a strike without going through the formality of negotiations with the management and giving 14 days' notice ;
- (iii) if the union encouraged or participated in a strike called out by an unrecognised or unlawful organisation ;

- (iv) if the union directly or indirectly encouraged or countenanced subversion of internal discipline in mills ;
- (v) if the union engaged in trade union activities on employers' premises except to the extent mutually agreed upon between the union and the Employers' Association ;
- (vi) if the union was unable to give effect to an agreement negotiated by it with the employers ; and
- (vii) if the members of the union failed to carry out lawful orders given by the union executive.

Government proposed that a trade union recognised in one Province should be a recognised trade union in any other Province to which its operations extended. Recognition, as had already been pointed out, must essentially depend, among other things, upon the representative character of the union in any locality. For example, a union might be representative of the workers in the Central Provinces, and for that reason might have been recognised by the employers in that Province, but that should not by itself be sufficient to secure recognition to it, say, for instance, in Sholapur if it had only very few members in Sholapur. Its recognition in Sholapur must doubtless depend upon the representative character of its membership in Sholapur.

In conclusion, the Committee pointed out that the subject-matter in respect of which legislation was sought was really of a very highly controversial character, and that it would be extremely injudicious on the part of Government to tackle it at this stage. Members of the Association had always been ready and willing to give a fair deal to labour ; they had welcomed the formation of *bona fide* trade unions following real trade union methods as such unions would be helpful to the employees and the employers, but the grant of recognition to a type of people whose past record was by no means bright, would, it was stated, not only be of no assistance to labour, but was likely to be a decided danger to peace in the industry. (*Appendix 31.*)

PROPOSED AMENDMENT OF THE WORKMEN'S COMPENSATION ACT, 1923.

(See pages 113 and 280 of the Report for 1937.)

Towards the end of May, the Commissioner of Labour, Bombay, at the instance of the Government of India, Department of Labour, requested the Committee to express an opinion on a draft Bill framed by the Central Government to amend the Workmen's Compensation Act, 1923 for certain purposes.

According to section 5(b) of the Act, the method of calculating the monthly wages of a workman, whose period of service was less than a month, was to take the average monthly wages of another worker who had worked for a year on the same work with the same employer. But the Act did not

make any provision for cases in which the information required for calculating the monthly wages of another worker employed for a year on the same work with the same employer or on similar occupation in the same locality was not available. It was sought to provide by an amendment of section 5(c), that in such cases, the monthly wages of the worker should be taken as 30 times the total wages earned in respect of the last continuous period of service immediately preceding the accident from the employer who was liable to pay compensation, divided by the number of days comprising such period.

The second amendment proposed by Government sought to introduce a proviso to section 8(i) whereby the dependents of a deceased worker would always be entitled to receive not less than two-thirds of the amount prescribed for death under the Act, irrespective of the payments which the worker, when alive, might have received.

The Committee stated that they had no comments to offer on the proposed amendment of section 5(c) of the Act. As regards the proposed amendment to section 8(i) of the Act, it was pointed out that it would entitle the dependents of a deceased worker to a statutory minimum of not less than 20 months' wages of the deceased, because according to Schedule IV of the Act, the amount of compensation ranged between Rs. 500 and Rs. 4,000 according to different wage groups, and this worked out approximately at 30 months' wages of the deceased worker. Thus, if the injured operative, when he was alive, had received more than 10 months' wages by way of half-monthly compensation, such excess amount could not be deducted from the amount which would be payable to his dependents after his death. As under the Act only half the monthly average wages were to be paid to the operative during the period of disablement, the 10 months' wages referred to above would be paid to him in the course of 20 months. Death due to an injury by an accident was not likely to occur after 20 months from the date of the incident and, therefore, the chances of an employer paying by way of half-monthly compensation more than the permissible deduction were remote. However certain occupational diseases like anthrax, lead poisoning, phosphorus poisoning, etc., which were treated as accidental injuries under the Act, might cause temporary disablement for a considerably long time and thereafter result in death. In such cases the employer or insurance company would certainly have paid a large amount by way of half-monthly compensation before the death of the operative, and if the permissible deduction was to be limited, it might be necessary and advisable for those responsible for payment of compensation to restrict the payment of half-monthly compensation, so that the insurer might not be out of pocket in the event of death of the operative.

It was also pointed out that the amendment might lead to another anomaly. For instance, an operative whose claim had been settled for permanent disablement might die some time later, and in this case, if death was attributed to the permanent disablement, the employer or the insurer might have to pay again for death, whereas with the Act as it stands at present, a set-off for the amount paid before death could be claimed from the amount payable for death. For instance, a worker drawing a monthly salary of Rs. 30 who lost his right hand by an accidental injury, would be entitled

to a payment of Rs. 882. If the worker died later from certain developments of the original injury, his dependents would be entitled under the present arrangements to Rs. 900 due for death less Rs. 882 already received by the worker, leaving a balance of Rs. 18 only. If, however, the Act was amended, as proposed by Government, the dependents would be entitled to receive two-thirds of Rs. 900, namely, Rs. 600, in addition to the sum of Rs. 882 already received by the operative.

Taking an extreme case of a 100 per cent. permanent disablement such as loss of both hands or legs, the operative in the wage class of Rs. 30 per month would be entitled to Rs. 1,260 as lump sum compensation, and if unfortunately he died later, there would arise another claim from the dependents for a sum of Rs. 600 representing two-thirds of Rs. 900. Thus while the amount prescribed for death in this case was only Rs. 900, it would in effect cost the employer Rs. 1,860.

Government's proposals were therefore neither fair nor equitable to the employer, and the Committee opposed the amendment as drafted, but stated that they were prepared to take a sympathetic view of the whole case if Government would limit the compensation payable to the dependents in the event of death of the workman to Rs. 300 or the difference between the amount payable for death and the amount actually paid to the worker during his lifetime, whichever was higher. (*Appendix 32.*)

THE INDUSTRIAL STATISTICS ACT, 1942.

(*See also page 82 of Report for 1926.*)

A Bill to facilitate the collection of statistics relating to industries was introduced in the Legislative Assembly on 27th February 1942, and was passed on 3rd April 1942 with a few minor alterations made by the Select Committee.

The Statement of Objects and Reasons appended to the Bill read as under :—

“ It has been felt for some time, by both the Central and Provincial Governments, that the quantity and nature of reliable information in regard to the progress of industries and of labour conditions available to them has been inadequate and that steps should be taken to effect an improvement in the matter. It was realised that the most important step necessary was to provide for a fuller compilation of industrial statistics. The limit of what could be achieved in this respect by relying merely on goodwill and the voluntary supply of information had been reached, and legislation was therefore considered to be necessary. The matter was placed before the Eleventh Industries Conference in December 1939 and the Conference of Labour Ministers held in January 1940. Both these bodies were of the opinion that the collection of statistics relating to industries and labour was most desirable and recommended that the Central Government should undertake legislation on the subject. The scope of the compilation, as in clause 3, has found unanimous acceptance by all the Provincial Governments and the Bill is designed to enable Provincial Governments to collect information and to frame rules for the purpose. It is proposed that with a view to securing uniformity in the procedure and the method to be adopted in collecting information, directions may be issued by the Central Government under section 126(2) of the Government of India Act, 1935, where necessary.”

The Act, which will come into force in a Province on such date as the Provincial Government might fix by notification in the official *Gazette*, empowers Government to collect statistics relating to any of the following matters :—

- (a) Any matter relating to factories,
- (b) any of the following matters so far as they relate to welfare of labour and conditions of labour, namely :—
 - (i) prices of commodities,
 - (ii) attendance,
 - (iii) living conditions, including housing, water-supply and sanitation,
 - (iv) indebtedness,
 - (v) rents of dwelling houses,
 - (vi) wages and other earnings,
 - (vii) provident and other funds provided for labour,
 - (viii) benefits and amenities provided for labour,
 - (ix) hours of work,
 - (x) employment and unemployment,
 - (xi) industrial and labour disputes.

The Government of Bombay have since brought this Act into force in the Province of Bombay from 1st March 1943.

PROPOSED AMENDMENT OF THE TRANSFER OF PROPERTY ACT, 1882.

ASSIGNABILITY OF MARINE INSURANCE POLICIES AND SUBROGATION.

At their annual general meeting held in December 1936 the Associated Chambers of Commerce passed a resolution urging upon the Government of India to amend section 135 and clause (e) of section 6 of the Transfer of Property Act, 1882, on the lines of sections 50 and 79, respectively, of the Marine Insurance Act, 1906, of England. As regards the amendment of section 135, Government agreed that reference to a policy of marine insurance might be omitted from that section, thus making it also applicable to policies of insurance against fire, and that a new section should be inserted to deal with policies of marine insurance in the substantial sense of section 50 of the Marine Insurance Act of England, so as to provide for the assignment of such policies either before or after loss of the subject-matter insured. In connection with the amendment of clause (e) of section 6, Government stated that no case had been made out by the Associated Chambers of Commerce.

Early in May the Government of Bombay, at the instance of the Government of India, invited the Association to express an opinion on the suggestions put forward by the Associated Chambers. The matter was carefully considered by the Committee who felt that the Associated Chambers

had made out a strong case for the amendment of section 6(e) of the Transfer of Property Act on the lines of section 79 of the Marine Insurance Act of England. No valid reasons had been adduced by Government in support of their view that no case had been made out for such an amendment. The Committee pointed out that, in the interests of the export trade of India, it was very essential that the law on the subject of marine insurance should be placed beyond doubt and on an equitable basis from the point of view of both the insurer and the insured. Under the present law in India, it would seem that an insurer who had paid a claim was not subrogated to all rights and remedies of the insured in respect of the subject-matter of insurance, and the Committee felt that this justifiable grievance should be set right. (*Appendix 33.*)

ANTI-MALARIAL MEASURES—TREATMENT OF ROOF GUTTERS.

(*See also pages 110 and 291 of Report for 1941.*)

Reference was made on page 110 of the Association's Report for the year 1941 to a representation submitted by the Association requesting the Government of Bombay not to sanction the Bill prepared by the Bombay Municipal Corporation to amend the City of Bombay Municipal Act for certain purposes. The Bill sought to empower the Municipal Commissioner to require the owners of all buildings used for residential purposes wherein roof gutters were located :—

- (a) To provide safe and easy means of access to such roof gutters as the Commissioner thought fit; and
- (b) To carry out such works with respect to any roof gutters as, in his opinion, were necessary to prevent such gutters from becoming a breeding place for mosquitoes.

The Bill also sought to empower the Commissioner to prohibit the construction of roof gutters in new buildings.

In a reply received towards the end of June, Government informed the Committee that the proposed legislation would be postponed as in their opinion it was not sufficiently urgent to justify its being undertaken at present. (*Appendix 34.*)

INTRODUCTION OF MESSAGE RATE SYSTEM OF CHARGES FOR TELEPHONE CONNECTIONS IN BOMBAY.

(*See also pages 109 and 470 of Report for 1927.*)

Towards the middle of April, the Government of Bombay requested the Committee to express an opinion on a proposal to introduce the message rate system of charging for telephone connections operated by the Bombay Telephone Co. which was under the consideration of the Government of India. Government stated that introduction of the message rate was

an urgent necessity because, since the outbreak of the war, there was a shortage of spare exchange equipment available with the company. In the opinion of Government, the flat rate system of charging offered a direct inducement to subscribers to overload their lines and the average calling rate at the various telephone exchanges in Bombay was, in consequence, very high. As against this, the calling rate at Calcutta, where the message rate system of charges was in operation, was comparatively very low. Such high calling rates as obtained in Bombay imposed an undue strain on the system and led to greater wear and tear of the equipment. With the introduction of the message rate, it was expected that the calling rate would decrease considerably, thus reducing wear and tear and adding to the life of the exchange equipment. The message rate system was, Government stated, the most rational system of charging for telephone services and was adopted by the British Post Office after very careful consideration of the recommendations of a Departmental Committee and of a Select Committee of Parliament. The main advantages of the system were stated to be :

- (1) it provided an equitable basis of charges for the services rendered ;
- (2) it eliminated unnecessary calls, reducing the calling rate and the number of " engaged " calls, thereby improving the efficiency of the service ; and
- (3) it led to a greater development of the telephone service by reducing the charges leviable from the small user.

As regards charges, Government proposed the following scale for both business and residential lines :—

Installation fee payable at the time of signing agreement	Rs. 10.
Fixed monthly rental	Rs. 8 per month.
Call charges for all calls made from the telephone	One anna per call.

The existing scale of charges in Bombay was a flat rate of Rs. 280 per annum for a business line, and a flat rate of Rs. 180 per annum, or a message rate on the same scales as given above (at the option of the subscriber) for residential lines. Immediate introduction of the new scale of charges for all connections was not, however, possible, owing to the lack of a sufficient number of meters which were required for the purpose. Hence, until such time as a sufficient number of meters could be obtained and the message rate system applied compulsorily to all connections, Government proposed to introduce for residential lines, the following scale of fees :—

Either the abovementioned message rate scale ; or a flat rate of Rs. 280 per annum which was applicable to business lines at the option of the subscriber.

It was stated in Government's communication that the revenue realised from the existing number of connections was not expected to exceed the present receipts from the flat rate system and that the object of the

proposal was to introduce a more efficient and equitable system and to make it possible to extend telephone facilities to new subscribers from out of the present exchange equipment of the Company.

In reply, the Committee pointed out that a similar proposition was put forward on a previous occasion, but the main grounds on which it was then urged were that it had been introduced in several other countries in the world; that it would tend to improve the efficiency of service as it would eliminate a considerable number of unnecessary calls; and that it would attract the small user. The message rate system was then unanimously opposed by commercial interests for the reason that its adoption would throw an increased burden of cost on the large users without any corresponding alleviation of the burden borne by small users and that the scale of charge then proposed by the Company was altogether excessive. The main grounds on which the introduction of the message rate system was now advanced by Government were (a) shortage of spare exchange equipment, and (b) necessity of preventing the subscribers overloading their line and imposing an undue strain on the system. These two arguments were hardly convincing, for a message rate system on the basis suggested by Government might lead to an increase in the number of subscribers, which, on Government's own admission, was undesirable, for the time being at any rate, in view of the shortage of spare exchange equipment. Secondly, the Committee had grave doubts as to whether an increase in charge would result in a reduction in the number of calls especially from those quarters which were reported to be making heavy demands on the telephone installations. It was reported that the working of the message rate system in the Calcutta telephone installation did not result in a decrease in the number of calls. If this was so, then, a message rate system was no panacea for the strain on the telephone installations.

The Committee did not, however, wish to adopt an unhelpful attitude, and if Government were convinced that, in order to meet the emergency, a message rate system should be introduced, then, they were willing to co-operate with Government in this matter on the following conditions:—

- (1) The message rate system should be so devised that it would not result in an increased revenue from business institutions. This, the Committee felt, was a reasonable proposition, because Government admitted in their communication that the object underlying the introduction of the message rate system was not additional revenue.
- (2) Turning to the rate itself, the Committee suggested that, as in the British telephone system, the message rate system should have the following main features:—

An installation fee; and

A fixed monthly rental carrying with it a fixed number of calls per month free of charge plus a charge for subsequent calls at a gradually diminishing rate for each slab consisting of a certain number of calls. For example, in the case of a

business institution putting through 500 calls a month, the rate chargeable according to the Association's proposal would be :—

First hundred	.. .. .	Free.
Second hundred	.. .. .	One anna per call.
Third hundred	.. .. .	Three-fourths of an anna per call.
Fourth hundred	.. .. .	Half an anna per call, and so on.

The above was only meant to serve as an illustration of the method of charge which the Committee had in view, and a slab system under which calls in each slab would be taxed at a rate lower than those in the previous slab appeared to be the only method which could be devised to prevent an increase in telephone charges which business institutions would be called upon to pay if the message rate system were introduced. (*Appendix 35.*)

SCHEME FOR TRAINING SEMI-SKILLED LABOUR TO HIGHER DEGREES OF SKILL FOR PURPOSES OF DILUTION.

Towards the end of September, the Employers' Federation of India, at the instance of the Government of India, Department of Labour, invited the views of the Association on a scheme to provide for the systematic and continual upgrading of men from the less skilled to the more highly skilled posts after a short period of training with a view to releasing a number of highly skilled men in each factory for transfer to more important war work. In inviting the co-operation of employers, Government pointed out that the pressure on the skilled and highly skilled labour of the country was already great, and since the quantity of this form of labour was severely limited, it was growing increasingly important that as a national asset it should be distributed to the best advantage of the war effort.

Government's proposals were examined by the Committee in consultation with the Labour and Technical Advisory (Managers) Sub-Committee. While the Committee were willing to do everything possible to assist Government's war effort, they felt that it might not be possible to adopt the scheme in its entirety. The main difficulty in this direction was in providing the necessary training facilities. Cotton mills in India were not equipped for the training of highly skilled mechanics, nor had they the necessary staff or class of work for conducting such training. Workshops in cotton mills were essentially repair shops, and had not the facilities usually available in engineering establishments. Departmental machinists in mill workshops were only semi-skilled labour trained for dismantling and assembly of their particular machines, which work did not call for highly skilled workmanship, and the nature of their work did not give them an opportunity to acquire skilled training. Foremen machinists were generally upgraded after years of experience, but even then their ability, was always found to be very limited. The Employers' Federation was informed of the Committee's views, and nothing further has been heard from Government in this matter. (*Appendix 36.*)

ADVANCEMENT OF THE INDIAN STANDARD TIME BY ONE HOUR FROM THE MIDNIGHT OF 31ST AUGUST—1ST SEPTEMBER.

(See also pages 112 and 293 of Report for 1941.)

The following Press Note was issued by the Government of India on the question of advancement of Indian Standard Time by one hour from the midnight of 31st August :—

“The existence of two different standards of time in India is undesirable for purposes of defence and since May 15, this year, a uniform standard time has been observed throughout the country, says a *communiqué*.

In deciding what that standard should be Government have had to consider on the one hand the convenience of that portion of India which lies to the west of Meridian 82½ and already enjoys sufficient daylight saving and on the other the requirements of the eastern provinces, where it is essential to avoid any electricity overload due to overlap of factory demands with those of domestic, office and street lighting and where extra daylight may be needed to mitigate the effect of obscuration.

To ensure the continuance of sufficient daylight in the eastern provinces it is necessary that Indian Standard Time throughout the country should be six and a half hours ahead of Greenwich Mean Time. The change will take effect from midnight of 31st August—1st, September from which date clocks will be advanced by one hour.

It is fully realised that the advance of clocks by one hour must inevitably cause some inconvenience to areas lying west of Meridian 82½ but it is believed that by an adjustment of hours of work, this inconvenience can be overcome and that when the public becomes accustomed to the new time no great difficulty will be experienced.”

The question as to whether and, if so, what changes should be made in the starting and closing hours of work in mills was considered by the Committee, and it was finally decided that this matter should be left to the discretion of individual mills.

FACTORY AIR-RAID PRECAUTIONS—MORALE OF WORKERS.

Early in July, the Employers' Federation of India forwarded to the Association copy of a lengthy communication received from the Government of India, on the subject of factory air-raid precautions. It was pointed out by Government that the Superintending Inspector, Factory Air Raid Precautions, who recently visited several factories in “an important area,” returned with the strong impression that in a number of cases the factory management had lost all faith in the morale of their workers and had reached a defeatist state of mind, which made them incapable of inspiring confidence in their men. It was further pointed out that this defeatist attitude sometimes revealed itself in a loss of interest in the completion of shelters and other structural air-raid precautions, the argument apparently being that as the first air raid, even at a distance from a factory, would be followed by a wholesale desertion of labour, it was pointless to incur the expense and trouble of providing shelter accommodation which would in the event prove redundant. After pointing out that there was an obligation on the employers to undertake proper air-raid precautions and the consequences that might follow if no such precautions were taken, Government emphasised that by proper provisions for the human needs of the workers and by leadership and organisation, it might be possible to persuade the workers to stick to their work even in the event of emergency

Government had referred to the experience of the Superintending Inspector in "an important area" but the identity of this area had not been disclosed, but so far as Bombay cotton mills were concerned there was neither a defeatist attitude in the minds of millowners nor lack of enthusiasm in pushing on with A.R.P. measures. The A.R.P. defences of Bombay cotton mills were already in a very high degree of efficiency, and even though there might be scope for improvement in certain mills, the main difficulty seemed to be that materials required for construction were not available, and, secondly, the equipments ordered out from Government were not forthcoming. The Committee were fully conscious of the necessity of keeping up the workers' morale, and with a view to sustain their interest in war, the Association was regularly circulating a large number of posters, leaflets and war propaganda materials amongst the operatives. In addition, some 26 mills in Bombay had also been equipped with reception sets connected to a special broadcasting centre. As regards Government's reference to the provision of human needs of workers, it was pointed out that practically every mill in Bombay had a grain shop at which rice, *dal*, sugar and other foodstuffs were made available to workers at cost price. Lastly, it was pointed out that the Committee were always willing to take all reasonable precautions to keep the men at work in an emergency. It was, however, felt that in spite of everything which was being done within the factory to keep up the morale of the men, there was a continuous flow of alarmist rumours of all kinds which the worker by nature was inclined to believe. In fact, the exodus of labour which took place after the pay-day in March was the result of panic created by such rumours, no effective steps appeared to have been taken by Government to check these rumours; the trend of military events in Malaya and Burma contributed to the unfortunate situation which led to the belief in the workers that safety lay in leaving the city. If civilian morale was to be protected, as it must be at all costs, it was essential that propaganda should be conducted by Government on more practical lines than at present. The employer could maintain touch with the workers only if the latter was at work, but he had no means of ascertaining the nature of the rumour and gossip which the worker came across at his place of residence. It was, therefore, suggested that in order to maintain civilian morale, Government propaganda should be carried on in such a way that it would reach the worker even at his residence so that not only the worker but also his family would come within the purview of the propaganda. (*Appendix 37.*)

MAINTENANCE OF LABOUR MORALE DURING THE WAR.

WELFARE WORK.

Towards the end of August, the Commissioner of Labour drew the attention of the Committee to the question of maintaining stability of labour in industrial concerns and emphasised the need for the provision of adequate welfare measures, and put forward the following suggestions:—

- (a) Opening of cost price grain shops.
- (b) Collection of adequate stocks of grain to ensure supplies in an emergency and providing free rations to the employees from stocks in the event of an emergency.

- (c) Provision of canteens and supply of cooked food therefrom.
- (d) Facilities to employees for remitting allowances to their families, if possible, at the expense of employers.
- (e) Short breaks during work.

(a) There was nothing new in the proposals made. Cost price grain shops existed in almost all mills in Bombay, and in about 45 mills they had been in existence from January 1940. These grain shops were run on a "cost price" basis, and the prices charged were below those charged by the grocers outside the mill premises for the same quality of goods and, in certain cases, were even below the prices scheduled in Government grain shops.

(b) On the question of maintaining adequate stocks of grains, adequate stocks were held by mills upto the middle of August. However, on account of the unsettled conditions in the market which followed the disturbances in the middle of August, it had become practically impossible for mills to buy their requirements direct from the market and it had therefore become necessary for mills to depend upon Government for supplies of at least rice, *bajri*, *jowar* and wheat.

(c) Several mills had already installed canteens where tea and light refreshments were served and some of the mills had also made arrangements to supply cooked food, but it was doubtful whether the supply of cooked food could be adopted as a general proposition by all mills in Bombay for the following reasons:—

- (1) Some mills in Bombay had no space whatsoever within the premises either for cooking or for serving food to their operatives.
- (2) A standard food suitable to the tastes of people representing various communities, castes and creeds working in the mills was difficult to evolve.
- (3) There would be difficulties in cooking and serving food to operatives belonging to different communities, castes and creeds.

(d) As regards the recommendation *re.* facilities for remitting allowances, as far back as December 1927 arrangements were made by the Association with member mills under which all money orders sent by operatives of individual mills were made out by a member of the clerical staff of the mill and were sent in one lot with a covering letter and a cheque for the total amount to the Postmaster of the nearest post office. The Committee, however, regretted that they could not agree with the suggestion that money orders of the workers should be sent at the expense of the employers.

(e) As regards the last recommendation, the attention of the Commissioner was invited to the fact that a similar proposal was made a few years ago but was dropped in the face of opposition from certain workers' organisations. (*Appendix 38.*)

EMPLOYMENT OF FIRE EXPERTS.

Towards the middle of September, the Government of India, Department of Labour, informed the Association that a number of highly trained firemen from the United Kingdom were being brought to assist in the organisation of the fire-fighting arrangements in India, and that 23 out of these were being allotted to factory purposes. Government further offered to place at the disposal of the members of the Association in Bombay the services of two such experts to enable members to perfect their fire-fighting arrangements, training of personnel, etc.

Government's offer was accepted and two fire officers are at present assisting member mills in Bombay in organising their A.R.P. fire-fighting units. (*Appendix 39.*)

A.R.P. MEASURES IN COTTON MILLS.

(*See also pages 113 and 295 of Report for 1941.*)

On page 113 of the Association's Report for 1941, reference was made to the A.R.P. measures particularly in connection with the organisation and equipment of A.R.P. personnel in cotton mills, recommended for adoption by member mills. The Special A.R.P. Sub-Committee of the Association was particularly busy during the year and a brief report on the work done by them is given below :—

Practical Training in Rescue Work.—The question of giving practical training in rescue work to A.R.P. personnel was considered in January, and it was recommended that member mills should take advantage of the facilities offered by Mr. F. Kupferroth of the Salvage Corps Station who, it was understood, had already trained a large number of people in rescue work and send at least one representative for training.

Underground Tanks for Storage of Water.—At the end of February, the A.R.P. Sub-Committee recommended member mills to take on hand immediately, purely as a precautionary measure, the construction of underground tanks for storage of water to hold approximately 15,000 gallons each. It was left to the individual mills to regulate the size of such tanks according to their own requirements and the space available, but mills were requested to inform the Association, in case special assistance was required in the matter of securing priority for supply of construction materials. Mills were also recommended to consider the question of providing an independent source of supply of water in the mill compound, and it was suggested that wells might be reopened or sunk, wherever possible, after taking permission of the Municipality.

Location of Static Water Tanks.—A circular letter from the Chief Inspector of Factories on Special Duty for A.R.P. was distributed among member mills about the end of March in which they were requested to inform the Fire Brigade Officer, Fire Brigade, Byculla, of the details of their major

fire-fighting equipment and static water-supplies in order to secure proper co-operation with the Municipal Fire Brigade in an emergency. Mills were, in this connection, requested to fix up signboards :—

- (i) over the source of water-supply indicating the quantity of water, and also
- (ii) at entrance gates and along the route, showing the direction and quantity of water-supply.

It was also suggested that arrangements should be made for the immediate admission of the Fire Brigade at the gate in an emergency and that caution boards with bold signs should be conspicuously displayed where dangerous chemicals or substances were stored.

Construction of Open Underground Tanks.—In reply to enquiries made by the Association in the matter in April, the Municipal Commissioner stated that the Health Officer had been instructed to grant permission to mills for opening or sinking tube-wells within mill compounds provided the conditions subject to which such permission was granted were fulfilled. He also stated that, in view of the present war situation, there would be no objection to the construction of open underground tanks within the compounds of mills, provided the following conditions were fulfilled :—

- (i) The number of such tanks should not exceed five in the case of any single mill.
- (ii) The water should be used only for the purpose of fire fighting in the event of failure of the municipal water-supply.
- (iii) The water should be treated with Lycotol for preventing breeding of mosquitoes.
- (iv) The tanks should be filled in or covered hermetically within three months of the conclusion of the war.

It seemed that the larvicide suggested by the Municipal Commissioner in condition No. (iii) mentioned above was extremely costly and as a result of further representations made by the Committee, the Municipality agreed to accept a cheaper mixture containing equal proportions of kerosene oil and crude oil for treating static tanks. Mills were recommended to adopt this cheaper method and keep the mixture ready for use by the staff of the Malaria Department of the Municipality. The treatment was to be repeated every week as the oil was likely to be pushed to the windward side leaving some surface free where mosquitoes might breed.

Air-raid Shelters.—Towards the middle of February, a circular was sent to all members suggesting that consideration might be given to the question of providing suitable shelters for their operatives in their premises. It was suggested that individual mills might, pending receipt of actual orders, consider their own particular requirements in the shape of trenches or shelters and prepare detailed plans and estimates. In cases where the local Government had to be approached for assistance in requisitioning space for erecting trenches, plans indicating the location of such places or areas should also be got ready.

The attention of mills was directed to Chapter II in the publication entitled "A Summary of Air Raid Precautions Applied to Factories" which contained details regarding shelters to be erected or trenches to be dug.

Mills, which had no compound or in the vicinity of which no land was available for the construction of trenches, were requested to consider the question of providing protection for their operatives on the ground floor of the factory. It was further indicated that the local Government would be prepared to entertain requests for requisitioning all available space, including roads not necessary for the movement of traffic, on which shelters could be erected or trenches dug.

Subsequently, the Association was informed that Government proposed to deal with all mills alike in the matter of A.R.P. measures, irrespective of the degree of war work done by them, and that orders regarding digging of trenches, etc., would be issued shortly. Member mills were once again recommended that the question of constructing shelters and digging of trenches, etc., should receive their immediate attention so that final plans and estimates might be ready when the order came along. It was also indicated, that details of assistance, if any, required from the local Government in the matter of requisitioning neighbouring roads or in the matter of obtaining construction materials, etc., should be forwarded to the Association for further action by the A.R.P. Sub-Committee.

Black-out Arrangements in Mills—Towards the end of February, certain complaints received by member mills from Divisional Police Officers regarding faulty obscuration of lights in mills were considered by the A.R.P. Sub-Committee. The matter was subsequently discussed by the Chairman of the Sub-Committee, Mr. Neville N. Wadia, with the Commissioner of Police, following which a Deputy Commissioner of Police was deputed to visit one or two member mills where, according to the police, satisfactory arrangements existed. The idea was that if those arrangements were found to be in order, the mill where such arrangements existed would be taken as a model and the other mills in Bombay might be asked to adjust their black-out accordingly. The Deputy Commissioner of Police visited the Textile Mill and inspected the devices available there to obscure lights in the spinning department and in the weaving sheds with northlight roofs. These arrangements were, in the opinion of the Police Authorities, satisfactory, and it was understood that Inspectors from all divisions were subsequently deputed to visit the Textile Mill to acquaint themselves with the correct method of obscuring lights within factories. Member mills were asked to depute representatives to inspect the arrangements which existed in the Textile Mill by previous appointment with the Manager of the mill.

Identification Discs for Operatives.—During the month of March, the Committee recommended that, purely as a precautionary measure, individual mills might consider the desirability of providing identification discs to their operatives *free of charge*. It had been pointed out to the Committee that the introduction of identification discs might create unnecessary panic among the workers or that the workers might resent the suggestion. The Committee, therefore, suggested that the management should discuss the

matter freely with the workers and point out to them firstly, that the measure was in the nature of precaution only ; secondly, that there was no compulsion in it ; thirdly, that such discs were being worn by people working outside the cotton mills ; and lastly, that it was in their own interest to wear the identification disc so that in the event of an unforeseen emergency, whether in the mills or outside, whether by enemy action or street accident, their relations might be communicated with, as early as possible.

Car Passes to Mill A.R.P. Officers.—To make it possible for mill A.R.P. Officers to reach the mill during an emergency, mill A.R.P. personnel were at the instance of the Sub-Committee enrolled in Government A.R.P. and special car passes were obtained for mill A.R.P. Officers. An assurance was also obtained from the A.R.P. Controller that these officers would not be expected to take up duties outside the mills in an emergency.

A.R.P. STIRRUP PUMPS.

Early in November, the Employers' Federation of India at the instance of the Joint Civil Defence Committee, Bombay, invited the co-operation of the Association in the "Stirrup Pumps Sales Campaign." In view of the considerable damage that was likely to be caused by incendiary bombs, the advisability of every household being provided with a stirrup pump was emphasised. It would appear that the Joint Civil Defence Committee had made available to the public a large number of stirrup pumps at a special low price of Rs. 25 each and it was suggested that the employees might be afforded, wherever necessary, facilities for meeting the expenditure by advancing the necessary amount as a loan to be recovered in easy instalments.

It was understood that about 8,000 fire-watching posts were already selected in Bombay, which were soon to be manned by volunteers consisting of stirrup pump parties, etc. The Committee felt that such arrangements would meet the situation adequately, and no further steps were necessary. It was not thought that it was the intention of the Joint Civil Defence Committee to suggest the supply of one pump to every tenement in Bombay for the reason that a distribution of stirrup pumps at this rate would necessitate enormous number of pumps which could not be made available in Bombay immediately. (*Appendix 40.*)

PROPOSAL FOR THE ESTABLISHMENT OF A CIVIL DEFENCE INDUSTRIAL SCHOOL AT BOMBAY.

About the middle of October 1942, the A.R.P. authorities in Bombay requested mills to depute an officer for undergoing a course of training in the Air Raid Precautions School at Calcutta. In view of the difficulties experienced by member mills in sending their A.R.P. Officers to Calcutta, the matter was taken up with the Government of Bombay, and a representation was submitted early in November.

At the outset, the attention of Government was drawn to a circular issued by the Inspector of Factories on Special Duty for A.R.P., in which cotton mills were asked to depute officers to attend industrial courses at the Air Raid Precautions Staff School at Calcutta. The Inspector of Factories stated in this circular that he might be disposed to consider the advisability of exercising his powers under sub-rule (b) of rule 51(c) of the Defence of India Rules, and serve orders on factories which did not apply for vacancies requiring them to nominate their A.R.P. Officers and deputies to attend the school, and, if necessary, also to engage and appoint a full-time A.R.P. Officer. In this connection, member mills made out the following points :—

- (a) That the principal officers were all key men in their factories and that their absence for a period of 3 to 4 weeks would interfere with the war work of the factories. For example, the principal A.R.P. Officers in certain mills were engineers, managers or weaving masters, and it would be very inconvenient to the factories if these officers were to stay away from Bombay for a period of 3 to 4 weeks.
- (b) That the situation in India's Eastern Frontiers was grave, and the junior officers were not willing to undertake the journey in spite of persuasion by managements.

The Committee, therefore, suggested that the training school be transferred to Bombay, or if this could not be done a separate school be established in Bombay, as there were a large number of factories in the South, West and Eastern Provinces of India providing ample scope for more than one training institution. Another advantage in having a separate training institution in Bombay seemed to be that, whereas, on ground of expense, individual factories might be compelled to limit their deputies to one per factory, it might perhaps be possible to permit two or three members of the A.R.P. personnel from each factory to attend the school in Bombay without interfering with their normal duties. It was also pointed out that Calcutta being so close to the scene of hostilities, Government might select a suitable spot for the training school so that the good work done by the institution may not be interrupted by any untoward events of the war. If the removal of the school from Calcutta was decided upon, then, Bombay was, by far, the best place in which to locate it in view of its easy access from all parts of India and proximity to large industrial establishments.

The Government of Bombay took up this matter with the Government of India who at the end of December informed the Bombay Government that it was not possible either to set up an Industrial School at Bombay or to transfer the existing school from Calcutta to Bombay. The Government of India stated that the transfer of an established school from Calcutta to Bombay, apart from entailing enormous expenditure, would not be justified considering the fact that as the number of factories in Bombay was about equal to those in Bengal and Bihar, and factories in other Provinces and States were more or less centrally placed between both, Bombay was not likely to attract the greater number of students. Government further stated that the question of the possibility of a serious interruption to production would not arise if a full-time A.R.P. Officer were appointed and sent for training at Calcutta instead of key men of the factories.

The Committee, however, felt that the comparison made by Government was neither fair nor correct inasmuch as the factories situated in Madras, Central Provinces and various Indian States, which would prefer to send their representatives to Bombay rather than Calcutta, had not been taken into account. The undermentioned figures, extracted from the latest "Statistical Abstract" issued by the Government of India, showing the number of perennial factories in different Provinces, did not seem to bear out the point made by Government as regards the preponderance in numbers, of Calcutta and Bihar factories.

<i>Province.</i>	<i>No. of factories subject to the Factories Act.</i>
Madras	1,292
Bombay	2,357
Sind	115
Bengal	1,354
United Provinces	392
Punjab	470
Bihar	260
Orissa	85
Central Provinces and Berar	337
Assam	108
North-West Frontier Province	23
Baluchistan	15
Ajmer-Merwara	15
Delhi	108
Bangalore and Coorg	12
Total (1939)	6,943

Another point which the Committee desired to emphasise was that the training facilities provided at the school at Calcutta were utterly inadequate to train the requisite number of A.R.P. personnel. In this connection, it was pointed out that according to figures quoted above there were as many as 7,000 perennial factories in British India in March 1940, and a large number of new factories had since been set up in the various Provinces of the country. It was understood that the training school at Calcutta could not take up more than 40 students at a time for a course of 3 weeks, and if all the perennial factories in India were to send representatives to Calcutta, there would be about 175 batches of 40 in each and these batches would take about 10 years to complete their training. In this view of the case, the Committee, in a further representation submitted to Government, suggested that having regard to the urgency and importance of training the A.R.P. personnel of factories, the question of establishing another training school at Bombay should be considered by the Government of India. (*Appendix 41.*)

COTTON CARD CLOTHING AND ALL CARD CLOTHING SUNDRIES CONTROL ORDER, 1942.

This Order was published in the *Gazette of India Extraordinary*, dated 7th January 1942, and came into force immediately and applied to the following articles of cotton card clothing and sundries.

For flat cards.—Cylinder fillet, doffer fillet, sets of tops, stripping fillet, burnishing fillet, hand stripping cards, Walton's brushes, spiral strips, Philipson's sheets, Philipson's top clearer strips, Ashworth's top clearer strips, Ashworth's dirt roller fillet, Rhode's stripping fillet, lickerin wire, blued steel wire for roving waste openers, card tacks and raising fillet.

For waste and wadding cards.—Cylinder fillet, doffer fillet, roller fillet, clearer fillet, fancy fillet, under clearer fillet, fancy stripper fillet, humbug fillet, feed roller fillet, lickerin fillet and all other card clothing and sundries.

Under the Order no person should sell or otherwise dispose of, or purchase or otherwise acquire, any article to which the Order applied, except under and in accordance with the terms of a licence, in the form appended to the Order, granted by the Assistant Director-General, Cotton Textiles, Bombay. (*Appendix 42.*)

HEALDS AND REEDS CONTROL ORDER, 1942.

This Order was published in the *Gazette of India Extraordinary*, dated 18th March 1942, and applied to the following articles used by the textile industry other than jute and hemp :—

- (1) Cotton healds.
- (2) Wire healds.
- (3) Reeds.

Under the Order, no person should sell or otherwise dispose of, or purchase or otherwise acquire, any article to which the Order applied, except under and in accordance with the terms of a licence, in the form appended to the Order, granted by the Assistant Director-General, Cotton Textiles, Bombay. (*Appendix 43.*)

COTTON TEXTILES SIZING AND FILLING CONTROL ORDER, 1942.

In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government issued, early in August, the Cotton Textiles Sizing and Filling Control Order, 1942. The order provided :

- (a) No person should on or after the 1st day of September 1942, manufacture or process, or cause to be manufactured or processed, any cotton piecegoods which contain any sizing or filling material, or both, of any description, exceeding in the aggregate 20 per cent. of the weight of the cotton in the cloth.

- (b) No person shall on or after the 1st September, 1942, sell or otherwise dispose of or purchase or otherwise acquire any cotton piecegoods which had been manufactured, processed or finished in contravention of the preceding clause.

Clause 7 of the Order stated that

“ nothing in this Order shall apply to or affect the manufacture, processing, sizing or filling of any cotton piecegoods, which is in pursuance of any firm contract entered into before 8th August, 1942, if particulars of such contracts are furnished to the Central Government in the Department of Commerce not later than August 28, 1942, but all contracts not saved by the provisions of this clause shall, in so far as they are at variance with the provision of this Order, be void.”

Subsequently the Cotton Textile Sizing and Filling Control Order was amended with effect from the beginning of January and the permissible quantity of sizing or filling materials or both of any description in cotton piecegoods was reduced from 20 per cent. to 10 per cent. of the weight of the cotton in the cloth, provided that in respect of the cloth the warp of which consisted of yarn of 14s count or coarser, the sizing or filling material might be used up to 15 per cent.

Clause 7 of the Order was also substituted by a new clause which relieved any person from any legal obligation which he might have undertaken prior to 1st January 1943 to deliver cotton piecegoods sized to an extent in excess of the amounts stipulated in this Order. The Deputy Director-General, Cotton Textiles, was, however, empowered to grant a special written permission to any person to manufacture or process or cause to manufacture or process any cotton piecegoods containing sizing or filling material in excess of the permissible quantity. (*Appendix 44.*)

SHUTTLES CONTROL ORDER, 1942.

Towards the middle of November, the Government of India issued the Shuttles Control Order, 1942, which provided that no person shall sell or otherwise dispose of, or purchase or otherwise acquire shuttles for looms, both ordinary as well as automatic, except under and in accordance with the terms of a licence issued by the Deputy Director-General, Cotton Textiles, Bombay. The Order further required every person possessing shuttles to give details of his stocks if required so to do by the Deputy Director-General as well as to comply with any directions issued by him regarding sale or disposal of shuttles. (*Appendix 45.*)

GIFT OF CLOTH TO CHINA.

At the end of February, Marshal and Madame Chiang Kai-Shek visited India. The visit notably emphasised the needs of China for all manner of materials and the necessity for closer co-operation between the two countries, and it was thought that it would be regarded as a very fine gesture if the Indian textile industry were to commemorate their visits by a suitable

gift of cloth to China. Such a token of goodwill on the part of the Indian textile industry, it was thought, would not only make a deep impression in both China and India, but would also strengthen the bonds of union which existed between the two great countries.

The Committee recommended that individual mills might donate not less than two bales of bleached bandage cloth equivalent to 4,800 yards approximately. In the case of mills which could not make this cloth, it was suggested that a cash donation equivalent to the price of two bales of bleached bandage cloth might be made. In the case of mills which had no bleaching arrangements, the Association undertook to make arrangements to assist them to bleach the cloth if indications were given in advance regarding the number of bales, yardage, etc.

The appeal received a very satisfactory response from member mills and donations amounting to Rs. 36,972, and 213,243½ yards of bandage cloth were sent to the Government of India.

EXTENSION OF DELIVERY TIME FOR CALCUTTA CONTRACTS.

Early in February, the following telegrams were received from the Marwari Chamber of Commerce and certain trade organisations in Calcutta requesting the Committee to recommend member mills to grant an extension of delivery time for outstanding contracts entered into by mills with merchants in Calcutta in view of the panic created in Calcutta by the change in the war situation in the Far East.

“Committee Marwari Chamber much concerned with present abnormal situation created owing Far Eastern hostilities stop. Calcutta piecegoods market much panic. Stricken and erratic stop expecting normality within near future meanwhile committee constrained to suggest to elude trade dislocation stop. Millowners should extend help and assistance to their customers affording all possible and reasonable facilities—Secretary, Marwari Chamber.”

“As you must be aware there is widespread panic in market here due to Far East situation and piecegoods trade has been completely dislocated stop. Deliveries rendered practically impossible also despatches outside Calcutta extremely difficult due to transport and other difficulties stop. On account of great exodus most of employees and labourers have left Calcutta stop. Consequently financial transaction completely at standstill stop. Viewing such extraordinary circumstances suggest joint meeting of authorised representatives of Bombay, Ahmedabad and Bengal Millowners' Associations and of Marwari Chamber of Commerce, Calcutta, Swadeshi Piecegoods Association and Merchants' Committee be held immediately latest fifteenth preferably in Calcutta to consider present grave situation *vis-a-vis* outstanding contracts stop. If Agreeable kindly communicate by express telegram names of your authorised representative stop. Similar Telegram also addressed to all bodies concerned—Mangtaram Jaipuria,

President, Marwari Chamber of Commerce Calcutta, Mohanlal Lalluchand Shah, President, Calcutta Swadeshi Piecegoods Association, G. R. Jhunjhunwala Joint Secretary, Merchants' Committee Calcutta.

While matters like extension of delivery dates, etc., should ordinarily be treated on their own merits at the discretion of the mills concerned, the Committee felt that, in view of the circumstances explained in the telegrams, a month's extension of delivery might be granted by mills if applications requesting such extension were received from dealers who had contracts with mills. A circular was sent to members accordingly.

SUGGESTION FOR REPLACING IRON HOOPS BY ROPES FOR COTTON BALES.

(See also pages 124 and 318 of the Report for 1941.)

Reference was made on page 124 of the Association's Report for 1941 to the suggestion made by the Indian Central Cotton Committee that, in view of the likely shortage of iron hoops, pressing factory owners might be allowed to use old hoops for baling cotton. In reply, the Committee had stated that they would have no objection to the re-use of old hoops for baling pressed cotton provided the old press marks were properly obliterated.

Towards the middle of October, the Controller of Inspection, Bombay, invited the Committee's views on the question of replacing baling hoops with ropes for baling purposes. He stated that the supplies of baling hoops were likely to become more difficult in the days to come and that a state had already been reached when it was essential that baling hoops should be conserved and the necessity of replacing baling hoops with ropes for baling purposes must be seriously considered. The Committee in reply stated that it was not clear whether it was cotton rope, jute rope or coir rope which was suggested as a substitute. If the use of cotton ropes were suggested, then, it was pointed out, this suggestion might result in a shrinkage in the quantity of yarn available to the handloom industry. If, however, the use of jute or coir rope was suggested, then the question was whether rope made of these fibres would be able to withstand the strain which might follow in the case of hard pressed bales subject to rough handling in course of transit. The Committee inquired whether experiments had been made to ascertain the suitability of rope as a substitute for baling hoops; it was, however, felt that with ropes, bales could not be pressed to the same density as they were at present with the result that insurance charges as also freight charges might tend to increase, which it was desired to avoid as far as possible. The Committee assured Government of their willing co-operation in the matter of finding a substitute for hoops, but they were very anxious to ensure that proper experiments were made to ascertain whether ropes would be an effective substitute for iron hoops under all circumstances. *(Appendix 46.)*

COTTON CLOTH COVERS FOR COTTON BALES.

(See also pages 92 and 283 of the Association's Report for 1940.)

Reference was made on page 92 of the Association's Report for 1940 to a communication received from the Indian Central Cotton Committee inviting the Committee to express an opinion as to whether spinners were likely to raise any objection to the acceptance of cloth-covered bales as legal tender in fulfilment of contracts. The Indian Central Cotton Committee proposed to undertake investigations to ascertain whether substitution of hessian by cloth manufactured from cotton wastes would be an economical proposition in normal conditions and also whether cotton would be as serviceable as jute hessian in other respects.

In reply, the Committee stated that all reasonable measures which had for their object the improvement of the offtake of Indian short-staple cotton would have their approval. It was further pointed out that the best method of solving this problem from the point of view of the spinners would be to make experiments first in the Technological Laboratory and make available the results of the tests to the spinners with a request to consider the acceptance of cotton cloth covered bales as legal tender in fulfilment of contracts.

Early in October, the Indian Central Cotton Committee informed the Association that the investigations, which were undertaken in this behalf, indicated that while a satisfactory type of cloth comparable to jute hessian in respect of storage properties and ability to withstand normal handling could be manufactured from cotton, the use of such cloth in place of hessian would depend on the price factor. For instance, it would not be economic to use cloth instead of hessian, but conditions might change again and, therefore, the views of the Committee were invited as to whether mills and exporters would have any objection to accepting cotton bales covered in cotton cloth in fulfilment of contracts.

In a reply sent to the Indian Central Cotton Committee early in November, the Committee stated that if a satisfactory cotton hessian substitute yielding the requisite tests could be manufactured and marketed at prices which were not above the jute hessian prices, no difficulty was likely to arise in accepting it in place of the jute hessian. *(Appendix 47.)*

APPRENTICE SCHEME—TEMPORARY CHANGE IN TIME OFF TO THE APPRENTICES OWING TO A.R.P. LIGHTING RESTRICTIONS.

(See page 130 of the Report for 1938.)

Reference was made on page 130 of the Report for 1938 to the Government vocational training scheme under which a number of apprentices were taken up by Bombay mills. These apprentices were permitted to leave their respective mills at 3-30 p.m., to attend lectures in the Victoria Jubilee Technical Institute, and the practice in this regard had been that first year apprentices were permitted to leave work at 3-30 p.m., on the day they had

to attend the Institute, but no such concession was given to the second, third and fourth year apprentices as their classes were held by the Victoria Jubilee Technical Institute between 6-30 and 8-0 in the evening.

Early in March, it was pointed out to the Committee that in view of the lighting restrictions imposed in various parts of the city, it would not be possible for the Institute authorities to hold the second, third and fourth year apprentice classes between 6-30 and 8-0 p.m., unless special lighting arrangements were installed. The matter was considered by the Committee and the Labour and Technical Advisory (Managers) Sub-Committee and was subsequently discussed with the Director of Industries as a result of which it was agreed that the Institute should hold the second, third and fourth year classes between 5-0 and 6-30 in the evening and that mills should give the apprentices concerned "time-off" from 4-0 p.m. (S.T.), so as to enable them to reach the Institute not later than 5-0 p.m. This arrangement, it was thought, would be advantageous from the point of view of the apprentices as it would enable them to reach their places of residence before it was dark, and it would also be welcome to the authorities of the V.J.T. Institute as the lighting restrictions applied only from 7 p.m. It was, however, made clear that the arrangement was only temporary and that it might be necessary to review the whole position in November when darkness was expected to set in much earlier than during summer months. Member mills were recommended to give immediate effect to the above arrangements (*Appendix 48.*)

RECOVERY OF DUES TO CO-OPERATIVE SOCIETIES FROM WORKERS.

Under the provisions of section 7(j) of the Payment of Wages Act, employers are permitted to deduct from workers' wages debts due to co-operative societies approved by the local Government. Towards the end of 1941, the Committee were informed by the Registrar of Co-operative Societies, Bombay, that mills with co-operative societies had been experiencing considerable difficulty in recovering dues from workers who had changed their place of employment and were working in other mills. The matter was considered by the Labour and Technical Advisory (Managers) Sub-Committee of the Association, and it was suggested that, where an employee who had taken a loan from the Co-operative society of the mill in which he was serving, left service without re-paying his debts to the co-operative society in full and joined another mill, the latter mill should, when paying wages to the worker, make a deduction equivalent to the monthly instalment due from the worker to the mill co-operative society from which he had taken the loan. The Sub-committee also suggested that, though for making deductions from wages on account of co-operative societies, it was not necessary that the worker concerned should be in the employment of the mill in which the co-operative credit society was functioning, the worker from whose wages deductions were sought to be made for payment of loans taken from co-operative credit societies should be called upon, in the first instance, to accept liability in writing and empower the mill making the deductions to make deductions from his wages. The Committee agreed with the suggestions of the Sub-committee which were subsequently brought to the notice of member mills (*Appendix 49.*)

POST - WAR RECONSTRUCTION.

In June 1941, the Government of India appointed a Post-war Reconstruction Committee to consider the problem of the transition from a war-time to a peace-time economy. This Committee was subsequently divided into the following five groups :—(1) Labour and demobilisation, (2) Disposals and contracts, (3) Public works and Government purchases, and (4) Trade, international trade policy and agricultural developments. A Consultative Committee of economists was also appointed to help the Committee in their work.

Though the main question of post-war reconstruction was thus to be considered by the Government of India, it would appear that the matter was also referred to Provincial Governments. The Government of Bombay accordingly informed the Committee that they proposed to convene a conference of officials and non-officials representing the commercial and industrial interests of Bombay for an informal and preliminary discussion. In a note outlining the points for discussion at the conference, Government observed that the Province of Bombay was likely to feel the shock of change-over from war to peace-time economy more than the less industrialised Provinces, and though no effective consideration of the industrial problem could be made until the Government of India had declared their own policy, especially their future tariff policy, it would, it was stated, be helpful if representatives of the commercial and industrial interests of Bombay could give any views and suggestions, especially with regard to the probable conditions in urban industries and the effects on urban labour which might arise at the end of the war and during the period of transition to a peace-time organisation. In the opinion of Government, it was clear that the cessation of war orders might cause unemployment of labour and that the transition to utilising industries employed on war orders for production for peace purposes might require considerable time and some dislocation of trade and business. This might mean an influx of labour from the industry, especially from the Munition and ordnance factories, back to the villages, with a resultant surplus of agricultural labour and local distress in the rural areas of the Province. The Government of Bombay thought that it might perhaps be advantageous for industrial and commercial organisations to start consideration of possible post-war problems and advise them both as to what information it would be desirable to collect in order to help consideration of the problem and as to any legislative or administrative measures which they might undertake in order to assist the process of transition.

The conference met on the 10th February and the Association was represented by Mr. L. F. H. Goodwin. As a result of the discussion which took place at the conference, the Government of Bombay invited the views of the Association on the desirability of considering at this stage the short-term post-war problems likely to arise in the Province of Bombay on account of the change-over from a war-time to a peace-time industrial economy and the measures which might be taken to tide over the possible dislocation of industry and labour. The matter was considered by the Committee who felt that Government's energies should, for the time being, be solely directed to the all-important object of seeing the war through. There was no indication

at present as to the nature and extent of reconstruction which would be necessary after the war, or the extent to which the country's finances would be strained during the war, and it was, therefore, suggested that these matters might be gone into when the end of the war was in sight. (*Appendix 50.*)

INTER-MILL WRESTLING TOURNAMENT.

(See also page 129 of Report for 1941).

Reference was made on page 129 of the Association's Report for 1941 to the appointment of a Tournament Sub-Committee consisting of Mill Managers and Labour Officers. The finals of the tournament were held on 11th March in St. Xavier's College Gymkhana ground, Parel. Mr. A. Geddis presided and distributed the various prizes.

In accordance with the decision of the Committee, the expenses of the tournament including the cost of the prizes, rent of the ground, etc., were met from voluntary contributions from cotton mills in Bombay, and the total collections made by sale of admission tickets to the wrestling tournament amounting to nearly Rs. 6,200 were donated to the Bombay War Gifts Fund to be earmarked and utilised for the purpose of providing relief to the dependents of Indian soldiers killed or incapacitated in this war.

DRINKING WATER FACILITIES FOR OPERATIVES.

Early in February, the attention of the Committee was drawn to certain requisitions placed upon member mills by the Hydraulic Engineer of the Bombay Municipality requiring the installation of additional watertaps for the convenience of operatives employed within the mill premises. The matter was considered by the Committee in consultation with the Association's Solicitors, and the Chairman and the Deputy Chairman were authorised to discuss the matter in all its aspects with the Municipal Commissioner. As a result of these discussions, the Commissioner stated that the Municipality would not press the requisitions placed upon mills. The Commissioner, however, suggested that member mills might be requested to go into the question of adequacy of water taps within the mill premises and to set matters right if in any case it was found that the existing facilities were inadequate. Member mills were informed accordingly, and it was suggested that a senior officer of the company might be deputed to examine the facilities for drinking water at present available in the mill premises to the operatives employed therein, and if it was found that there was a need for additional taps, the position should be set right immediately. (*Appendix 51.*)

THEFT OF MILL STORES.

The attention of the Association was drawn, at the end of March, to the large number of thefts which were taking place in Bombay mills. The articles selected ranged from mill stores to full pieces of cloth and even

included spare parts of machinery, lubricating oils and dyestuffs. An increase in the number of thefts not only suggested that this practice had become lucrative from the point of view of the operatives, but also indicated the existence of an organisation to purchase stolen property.

The matter was considered by the Committee who felt that though it might not be possible to search every operative at the gate, individual mills should take the following precautionary measures in conjunction with their departmental heads:—

- (a) The issue to, and consumption of stores in, the departments should be very carefully watched;
- (b) The Watch and Ward staff should be instructed to exercise strict vigilance when the operatives left the mill premises at the commencement of the recess hour and at the end of each shift.
- (c) In the case of mills working night shift the Watch and Ward staff should be reinforced and arrangements should be made for regular patrolling of the mill compound by the Watch and Ward staff.

The Committee also recommended that theft cases when detected should be handed over to the police immediately, and the police officer in charge of the case should be requested to ascertain, if possible, the person or organisation which helped the culprit to dispose of the stolen property.

DECLARATION OF 1st JULY, 1942, AS A PUBLIC HOLIDAY.

Towards the end of May, the Government of Bombay requested the Committee to express an opinion on the following proposals received from banking interests in Bombay:—

(1) As the annual bank accounts were closed on the 30th June and as this day and the 1st July were both working days in the year under review, 1st July should be declared a public holiday under the Negotiable Instruments Act.

(2) In future 1st July should be declared a holiday whenever 30th June and 1st July happened to be both working days.

Government stated that the Chairman, Exchange Banks' Association, the Imperial Bank of India, the President, Bombay Bankers' Clearing House and the Reserve Bank of India, had represented to them that declaration of 1st July, 1942 as a public holiday was necessary to enable banks to complete their balance of work before reopening for business in July. The present

lighting restrictions made it impossible for the staff of the bank to sit late hours; a number of the banks' supervising staff were absent on war service and the working hours were limited under the Bombay Shops and Establishments Act, 1939.

In reply, the Committee of the Association stated that they had no objection to 1st July, 1942, being declared a public holiday and also to 1st July being declared a holiday in future whenever the 30th June and the 1st July happened to be both working days.

SUPPLY OF SIZING FLANNEL, CLEARER CLOTH, ETC.

In view of the difficulties which mills were experiencing in securing supplies of sizing cloth, clearer cloth, etc., the Director-General of Supply requested the Association that endeavours should be made to ascertain the extent of such demands with a view to endeavouring to meet them as far as possible.

In accordance with this request, an estimate of the annual requirements of these materials was sent to the Director-General of Supply about the middle of January.

TESTING HOUSE.

(See also pages 99 and 294 of Report for 1940.)

On page 99 of the Association's Report for the year 1940, reference was made to certain tests undertaken at the Indian Central Cotton Committee's Technological Laboratory at Matunga and to the scale of fees leviable therefor.

Towards the end of February 1942, the Committee were invited to express an opinion on the suitability of the following scale of fees for four further tests which the Testing House proposed to undertake:—

	Per sample.
(1) Presence of Oxycellulose	Rs. 5
(2) Presence of chemicals used in bleaching	" 5
(3) Colour (tint) determination	" 5
(4) Bursting strength test	" 5

The Committee agreed with the proposed scale of fees and the Indian Central Cotton Committee were informed accordingly. (*Appendix* .)

PRODUCTION OF CALENDERED GOODS.

Towards the end of December 1941, the Committee were requested by the Assistant Director General (Cotton Textiles) to express an opinion on a proposal to reduce the production of calendered goods both for the civilian trade and for war purposes. The idea behind the suggestion was to reduce the extent of calendering in mills and thus extend the average life of calendering bowls.

The Committee agreed that the production of calendered goods against war supplies and for civilian trade might be reduced. It was, however, felt that as 20 per cent. of individual mill's output was required by the Department of Supply, it would be helpful if such supplies and also supplies of "standard cloth" under the standard cloth scheme, which the Department of Commerce were reported to have under consideration, were taken uncalendered. (*Appendix 52.*)

PIECEGOODS MARKET REPORTS.

During the year, the weekly service of reports by Mr. Rama Kant Bhandari, on the Amritsar piecegoods and yarn markets was continued 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 greatly appreciated.

RAW COTTON STOCKS.

In accordance with the usual practice, a census of the stocks of raw cotton held by the cotton spinning and weaving mills in the City and Island of Bombay on 28th February 1942 and 31st August 1942 was undertaken by the Association, and the results are summarised below :—

Date.	QUANTITY OF RAW COTTON IN STOCK.					
	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.).
28-2-1942	403,234	205,941	66,244	32,575	469,478	238,516
31-8-1942	496,711	253,593	32,597	16,342	529,308	269,935

MEMBERSHIP SUBSCRIPTION:

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1943 were fixed at a meeting of the Committee held on Monday, the 14th December 1942 :—

	BOMBAY CITY AND ISLAND (INCLUDING KURLA).		UP-COUNTRY.		For Gins and Presses.
	Cotton Mills.	Woollen Mills.	Cotton Mills.	Woollen Mills.	
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
(a) For every 1,000 Mule Spindles or part thereof ..	8 12	15 0	5 0	12 0	..
For every 500 Ring Spindles or part thereof	8 12	15 0	5 0	12 0	..
For every 50 Looms or part thereof	20 0	11 4	12 8	9 0	..
set up in the mill or mills, factory or factories, which, for the time being, shall belong to each member.					
(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 ..	2 8	2 8	2 0	2 0	..
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 .. .. .	..	..	..	..	2 0

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

MILL HOLIDAYS AND PAY DAYS FOR THE YEAR 1943.

The following mill holidays and pay-days which are in conformity with the provisions of the Indian Factories Act, 1934, and the Payment of Wages Act, 1936, respectively have been recommended by the Committee of the Association for adoption by all Bombay member mills during the year 1943 :—

MONTH.	DATE.	DAY.	FESTIVAL.	PAY DAY.		
				MILLS EMPLOYING 1,000 OR MORE OPERATIVES.	MILLS EMPLOYING LESS THAN 1,000 OPERATIVES.	
JANUARY	1st	FRIDAY	<i>New Year's Day</i>	Sat. 9th	Thurs. 7th	
	10th	SUNDAY				
	17th	SUNDAY				
	24th	SUNDAY				
	31st	SUNDAY				
FEBRUARY	7th	SUNDAY		Wed. 10th	Sat. 6th	
	14th	SUNDAY				
	21st	SUNDAY				
	28th	SUNDAY				
MARCH	4th	THURSDAY	<i>Maha Shivratri</i>	Wed. 10th	Sun. 7th	
	14th	SUNDAY				
	21st	SUNDAY	<i>Holi</i>			
	22nd	MONDAY				
	23rd	TUESDAY				
28th	SUNDAY					
APRIL	5th	MONDAY	<i>Gudi Padva</i>	Sat. 10th	Wed. 7th	
	13th	TUESDAY				<i>Ram Navami</i>
	18th	SUNDAY				
	25th	SUNDAY				
MAY	2nd	SUNDAY		Mon. 10th	Fri. 7th	
	9th	SUNDAY				
	16th	SUNDAY				
	23rd	SUNDAY				
JUNE	6th	SUNDAY		Thurs. 10th	Mon. 7th	
	13th	SUNDAY				
	20th	SUNDAY				
JULY	4th	SUNDAY	<i>Ashadi Ekadashi</i>	Sat. 10th	Wed. 7th	
	13th	TUESDAY				
	18th	SUNDAY				
	25th	SUNDAY				
AUGUST	1st	SUNDAY	<i>Nag Panchami</i>	Tues. 10th	Sat. 7th	
	6th	FRIDAY				<i>Narali Purnima</i>
	15th	SUNDAY					Gokul Ashtami
	23rd	MONDAY				
29th	SUNDAY					
SEPTEMBER	3rd	FRIDAY	<i>Ganesh Chaturthi</i>	Fri. 10th	Tues. 7th	
	8th	WEDNESDAY				<i>Gowri Visarjan</i>
	12th	SUNDAY	<i>Anant Chaturdashi</i>			
	19th	SUNDAY				
29th	WEDNESDAY	<i>Sarva Pitri Amvasa</i>				
OCTOBER	3rd	SUNDAY	<i>Dasara</i>	Sun. 10th	Thurs. 7th	
	8th	FRIDAY				
	17th	SUNDAY	<i>Diwali</i>			
	28th	THURSDAY				
	29th	FRIDAY				
30th	SATURDAY					
NOVEMBER	7th	SUNDAY		Wed. 10th	Sat. 6th	
	14th	SUNDAY				
	21st	SUNDAY				
	28th	SUNDAY				
DECEMBER	5th	SUNDAY		Fri. 10th	Tues. 7th	
	12th	SUNDAY				
	19th	SUNDAY				
	26th	SUNDAY				

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 on 1st January 1943), 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 for purposes of assessment of customs duties with effect from 1st January 1943, and (2) the rates of duty leviable on articles the produce or manufacture of Burma, during the twelve months, January to December 1943, are reproduced in full in *Appendix 53*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1942.

LIABILITIES.	Rs. a. p.	Rs. a. p.	ASSETS.	Rs. a. p.	Rs. a. p.
<i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, Salary and Bonus paid to staff, refund of subscriptions, etc., unpaid</i>	11,831 0 8		<i>Interest accrued on General Fund to 31st December, 1942, but not received</i>	2,394 13 0	
<i>Subscription received in advance for 1943</i>	21,872 8 0		<i>Outstandings due</i>	3,891 7 0	5,786 4 6
<i>Deposits : Arbitration Fees (Contracts)</i>	1,510 0 0		<i>Advance payments made for Books and Periodicals, Telephone, Salary of Clerk at Calcutta and other sundry items</i>		3,242 9 7
<i>Recoveries from Mills in connection with Municipal Assessments.</i>	4,817 1 0		<i>Investments (At Cost)</i>	Face value.	Cost
<i>Recoveries from Mills in connection with Tapioca flour</i>	4,22,168 1 6			Rs.	
<i>Recoveries from Mills in connection with expenses of Fire Experts</i>	38,818 0 0		<i>3½ per cent. Government Loan, 1947-50</i>	83,100	81,401 0 0
<i>Balance of Java Sugar Account</i>	3,76,569 12 3	8,77,586 7 5	<i>3 per cent. Government Loan, 1951-54</i>	10,000	10,187 8 0
<i>Balance of Amount appropriated for future propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills</i>		34,518 8 7	<i>4 per cent. Government Loan, 1960-70</i>	1,10,000	1,10,672 8 0
<i>General Fund :—</i>			<i>2½ per cent. Government Loan, 1948-52</i>	10,000	10,050 0 0
<i>Balance as on 31st December, 1941</i>	Rs. 3,37,499 0 2		<i>Government 3-year Interest Free Defence Bonds</i>	1,00,000	1,00,000 0 0
<i>Less bonus paid</i>	2,876 0 0		<i>3 per cent. Government Loan, 1963-65</i>	30,000	28,612 8 0
	3,34,623 0 2		<i>Government of India Defence Bonds, 1946</i>	45,000	45,281 4 0
<i>Excess of Income over Expenditure during the year</i>	26,410 11 8	3,61,033 11 10	Rs. 3,88,100		3,86,204 12 0
			<i>(Market value of the above was Rs. 4,00,112-13-0 on 31st December 1942.)</i>		
			<i>Cash :—</i>		
Total Rs.		12,73,138 11 10	<i>With the Imperial Bank of India on General Account</i>	8,77,306 12 9	
			<i>With the Imperial Bank of India on Secretary's Account</i>	455 1 0	
			<i>In hand</i>	143 4 0	8,77,905 1 9
			Total Rs.		12,73,138 11 10

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Examined and found correct.

BOMBAY, 9th March, 1943.

A. F. FERGUSON & CO.,

*Chartered Accountants,
Registered Accountants,
Auditors.*

N. S. V. AIYER,
Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr.

Income and Expenditure Account for the year ended on the 31st December, 1942.

Cr.

EXPENDITURE.	Rs. a. p.			Rs. a. p.			INCOME.			Rs. a. p.			Rs. a. p.		
To Establishment	47,645	4	0				By Subscriptions for 1942	1,12,587	11	0					
.. Dear Food Allowance	6,112	12	0				.. Miscellaneous Receipts	1,481	3	0					
.. Conveyance Allowances to Secretary, Labour Officer and Assistant Labour Officer	3,196	7	0				.. Registration of Trade Numbers	424	4	0					
.. Preparation of Monthly Import and Export Statistics for 1942	2,457	8	0				.. Registration of Trade Names	400	0	0					
.. Preparation of Statistics for the Bombay Cotton Mill Industry for 1941	618	0	0				.. Interest on Investments of General Fund, etc. (including interest accrued Rs. 2,394-13-0)	10,198	0	2					
.. Office Rent	3,800	0	0												
.. Printing Statistical Returns, Mill Statement for 1942, and Annual Report for 1941, etc.	6,912	14	0												
.. Stationery	3,898	14	0												
.. Advertisements	103	10	0												
.. Books and Periodicals	514	15	6												
.. Auditors' Fees	300	0	0												
.. Telephones	1,057	12	0												
.. Electric Lights and Fans	970	4	11												
.. Law Charges	143	12	0												
.. Furniture and Fixtures	499	5	0												
.. Petty Charges, Sundry expenses including Postage and Telegrams	2,837	8	0												
.. Association's Contribution to Provident Fund	3,174	4	0												
.. Membership subscription to the Employers' Federation of India, the Textile Institute and the Royal Asiatic Society for 1942	1,338	2	0												
.. Income-tax on interest on Securities for 1941-42 deducted at source	2,190	9	1												
.. Less—Refund for 1941 Account	943	3	0												
.. Bonus to Staff	7,351	12	0												
.. Contributions for the year to :—															
.. The Victoria Jubilee Technical Institute	1,500	0	0												
.. Police Comforts Fund	1,000	0	0												
.. Textile Technical School	700	0	0												
.. Sir J. J. Hospital Nursing Association Fund	500	0	0												
.. K. E. M. Hospital Poor Box Fund	400	0	0												
.. Naigaum Social Service Centre	350	0	0												
.. Bombay Textile and Engineering Association	200	0	0												
.. Goculdas Tejpal Hospital Nursing Association Fund	200	0	0												
.. Maharashtra High School	150	0	0												
.. Balance, being excess of Income over Expenditure, carried to Balance Sheet															
Total Rs.															

Examined and found correct.

A. F. FERGUSON & CO.,

Chartered Accountants,

Registered Accountants,

Auditors.

N. S. V. AIYER,

Secretary.

BOMBAY, 9th March, 1943.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December, 1942.

PROPERTY AT OPENING AND RECEIPTS	Rs. a. p.	Rs. a. p.	Rs. a. p.	PROPERTY AT CLOSING.	Rs. a. p.	Rs. a. p.
<i>Funds as at 1st January, 1942</i>		1,76,283 8 10		<i>Investments held at Cost :—</i>		
<i>Subscriptions received from members during 1942</i>	5,695 1 4			<i>Face Value.</i>		
<i>Contributions from the Association for 1942</i>	3,174 4 0			3½ per cent. Government Loan, 1947-50	18,900	18,859 0 0
<i>Employers' share of contribution received from the Dept. of Supply on Mr. Maloney's account</i>	2,500 0 0			4 per cent. Government Loan, 1960-70	70,500	70,082 8 0
<i>Interest (including interest accrued Rs. 1,946-10-6)</i>	6,427 4 6			3 per cent. Government Loan, 1951-54	75,500	74,967 13 0
<i>Less—Bank Charges</i>	129 6 0	6,297 14 6		3 per cent. Defence Bonds, 1946	28,000	28,150 0 0
		17,667 3 10		<u>1,92,900</u>		
<i>Less—Claims paid</i>	7,298 4 6	1,93,930 12 8		<i>(Market value of these securities was Rs. 2,01,445-5-0 on 31st December, 1942.)</i>		
<i>„ —Claims forfeited</i>	31 7 0	7,329 11 6		<i>Advance to Members</i>		552 5 0
		1,86,601 1 2		<i>Interest accrued on the above securities</i>		1,946 10 6
<i>Lapses and Forfeitures :—</i>				<i>Cash with the Imperial Bank of India on current account</i>		4,367 4 1
<i>Balance as per last statement</i>		12,293 0 5				
<i>Add—Amount forfeited during the year</i>		31 7 0				
		12,324 7 5				
Total Rs. .		1,98,925 8 7		Total Rs. .		1,98,925 8 7

Examined and found correct.

BOMBAY, 9th March 1943

A. F. FERGUSON & CO.,

Chartered Accountants,

Registered Accountants,

Auditors.

N. S. V. AIYER,

Secretary.

Report for the Year 1942.

Section III.

CORRESPONDENCE.

APPENDICES 1—53.

APPENDIX 1.

FUEL OIL SUPPLIES TO COTTON MILLS.

FUEL OIL CONTRACT—NOTICE OF REVOCATION OF CLAUSE 2.

Copy of letter No. S., dated 16th May 1942, addressed to all mills using furnace oil by the Burmah-Shell Oil Storage and Distributing Company of India, Ltd.

Owing to the war situation, it may not be possible for our suppliers to continue to send us furnace oil of the present quality.

All or part of the furnace oil shipped to us in the future may have specification figures which differ from those shown in clause 2 of the furnace oil contract arranged between us. We regret, therefore, that we must give you six months' notice of our intention to cancel clause 2 of our contract. If this step is not acceptable to you, you have the option, under clause 13, of giving six months' notice to terminate the contract, and we shall be obliged if you will advise us should you decide to exercise this option.

If, during the notice period of six months, our suppliers are compelled to supply us entirely or partially with furnace oil which does not comply with the present specification, then a state of *force majeure* would be held to have arisen.

We regret that it is necessary for us to write to you on these lines, and we are hopeful that no change in specification will be made, but we feel that we must warn you, and are confident that you will appreciate the difficulties with which we and our suppliers have to contend.

Copy of circular No. 208, dated 9th June 1942, addressed by the Association, to all mills in Bombay.

The attention of the Association has been drawn to letters addressed by Messrs. Burmah-Shell Oil Storage and Distributing Co. of India Ltd. giving six months' notice of their intention to revoke clause 2 of their contract which refers to oil specifications. The matter has since been considered by the Committee and also discussed with a representative of the oil company. The Committee recommend that in view of the abnormal conditions prevailing, members might write back accepting the notice as a war emergency. Individual members might in their letter also express the hope that the revocation of clause 2 of the contract would not mean any deterioration in the quality of oil supplied, and that they expect that it would be possible for the Oil Company to reinsert the specification clause as soon as normality is restored.

APPENDIX 2.

INCREASE IN THE PRICE OF FURNACE OIL.

Copy of letter No. B/LF/7, dated 24th August 1942, from Burmah-Shell Oil Storage and Distributing Company of India, Ltd., to the Association.

We are writing in confirmation of our discussion on the 21st instant with the Chairman.

We explained first that, although the current form of mill contract for furnace oil with the mills had been designed to allow suppliers a reasonable measure of freedom in recovering increased costs by "special" and "general" variations, it had proved in practice

impossible to "keep up" with the recovery of additional costs under the clauses which now exist in our contracts.

For the future the arrangement proposed is as follows :—

Our basic price for furnace oil f.o.b. our loading points (while supplies are available at these points) will be that price which, relative to the American f.o.b. price, shows our consigning companies the same return—as in August 1939, i.e., if, as was actually the case, our consignors' return from Indian ports averaged 2 shillings and 10 pence below the then current f.o.b. American price, our basic price to-day will be similarly 2s. 10d. below to-day's American f.o.b. price.

To arrive at Indian main port prices, there will then be added to the basic price the actual laying down and distributing costs incurred, which are the freight, insurance (including w.r.i.) leakage in transit, to each individual point plus the Indian average landing duty, storage and handling costs, plus again the cost of delivery as incurred in individual ports.

There will thus be one price only for furnace oil at each port, and on this basis the price delivered to mills in Bombay is currently Rs. 55-2 per ton; and this is Rs. 12-14 more than we are obtaining to-day, and Rs. 25-14 per ton more than the mill rate delivered, in August 1939. In explanation of this latter difference, we can say that the American price increase at present contributes only Rs. 2 per ton, that is, our consigning companies should obtain Rs. 2 per ton more f.o.b. loading ports than they did pre-war, and against this they must set the increased cost of production, transport to loading ports and loading.

The big item freight, insurance (including w.r.i.) and transit, leakage—all outside the Company's control in to-day's conditions, contribute Rs. 19-6 to the increase (35s. 2d. against 6s. 1d. pre-war).

Duty has increased by Rs. 2-6 per ton.

Adding the above increases together we get Rs. 23-12, and the balance of Rs. 2-2 is accounted for by the increase in our landing, storage and distribution costs in India, and the "ironing out" of the preferential mill rate into an all-India port by port rate. With regard to this latter, by orders of the Government of India, the Furnace Oil Controllers are now only to allow delivery of furnace oil to consumers whose use of this fuel is essential in the national interest. It is reasonable, therefore, that except for the variations in freight, insurance, etc., from f.o.b. to each distributing port, the prices to all these essential consumers should be the same.

Included in these consumers are the Government of India, and their price for furnace oil, under the contract with the Chief Controller of Purchase (Supply) will be Rs. 55-2 per ton delivered Bombay as from 11th September 1942. All other non-mill consumers in Bombay will also pay the same price from mid-September, and the above method of calculating prices will continue until further notice, which entails our supply commitment being on a day-to-day basis.

In the case of the mill contracts, apart from our ability to make a "special variation" up to Rs. 2 per ton at three months' notice, we can only make other alterations at six months' notice, and we are therefore giving the necessary six months' calendar months' notice of termination of our mill contracts, individually to each mill.

We are, however, asking the Association whether, as our new basis of fixing a price is eminently reasonable, the mills would accept this new basis and the price it entails from the date that other Bombay consumers will pay this price, i.e., 18th September 1942. It is appreciated that the millowners can only with reason be asked to accept the new basis, until the expiry of contracts, provided all in the textile trade follow suit. We would add that we have done our utmost throughout the war to date to meet the wishes of consumers in every possible way, in spite of the difficulties connected with supply and shipping, and the Association may be assured of the continuance of these efforts, though factors beyond our control compel us to alter the current basis of contract.

Copy of letter No. B/LF/7, dated 29th August 1942, from the Burmah-Shell Oil Storage and Distributing Company of India, Ltd. to the Association.

We write to confirm the interview which we and Messrs. Standard-Vacuum Oil Co., Ltd., had with your Chairman and Secretary on Friday, 28th August, at which was discussed the Millowners' Association's reply to this company's letter of the 24th August* regarding furnace oil costs, prices, and contracts.

The Chairman advised us first that the Association had decided to recommend to its members the acceptance of the price of Rs. 55-2 per ton delivered to mills in Bombay, to be operative from 18th September and to continue during the remainder of the mills contracts, i.e., up till the 28th February, 1943. The Chairman wished to record that the extra price to be paid above the contract rate by the mills was an *ex-gratia* payment. This has been noted with appreciation and thanks.

It was agreed that the new price of Rs. 55-2, which is to be a flat rate for all mills, will not be varied between 18th September and 28th February, 1943, except by such amounts as the Government of India import duty on furnace oil may vary.

The Chairman asked that it should be recorded that the Millowners' Association does not accept as a working basis the method of calculating prices set out in this company's letter of 24th August. This has been noted, and in reply to an enquiry made by the Chairman we stated that after 28th February 1943, until further notice, it was the intention that all consumers, including the Department of Supply, should pay the same price at the same port.

It was agreed that while the companies will give the mills the required 6 months' notice of the expiry of contracts, they will nevertheless offer to the mills at the expiry of these contracts, another contract which will include the terms under which furnace oil is supplied except those terms which, in the existing contracts, relate to prices. In other words, the contracts to be offered will be "supply" contracts at day-to-day rates. It was agreed, however, that the supply companies would give to the Association as much notice as was possible in the case of any price variations.

It has been agreed that the new price of Rs. 55-2 per ton delivered is only acceptable to the Association provided all the mills accept the price. There are a small number of consumers unconnected with the textile mill trade proper who are also receiving supplies on the mill type contract but who, it is understood, are not members of the Millowners' Association. We enquired from the Chairman whether, should one of the small silk mills, for example, refuse the new terms, this would, in his opinion, invalidate the arrangement agreed upon provided all mills within the Association accepted it. The Chairman advised us that he did not consider that this would invalidate the arrangement agreed upon.

In conclusion, we should like to thank the Chairman and Secretary and members of the Association for the courtesy and assistance they have shown us in this matter.

Copy of letter No. B/LF/7, dated 31st August/1st September 1942, from the Burmah-Shell Oil Storage and Distributing Company of India, Ltd., to the Association.

We write further to our letter to you, dated the 29th August, and as a result of a discussion this morning with Mr. Aiyer.

Mr. Aiyer referred to the end of the third para on page 2 of our letter reading as follows :—

"It was agreed, however, that the supply companies would give to the Association as much notice as was possible in the case of any price variations,"

and he queried whether the supply companies would agree not only to give as much notice to the Association as was possible in the case of any price variations, but also to discuss such variations with the Association.

As we have explained, after the expiry of the current contracts, there will be only one price for all consumers at the same port, including the Government of India, and to whom the method to be adopted in calculating prices, until further notice, has been advised. Our discussions, in such circumstances, would bear therefore only on the amount by which the price was to be varied and upon whether or not the mills considered it desirable to continue to purchase their oil supplies at such a price.

We appreciate, however, the point raised by Mr. Aiyer that the Association may with reason ask to know, and desire to comment upon, the factors which may contribute towards any further increase, if any, in price, and we therefore agree that, apart from advising the Association as early as possible of any forthcoming variations in price, we will endeavour, either at the time of giving notice to the Association of such price variations, or as soon thereafter as may be possible in the conditions then ruling, to advise the categories under the price "make-up" described in our letter of the 24th August in which these variations, or portion of variations, are included. In other words, we will endeavour to tell the Association as soon as possible whether any price variations are attributable to—

- (a) Variations in relation to American prices, f.o.b. loading ports ;
- (b) Freight, war risk insurance, leakage in transit ;
- (c) Import duty, or
- (d) Landing, storage and distributing expenses in India,

and we will thereupon, if the Association so desires, discuss the variations in price which have to be made in consequence, and when, although for reasons which we have given above, the fixed price for all consumers will have to be recovered, we shall nevertheless be glad to receive the comments of the Association and their views as to whether the mills are likely to be willing to draw their supplies at the new price.

We trust that the above provides the additional assurance which Mr. Aiyer desired. We are sending a copy of this letter to Messrs. Standard-Vacuum Oil Company for information, and it will be appreciated that we are not in a position to commit that company in respect of these and other letters which we have written on this subject.

Copy of letter No. 208, dated 2nd September 1942, from the Association to the Burmah-Shell Oil Storage and Distributing Company of India Ltd.

I placed your letters dated 29th and 31st August before my Chairman. There was one point which the Chairman states, he made at the interview and which seems to have been omitted from the two communications referred to. This point refers to the statement made by him that the Committee of the Association are asking members to waive their rights under the contract as an indication of their goodwill to the Oil Companies and that he hoped the Oil Companies would accept it in the same spirit and bear it in mind if and when the industry requires the Oil Company's help.

Copy of circular No. 118, dated 4th September 1942, from the Association to all mills in Bombay.

I am directed by the Committee to reproduce below for your information letter No. B/LF/7.D/O, dated the 24th August 1942,* addressed to the Association by Messrs. Burmah-Shell Oil Storage and Distributing Co. of India Ltd.

I reproduce below a further communication which has since been received from Messrs. Burmah-Shell Oil Storage and Distributing Co. of India Ltd. (Letter No. B/LF/7.D/O, dated 31st August/1st September 1942).*

The Committee of the Association recommend that member mills in Bombay might sanction the increased price asked for with effect from 18th September 1942.

Copy of letter No. M.S.25D/O, dated 4th September 1942, from the Burmah-Shell Oil Storage and Distributing Company of India, Ltd. to the Association.

Thank you for your letter of the 2nd instant.

My recollection of the discussion with your Chairman was that he wished it to be recorded that the acceptance of the increased price by the constituent mills to the Association was an *ex-gratia* payment and this, you will remember, I confirmed in my letter of the 29th August, and stated that it was accepted with appreciation and thanks.

Nevertheless, let me hasten to say that the goodwill of the mills to their oil suppliers, as evinced by their acceptance of this new price, is appreciated fully and this gesture of goodwill will certainly not be forgotten. Quite apart from this, the mills in Bombay may always be assured of the continuance from this company of any assistance which it may be able to provide.

APPENDIX 3.

POWER CONTRACTS.

Copy of letter, dated 4th June 1941, from the Tata Hydro-Electric Agencies Ltd. to the Association.

We have reference to the correspondence ending with your letter No. 2340/41 of 27th May concerning suggested modifications to Clauses 21 and 23 of Exhibit "B" of the standard contract for power supply to the textile mills.

The proposals that you have outlined, as designed to improve these two clauses, have been carefully considered and while we are in agreement that the present clauses are admittedly unsatisfactory to all parties concerned and require modification, we are unable to accept your recommendations in their entirety.

As an equitable compromise, we are prepared to recommend to our directors that both of these clauses be entirely eliminated from the textile power supply contracts. Logical reasoning leading up to this suggestion is set forth in the paragraphs that follow.

With regard to clause 21 which has to do with failure of supply for which an indemnity is provided, we are of the opinion that such is redundant and should be entirely removed. This conclusion was reached after reviewing in detail the history of, and necessity for, this clause and analysing the interruptions which have required indemnity payments to only one consumer during the past ten years.

It is to be pointed out that the Indemnity provisions of this clause have been handed down from the original power supply contracts of nearly 25 years ago where it was inserted before the dependability as to continuity of supply of our distribution network had been demonstrated and when our source of production was a single hydro-electric station.

When efforts were first made to secure power supply agreements with the Bombay textile mills, so sceptical were many of the Millowners as regards the reliability of an electric power supply and of electric motors that they not only insisted that the Power Company

should undertake actually to drive the mill shafting but also required in addition a guarantee for loss of production resulting from failures of power supply. As the mills electrified one by one, they observed in turn that the reliability of hydro-electric service was definitely on a par if not superior to the power supplied by the replaced reciprocating type steam engines. It is also to be noted that as reservoirs and power stations were added to the hydro-electric system, the security as to continuity of service was further increased until to-day it is beyond doubt on a par with that of any other electric supply system in the world and certainly superior to that of any single mill-installed prime mover.

During the past decade, indemnity under this clause has been paid only on two occasions, both of which were necessitated by special circumstances and affected the same consumer. In the ordinary course, and in the absence of these circumstances no indemnity would have been paid in this period.

Indemnity was paid to the Swadeshi Mills once in 1932 and again in 1933, amounting in total to Rs. 3,601-3. It is to be pointed out that there is up to the present time no duplicate cable connection to the Swadeshi Mill, as is the case with all other mill consumers, and that the service interruptions in 1932 and 1933 would have been avoided if that mill had the usual back-up service.

You will observe therefore that the conditions which prompted the inclusion of Clause 21 of the original Power Supply Contract no longer exist and the present service is such that interruptions necessitating indemnity have become extinct; consequently we consider the clause to be redundant and should be removed. Among other reasons prompting our desire to remove this clause and upon which we attach more importance is the fact that similar indemnity is not paid by any other supply company for failure of supply to textile mills. In fact, indemnification clauses are no longer included in contracts for electric supply for the reason that it is generally recognised that the rates now charged for service do not contemplate the supply company assuming such liability. As a matter of interest, we quote below the pertinent clauses of the usual service regulations that are now in general use:

1. "*Continuity of Service.*—The Company will use reasonable diligence to supply steady and continuous service but does not guarantee the service against irregularities or interruptions. The Company shall not be liable to the Consumer for any damages occasioned by irregularities or interruptions.

"*Suspension of Service for Repairs and Changes.*—When necessary to make repairs to or changes in the company's plant, generating equipment, transmission system or distribution system, or other property, the company may, without incurring any liability therefor, suspend service for such periods as may be reasonably necessary, and in such a manner as not to inconvenience the customer unnecessarily.

"There shall be no abatement of demand minimum or similar charge for months in which such suspensions do not exceed twenty-four hours. There shall be a *pro rata* reduction in such charges for months in which such suspension do exceed that amount."

You will agree that it appears highly unjust for Power Companies to shoulder responsibility of insurance when other services equally as vital to the operation of the mill (such as water and fuel) go absolutely free.

With regard to your suggestions for the revision of clause 23, we agree with your opinion that the operation of this clause might in certain circumstances work a hardship on the mill. If a mill is partially or totally destroyed by fire, the owners may recover for property damage but unless insurance for loss of production is also carried, the owners will definitely suffer from loss of profits, depending upon the degree to which the mill was rendered unusable by the fire. The Power Company, on the other hand, may have its cables rendered useless in consequence of a mill being destroyed or damaged by fire and, during the period the mill is being repaired or rebuilt and is in a position to resume operations, is obliged to reserve sufficient power to supply the mill's total requirements. Nevertheless, we are prepared to consider the complete removal of this clause. Such removal would eliminate any hardships to the mills that might result from the existence of this clause.

If then it is agreeable to your members, we are prepared to recommend for the consideration of our Directors the complete removal of clauses 21 and 23 from the Power Supply Contracts. The opportunity presented to discuss this matter with the members of the Special Sub-Committee is appreciated and we shall be pleased to do so at any time at their convenience.

Copy of letter No. 745/41, dated 20th February 1942, from the Association to Messrs. Tata Hydro-Electric Agencies Ltd., Bombay.

I am directed to acknowledge the receipt of your letter dated the 4th June 1941 which unfortunately was not received by the Association before the 20th January 1942.

The Committee of the Association have given their most careful consideration to the contentions advanced by you in connection with the request made for an amendment of clause 21 of the power contract, but they are of opinion that the company's guarantee and indemnity to consumer elaborated in this clause must be allowed to stand. It is quite true that upto now there has been no serious difficulty as regards supply of power, but the question of retaining the indemnity clause must be considered on its own merits apart from the Power Companies' ability to supply power in terms of the contract. Even if your contention that your power supply has not failed in the past and is not likely to fail in the future is accepted, it will only mean that the indemnity clause in the contract will not be brought into operation, and there seems to be no harm in retaining this clause which has been in the agreement all these years. The point made by the Committee was that the basis of compensation should be enhanced, but in view of the abnormal conditions which exist at present, they are prepared to agree to the consideration of this question being postponed for the time being.

My Committee note that your Board agree to the deletion of clause 23.

Copy of letter No. BH-42/42, dated the 25th February 1942, from Tata Hydro-Electric Agencies Ltd. to the Association.

I have to acknowledge with thanks receipt of your letter 745/41 of 20th February and to note that your Committee has decided, in view of the abnormal conditions which exist at present, to defer consideration of the tentative proposals put forward.

With reference to the last paragraph of your letter, it is necessary to state that our proposal for the deletion of clause 23 was contingent upon your Committee agreeing at the same time to the deletion of clause 21.

APPENDIX 4.

FIRE INSURANCE RATES FOR COTTON MILLS.

Copy of letter No. 4670/15, dated the 23rd/25th February 1942, from the Bombay Fire Insurance Association to the Association.

I refer to correspondence resting with my letter No. 4670/13 of the 24th April last* and am directed to inform you that as proposed at the joint Conference held on 21st February 1941, my Committee have given their further consideration to the following points and have decided as under :—

Rates for Fireproof sprinklered godowns in the mofussil.—My Committee regret they are unable to reduce these rates.

Combined rates for stores and spare parts.—It has been decided to fix the following rates under sections I and II of the Bombay and Salsette Cotton Mills Godowns Tariff.

*Not less than annas
per cent. per annum.
F.P. N.F.P.*

Section I.

“(b) (2) Non-hazardous goods including spare parts of machinery but excluding cotton and dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	2½	4
(c) (2) Hazardous goods excluding cotton but including dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	4	7

Section II.

(b) (2) Non-hazardous goods including spare parts of machinery but excluding cotton and dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	2½	3
(c) (2) Hazardous goods excluding cotton but including dyeing and/or bleaching substances, dyes, metal oxides, acids and salts	4	6”

Extra for Night work on boiler house.—My Committee have decided to give effect to the agreement arrived at the Conference that no extra for night work be charged on a boiler house which does not communicate with an engine house.

The above revisions are being sanctioned provisionally pending confirmation by the Fire Offices’ Committee (Foreign).

Insurance in one amount, etc., on cotton, yarn and cloth in godown in a row.—It appears to my Committee from your letter dated 9th April, 1941, that you have overlooked the point that they do not agree to your amendment of this item in the minutes of the joint conference.

I am to point out that a number of small godowns (separate risks) attracts the same penalty as a mill who might desire to cover in one amount from godown each with a capacity of 5,000 bales. In a recent case of concentration of value involving over 20,000 bales a very severe loading was imposed. Besides a mill benefits with rows of godowns when it is desired to store American or loose cotton or waste.

APPENDIX 5.

RIOT AND CIVIL COMMOTION TARIFF.

Copy of letter dated 6th August 1942, from the Bombay Fire Insurance Association to the Association.

As requested by you, I am sending a copy each of Circulars G. Nos. 208 and 209 of to-day’s date issued to members in the above connection.

Copy of circular G.No. 208, dated 6th August 1942, from the Bombay Fire Insurance Association to the representatives of Fire Insurance Offices, Bombay.

I am directed to inform you that as from midnight of 5th/6th instants *all* rates under this Association’s Riot and Civil Commotion Tariff (including Karachi) have been increased by *fifty per cent.*

This applies to all new business and renewals falling due after the above time and does not affect such apprehensive periods as may be now in force which shall continue to be applied at the new rates.

Copy of Circular G.No. 209, dated 6th August 1942, from the Bombay Fire Insurance Association to the representatives of Fire Insurance Offices, Bombay.

I refer to circular G.No. 208 of to-day's date and am directed to make it clear that such apprehensive periods as are now in force shall continue to be in force and the new rates are the basis on which they are to be applied.

Copy of letter No. 893-M/37, dated 7th August 1942, from the Bombay Fire Insurance Association to the Association.

I refer to my letter dated 6th instant and am directed to inform you that my Committee regret that no intimation of the increased rates was given to you before they were brought into force. I am to explain that in view of the urgency of the matter my Committee considered it necessary that the increases should be made effective immediately.

Copy of letter G.No. 211, dated 10th August 1942, from the Bombay Fire Insurance Association to the representatives of Fire Insurance Offices, Bombay.

I am directed to inform you that normal period Tariff rates are suspended with effect from to-day for all risks in this Association's territories.

Until further notice property in these areas, not at present insured against riot risk may only be covered for a maximum period of one month at the annual rate.

At the option of companies ordinary Tariff rates may be applied in the case of renewal business, and for risks fully covered any additional insurances required may be effected at the rates advised in circular G. No. 208, dated 6th August, 1942.

Copy of letter No. 75, dated 18th August 1942, from the Association to the Bombay Fire Insurance Association, Bombay.

Subject—RIOT AND CIVIL COMMOTION TARIFF.

I am directed to refer to your circulars G. Nos. 208 and 209, dated the 6th August 1942, increasing by 50 per cent. the rates under the above tariff with effect from the midnight of 5th/6th instant.

The point made out by you in the second paragraph of your circular G. No. 208 and further explained in your circular G. No. 209 is not still quite clear to my Committee, and it would be of considerable assistance to them if you would be good enough to explain the position to them.

With regard to the increase in the Riot and Civil Commotion Tariff, my Committee feel that, while there may be some justification for raising the rates in respect of new businesses, they see no reason for increased rates being made applicable to renewals falling due after the midnight of 5th/6th instant.

In this connection, I am desired to state that cotton mills in Bombay appear to have been regularly taking cover under the Riot and Civil Commotion Tariff even under normal conditions, and it would be unfair to them to increase the rate when conditions become

abnormal. In the circumstances, it is suggested that the proposed increase should not be made applicable to those cotton mills or cotton mill godowns in respect of which riot and civil commotion cover has been taken in the last few years. My Committee consider that this is a very reasonable proposal bearing in mind the fact that the mills concerned have been insuring themselves under the Riot and Civil Commotion Tariff even under normal conditions.

Copy of letter No. 893-N/1, dated 2nd September 1942, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 75 dated 18th ultimo and enclose copies of circulars G. Nos. 211 and 214, which we trust will clear up the difficulty raised by previous circulars.

With regard to the application of the new increased rates to renewals of existing annual business, my committee gave consideration to all the circumstances and they felt that the present general situation is totally different to that contemplated when the normal annual rates were fixed.

In the conditions generally existing nowadays, the majority of riot covers would be enjoying an unwarranted low rate if an increase intended to be of a general nature were not applied to renewals as well as to new annual business.

Copy of letter No. 75, dated 21st September 1942, from the Association to the Bombay Fire Insurance Association.

I am in receipt of your letter No. 893-N/1, dated the 2nd September, 1942. The position regarding "apprehensive period" is now quite clear to my Committee, but they feel that the decision of your Association on the question of the application of increased rates to old policies coming up for renewal requires reconsideration.

My Committee have no information regarding the circumstances under which your Association decided to increase the rates. Madras and Calcutta circles do not appear to have increased their renewal rates. Bombay appears to be better equipped and protected than any other centre to prevent and/or deal with all possible risks coming under the Riot and Civil Commotion Tariff; in any event my Committee would like to be informed in what respects your Committee consider the Riot and Civil Commotion risk is greater in Bombay than anywhere else.

Several members of my Association have been, at the instance of their respective insurance companies, regularly taking riot and civil commotion cover. Those people were led to believe that by taking riot and civil commotion cover in normal times they were also insuring themselves against any abrupt increase in tariff rates when conditions tend to become abnormal, and in this view of the case, the increase is regarded as a breach of contract.

My Committee request that dispassionate reconsideration be given by your Association to the whole question. Perhaps the trend of current events, in the minds of your members, points to certain possible developments, but it is felt that the essential points for consideration are:—

- (a) Whether, and if so, to what extent these developments would increase the risks directly covered by Riot and Civil Commotion Tariff;
- (b) Whether, and if so, to what extent Bombay is protected against these developments; and
- (c) Whether the increase is fair in the case of those mills which have been taking R.C.C. cover in normal times.

Copy of letter No. 893-N/8, dated 8th October 1942, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 75, of the 21st ultimo and am directed to inform you that my Committee are not concerned to compare the situation in Bombay with that in other parts of India over which they have no jurisdiction and are only indirectly affected by decisions arrived at by other insurance bodies concerning other territories.

The action they have taken was based on their knowledge and experience of a completely new complexion having been assumed by these risks over a period of months, if not years, in this territory and the resultant necessity to protect themselves to some small extent—and compared with the altered and enhanced nature of the hazard, it is only to a small extent—by an increase in the rates being charged for cover under the old scheme of things.

It may be that a wrong impression was given by the imminence of political disturbances at the time the increase was brought into force but this was purely coincidence as was evidenced by the imposition of an apprehensive period a few days later.

The position is still being carefully watched by those who feel that the Committee's arguments are sound but were not adequately reflected in an all-round increase in rates of only fifty per cent.

So far as your suggestion of a breach of contract is concerned my Committee repudiate any such suggestion and wish to point out that the advantage of taking out regular cover remains, as it always has been, avoidance of the imposition of the greatly increased rates which less fortunate insureds have to pay when an apprehensive period is declared.

It is felt that your points for consideration are answered in the above, but in case you still require specific comment this is given below:—

- (a) Yes, and to an extent far in excess of any risk commensurate with the present increased rates.
- (b) The Committee are unable to comment on this point.
- (c) Yes, in terms of the arguments set out in this letter.

Copy of letter No. 75, dated 19th October 1942, from the Association to the Bombay Fire Insurance Association.

RIOT AND CIVIL COMMOTION TARIFF.

I am directed to acknowledge the receipt of your letter No. 893-N/8, dated the 8th October, 1942, on the above subject. My Committee have appointed a small Sub-Committee to discuss this matter with representatives of your Association, and I am to suggest that if your Committee agree, a Sub-Committee of your organisation may also be appointed so that the proposed meeting may take place at a very early date. I shall be glad if you will kindly let me know in consultation with your Committee whether they are in agreement with the suggestion contained in this letter and if so when and where the proposed meeting may be held. The Board Room of this Association is at your disposal.

Copy of letter No. 893-N/9, dated 28th October 1942, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 75 of 19th instant and am directed to inform you that our representatives will be pleased to receive your Sub-Committee to discuss this matter in this Association's Rooms on Tuesday, 3rd November, 1942,* at 4 p.m.

Please confirm the time and date or suggest another suitable to your representatives.

* Note:—The meeting was held on 5th November 1942 at 3-30 P.M.

Copy of letter No. 893-N/15, dated 12th November 1942, from the Bombay Fire Insurance Association to the Association.

I am directed to enclose for your information a copy of the notes of the joint meeting held on the 5th instant between representatives of your Association and this Association.

Notes of a Joint Meeting between the representatives of the Bombay Fire Insurance Association and the Millowners' Association held in the Fire Insurance Association's Rooms, on Thursday, 5th November, 1942, at 3-30 p.m.

Present:—Mr. F. A. C. Gibson (Deputy Chairman), Mr. A. F. Richards, Mr. J. C. Setalvad, Mr. A. Smith and Mr. J. W. T. Leith (Secretary).

Representatives of the Millowners' Association.—Mr. Krishnaraj M. D. Thackersey (Chairman), Sir Vithal Chandavarkar (Deputy Chairman), Sir Ness Wadia, K.B.E., C.I.E. and Mr. N. S. V. Aiyer (Ag. Secretary).

The Millowners' representatives stressed the point that they had not understood our reasons for increasing their riot rates as they had been paying their premiums regularly for years and had made no claims. They enquired about loss experience. They agreed that the premium involved was small but were concerned with the principle. They referred to Bengal where the rates had not been increased and they considered the danger was greater. They also quoted the rates on motor vehicles which had been similarly increased but subsequently reverted.

They pointed out that an agreement to consult them was made in 1925 and they stressed the fact that, as a body, they were our most important clients.

It was pointed out by our representatives that the increase in our rates only brought them level with those in Bengal and that we felt the danger in Bombay to be no less than on the other side. Explanations were given of why we consider the whole circumstances have changed and it was pointed out that the alternative of applying the Apprehensive Period to mills was considered and it was decided to give them the benefit of the doubt and increase their rates by only 50 per cent. The low limit of damage in the case of motor vehicles was explained.

With regard to the 1925 agreement it was pointed out that this referred specifically to the Mills and Godowns Tariffs and that these were quite separate sections of our Tariff Book and did not include riot rates which were contained in another quite separate Tariff.

It was also pointed out that there must be occasions when the need for immediate action would not permit of prior consultation but the agreement to consult them before making any alteration in mills or godown rates would be adhered to whenever possible.

Our representatives explained that the special nature of our relations with their members had been recognised in increasing their rates by only 50 per cent. and they were assured that the increase was not of a permanent nature and would almost certainly be taken off along with the present Apprehensive Period.

Copy of letter No. 75, dated 16th November 1942, from the Association to the Bombay Fire Insurance Association.

I thank you for your letter No. 893-N/15, dated the 12th November 1942, and enclosure. One point seems to have been omitted from the precis supplied by you. I have recorded the following additional paragraph in my note:—

“ There was some discussion as regards the quantum of increase, and Mr. Krishnaraj M. D. Thackersey suggested that the question might be reconsidered by the Fire

Insurance Association in the light of the discussions which have taken place. It was also suggested that the question of joint consultation raised by Sir Ness Wadia might also be placed before the Fire Insurance Association Committee for ratification."

and I trust that this is in conformity with what happened at the meeting.

Copy of letter No. 893-N/18, dated 26th November 1942, from the Bombay Fire Insurance Association to the Association.

I acknowledge receipt of your letter No. 75 dated 16th instant and am directed to inform you that my Committee agree to the additional paragraph to the notes forwarded to you with my letter dated 12th instant.

APPENDIX 6.

COTTON IN FULLY PRESSED BALES STORED IN MILL COMPOUNDS.

ADDITION OF A WARRANTY IN THE INSURANCE TARIFF.

Copy of letter No. 1519—A125, dated 11th May 1942, from the Bombay Fire Insurance Association to the Association.

The attention of my Committee has been drawn to the fact that storage of fully pressed bales of cotton in close proximity to process blocks in mill compounds is a practice being followed or allowed to an increasing extent in recent months.

The reason for this is, in most cases, a lack of space elsewhere in the compound under present conditions but my Committee would be glad if you will draw the attention of your members to the resultant increase in the fire risk to mill property and seek their co-operation in discouraging the practice.

Our Tariffs provide penalty rates in cases where loose cotton is stored within 50 feet of mill buildings in which processes previous to spinning are carried on and, although it has not been necessary hitherto, my Committee are now considering the advisability of applying increased rates to lower rated process blocks where the danger of fire spreading from stacks of bales in close proximity is a real danger.

It is realised that this open storage may be temporary or of short duration but even so it is felt that the practice must be discouraged and I am to enquire whether any real hardship would be entailed if a warranty on the following lines is introduced into policies:—

"When cotton in fully pressed bales is stored in the open or in open sheds within 30 feet of any building rateable under this (various Cotton Mills and Cotton Mills Godowns Tariffs) Tariff the highest rate applicable shall in all cases apply over all."

The existing warranty, viz. :

"Cotton lying in a cotton mill compound in transit to godowns and/or sheds may be deemed to be covered by insurances on cotton in the godowns and/or sheds for a period of 48 hours from the time of its arrival in the compound."

will stand.

My Committee will be glad if you will circularise your members in this matter and let us have your Committee's views on our proposals in early course.

Copy of letter No. 75, dated 22nd June, 1942, from the Association, to the Bombay Fire Insurance Association.

COTTON IN FULLY PRESSED BALES STORED IN MILL COMPOUNDS.

I am directed to acknowledge the receipt of your letter No. 1519-A/25, dated the 11th May 1942, on the above subject. You enquire whether any real hardship would be entailed if a warranty on the lines suggested by you were introduced into policies. The warranty you suggest reads as under:—

“When cotton in fully pressed bales is stored in the open or in open sheds *within 30 feet* of any building rateable under this (various Cotton Mills and Cotton Mills Godowns Tariffs) Tariff the highest rate applicable shall in all cases apply over all.”

You, however, point out that the existing warranty, which reads as under, will stand:—

“Cotton lying in a cotton mill compound in transit to godowns and/or sheds may be deemed to be covered by insurances on cotton in the godowns and/or sheds for a period of 48 hours from the time of its arrival in the compound.”

Your communication has been carefully considered by my Committee, and I am desired to state at the outset that, so far as loose cotton is concerned, a circular will be sent immediately to all members of the Association asking them not to permit storage of loose cotton within 50 feet of mill buildings.

As regards the storage of fully pressed cotton in close proximity to process blocks in mill compounds, my Committee concede that it will increase risk of fire and that it should, for that reason, be avoided as far as possible. They feel, however, that in these abnormal times when the supply of railway wagons is by no means certain, mills have to carry large stocks of cotton for which adequate godown accommodation is not available. It is also a fact that, in certain cases, when a large consignment is brought into the mill compound, it takes some time to arrange for the necessary space during which the bales have to be kept in the mill compound even within 30 feet of the process blocks. It should also be remembered that the godown facilities formerly available to mills in Sewree are no longer available, Government having taken over large godown accommodation, with the result that mills are likely to experience considerable difficulty in stacking cotton at a respectable distance from process blocks. Taking all these facts into consideration, my Committee suggest that a reasonable margin should be provided to enable mills to provide the necessary stacking accommodation in respect of cotton brought by them within the mill compound. This concession is asked for only in respect of fully pressed cotton bales because the risk of fire in such cases is not by any means as great as it is in the case of loose cotton.

Turning to the warranty proposed by you, I am desired to observe that, subject to the observations made above, the wording seems to be generally in order, but there is, however, one point which I am desired to make, namely, that the malpractice against which the proposed regulation is directed is that of storing cotton bales in the open near the lower rated *process blocks*, whilst, as the proposed revision is at present worded, other types of buildings might also be penalised.

It is thought that the warranty might be suitably amended in the light of the criticism given in the preceding paragraph, and my Committee would have no objection to its adoption if it were understood that the special difficulties of mills with inadequate godown accommodation would be taken into consideration before applying it.

Copy of Circular No. 75, dated 22nd June, 1942, from the Association to all members of the Association.

COTTON IN FULLY PRESSED BALES STORED IN MILL COMPOUNDS.

I am directed to invite your attention to my letter No. 75 dated the 13th May 1942,* on the above subject. The Committee of the Association are strongly of opinion that mills

* Not printed.

should, on no account, permit the storage of loose unpressed cotton *within 50 feet* of mill buildings. In the case of fully pressed cotton, the Committee recognise the difficulties of individual mills in providing adequate godown accommodation within reasonable time of the arrival of such cotton within the mill premises, but they are anxious to see that, in view of the risk of fire, fully pressed cotton should, on no account, be allowed to be stacked within 30 feet of process blocks.

Copy of letter No. 5196/8, dated 8th August, 1942, from the Bombay Fire Insurance Association, to the Association.

I refer to your letter No. 75, of the 22nd June last and am directed to inform you that my Committee have given this matter their careful consideration and as they appreciate the storage difficulties experienced by your members they have decided to amend the proposed condition to read as under:—

“When cotton in fully pressed bales is stored in the open or in open sheds within 20 feet of any building rateable under this (various Cotton Mills and Cotton Mills Godowns Tariffs) Tariff the highest rate applicable shall in all cases apply over all.”

My Committee trust that your Committee will agree that it is only reasonable to introduce such a condition including all blocks on account of the increased hazard involved. A circular is now being issued to members in this connection.

I am to thank you for the action you have taken with regard to loose cotton.

APPENDIX 7.

INSURANCE RATES FOR EAST AFRICAN COTTON.

Copy of letter No. 638/75, dated the 12th February 1942, from the Association to the Bombay Fire Insurance Association.

I understand that a change has recently been made in sheets 3 and 4 of Bombay and Salsette Cotton Mills Godowns Tariff whereby Jinja, Congo and Belgian Congo cotton bales would come in for higher rate under item (c) and not under item (b). In this connection, I would like to draw your attention to the discussions which took place between representatives of our two organizations and to the decision conveyed by you to my Committee in your letter No. 400-A/25, dated the 12th August 1938. I would greatly appreciate it if you would kindly let me know the circumstances which necessitated the change.

Copy of letter No. 5142/3, dated the 14th March 1942, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 638/75 of the 12th ultimo and am directed to inform you that when the matter was under discussion in 1938 Jinja and Congo cotton bales had not made their appearance in Bombay.

Following their recent imports, however, my Committee, after careful investigations, ascertained that as regards density the bales are comparable to American cotton bales and classified them accordingly.

As a result of further consideration they have now decided to classify Jinja cotton bales as East African while Congo and Belgian Congo cotton bales will continue to be classed with American cotton bales for rating purposes.

Copy of letter No. 1476/75, dated the 10th April 1942, from the Association to the Bombay Fire Insurance Association.

I am in receipt of your letter No. 5142/3, dated the 14th March 1942, regarding Jinja, Congo and Belgian Congo cotton bales. You state that when the question of amending the tariff was last discussed in 1938, Jinja and Congo cotton bales had not made their appearance in Bombay. It is further pointed out that following their recent imports, your Committee have after careful consideration ascertained that as regards density Jinja and Congo cotton bales are comparable to American cotton bales and they were classified accordingly. In the third paragraph of your letter, it has been pointed out that, as a result of further consideration, your Committee have now decided to classify Jinja cotton bales as East African while Congo and Belgian Congo cotton bales will continue to be classed with American cotton bales for rating purposes. It would seem from the third paragraph of your letter that the only reason for Congo cotton bales being still classified with American for purposes of rating is that, according to your Committee, they are comparable to American cotton as regards density of the bales. My Committee have made enquiries in this matter and find that while the Belgian Congo cotton bales are smaller in size than East African (Mwanza) cotton bales, their density in pounds per cubic foot is 23.59 as against 23.11 in the case of Mwanza cotton. If the figures given above are correct, it is pointed out that there is no justification for rating Congo cotton bales under item (c) on sheets 3 and 4 of the Bombay and Salsette Cotton Mills Godowns Tariff, and my Committee suggest that Congo cottons be assessed along with Indian, Egyptian, East African and Sudan cottons under item (b) on sheets 3 and 4.

APPENDIX 8.

PREMIUM UNDER WAR RISKS (GOODS) INSURANCE.

Copy of letter No. 145, dated the 1st September 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

WAR RISKS (GOODS) INSURANCE.

I am directed to address you in connection with the rate of premium under the above insurance which will shortly be fixed up for the quarter October-December 1942. Basing our calculations on the figures disclosed by Government in their Notification dated 20th December 1941, and making the necessary adjustments for the increase in premium, which has since been collected, the total fund at the disposal of Government under the war risks insurance of goods is likely to be in the neighbourhood of 5 crores of rupees. The present rate of premium, namely 3 annas per Rs. 100 per month, was fixed at the end of March 1942 in the face of an imminent Japanese invasion of this country. Conditions have since improved; not only have the armed forces of Japan been halted in Burma but the defences of this country, according to the recent announcements made by His Excellency the Commander-in-Chief and the Press Notes issued by the Central and Provincial Governments from time to time, are in a very high state of efficiency and preparedness, and can deal with any possible emergency. In this view of the case, my Committee strongly feel that the circumstances, which necessitated the increase in premium, have, to a great extent, disappeared and that there is a good case for a reduction in premium rates. Even if the war situation deteriorates—which is unlikely in view of the successful operations now proceeding in China and recently initiated in the South West Pacific—an experimental reduction in premium for the quarter October to December 1942 will not financially embarrass Government as the reserve already built up is sufficiently high to meet any immediate emergency.

Copy of letter No. 39-W.R.I.(7)/42, dated the 13th November 1942, from the Additional Deputy Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

Subject :—REPRESENTATION FOR THE REDUCTION IN THE RATE OF PREMIUM UNDER THE WAR RISKS (GOODS) INSURANCE SCHEME.

In continuation of this Department letter No. 39-W.R.I.(7)/42, dated the 25th September 1942* on the above subject, I am directed to say that the Government of India have carefully considered your representation and are of the opinion that regard being had to the risks covered under the War Risks (Goods) Insurance Scheme the present rate of premium of annas three per month or part of a month for each complete sum of one hundred rupees of the value of the goods insured is not at all high. They regret, therefore, that they are unable to accede to your request for reduction of the rate.

APPENDIX 9.

WAR RISKS (FACTORIES) INSURANCE ORDINANCE AND RULES.

Copy of telegram sent to the Secretary to the Government of India, Department of Commerce, New Delhi and to the Secretary to the Government of India, Department of Supply, New Delhi, on 20th April 1942, by the Association.

Reference Ordinance XII 1942 regarding insurance certain property in British India against War Risk. Committee Millomutua desire to make the following submissions. Para *one* expression insurable value should be defined as full reinstatement value of buildings, machinery and appurtenances whether old or new on prices current April first 1942 which in view of twenty per cent. risk carried by insured is a reasonable proposition specially in view of impossibility defining what is reasonable depreciation. If Government cannot see their way to accept this suggestion then suggest basis of compensation being raised to ninety per cent. insured value and one hundred per cent. in case where Government employ scorched earth policy. Para *two* it is assumed premium paid for war risk insurance will be allowed as business expense when computing Excess Profit Tax; Income-tax and Super-tax. Please confirm. Para *three* all claims under policy must be settled within six months in every case of claim for damage after April 1943 para *four* where claim not settled as suggested in para *three* interest at three per cent. should be allowed to insured after first six months of claim para *five* Committee do not understand clause three 5 d (ii) where Government are empowered to require factory reconstructed elsewhere. In case of partial damage this will be impossible to be done within limited time specially as after war conditions of trade may make such a factory impossible to be run. Suggest omission of this clause specially as new buildings for such transferred property may take even two years to construct. Suggest Government take these points into consideration when framing rules. Addressed Restruam copy Warboard. Millomutua.

Copy of letter No. 48 and 145, dated 4th May 1942, addressed by Mr. Krishnaraj M. D. Thackersey to the Hon. Mr. N. R. Pillai, Esq., Additional Secretary to the Government of India, Department of Commerce, New Delhi.

Arising out of the discussions which the Committee of the Association had with you on Wednesday, the 29th April 1942, I set forth below the points on which decisions were reached.

(A) Omitted.

(B) *War Risk Insurance*.—I enclose herewith a copy of a telegram* addressed to the Government of India, Department of Commerce, in connection with the War Risk Insurance Scheme. In addition to the specific issues referred to in the telegram, we raised the following points at the meeting :—

(a) We drew your attention to sub-clauses (2) and (3) of clause 7 of the Ordinance, and pointed out that, according to our information, the intention of these two clauses was that if, at the end of the war, there was a deficit in the Fund, then notwithstanding the fact that the hostilities have ended and the circumstances necessitating insurance against war risks have disappeared, Government would continue to collect a premium from the industry till the deficit is wiped out completely. What we pointed out at the meeting was that if Government's intention, as reported to us, is correct, then, if the Fund shows a surplus at the end of the hostilities, it should be returned to the industry proportionally to premiums paid. In other words, we are only asking for reciprocity. If, however, it is Government's intention to ask the industry to pay only the premium for the duration of the war and no more under any circumstances, then we have nothing to say in the matter.

(b) The next point that we raised in connection with the war risk insurance of factory buildings and machinery was that there were certain items of mill stores accessories and machinery spares which do not appear to be insurable either under Government's War Risks (Goods) Insurance Ordinance or under the War Risks (Factories) Insurance Ordinance, 1942. The value of mill stores accessories and machinery spares in stock with mills runs to a good few lakhs of rupees, and we are anxious that provision should be made to cover them by an appropriate clause in the Rules which Government are reported to be framing.

(c) The third point which we placed before you was that, before the Rules under the Ordinance are published, Government might accord the Association an opportunity of examining the draft.

In conclusion, I thank you on behalf of the Committee and on my own behalf for the free and frank manner in which you discussed all the points raised by us.

Copy of letter No. M. 653-WRI/42, dated 27th May 1942, from the Additional Deputy Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to refer to your letter dated the 4th May 1942 and to observe on the various points raised regarding War Risks (Factories) Insurance as under :—

- (1) The Government of India have already under consideration the question of amending sub-sections (2) and (3) of section 7 of the Ordinance in order to make it clear that the Central Government will bear the deficit and take the surplus if any arising out of the Fund.
- (2) As regards mill stores and machinery spares I am to say that the word 'plant' includes in its natural sense whatever apparatus is used by a business man for carrying on his business; not his stock-in-trade which he buys or makes for sale but all goods and chattels which he keeps for permanent employment in his business. Any stores of plant and spare parts of machinery if within the geographical limits of a factory, are insurable under the Ordinance, but stores of consumable goods, even though used in the process of manufacture and not for sale, would not be insurable as the requirement of permanency would not be satisfied.

It is regretted that Commercial Associations and Organisations could not be consulted at the time of framing of the War Risks (Factories) Insurance Scheme owing to the urgency of the matter.

3. Separate replies have been sent already to your telegram of the 20th of April.

Copy of letter No. 145, dated 3rd June 1942, 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. M.653-WRI/42, dated the 27th May 1942. This letter, my Committee note, only deals with the two points which were specifically raised when my Committee met Mr. N. R. Pillai, Additional Secretary to the Government of India, Department of Commerce, when he came to Bombay recently, and there is unfortunately no reference to the other points made in the Association's telegrams referred to in the following paragraphs :

On 20th April 1942, the Association sent the following telegram to Government :—

“Reference Ordinance XII 1942 regarding insurance certain property in British India against War Risk. Committee Millomutua desire to make the following submissions. Para one. Expression insurable value should be defined as full reinstatement value of buildings machinery and appurtenances whether old or new on prices current April first 1942 which in view of twenty per cent. risk carried by insured is a reasonable proposition specially in view of impossibility defining what is reasonable depreciation. If Government cannot see their way to accept this suggestion then suggest basis of compensation being raised to ninety per cent. insured value and one hundred per cent. in case where Government employ scorched earth policy. Para two. It is assumed premium paid for war risk insurance will be allowed as business expense when computing Excess Profits Tax, Income-tax and Super-tax. Please confirm. Para three. All claims under policy must be settled within six months in every case of claim for damage after April 1943. Para four. Where claim not settled as suggested in para three interest at three per cent. should be allowed to insured after first six months of claim. Para five. Committee do not understand clause three 5 (d) (ii) where Government are empowered to require factory reconstructed elsewhere. In case of partial damage this will be impossible to be done within limited time specially as after war conditions of trade may make such a factory impossible to be run. Suggest omission of this clause specially as new buildings for such transferred property may take even two years to construct. Suggest Government take these points into consideration when framing Rules. Addressed Restruam copy Warboard.”

Our telegram of 20th April 1942 was acknowledged by Government by their telegram dated the 24th April 1942 in which they stated :

“Your telegram twentieth instant regarding War Risks Insurance of Factories. Points raised are receiving careful consideration in framing Rules.”

On 6th May 1942, in a further telegram addressed to us, the Government of India stated :

“Your telegram twentieth April. War Risks Insurance premium paid will be permissible deduction from profits under section 10(2) (iv) of Income Tax Act.”

The draft Rules under the Ordinance were published by Government in the first week of May 1942, and as it was observed that none of the points made by the Association in the Committee's telegram dated the 20th April 1942 had been met, a further telegram was sent to Government on 12th May 1942 reading as under :—

“War Risk Factories Insurance Rules Clause seven not clear to us. Are Mills to insure at reinstatement value less depreciation. Committee consider depreciation should not have been brought in at all as Government are paying only eighty per cent. of claim and in case of damage mills may incur loss of profit due delay in receipt new machinery. Therefore earnestly request reconsideration of clause seven. Awaiting Government's reply to the points made in our telegram April twentieth.”

Government subsequently postponed the introduction of the War Risks (Factories) Insurance Scheme from the 19th to the 29th May 1942, but as no satisfactory reply had been

received to the points made by the Association, the Committee again wired to Government on the 16th May 1942 as under :—

“ Our telegrams April twentieth and May twelfth regarding War Risks Factories Insurance Ordinance and Rules. In view urgency matter request immediate reply.”

To the above telegram, a reply was received from Government on 19th May 1942 reading as under :—

“ Your telegram of 16th War Risks (Factories) Insurance Ordinance and Rules. Matter under consideration. Reply will be sent as soon as possible.”

Government's telegram of 19th May 1942 gave the impression that the points made by the Association in the Committee's telegrams were receiving attention, and they therefore, advised members to withhold their applications for cover pending receipt of further advice from Government. As there was no reply, however, from Government, a further telegram was sent on 25th May 1942 reading as under, requesting Government, *inter alia*, for a fortnight's postponement of the introduction of the Scheme of Insurance :—

“ Thanks your wire May nineteenth War Risks Factories Insurance Ordinance and Rules. Pending clarification on points raised by Association my Committee respectfully suggest date enforcement War Risks Factories Insurance Scheme be postponed twelfth June. Para two. Association anxious co-operate with Government in introduction Scheme and would appreciate being consulted if there are any difficulties. Para three. Request telegraphic reply to suggestion made in para one.”

To this, a reply was received on the following day from Government reading as under :—

“ Your telegram of twenty-fifth. Government of India regret it is not possible to further extend date of compulsory insurance which has already once been extended from twentieth to twenty-ninth May. Company may insure for actual value of machinery less any depreciation which it considers reasonable. This value will not, however, be binding on Government in making payment of compensation.”

There was very little time to be lost, and members were immediately advised to file their Schedule with their respective insurance companies, but what my Committee desire to point out is that, in spite of their repeated offers to co-operate with Government in introducing a satisfactory and workable scheme of insurance, Government have not only failed to consult industrial interests but introduced a scheme which, as pointed out in the Association's telegrams, does not go far enough. It was sincerely hoped that it would be possible for Government to introduce a more definite and workable definition of the expression “insurable value,” which would have served to introduce uniformity in the method of calculating “insurable value” and prevented over or under-insurance. As things stand to-day, the insured is not sure as to the amount of compensation to which he will be entitled in the event of a total loss, as the value for which he has insured the property may or may not be accepted by Government. My Committee cannot believe that it is too late to mend matters, and they suggest that the points raised by the Association be carefully considered.

For ready reference, I summarise below the points made by the Association :—

(a) The expression “insurable value” should be defined as full reinstatement value of buildings, machinery and appurtenances, whether old or new, on prices current on 1st April 1942. This, in view of the 20 per cent. risk carried by the insured, is a reasonable proposition.

If Government cannot accept the proposal contained in the previous paragraph the basis of compensation should be raised to 90 per cent. of the insured value, and 100 per cent. in cases where Government employ scorched earth policy.

If, however, Government cannot agree with the suggestions contained in the two previous paragraphs, it is suggested that, as Government are going to pay only 80 per cent. of the claim, factory owners should be allowed to be their own insurers in respect of the remaining 20 per cent. of the insured value. The factory owners, it is suggested, should have the option of covering this 20 per cent. by making an internal debit to their profit and loss

account of a proportionate part of the premium, thus creating a reserve, which should be free from Income-tax, Super-tax and Excess Profits Tax during the currency of the Ordinance. My Committee would have no objection to any unspent portion of the reserve thus created being treated as income in the hands of the Company and assessed accordingly after the termination of the war.

(b) All claims under the policy must be settled not later than six months. There is at present no proviso made in the Rules about this.

(c) Where a claim is not settled, as suggested in paragraph (b) the amount of compensation due should carry interest at the rate of 3 per cent. per annum.

(d) Clause 3 (5) (d) (ii) should be omitted; factories constructed in the interior of India in what may be called "safety zones" in times of war are likely to be an unprofitable proposition when normal conditions are restored as they may be far away from the cotton producing centres or the cloth and yarn markets, or that they may not have the requisite railway and port facilities, which are indispensable in developing markets both within and without the country. If Government, however, find that this suggestion is not feasible, then it is suggested that, where a factory owner who has sustained a total loss is not willing to reconstruct his factory, he should not be compelled to do so.

As has already been pointed out, members of the Association had to be advised to file in their application forms at short notice, and in most cases applications for policies were made on the basis of best estimates which could be made of the actual value of buildings and machinery, etc., at such short notice. In the circumstances, it is suggested that Government might agree to such insurance covers being treated as provisional subject to adjustment, with retrospective effect as from 1st April 1942, on the 1st September 1942, when the third quarterly premium will be due. It is further suggested that insurable values under the War Risks (Factories) Insurance Ordinance of 1942 should include all machinery and/or spare parts located or in transit anywhere in British India which are not for sale but required for employment in business.

Copy of letter No. 105-W.R.I.(3)/42, dated 12th June 1942, from the Officer on Special Duty, Government of India, Department of Commerce, New Delhi to the Association.

Subject :—WAR RISKS (FACTORIES) INSURANCE ORDINANCE, 1942.

I am directed to refer to your letter No. 145 dated the 3rd June 1942, on the above subject and to say that as stated in this Department's telegram dated the 24th April in reply to your telegram of the 20th April 1942, the points raised in your telegram were carefully considered before the Rules were framed. It is regretted that it was not found possible to accept many of your suggestions.

2. As regards the points summarised in the present reference, I am to say that the reply to these points is as follows :—

- (a) The Government of India regret that it is not possible to accept the first two of your suggestions under this head. They are, however, examining the third suggestion.
- (b) and (c). The question of the time at which claims will be settled and whether interest can be allowed in cases of deferred payments, is being examined. The suggestions made by you in this connection will receive due consideration.
- (d) It is regretted that Government cannot accept your suggestion that Section 3 (5) (d) (ii) of the Ordinance should be omitted. Before they exercise their powers under this section in any particular case, Government intend to take the wishes of the owner of the factory into consideration, and, in any case, they do not intend to exercise the power in such a manner as would result in undue hardship to the owner or owners concerned.

3. A Press *communiqué** is being issued on the point raised in the first portion of the last paragraph of your letter under reference and as regards the second portion of that paragraph, the matter is receiving consideration and, if your suggestion is accepted, necessary amendment to the Ordinance and the Rules will be made in due course.

Copy of letter No. 101-W.R.I. (4)/42, dated 7th August 1942, from the Additional Deputy Secretary to the Government of India, Department of Commerce, New Delhi to the Association.

Subject :—WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

I am directed to invite a reference to the correspondence ending with this Department letter No. 105-W.R.I.(3)/42, dated the 12th June 1942 on the above subject and to say that the Government of India regret that they are unable to accept your suggestion that any sums not actually paid as premium but merely set aside (by making an internal debit to the profit and loss account) as a reserve for 20 per cent. of the risk not covered by the War Risks (Factories) Insurance Scheme, should be allowed as a deduction for purposes of Income Tax and Excess Profits Tax.

Copy of letter No. 104-W.R.I.(21)/42, dated 13th November 1942, from the Additional Deputy Secretary to the Government of India, Department of Commerce, New Delhi to the Association.

I am directed to invite reference to sub-paragraph (i) of paragraph 1 of this Department letter No. 653-W.R.I./42, dated the 27th May 1942 and to state that the intention of section 7 (2) and (3) of the War Risks (Factories) Insurance Ordinance is that the Central Government will bear the deficit and take the surplus if any arising out of the Fund. Under this Ordinance a definite risk period has been provided which ends on the 31st of March 1944. The scheme is worked on a single premium basis although for convenience of payment the premium payable has been split up into eight quarterly instalments. Should the war end before the expiry of this risk period, the insured party will have no further liability than to pay the balance of the instalments due so as to complete all the eight instalments. If the war goes on beyond this risk period it will be open to Government to fix another risk period and prescribe a rate of premium. It is not the intention of Government to keep the insurance scheme alive even though such risk period is over or in times of peace, merely to finance the War Risks Insurance Fund.

2. The Government of India have carefully considered as to whether it is necessary to amend section 7(2) and (3) of the War Risks (Factories) Insurance Ordinance and have come to the conclusion that no such amendment is necessary.

APPENDIX 10.

IMPORT DUTY ON RAW COTTON.

COTTON FUND ORDINANCE.

Copy of Ordinance No. VIII of 1942 (an Ordinance to enable a fund to be established for financing measures for the benefit of the growers of cotton) issued by the Government of India, Legislative Department, New Delhi on 29th January 1942.

Whereas an emergency has arisen which makes it necessary to enable a fund to be established for financing measures for the benefit of the growers of certain types of cotton which were exported in large quantities to the Far East before the outbreak of the present war with Japan ;

Now, therefore, in exercise of the powers conferred by section 72 of the Government of India Act as set out in the Ninth Schedule to the Government of India Act, 1935, the Governor General is pleased to make and promulgate the following Ordinance:—

1. *Short title, extent and commencement.*—(1) This Ordinance may be called the Cotton Fund Ordinance, 1942.

(2) It extends to the whole of British India.

(3) It shall come into force at once.

2. *Additional duty of customs on cotton.*—There shall be levied and collected in addition to any duty of customs imposed by or under any enactment for the time being in force an additional duty of customs on raw cotton imported into any port in British India at the rate of one anna per pound.

3. *Establishment of fund and purposes thereof.*—The proceeds of the additional import duty imposed on raw cotton by this Ordinance shall be credited to a separate fund to be established by the Central Government, and the said fund shall be utilised by the Central Government to finance such measures for the benefit of the growers of cotton in India as the Central Government thinks advisable.

APPENDIX 11.

COTTON MOVEMENTS PANEL.

ASSOCIATION'S REPRESENTATIVE.

Copy of letter No. C.D.N. 66 (XXXVI), dated the 5th October 1942, from the Department of Supply, Directorate General of Supply, New Delhi to the Association.

I am directed to say that in order to ensure that the requirements of the cotton textiles industry are (a) given due weight in the allocation of transport facilities, but (b) not so handled as to embarrass Provincial Governments, Regional Transport authorities and Railway Administrations in dealing with the general transport problem, the Governor General in Council has decided to establish a Cotton Movements Panel in Bombay.

2. The composition of the Panel will be as follows:—

<i>Authority or interest represented</i>	<i>Number of members</i>
Cotton Textiles Directorate	2 (Assistant Director General, Cotton Textiles, and Honorary Adviser on Mill Stores ex-officio).
Commerce Department	1 (Export Trade Controller ex-officio).
War Transport Department	1 (Regional Controller of Priorities ex-officio).
Government of Bombay	1
The Millowners	1 (To be appointed by the Bombay Mill-owners' Association in agreement with the other Association).

<i>Authority or interest represented</i>	<i>Number of members</i>
The East India Cotton Association	1
Indian Central Cotton Committee	1
A representative of Cotton Growing interests	1 (To be appointed by the Department of Education, Health, and Lands in consultation with the Provincial Governments concerned).

3. The Controller of Supplies, Bombay, will not be a member of the Panel, but will receive agenda and proceedings, and will be entitled to attend meetings when he thinks it necessary to do so.

4. The Honorary Adviser on Mill Stores (Mr. J. B. Greaves) will be Chairman, and will serve as representative of the Panel on the Regional Transport Authority, Bombay.

5. The functions of the Panel will be as follows :—

- (i) (a) To ensure a steady flow of cotton to consuming mills in adequate quantities, more particularly for mixings required to maintain the standard of quality demanded by specifications governing war supplies.
- (b) To co-operate with Provincial Governments (in particular with the Government of Bombay) and local bodies, in arranging supplies of cotton in a manner that will assist them in maintaining the economic life of large urban areas where cotton is largely consumed.
- (c) To maintain close contact on all matters with the Railways, either direct or through such transport and priority organisations as may be set up by the Central Government or by Provincial Governments, and to do whatever is possible to assist towards the ultimate and main objective of complete control and co-ordination of transport.
- (d) In the interests of the cultivator, to maintain, as far as possible, free and competitive markets for all types of cotton.

(ii) Particular for the performance of its general functions :—

- (a) To set up an executive organisation which, acting under the general directions of the Panel and under authority delegated to it by the Government of India, shall call for returns from all consuming mills, in such form as the Panel shall direct, of their consumption of cotton, during the past twelve months or suitable previous period showing broadly what types and from what areas those supplies were drawn, and requiring mills to state their minimum requirements of any special cottons which are essential to them, particularly in the execution of war supplies.
- (b) To obtain through the good offices of the East India Cotton Association estimates of quantity and quality of the coming crops in each and every area.
- (c) After receiving and collating the figures at (a) and (b), to draw up with a view to the greatest possible economy in the use of transport a draft of general directions for the guidance of Railway Administrations, consuming mills, and merchants as to the areas from which mills in each district should and if necessary will be compelled to draw their supplies of cotton ; and when this draft has been approved by the War Transport Department through the appropriate Regional Transport Authority to issue it to all concerned.

- (d) Within the framework of the general directions referred to in (c) to advise the Regional Transport Authority as to the measures necessary to regulate the volume and flow of supplies to mills.

6. I am, therefore, to request you to nominate a representative to the Panel.

Copy of letter No. 196, dated the 19th October 1942, from the Association to the Department of Supply, Directorate General of Supply, New Delhi.

I have the honour to acknowledge the receipt of your letter No. C.D.N. 66 (XXXVI), dated the 5th October 1942, on the above subject, and to inform you that my Committee have appointed Mr. Krishnaraj M. D. Thackersey as the Association's representative on the Cotton Movements Panel. The Textile Directorate in Bombay has been informed accordingly.

Copy of letter No. F-23(31)/S-III, addressed by Government of India, Department of Supply (Main Secretariat), New Delhi, on the 7th November 1942 to the Director General, Supply, to the Association.

I am directed to refer to para 4 of the minutes of the 1st meeting* of the Cotton Movements Panel held on 22nd October 1942 and to state that Government have no objection to the various bodies represented on the Panel nominating alternative representatives so as to provide for the unavoidable absence from the meetings of the Panel of the representatives already nominated.

Copy of letter No. 196, dated the 12th November 1942, from the Association to the Under Secretary, to the Government of India, Department of Supply (Main Secretariat), New Delhi.

I have the honour to acknowledge the receipt of a copy of your letter No. F-23(31)/S-III, dated the 7th November 1942 addressed to the Director General, Supply, New Delhi, on the above subject, and to inform you that my Committee have appointed Mr. A. Pether as the alternative representative of the Association on the Cotton Movements Panel.

Mr. Pether's address is A. Pether, Esq., C/o Messrs. David Sassoon & Co., Ltd., Maneckji Wadia Building, 125, Esplanade Road, Fort, Bombay.

Note.—A copy of this letter was sent to the Assistant Director-General, Cotton Textiles Directorate, Hararwalla Building, Bombay on 13th November 1942.

APPENDIX 12.

COTTON MOVEMENTS CONTROL ORDER, 1942.

Copy of letter No. 196, dated the 24th November 1942, from the Association to all members of the Association.

The attention of member mills is invited to the enclosed Cotton Movements Control Order, 1942, issued by the Central Government in exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules.

No. 1116.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following Order, namely:—

THE COTTON MOVEMENTS CONTROL ORDER, 1942.

1. (i) This Order may be called the Cotton Movements Control Order, 1942.
(ii) It shall come into force at once.
2. In this Order, "cotton" means every kind of unmanufactured cotton, whether ginned or unginned and includes cotton waste.
3. No person shall offer cotton for transport by rail, or cause any consignment of cotton to be transported by rail, except under and in accordance with the terms of—
 - (a) a general permit notified by the Central Government in this behalf; or
 - (b) a special permit issued by the Regional Controller of Priorities, Bombay, or the Executive Officer or Deputy Executive Officer of the Cotton Movements Panel, Bombay, in Part III of the Form appended to this Order.
4. Applications for special permits shall be made in quadruplicate in the Form appended to this Order.
5. Any person carrying on an undertaking shall on being required so to do furnish to the Chairman or the Executive Officer of the Cotton Movements Panel, Bombay, returns in such form or forms as that officer may direct relating to that person's dealings in cotton.
6. The Chairman or the Executive Officer of the Cotton Movements Panel, Bombay, may with a view to secure compliance with the provisions of this Order—
 - (a) require any person to furnish such information in his possession relating to any undertaking carried on by him or any other person, as the said Chairman or the Executive Officer may demand;
 - (b) inspect or cause to be inspected any books or documents belonging to, or under the control of any person carrying on an undertaking;
 - (c) enter and inspect any premises.
7. Nothing in this Order shall permit any movement of cotton prohibited by or under the Government of India Cotton Transport Act, 1923 (III of 1923), or any other law for the time being in force.

Application for Special Permit under the Cotton Movements Control Order, 1942.

(See clauses 3 and 4 of Notification No. 1116.)

PART I.

1. Name of consignor. 2. Postal address of consignor. 3. Telegraphic address of consignor. 4. Name of consignee. 5. Address of consignee. 6. Number of bales. 7. Total weight in maunds. 8. Quality of cotton. (Place of origin also approximate grade and staple must be stated.) 9. Station of despatch. 10. Destination station. 11. State reasons why special permission requested. 12. If cotton is for export, state country, export licence No. if any, and export licensing authority. If import recommendation received from Government of importing country, give details. 13. If cotton is for merchants' stocks, state quantity in bales of same quality already held.

PART II.

To be filled in when applicant or consignee is a mill.

- 14. Applicant's total stock in bales of all cotton.
- 15. Applicant's total stock in bales of the quality of cotton in respect of which application is made.
- 16. Applicant's monthly consumption in bales from item 14.
- 17. Applicant's monthly consumption in bales from item 15.

All details given above are true to the best of my knowledge and belief.

.....
Signature of applicant.

PlaceDate

INSTRUCTIONS TO APPLICANT.

- 1. Four copies of the application must be submitted.
- 2. No application should be made for transport of cotton covered by a general permit. All general permits are notified in the *Gazette*.
- 3. The special permit will become valid only after it has been signed by the officer granting it.
- 4. It is an offence punishable under the Defence of India Rules to furnish false information.

PART III.

(Not to be filled in by applicant.)

Special Permit under the Cotton Movements Control Order, 1942, is hereby granted to the consignor named in the application on the reverse to transport by rail....
.....bales of cotton of the quality specified in the said application from.....to....
.....

BOMBAY, Dated the.....194

Signature and designation of officer granting permit.
.....
.....

No. 1117.—In pursuance of sub-clause (a) of clause 3 of the Cotton Movements Control Order, 1942, the Central Government is pleased to notify for public information the following General Permit—

GENERAL PERMIT NO. I.

Under the Cotton Movements Control Order, 1942.

- 1. For the purposes of this Permit, India shall be divided into the following Free Areas and Zones :—

Northern Free Area, comprising the Province of Sind, the State of Khairpur and the area served by railway stations to the North or West of the railway line Reti—Samasata—Ferozepur City—Jullundur Cantonment, including the stations on that railway line.

North Zone, comprising all territory bounded on the North-West by the Northern Free Area and on the South by an imaginary line joining the railway stations of (1) Samasata, (2) Merta Road, (3) Ajmer, (4) Kotah, (5) Chhabra Gugor, (6) Bina (7) Katni, (8) Bilaspur,

(9) Raipur, (10) Arang Mahanadi, (11) Cuttack, stations (1) to (6) being excluded from this Zone but stations (7) to (11) included therein.

West Zone, comprising all territory bounded on the North-West by the Northern Free Area and an imaginary line joining the railway stations of Samasata, Merta Road, Ajmer, Kotah, Bina, Sehore Cantonment, Khandwa, Jalgaon, Daulatabad Latur, Gulberga, Gadag, Davangeri including all those stations and thence to the coast at Karwar.

South Zone, comprising all territory to the South of an imaginary line joining the railway stations of Cuttack, Arrang Mahanadi, Warangal, Kurnool Town, Guntakal, Bellary, Davangeri excluding all those stations, and then to the coast at Karwar.

Central Free Area, comprising the territory bounded by the North, West and South Zones.

2. Cotton consigned (a) to any cotton mill or (b) to a merchant in Karachi or (c) to a merchant in the City of Bombay who has previously obtained a licence from the Government of Bombay, when such licence is necessary, permitting the import of the consignment into the City of Bombay or (d) to a merchant in Cawnpore subject to the provisions of the Notifications of the Government of the United Provinces, No. 996-PTB/XVIII, dated 27th March 1943, relating to the import of cotton into Cawnpore by merchants, may be transported by rail under this permit.

- (i) within the North Zone or from the Northern and Central Free areas into the North Zone provided that the transport of cotton by rail from Cawnpore or from any station within a distance of twenty miles from Cawnpore shall not be permitted.
- (ii) Within the West Zone or from the Northern and Central Free areas into the West Zone, provided that the transport by the railways of cotton from Karachi or from Bombay City and Island and Salsette shall not be permitted without a Special Permit granted under Clause 3 of the Cotton Movements Control Order, 1942.

Cotton may be transported from Karachi to Bombay by sea without special Permit.

- (iii) within the South Zone or from the Central Free Area into the South Zone.
- (iv) within the Free areas.

Note:—The address of the office of the Cotton Movements Panel is : C/o Directorate of Cotton Textiles, Sudama House, Wittet Road, Ballard Estate, Bombay.

APPENDIX 13.

PAYMENT FOR SUPPLY DEPARTMENT ORDERS.

Copy of letter No. 672/82, dated 12/16th February 1942, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

The Committee of my Association have been considering complaints received from member mills from time to time regarding delays in securing full payment for goods supplied against war orders. They are aware that from 15th December 1941, certain measures have been taken by Government to ensure speedy payment of contractors' bills. These new

measures have since been explained to them by their representatives on the Panel, and it would seem from the experience of one of our members that it may henceforward be possible to obtain part payment in about a fortnight from the date of rendering the bill.

2. Briefly stated, the new procedure seems to be as under :—

The contractor is given the option to claim "on account payment" by submitting his bill with counterfoil of the military credit note and Inspection note to the Controller of Supply Accounts Office, New Delhi. If the bill had been properly prepared, "on account payment" is received by the contractor within about a fortnight. To secure the payment of balance due, the contractor has to await the "balance payment form" from the consignee, and on receipt of this form a claim is submitted to Delhi again as usual. An alternative to the "on account payment" system is that the contractor is entitled to claim hundred per cent. of his bills, but in this case, the bill must be presented to the Controller of Supply Accounts in Delhi with a copy of the Inspection Note signed by the Inspector and by the consignee. Here again, if the documents are in order, payment is received by the contractor in about a fortnight from the date of rendering the bills to Delhi.

3. The point which my Committee desire to bring out is that, while no undue delay takes place between the submission of bills by the Contractor to the Controller of Supply Accounts and the issue of pay order by the latter, the real difficulty arises in securing the consignee's signature on the "balance payment form" in cases where an "on account" payment has been taken, and the Inspection Note where no such payment has been taken. What happens is that the consignee does not promptly report to the consignor of the safe arrival of the goods and return the appropriate document duly signed, with the result that the rendering of the bill itself by the contractor is delayed. My Committee's attention has also been drawn to considerable delays which occur at present in cases where, on account of slight mistakes in filling up the necessary forms, these documents have been sent backwards and forwards between Bombay and Delhi.

4. The state of affairs referred to in the preceding paragraph, in the opinion of my Committee, call for remedial measures which are absent in the new procedure outlined by Government. These are :—

(a) As Government are now entering into f.o.r. contracts, contractors should be entitled to secure hundred per cent. of their bills on presentation together with the Inspection Note without having to wait for the consignee's signature on the Inspection Note. If however, the consignee subsequently reports shortage in consignments, adjustments can be made, after verification of such claims according to ordinary commercial practice, in contractors' subsequent bills. As Government are aware, mills have a running order for six months, and it is very easy to adjust over-payments made by Government in one month in the bills presented by the mills in the following month. My Committee place very great importance on making a hundred per cent. payment to the contractor on presentation of the bill. The Standard Contract Form of the Association provides for delivery against cash, and there is no reason why Government should not adopt the same procedure.

(b) Government should immediately transfer to Bombay a self-contained unit from the office of the Controller of Supply Accounts, Delhi, so that pay orders may be issued in Bombay. Bombay City alone supplies Government with textiles worth about 3½ crores of rupees per month, and this figure will be considerably increased if the share of other centres of the Province were taken into consideration. In addition, my Committee understand, considerable sums have to be paid by Government monthly to non-textile contractors like General Motors, Ford Motor-Car Company, etc., bringing the aggregate share of the Province to a very substantial figure which, my Committee consider, would amply justify the establishment of an office in Bombay as suggested by them. A Pay Office in Bombay, my Committee feel, would also be welcome to suppliers in Ahmedabad, Baroda, Hyderabad, Mysore, Madras and Central Provinces, and if the contributions of these areas are also taken into consideration, there is an overwhelming case for the establishment of an office in Bombay.

Copy of letter No. S-43(429), dated 28th April 1942, from the Government of India, Department of Supply (Main Secretariat), to the Association.

I am directed to refer to your letter No. 672/82, dated the 12/16th February 1942, and to say that the Government of India have given their careful consideration to the question of expediting payment of contractors' bills.

2. A scheme is under examination which will provide for 100 per cent. payments after inspection and despatch. Deliveries to local depots will be regarded as equivalent to despatch. The benefit of this arrangement will be extended to all suppliers whose performance has been satisfactory in the past, or where in the absence of past dealings the standing and reputation of a firm can be regarded as a guarantee of satisfactory performance. Every effort is being made to work out the detailed procedure in order to introduce the scheme at the earliest possible date. It is expected that when this scheme is introduced and becomes effective most of the complaints that now arise will be removed. Under this scheme the suppliers to whom its benefits are extended will be relieved of the responsibility for obtaining consignees' receipts and furnishing them to the Government Accounts Office.

3. The Government of India are also contemplating the appointment of a Special Officer for a temporary period to examine the procedure in all its stages and to apply such remedies as may suggest themselves for ensuring prompt payments. He will also devise measures for educating suppliers as well as Government offices in the details of the procedure so that it should be understood clearly and observed properly by all concerned.

4. The Government of India have given careful consideration to the proposal for opening a branch accounts office in Bombay. They find insuperable difficulties in accepting this proposal and are not convinced that any real improvement will be secured thereby.

5. Frequently the Controller of Supply Accounts has to obtain orders of Government in order to make payments where payments are not permissible under the ordinary rules without further formalities of an essential nature or without settling some point of doubt arising out of the conditions of contracts. In such cases greater delays will occur if payments are made from Bombay.

6. The Accounts Office has expanded enormously during the last two years. The proportion of men with experience of stores payment and accounting is extremely small and the best possible use has to be made of them. In fact a large proportion of the staff consists of inexperienced men with inadequate knowledge of payment and accounting work. It would be difficult, if not impossible, to spare experienced men in any number for the proposed Bombay office without the risk of breakdown in the Delhi office. To form a new office with the majority of its members consisting of inexperienced men might possibly create a worse situation than exists at present.

7. In view of the above, Government feel that it would be unwise to open a branch accounts office in Bombay. The steps they are taking to ensure prompt payments in future as set forth in the foregoing paragraphs should bring about a definite improvement in the position.

Copy of Press Note issued by the Department of Supply, New Delhi, on 16th May 1942.

With a view to obviating delays in payment of bills for stores supplied to the Department of Supply, a new procedure has been introduced under which 100 per cent. payment of suppliers' dues will be made immediately on inspection and proof of despatch. Suppliers thus will not have to wait for full settlement of their dues till receipt of the stores has been acknowledged by the consignees, as has hitherto been the case.

To investigate all cases of delays in payment, the Government of India have appointed Mr. K. R. S. Rau, a retired Accountant General, as Officer on Special Duty in the Main Secretariat of the Supply Department. The duties of this officer include the receiving from

suppliers and contractors of all complaints of delays and the investigation thereof by personal visits, if necessary.

The co-operation of all suppliers and contractors is essential for the success of the scheme, and Government hope that any supplier who has a complaint will bring the matter to the notice of this officer direct, by name, and place before him the full facts without any reservation, quoting references and enclosing copies of correspondence where necessary. Without these facts, it is feared, it will not be possible for him to afford the necessary relief.

Copy of circular No. S-81(10), dated the 19th May 1942, addressed by Government of India, Department of Supply (Main Secretariat), to all Commercial Associations.

I am directed to state that the Government of India have decided that with effect from the 1st June 1942 no portion of the amount due to a contractor should be withheld pending production of the consignees' receipts and that full 100 per-cent. payments should be made on inspection and proof of despatch of stores, Government collecting the consignees' receipts direct. With a few exceptions, this procedure will be applicable to all cases and thus secure an earlier payment of contractors' dues.

2. I am to enclose a copy of a letter on the subject that is being addressed to all contractors. Government would be glad if the revised procedure is brought to the notice of the members of your Association who should be asked to give it their careful consideration.

Copy of circular, addressed by the Government of India, Department of Supply (Purchase Branch), Office of the Chief Administrative Officer, New Delhi, to all contractors who have received contracts ; also all registered contractors.

As you are aware, the Government of India introduced a procedure from 15th December 1941 for accelerating payment of contractors' bills. It provided for the contractor claiming :

- (a) Final 100 per cent. payments ; or
- (b) when the Acceptance of Tender provided for it, 'on account' payments on inspection and proof of despatch of stores, the balance being payable later after the contractor had obtained the consignees' receipts for the stores on Balance Payment Form W.S.B. 117.

2. The Government of India have now decided that with effect from the 1st June 1942, "Advance 100 per cent. payments" should be made *on inspection and proof of despatch of stores.*

This procedure will not, however, apply to contracts in which, for special reasons provision is made for Progress payments. Examples of such payments are :—

- (a) Payment for plant and machinery, pending erection and inspection at site ;
- (b) payment on proof of despatch pending inspection (tyres, tubes, and motor parts) ; and
- (c) payments for collection of materials or work done in advance of manufacture and delivery of completed articles, e.g., contracts for shipbuilding, supply of chassis to body-builders and motor body-building.

The revised procedure will not also apply to contracts for timber made under special arrangements by the Timber Directorate through Provincial Governments, and leather supplied against indents by the Harness and Saddlery Factory.

In all these cases, payments will continue to be made in accordance with the provisions of the contracts.

3. "Advance 100 per cent. payment" may be claimed supported by copies Nos. 1 and 2 of the Inspection Certificate (W.S.B. Form No. 65) and proof of the despatch of the stores to the consignee concerned. Intimation of this should be sent to the consignees by the following endorsement on copy No. 4 of the Inspection Note sent by you to the consignee along with the railway receipt :—

"Submitted for Advance 100 per cent. payment. The Accounts Office copies of the consignees' receipt should be sent direct to the Controller of Supply Accounts/Deputy Controller of Supply Accounts."

4. With the exception of the categories mentioned in paras 2 and 7, you will also be allowed to avail yourself of the concession of "Advance 100 per cent. payment" in respect of all current contracts. In those current cases where "on account" payments already authorised have been received or claimed by you in respect of stores inspected and despatched, you may submit to the Accounts Officer concerned, your bills for the balance due without waiting for the consignees' receipts. The consignee must, however, be informed in all cases that you are claiming the "Advance 100 per cent. payment" or the balance due, as the case may be, and that the Accounts Office copies of the receipt certificate should be sent by him direct to the Accounts Officer concerned. A copy of this intimation should be attached to the bill.

5. The consignee will forward the Accounts Office copies of the receipts direct to the Accounts Officer responsible for payment in all cases where "Advance 100 per cent. payments" are said to have been claimed and necessary instructions are being issued to them. If, however, such copies are received by you from the consignees in error, you should please pass these copies on to the Accounts Officer concerned and inform the consignee.

You will be responsible for obtaining receipts from the consignees only in the following cases :—

(i) where only final 100 per cent. payment can be claimed ; and

(ii) where the balance final payment in respect of categories mentioned in para 2 is to be obtained.

6. The existing bill form W.S.B. 117 modified as indicated below should be used for claiming payments :—

(a) You should clearly state on the bill form whether the bill is in respect of "Final 100 per cent. payment," or "Advance 100 per cent. payment" ; and

(b) where the bill is for "Advance 100 per cent. payment" the name and address of the consignee should also be stated.

These bills should be submitted to the Accounts Officer in duplicate, that is to say, the pink and white copies should be sent and the triplicate (yellow) copy retained by you as your office copy.

7. No "Advance 100 per cent. payment" bills can be submitted in cases where the consignee and the Inspector are the one and the same, or where the stores are required to be delivered at the station in which the contractor's factory is situated. In such cases, only "Final 100 per cent. payment" will be made on the authority of the Inspector's certificate and the consignees' receipt which will be given on Accounts Office copies Nos. 1 and 2 of the Inspection Note Form W.S.B. 65.

8. In this connection, I am to explain that your responsibility in respect of the quality and quantity of stores despatched will not be affected in any way by this change in procedure. Claims by consignees for making good any expense incurred, or loss or damage

suffered by them will continue to be dealt with as at present. Pending final settlement of all cases of discrepancy reported by consignees, Government reserve the right to recover the amount concerned from any of your outstanding or future bills.

9. It will be in your interests to study and follow these instructions carefully to avoid delays in payment of your bills. Should you, however, find it difficult to follow the new procedure, will you kindly address the Officer on Special Duty (Payments and Receipts) Department of Supply, Main Secretariat, New Delhi, who will be glad to help you in the matter.

Copy of letter No. 82, dated 29th May 1942, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. S-43(429), dated the 28th April 1942. In paragraph (2) of this communication, Government refer to a scheme which would provide for 100 per cent. payment after inspection and despatch. It is pointed out that the benefit of this arrangement will be extended to all suppliers whose performance has been satisfactory in the past or where, in the absence of past dealings, the standing and reputation of a firm can be regarded as a guarantee of satisfactory performance. My Committee have since been supplied with a copy of the scheme referred to. Briefly stated, this scheme, which is to be introduced from 1st June 1942, provides for an advance payment of 100 per cent. on inspection and proof of despatch of stores. In cases where the stores are required to be delivered at the station in which the contractors' factory is situated, a "final" 100 per cent. payment will be made on the authority of the Inspection certificate and the consignee's receipt. Government point out that suppliers under the new scheme will not have to wait for full settlement of their dues till the receipt of stores has been acknowledged by the consignees as has hitherto been the case. My Committee acknowledge that the proposed scheme is an improvement on the existing arrangements. They, however, desire to point out that it does not go far enough, for suppliers have at present to wait for a considerable time for despatch instructions and even after receipt of despatch instructions, the goods have to be stored for a considerable time in the mill premises pending allotment of railway wagons. On the whole, therefore, between inspection and actual despatch of the stores, there is a wide gap. Even in cases where delivery is to be made in the same station, consignees, it has been reported, are not prepared to sign the certificate promptly. What is, therefore, suggested is that the supplier should be in a position to claim 100 per cent. payment *immediately on completion of inspection.*

In the fourth paragraph of Government's communication, it has been pointed out that there are insuperable difficulties in accepting the Association's proposal for opening a Branch Accounts Office in Bombay. In the fifth paragraph of Government's letter, it is pointed out that frequently the Controller of Supply Accounts has to obtain orders of Government in order to make payments where payments are not permissible under the ordinary rules without further formalities of an essential nature or without settling some point of doubt arising out of the conditions of contract. Another argument advanced by Government in support of their contention is that the Accounts Office has expanded enormously during the last two years, and the proportion of men with experience of stores payment and accounting, it has been pointed out, is extremely small, and the best possible use has to be made of them. In fact, Government's letter continues, a large proportion of the staff consists of inexperienced men with inadequate knowledge of payment and accounting work, and it would, therefore, be difficult, if not impossible, to spare experienced men in any number for the proposed Bombay office, without the risk of breakdown in the Delhi office. Even assuming that the difficulties listed by Government are there, the point is that over- or under-payments made by the Bombay office can always be adjusted without any difficulty. Government are not perhaps unaware of the fact that with an Accounts Office in Delhi, a certain amount of time is being wasted in sending our bills to and fro in the post. The point made by Government in paragraph five seems to be beside the point for the reason that, so far as cotton mill suppliers are concerned, such questions are not likely to arise, for, so far as my Committee are aware, everything has been settled by the Panel and the necessity of such consultation does not arise at all. In these circumstances, my Committee still consider

there is a good case for the establishment of a payment office in Bombay. If a pay office were established in Bombay, it would not only relieve the congestion in the Delhi Office, but would also facilitate work in Delhi being carried on with a lesser number of officers and staff than at present without danger of any breakdown.

Copy of letter No. CS/2A/1-17, dated 14th September 1942, from the Controller of Supplies, Bombay Circle, to the Association.

I have the honour to inform you that Mr. K. R. S. Rau, Officer on Special Duty (Contracts), gave you to understand that the Branch Payment Office of the Controller of Supply Accounts, New Delhi, would open in Bombay on and from the 1st September 1942.

2. Owing, however, to the inability to obtain office accommodation in time and to recruit the necessary staff, the payment office will not open until the 1st of October 1942, or at the latest within the first week of October.

APPENDIX 14.

INSPECTION BY I. S. D. INSPECTORS.

Copy of letter No. 386/42, dated the 26th January 1942, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

The attention of my Committee has been drawn to certain correspondence which has recently passed between Mr. Passmore and Sir Ness Wadia in connection with the question of admitting the inspecting staff of the Supply Department into the process departments of cotton mills. They have also been furnished with a copy of letter No. 78-G(1), dated 10th December 1941, addressed to the Assistant Director General, Cotton Textiles, by the Controller of Inspection, Bombay Circle (copy enclosed—Enclosure No. 1). The latter communication refers to the following paragraph extracted from a circular issued by the Controller General of Inspection :—

“Inspectors should not always wait for the finished goods to be put up by the factory for inspection, but should take samples of raw or semi-manufactured materials and send to the Chief Inspector of Stores and Clothing, Cawnpore, for report. The guiding principle being that whatever early action can be taken to avoid delay in production should be taken.”

My Committee have further been furnished with a copy of letter dated 14th November 1941, addressed to Messrs. E. D. Sassoon & Co., Ltd., by the Controller of Inspection, Bombay Circle, (copy enclosed—Enclosure No. II). It is clear from this communication that the Controller of Inspection, Bombay, has interpreted the circular of the Controller General of Inspection as an order to enter all process departments of cotton mills and obtain samples, which he apparently proposes to carry out under the provisions of Clause 8 of the I.S.D. Contract which reads as under :—

“The whole contract is to be executed in the most approved and workmanlike manner to the satisfaction of the Inspector who, both personally and by any deputy appointed by the Purchaser or the Inspector in this behalf, shall have full power at every stage of progress, to inspect the manufacture of the stores or any part thereof at such times as he may deem fit and to reject any of the stores of which he may disapprove; and his decision thereon and on any question of the true intent and meaning of the specification or drawings or of the work necessary for the proper completion of the contract shall be final and conclusive. The Inspector shall have the right to mark rejected stores with a small rejection mark so that they may be easily identified if re-submitted and the Contractor shall not be entitled to claim anything on that account.”

My Committee are not aware of the circumstances under which Clause 8 of the I.S.D. Contract came to be incorporated in a contract relating to the supply of cotton piecegoods, nor are they aware of the circumstances under which the Controller General of Inspection issued the circular which has been referred to by the Controller of Inspection. Further, they have no means of ascertaining whether the instructions issued by the Controller General of Inspection were really applicable to cotton piecegoods or whether they were only instructions of a general nature applicable to goods which do not change their shape or form substantially when undergoing the various processes. For instance, Controller General's orders are understandable in the case of, say, leather trade, iron and steel trade, etc., but no useful purpose would be served by the inspector entering the process departments of cotton mills and collecting samples of say, the mixings or the products of the roving department, and sending them to the Chief Inspector of Stores and Clothing, Cawnpore. Reports have been received from mills which indicate that inspectors have taken samples of roving bobbins and drawing slivers. The main issue before the Inspectorate is whether the cloth supplied is according to specification, and so long as this is so, the material utilised in the manufacture of the cloth should ordinarily be a matter of no consequence to them. My Committee concede that there may be cases where individual mills require technical assistance from inspectors in producing the correct type of cloth, but where mills themselves are in need of such assistance, the question of asking for, or granting permission to enter process departments does not arise, because mills themselves would be anxious to secure the presence of the inspectors in the departments, and no special provisions regarding the admission of inspectors inside the departments are necessary. If, however, as has probably happened in the case of Messrs. E. D. Sassoon & Co., Ltd., inspectors seek to enter departments by virtue of the provisions of clause 8 of the I.S.D. Contract, even though the mills do not require their presence in the departments, friction between the management and the Inspection staff is inevitable. In this view of the case, my Committee strongly feel that clause 8 of the contract referred to in this communication be deleted from all the contracts which may be entered into in future by Government with mills for the supply of cotton piecegoods and yarn. The Assistant Director General will shortly be placing definite orders on mills which have offered 20 per cent. of their production to Government through the Association's representatives on the Panel, and my Committee are anxious that this clause should be omitted from these contracts also.

ENCLOSURE NO. I.

Copy of letter No. 78-G (1)-4, dated the 10th December 1941, from the Controller of Inspection, Bombay Circle, Indian Stores Department to The Assistant Director General, Cotton Textile, Bombay.

I have the honour to reproduce below the remarks of the Controller General of Inspection, New Delhi, under para 2(e)—Samples to Govern Supply, of his circular letter No. 46265/C.G.I./(C) dated, 13-9-41, copy enclosed for ready reference.*

"Inspectors should not always wait for the finished goods to be put up by the factories for inspection, but should take samples of raw or semi-manufactured materials and send to the Chief Inspector of Stores and Clothing, Cawnpore, for report. The guiding principle being that whatever early action can be taken to avoid delay in production should be taken."

As many of the mills in this area object to this office inspectors having access to the manufacturing processes employed in execution of this Department's orders, particularly in regard to sampling of the raw materials used in manufacture of the items ordered, it is requested that all mills in this area including those at outstations may kindly be advised to afford facilities to this office inspection Staff in carrying out instructions of the Controller General of Inspection, referred to above.

This matter may kindly be treated as most urgent.

* Not printed.

ENCLOSURE No. II.

Copy of letter dated the 14th November 1941, from The Controller of Inspection, Bombay Circle, Indian Stores Department, to Messrs. E. D. Sassoon & Co., Ltd., Bombay.

The Inspecting Officer reports that he asked permission of the Manager of your mill for admission to the Weaving Department in order to satisfy himself that the manufacture of material against orders subject to his inspection, was being carried out satisfactorily. It is regretted that the Manager refused to give the Inspecting Officer this permission.

I would like to draw your attention to the conditions of contract, form No. ISD-12-5, clause 8 reproduced for your information :-

Inspector to certify satisfactory performance.

"The whole contract is to be executed in the most approved and workmanlike manner to the satisfaction of the Inspector who, both personally and by any deputy appointed by the purchaser or the inspector in this behalf, shall have full power at every stage of progress, to inspect the manufacture of the stores or any part thereof at such times as he may deem fit and to reject any of the stores of which he may disapprove; and his decision thereon and on any question of the true intent and meaning of the specification or drawings or of the work necessary for the proper completion of the contract shall be final and conclusive. The Inspector shall have the right to mark rejected stores with a small rejection mark so that they may be easily identified if resubmitted and the Contractor shall not be entitled to claim anything on that account."

and to request that your Manager may be instructed to give the Inspecting Officers, facilities in all departments where work is being carried out against orders subject to inspection by this Department.

Copy of letter No. S-43 (388), dated 5th March 1942, from the Secretary to the Government of India, Department of Supply, New Delhi, to the Association.

I am directed to refer to your letter No. 386/42, dated the 26th January 1942, and to say that the question raised therein was discussed by the Deputy Director General and the Controller General of Inspection with Sir Ness Wadia and Sir Frederick Stones in Bombay, on the 12th February. In the course of discussion it was made clear by the Controller General of Inspection that it was never the intention to take samples from every mill working on Government contracts. All that was intended was to help firms who were in difficulty over production by taking whatever action could be taken, in the early stages, to avoid wholesale rejections.

2. I am to add that in case in which the Inspecting authorities consider it advisable to go into details of production of any particular mill, the Managing Agents of the mill concerned will be addressed and it is hoped that the Management will afford them necessary facilities in the matter.

3. The letter issued by the Controller of Inspection, Bombay, will be cancelled, but the Government of India are unable to agree that clause 8 of the conditions of contract should be deleted from the contracts in future.

Copy of letter No. 1239/42, dated 24th March 1942, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. S-43(388) dated 5th March 1942, in connection with clause 8, of the conditions of contract. My Committee are pleased

to note that the letter issued by the Controller of Inspection, Bombay, will be cancelled. It is also noted that it was never the intention of the Controller General of Inspection to take samples from every mill working on Government contracts and all that was intended was to help firms who were in difficulty over production by taking whatever action could be taken, in the early stages, to avoid wholesale rejections. In the light of this explanation, my Committee agree to the retention of clause 8, but they would like to make it clear that where entry to Process Departments becomes necessary, it should be limited only to principal officers of the Department like the Assistant Director General, Director of Textiles and the Controller of Inspection, Bombay Circle.

APPENDIX 15.

INSPECTING STAFF OF THE DEPARTMENT OF SUPPLY.

Copy of letter No. 160/116A, dated 12th January 1942, from the Association to the Controller General of Inspection, New Delhi.

I am directed to inform you that all cotton spinning and weaving mills in India have, under instructions from Government, allotted 20 per cent. of their production to Government against their war requirements in the first six months of the year 1942-43. Deliveries against Government requisition are likely to commence in February 1942, and it would seem that unless the present inspecting staff of your Department is considerably reinforced, it will be very difficult to rail goods manufactured against Government requirements as and when they are manufactured. Moreover, many mills have only limited storage accommodation, and accumulation of goods awaiting inspection would necessitate the employment of extra storage accommodation and additional expenditure in the shape of godown rent, insurance against fire, war risks, etc. In the circumstances, my Committee trust that early action will be taken to increase the inspecting staff so that arrangements may be made to rail goods manufactured without unnecessarily detaining them in the mill premises.

Copy of letter No. 46457/10/CGI. (C), dated 17th January 1942, from the Controller General of Inspection, New Delhi, to the Association.

I am directed to acknowledge receipt of your letter No. 160/116A of 12th January 1942 and to thank you for the information contained therein.

Copies of the regional allocations for textiles have been received from the Assistant Director General (Cotton Textiles), Department of Supply, Bombay, and based upon these, action is in hand to reinforce the inspection staff to enable the outturn to be inspected with the minimum of delay.

Copy of letter No. 313/116A, dated 20th January 1942, from the Association to the Controller General of Inspection, New Delhi.

I write to thank you for your letter No. 46457/10/CGI. (C), dated the 17th instant, from which I note that arrangements are being made to reinforce the inspection staff.

APPENDIX 16.

COTTON YARN REQUIREMENTS OF GOVERNMENT.

Copy of letter No. Econ. Ad. (P.C.) 31/41, dated 5th January 1942 from the Deputy Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to say that the Government of India have under consideration the question of ensuring a satisfactory supply of yarn to handloom weavers in India at reasonable prices. The position was examined at the Conference between the representatives of the Central Government and of the cotton textile industry held in Bombay on the 8th and 9th September, 1941, at the Third Price Control Conference held at New Delhi, on the 18th and 19th October 1941, at the meeting of the Cotton Textile Advisory Panel held in New Delhi on the 5th of December, 1941 and at the meeting of the Yarn Sub-Committee of the Advisory Panel for Cotton Textiles held in Bombay on the 20th and 22nd December 1941. Prices of yarn in India have registered a sharp advance in recent months, particularly since the outbreak of the German war with Russia in June 1941 and the issue of the "Freezing Order," against Japan in July 1941. The extent of the rise as compared with the level of prices prevailing in the middle of August 1939, has varied from 110 per cent. for certain counts to 250 per cent. for certain others. Evidence is accumulating to show that this sharp rise in prices is causing considerable distress to handloom weavers who are said to have been unable to raise the prices of their products to a proportionate extent. It has been pointed out that in the case of certain counts of yarn, the margin between the prices of yarn and cloth has narrowed down to less than the minimum required for profitable production of cloth on handlooms. The position has been rendered more acute by the fact that the advance in yarn prices has been accompanied by a serious shortage of mill yarn in certain weaving centres. Several handloom factories, it is alleged, have been forced to close down or to restrict their production as a result of these developments, thereby rendering a large number of weavers unemployed.

2. It is noticed that there has been a slight fall in the prices of yarn during the last fortnight. There is, however, little evidence so far of any substantial relief to handloom weavers either in respect of the quantity of yarn available to them or the prices charged. The Government of India have, moreover, been advised that there are factors in the situation which are likely to maintain the present stringency in the yarn market and that the necessity for more permanent measures to ensure a satisfactory supply of yarn to handloom weavers at reasonable prices continues to exist.

3. The Government of India regard the situation described above with considerable concern and have been giving their most careful consideration to the various proposals which have been put forward for remedying it. With a view to encouraging production, they have already suggested to the Provincial Governments to exempt all cotton spinning and weaving mills from the provisions of section 34 of the Factories Act so as to enable them to work 60 hours a week. The Government of India hope that the mills will take advantage of this measure by putting forth their maximum effort to expand the output of cotton yarn. As a further measure to increase the supply of yarn in the domestic market, the Government of India have decided to restrict forthwith exports of yarn to their pre-war normal. It is expected that this will have the effect of increasing the supply of yarn for home consumption by about 50 million lbs.

4. It has been suggested, however, that for a satisfactory solution of the problem of yarn supply to handloom weavers and for meeting war requirements it is necessary to institute an All-India control over the distribution of yarn. The Government of India will be grateful if your Association will kindly consider the question and instruct your representatives on the Yarn Sub-Committee of the Advisory Panel attached to the Supply Department, at the meeting convened by the Government of India (S.D.) on the 22nd of January 1942, to advise the Government of India on the most effective methods of dealing with the

situation. A scheme was put forward in this connection at the last meeting of the Yarn Sub-Committee of the Advisory Panel for Cotton Textiles at Bombay. The substance of the scheme is that mills will be asked to place a certain proportion of their yarn surplus at the disposal of the Government of India at agreed ex-mill prices, the yarn surplus being interpreted to mean the entire spinning capacity in the case of spinning mills and the excess of spinning capacity over their own consumption of yarn in the case of composite (spinning and weaving) mills. A part of the quantity so made available, equal to a given percentage of the total yarn surplus, will be utilised by the Government of India for meeting war demands, and the balance will be allotted to the various Provincial Governments for distribution to handloom weavers. Each Provincial Government, it is hoped, will assume full responsibility, financial and other, for the quantity of yarn allotted to it and will devise the necessary machinery for distributing it to handloom weavers, subject to the proviso that distribution will always be effected through controlled channels so as to ensure that consumers of yarn will receive the maximum benefit of the prices paid to the mills. It may be added that the Yarn Sub-Committee have already accorded their unanimous approval to the proposal that such percentage of India's surplus yarn capacity as is required from time to time to meet war requirements should be reserved and supplied at agreed prices.

5. The advantages of the above scheme are obvious : in the first place, it provides for the satisfaction of certain minimum requirements of the handloom industry, in addition to ensuring the supply required for war purposes. It further enables the burden of Government's demands for yarn to be divided equally on all mills. Secondly, with a substantial reserve of stocks under Government control, it becomes possible for the Provincial Governments, by the adoption of a carefully planned programme of marketing, to compel speculators to disgorge stocks now withdrawn from the market.

6. There is reason to believe, on the other hand, that war demands are likely to absorb an increasing proportion of the yarn surplus in course of time. It has been pointed out that, should the present shortage of yarn be further aggravated as a result of this and other factors, the problem of adjusting the various competing demands for the limited supplies of yarn and of maintaining a reasonable level of prices, will be exceedingly difficult if, as in the above scheme, a part of the yarn surplus continues to be marketed through uncontrolled channels. An alternative scheme has, therefore, been proposed which seeks to provide against this contingency by placing the entire yarn surplus of the industry from the beginning under Government control. Under this scheme the task of allocating the available yarn supplies to different uses will be assumed by the Government of India in consultation with the representatives of the interests concerned, the quantity allotted to the handloom industry being distributed, as in the first scheme, through Provincial Governments.

7. Further discussion of the above schemes will take place at the next meeting of the Yarn Sub-Committee of the Advisory Panel for Cotton Textiles which will be held on the 22nd January 1942, and I am to request that you will kindly instruct your representatives attending the meeting to assist the Government of India in formulating a workable method to solve the problems discussed in this letter. A copy of written comments, if any, on the proposals explained above may please be sent to the Government of India not later than the 15th of January 1942.

Copy of letter No. 957/52, dated 7th March 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to invite your attention to the discussions which took place at the meetings of the Yarn Panel Sub-Committee in Delhi on 22nd and 23rd January 1942, and to enquire whether Government have formulated any definite plan for controlled distribution of yarn. The attention of my Committee was recently drawn to the appointment of Commissioners in provinces to collect information regarding yarn stocks, etc., and I was asked to address this enquiry to ascertain how matters stand at present.

Copy of letter No. 176 I.C. (3)/42, dated 28th March 1942, from the Additional Under Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

Subject :—YARN CONTROL.

With reference to your letter No. 957/52 of 1942, dated 7th March 1942, on the above subject I am directed to enclose for information a copy of the conclusions reached at the meeting of the Yarn Sub-Committee of the Textile Panel held at New Delhi on the 22nd January 1942, which describes the scheme for the supply of yarn to handloom weavers. The scheme was accepted by the Provincial and State Governments' representatives at the Fourth Price Control Conference held at New Delhi on the 6th and 7th February, 1942.

2. The supply position of yarn will be reviewed again at the next Price Control Conference to be held at New Delhi on the 7th and 8th April, 1942. Meanwhile, the Provincial Governments have been requested (1) to prepare lists of primary wholesale dealers who purchase direct from the mills and other dealers who purchase yarn from the primary wholesale dealers and distribute it to the consumers, and (2) to call for returns of the stocks of yarn held by all dealers on the 14th February, 1942.

3. I am to add that the appointment of a Central Yarn Commissioner is under consideration and the attention of the Provincial Governments has been drawn to the proposal to appoint Provincial Yarn Commissioners contemplated in the scheme.

Conclusions reached at the meeting of the Yarn Sub-Committee of the Textile Panel, held at New Delhi on the 22nd January, 1942.

The following scheme for the supply of yarn to handloom weavers was approved :—

A Central Yarn Commissioner will be appointed by the Government of India and with him will be associated an Advisory Committee composed of the present members of the Yarn Sub-Committee of the Textile Panel. Similarly, each Province will have a Yarn Commissioner and an Advisory Committee, the latter being composed of the representatives of mills and yarn merchants in the Province. The distribution of yarn will be effected in two stages : (i) Primary wholesale dealers who will purchase directly from the mills and (ii) other dealers who will purchase from the primary wholesale dealers and distribute to the consumers. The Provincial Governments will license dealers in both these stages and no other person will be allowed to sell. The object will be to use normal trade channels as far as possible and any help which the spinning mills will give by way of indicating the merchants with whom they have their normal dealings will be useful.

The yarn dealers will put forward their indents at specified intervals to the Provincial Yarn Commissioner, indicating the mills with which they would like to do business. The Provincial Yarn Commissioner will collect these indents and pass them on to the Central Yarn Commissioner. If the position is such that every one of these indents can be met, the Central Yarn Commissioner will take no action beyond passing them on to the mills concerned. If, however, there is a shortage of supplies and some re-allocation of orders has to be made, he will consult the Central Advisory Committee and decide how the orders should be allocated among the mills and to what extent they should be curtailed, if necessary.

In the initial stages, the need for price control may not arise so long as the system works satisfactorily, but in case it does not, the Yarn Sub-Committee will be consulted as to what system of price control should be adopted.

Copy of letter No. 24(3)/2633/G (Spl.), dated 8th June 1942, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to enclose a copy of the scheme* outlined by the Government of India in consultation with the Provincial Governments for the supply of yarn to handloom weavers. The Director of Industries, Bombay, has been appointed as the Yarn Commissioner for this Province. Government now propose to constitute the Yarn Advisory Committee for this Province consisting of the following members, namely :—

- (1) The Director of Industries and Yarn Commissioner (Chairman).
- (2) A nominee of the Millowners' Association, Bombay.
- (3) A nominee of the Millowners' Association, Ahmedabad.
- (4) A nominee of the Indian Merchants' Chamber.
- (5) A nominee of the Bombay Chamber of Commerce.
- (6) A nominee of the Memon Chamber of Commerce.
- (7) A nominee of the Yarn and Silk Merchants' Association, Bombay.
- (8) A nominee of the Bombay Yarn Exchange.
- (9) and (10) Two persons who can represent yarn dealers in the Districts and who supply yarn largely to handloom weavers.

I am accordingly to request that, if your Association is willing to be represented on the Committee, you will kindly communicate to me very early the name of your nominee who will represent your Association on the Committee.

Copy of letter No. 51, dated 22nd June 1942, from the Association to the Secretary to the Government of Bombay, General Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 24(3)/2633/G(Spl), dated the 8th June, 1942, and to say that Sir Ness Wadia, K.B.E., C.I.E., will represent the Association on the Yarn Advisory Committee proposed to be constituted by the Government of Bombay. The address of Sir Ness Wadia is given below for your ready reference :—

Sir Ness Wadia, K.B.E., C.I.E., Messrs. The Bombay Dyeing and Manufacturing Co., Ltd., Neville House, Graham Road, Ballard Estate, Bombay.

APPENDIX 17.

SCHEME FOR THE PRODUCTION AND SALE OF STANDARD CLOTH.

Copy of letter No. 151-I.C.(4)/42, dated 14th December 1942, from the Joint Secretary to the Government of India, Department of Commerce, to the Association.

As decided at the Panel meeting held at Bombay on the 9th December 1942, I am directed to enclose a statement explaining the scheme for the production and distribution of standard cloth prepared by the Sub-Committee of the Panel for your comments and suggestions, if any. As the matter is extremely urgent, I request that the comments of your Association be sent to the undersigned so as to reach him by the 31st December 1942. A copy of your comments may simultaneously be sent to Mr. Krishnaraj Thackersey, President of the Bombay Millowners' Association, Patel House, Churchgate Street, Bombay.

Recommendations of the Special Sub-Committee appointed at the meeting of the Cotton Textiles Panel held on Wednesday, the 9th December, 1942, at 3-00 p.m. (S.T.)

Organisations.—There should be a central organisation located in Bombay and provincial organisations one for each Province and similar district organisations in each province one for each district in the respective province.

The central organisation will be appointed by the industry. Members of the central organisation will be nominated by the various regional associations on the same manner and on the same basis as the Panel set up by the Government for Supply Department cloths. The Chairman of that organisation will be elected by the organisation itself. The services of an I.C.S. Secretary should be lent to this organisation by the Central Government.

The provincial organisations will be composed of a Chairman and regional panel members or their duly authorised substitutes and other important industrialists and merchants selected by the central organisation in consultation with its panel members and other local business men.

The provincial organisations or corporations will have the power to co-opt more members from their province.

The provincial organisation too will have a secretary and the necessary staff. Its chairman will be selected by the central organisation. The chairman must be such person as has experience of the business and also influence in his own province. Perhaps he will be one of the industrialists or merchants. He should have no monetary interest in the sales made in his own province. The provincial organisation will have one or more Government nominees.

District organisations will be composed of local merchants, public men, *raises* and some Government officials. It will be constituted by the provincial organisation concerned.

Functions of the Organisations.—The central organisation will allot to the various regions the quota for manufacture of standard cloth, and the regional panel member or his duly authorised substitute will be responsible for distributing the orders amongst the mills included in his regional area on an equitable basis.

The central organisation will be the final authority in respect of the whole scheme and will have the power to make such changes in the provincial and district organisations or in the method of distribution as may be necessary from time to time.

The provincial organisation's main function will be to arrange, supervise and inspect the distribution of cloth in that particular province.

The provincial organisation will select one or more guarantee brokers and a number of retail sellers, and through its district organisations, will see that the cloth is sold at the fixed price.

Any complaints received against the retail sellers, the guarantee broker or against the mills will have to be dealt with by the provincial organisation. If there is any complaint against the mills, then the provincial organisation will take up the question with the central organisation who will deal with the matter.

The district organisations will supervise and inspect the sales in the district and send its recommendations and report to the provincial organisation. But in respect of dismissal of retail sellers or guarantee broker or any new appointments, it will have no hand. All this matter will be left primarily to the chairman of the provincial organisation, or in the last resort, to the provincial organisation itself.

Sales and Payments.—The central organisation, after it has allotted production to the various regional areas, will direct the mills to send goods manufactured by them to certain

areas. All this will be carefully planned beforehand by the central organisation. There will be one provincial agent in each province who will be paid one per cent. commission on all sales. His duty will be simply to supervise sales through retail sellers and collection of drafts drawn on the retail sellers. After the goods have been despatched, which will be done direct to the retail seller, the retail seller will pay through bank on draft against railway receipts, and the provincial agent will see to the prompt payment against the draft. The retail seller will be paid perhaps 3 per cent. on sales plus Rs. 50 per shop per month for expenses. His duty will be to sell the goods at fixed price and open as many shops as may be needed. He will exhibit the goods to be sold at the gate of the shop. He will be directed to open certain number of shops in a town with a population of at least 10,000 according to the needs. He will sell on cash and therefore will take no risk. The only risk will be in case goods are left with him unsold during a falling market. To compensate him for such losses, he should be assured by Government that for any loss that he may incur due to a sudden fall in price, he will be compensated by a small insurance premium on the turnover of the standard cloth. He should keep a separate shop for standard cloth and have no other interest in that shop. In the beginning he may have to be paid a higher percentage of commission, but as business increases, this will be reduced. He and the provincial guarantee broker may be asked to deposit certain sum as security with the central organisation.

Prices.—Prices should be fixed uniform for all mills in British India and Indian States. The prices to be paid to the mills should be raised by one per cent. over the Panel prices to cover the freight and despatch charges. Mills will be under an obligation to pay the freight from their premises to the centre where the goods are required to be delivered. The goods will be despatched to the nearest railway station and the retail sellers will arrange to take delivery at the station and for any subsequent transportation that may be necessary, such incidental charges as cartage, etc., being borne by them. The tare will be the property of the retail seller and will be treated as part of his remuneration.

Method of Sale.—It will be the duty of the retail seller to keep a record of the names and addresses of the persons who buy standard cloth from his shop. It should be made a penal offence to trade or possess more than ten yards of standard cloth per person.

Quota for each Province.—The quota should be fixed on a population basis, subject to changes in the temperature and climatic conditions of the place.

General.—All the Indian States should necessarily have to come into the scheme. The central organisation should have legal power to enforce its decision on all the mills. If any mill in an Indian State does not come into the scheme, its priority will be stopped. Similarly, States people also will be benefited under the scheme.

Distinguishing marks will have to be stamped on all cloths and special headings of sarees and dhoties will be given to distinguish standard cloth from others. Some members feel strongly that distinguishing lines throughout the length and in various places in the widths of cloth should be put in the same colour so as to distinguish standard cloth from others.

There will be uniformity of reservation of looms for all mills after taking into consideration the Supply Department demands, standard cloth demands and yarn requirements. On this point, the two representatives of Ahmedabad were in disagreement inasmuch as they felt that the question of standard cloth should be on a different basis and should not be mixed up with Supply Department and yarn requirements.

Government should be requested to give special priority and also special rate of freight for all standard cloth.

Government should be requested to exempt retail sellers and mills from payment of octroi and other terminal duties on standard cloth.

Rules and regulations will have to be made for the functioning of central and provincial organisations, but these could be worked out later.

Copy of letter No. 53, dated 28th December 1942, 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. 151-I.C. (4)/42, dated the 14th December 1942, with which was enclosed copy of a scheme for the production and distribution of standard cloth. My Committee have given careful consideration to the scheme, and I am directed to set forth below their considered views in this matter.

2. My Committee strongly feel that, in order that the rights and obligations of all parties involved in the scheme may be properly specified and made enforceable if necessary under the law, it is essential that the organisation set up for this purpose should be a statutory body whose constitution and duties would be laid down under a Statute or Ordinance. Government must be fully associated with any scheme that may be formulated for the purpose of manufacture and distribution of standard cloth, and in this view of the case, it is thought that the statutory body referred to above should be composed of representatives of Government and the industry so that proper safeguards could be devised to ensure that the cloth reaches the masses at the price at which the industry supplies it with a reasonable addition for handling and distribution charges. Further, Government representation and participation in the scheme is essential, as my Committee feel that the entire finance involved in the scheme should be met by Government.

3. It is the considered opinion of my Committee that no brokers, wholesale or retail, should be employed for the purpose of distributing the cloth. The agency through which this cloth is to be sold or distributed in the different parts of the country must be a departmental agency organised and controlled by the statutory organisation, which my Committee recommend should be set up. It may be argued that the employment of brokers will facilitate easy distribution of cloth as these people have already got their agencies and that it will save time and money if the existing agencies were employed, but it must be remembered that standard cloth or cheap cloth is a cloth that is specially prepared to meet the present emergency and to benefit the poorer class and that the essence of the scheme is that the cloth must reach the consumer with the addition of minimum charges necessary for freight and distribution purposes. The employment of brokers will defeat this object because of more reasons than one: a broker or a merchant already engaged in cloth business will naturally look upon the standard cloth as an orphan cloth which will reduce the sales of cloth in which he deals, and, therefore, he may not be able to resist the temptation of pushing forward his own sales at the sacrifice of the distribution of standard cloth entrusted to him. Secondly, the man in the street will never be able to dissociate the ordinary dealer with a profit-making motive.

4. The elimination of brokers and dealers raises the very important question of financing the buying and selling arrangements, but my Committee feel that, as the cloth is being manufactured and supplied at the instance of the State and for State purpose, it is the duty of the State to undertake the financial responsibilities involved in the working of the scheme. Next to foodstuffs in importance, cloth is a necessity of life, and it is the primary responsibility of Government to provide cheap cloth in an emergency such as we are passing through at present, for the benefit of the poor people. If Government had been compelled to requisition cloth, it would have been their duty to undertake the financial responsibility, which they cannot avoid simply because the industry itself has come forward to help them in working what in effect amounts to control for the supply of standard cloth.

5. It has always been my Committee's view that any reasonable scheme for the production and distribution of standard cloth should be built up on the following basis:—

- (a) Any scheme that is formulated must be on an all-India basis including the Indian States.
- (b) There should be absolute equality of sacrifice as between manufacturer and manufacturer.

- (c) In determining the equality of sacrifice, the cloth supplied by individual mills or group of mills under the same management to the Supply Department should be taken into account so that the total sacrifice which the mills are called upon to make is the same.
- (d) The Provinces which are essentially agricultural Provinces growing foodstuffs must realise their obligation for the supply of foodstuffs to other Provinces where the cotton mill industry is located. In short, there must be reciprocity in the matter of supply of standard cloth and foodstuffs as between Province and Province.
- (e) The benefit of the scheme must go to the consumer to the fullest possible extent, and, in this view of the case, all overhead charges from the point at which the cloth is manufactured right up to the point at which it is sold to the consumer should be reduced to the barest minimum. The selling price of cloth should be uniform all over India.

6. My Committee are pleased to note that some of the principles enunciated in the immediate preceding paragraph have been recognised in the scheme forwarded by Government, but it is felt that the above scheme does not go far enough. In the circumstances, my Committee have taken the liberty of putting forward another scheme, a copy of which is enclosed herewith.

7. My Committee wish to draw Government's special attention to the fact that this Association represents a little over 50 per cent. of the productive capacity of the industry in India, and as the largest organisation of millowners in India, the Association is particularly interested in setting up a scheme which will be not only well organised and strictly controlled in every Province, but would also ensure that the benefits arising from the sacrifice made by the industry are passed on to the consumer.

Scheme for the Distribution of Standard Cloth suggested by the Association.

A. A Central Statutory Board called The Standard Cloth Control Board shall be constituted with headquarters in Bombay.

B. The Central Statutory Board shall consist of (i) representatives of the Department of Commerce and Department of Supply of the Government of India; and (ii) the present members of the Panel attached to the Cotton Textile Directorate of the Department of Supply of the Government of India.

C. The Central Statutory Board should be legally constituted either by virtue of an Ordinance or by Executive Orders issued by the Government of India.

D. The functions of the Central Statutory Board shall be:—

(1) To receive indents for the supply of standard cloth from Provincial Boards, and after scrutiny and approval, to allocate these indents to various mills in India through the respective regional representatives.

(2) In making these allocations, the Central Statutory Board shall ensure and enforce uniformity of sacrifice on the part of all mills in the country, taking into account cloth supplied to the Department of Supply, standard cloth and percentage of looms.

(3) To fix f.o.r. prices of standard cloth from time to time on the same basis and differentials as are adopted for cloth intended for the Supply Department. Standard cloth shall be sold throughout the country at a uniform price. For this purpose,

f.o.r. prices shall be raised by $1\frac{1}{2}$ per cent. to cover railway freight, and a further 4 per cent. shall be added to cover incidental and selling charges by Provincial Boards.

- (4) To frame a standard contract on the basis of which orders for the manufacture of standard cloth shall be accepted by individual mills, such contracts being signed by and on behalf of Provincial Boards constituted as hereinafter specified.
- (5) To issue despatching instructions to the mills in respect of the cloth ordered out from them, and generally to supervise the working of the Standard Cloth Manufacture and Distribution Scheme in British India and Indian States and to issue all orders and instructions which may be necessary from time to time in connection therewith.

E. After allocation, the Central Statutory Board shall forward particulars showing the name and address of the mill, quantities allocated, particulars of cloth, etc., to each Provincial Board, and the latter shall enter into a contract with the mill concerned on the lines of the allocation made by the Central Statutory Board.

F. The entire geographical area covered by British India and Indian States shall be divided into as many regions as have been recognised by the Government of India in connection with the allocation of Government's war orders for textiles, and a Provincial Board shall be set up at the headquarters of each area.

G. Provincial Boards shall consist of :—

- (1) Two representatives of Provincial Government and the Indian States concerned ; and
- (2) Not less than four and not more than six non-officials, who are ordinarily resident in the area, of which one at least shall represent the cotton textile manufacturing industry of the area. Non-official representatives shall be appointed from the recognised trade interests in the area.

H. The functions of the Provincial Boards shall, *inter alia*, be :—

- (1) To establish organisations for the distribution of standard cloth in the districts covered by their area.
- (2) To give them such guidance and instructions as may be necessary, under the general supervision of the Central Statutory Board, for the satisfactory working of the Standard Cloth Manufacturing and Distributing Scheme if necessary by the introduction of a coupon or other suitable method of distribution.
- (3) To regulate the relations between the Provincial and District Standard Cloth Boards in the matter of submission of returns, indents, collection of moneys, disposal of stocks and generally all matters incidental to the distribution of standard cloth.
- (4) To enter into contract with mills on receipt of allocations from the Central Statutory Board.
- (5) Provincial Boards shall have the power and right to sue and enforce contracts entered into by them and to recover moneys lawfully due to them. They shall also be liable to be sued for fulfilment of contracts.
- (6) The Provincial Government on behalf of the Provincial Board shall undertake the financial responsibility inherent in the Standard Cloth Scheme which includes payment of mills' bills against railway receipts. It is recognised that Government's acceptance of financial responsibility must be a condition precedent and indispensable to a satisfactory working of the scheme.

I. Provincial Boards shall not enter into any arrangement with any person, firm, company or organisation other than the district organisations for the sale or distribution of standard cloth. The allowance made to the district organisations shall not exceed 3 per cent. of the price of standard cloth.

J. Provincial Boards shall prepare and submit at periodical intervals, in consultation with the Central Statutory Board, a consolidated indent setting forth in detail the requirements of cloth of the area under their control specifying the quantities and the addresses of such district headquarters to which such cloth should be sent.

K. There shall be constituted at the headquarters of each District, an organisation called The District Standard Cloth Board.

L. The District Standard Cloth Board shall consist of two district officials and not less than four and not more than six non-officials, preferably selected from commercial and industrial organisations, provided that not more than one non-official representative shall be appointed from the cloth trade.

M. Membership on the Central, Provincial and District Boards shall carry no remuneration whatsoever except travelling allowance in appropriate cases.

N. The functions of the District Boards shall be :—

- (1) To open shops in their respective districts in towns with a population of not less than 10,000 and not more than 50,000. The minimum population limit referred to might, in due course, be reduced to 5,000.
- (2) To appoint the requisite staff for each shop and fix their remuneration in consultation with the Provincial Board, provided that no person who is also interested in the sale of cloth shall be appointed.
- (3) To collect moneys from the sale of cloth.
- (4) To prepare indents containing their requirements at such intervals or on such lines as may be directed by the Provincial Board.

O. The distribution of standard cloth shall be on a uniform basis throughout India, and it shall be the function of every organisation referred to in this scheme to ensure that any limits which may be laid down are not exceeded.

Copy of Notification No. 151-I.C.(4)/42, dated 16th December 1942, issued by the Government of India, Department of Commerce, New Delhi.

In exercise of the powers conferred by clause (a) of sub-rule (2) of Rule 81 of the Defence of India Rules, the Central Government is pleased to order that if, in the execution of any indents for standard cloth placed on any manufacturer of cotton textiles by the Central Government or any officer or authority appointed by that Government in this behalf, a manufacturer fails to fulfil any contracts for cotton textiles entered into, whether before or after this order, by him with any person for delivery on or within stipulated date or dates, the manufacturer shall be absolved from all consequences arising out of such non-fulfilment upto a period of 90 days from the stipulated date or dates of delivery and the contracts shall be deemed to be modified accordingly ;

Provided that this order shall not apply to any contracts for cotton textiles entered into by a manufacturer with the Central or Provincial Governments or with any officer authorised by any of these Governments in this behalf ;

Provided further that if in any particular case a manufacturer is unable to fulfil any contract for the manufacture of any other cotton textiles within the aforesaid period of

ninety days, the Central Government or any officer authorised by it in this behalf may, if it or he is satisfied that special circumstances exist, by order in writing absolve the manufacturer from any consequences for non-fulfilment of the contract for such further period as it or he considers necessary.

2. For the purposes of this Order "standard cloth" means any cloth which in the indent for the supply of such cloth, is so described by the Central Government or any authority or officer empowered by that Government in this behalf.

Extract from the "Gazette of India," 20th February 1943, Part I, Section 1, page 219.

INDUSTRIAL CONTROL.

New Delhi, the 20th February 1943.

No. 151-I.D.C. (4)/43.—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 powers conferred on it by clauses (a), (d), (e) and by sub-clauses (i), (ii) and (iii) of clause (c) of sub-rule (2) of rule 81 of the Defence of India Rules and the power conferred on it by clause (f) of the said sub-rule to provide for any incidental or supplementary matters for which it is expedient to provide for the purposes of an order made under clause (a), (d), (e) and sub-clauses (i), (ii) and (iii) of clause (c) thereof shall in respect of standard cloth and undertakings engaged in, or capable in the opinion of the Standard Cloth Commissioner of, producing standard cloth, be exercisable also by the Standard Cloth Commissioner appointed by the Central Government subject to the control of the said Government.

Explanation.—For the purposes of this order "standard cloth" means cotton piece-goods manufactured or processed and finished as per specifications approved from time to time by the Central Government.

Extracts from the "Government of India Gazette" dated 6th March, 1943.

Resolution.—Industrial Control. New Delhi, 6th March 1943.

No. 156-I.C. (7)/43.—In order to assist them in giving effect to the Standard Cloth Scheme, the Government of India have decided to set up an Advisory Panel, to be called, the "Standard Cloth Panel," with headquarters at Bombay. This Panel will consist of representatives of the cotton textile industry and others. The names of the members who will constitute the Panel, until further orders, are :—

(1) Mr. K. M. D. Thackersey, (2) Mr. T. V. Baddeley and (3) Mr. Goculchand Morarka—Representatives of the Millowners' Association, Bombay.

(4) Mr. Kasturbhai Lalbhai, (5) Mr. Sakarlal Balbhai and (6) Mr. Ratilal Nathalal—Representatives, Ahmedabad Millowners' Association, Ahmedabad.

(7) Dewan Bahadur C. S. Ratnasabapathy Mudaliar, (8) Mr. B. W. Batchelor and (9) Mr. K. Devarajulu Naidu—Representatives, Southern India Millowners' Association, Coimbatore.

(10) Mr. J. Tinker, (11) Sir Padampat Singhanian and (12) Mr. R. Menzies—Representatives, Upper India Chamber of Commerce, Cawnpore.

(13) Mr. B. M. Bagri and (14) Dr. Nalinaksha Dutt—Representatives Bengal Millowners' Association, Calcutta.

(15) Seth Shantilal Girdharlal and (16) Seth Chaturbhujdas Chimanlal—Representatives Baroda State Mills and Industries, Baroda.

(17) Mr. R. C. Jall—Representative, Indore Millowners' Association, Indore.

(18) Sir Shri Ram—Representative, Cotton Textile interests in the province of Delhi and the Punjab.

(19) Sir Ness Wadia—Representative of Yarn manufacturers.

(20) Sir Purshothamdas Thakurdas, Navsari Chambers, Bombay, (21) Nawabzada Muhammad Liaquat Ali Khan, M.L.A., Gul-i-Raana, Hardinge Avenue, New Delhi, (22) Mr. K. C. Neogy, M.L.A., Calcutta and (23) Sir V. T. Krishnamachari, Diwan of Baroda, Baroda—Nominated by the Central Government to represent other interests.

(24) Sir Frederick Stones, O.B.E., Bombay, Honorary Adviser (Standard Cloth) to the Government of India.

2. The Standard Cloth Panel will advise the Government of India generally on matters concerning the manufacture, transport, distribution and sale of standard cloth and the fixing of prices for the purchase and sale of such cloth. The Hon'ble the Commerce Member or in his absence the Secretary to the Government of India in the Commerce Department when present at a meeting of the Panel, will preside over the meeting. In their absence those present at the meeting may elect one of their member to be the Chairman of the meeting. The Panel will meet at such intervals and as often as may be decided by the Government of India from time to time.

3. The Government of India have appointed Mr. M. K. Vellodi, I.C.S., as Standard Cloth Commissioner, with headquarters at Bombay. He will be the Chief Executive Officer of Government for the purpose of the Standard Cloth Scheme and will attend the meetings of the Panel.

APPENDIX 18.

EXTENSION OF HOURS OF WORK IN COTTON MILLS.

Copy of letter No. 165, dated 30th April 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I have the honour to invite your attention to Government notification No. 5295/34, dated 4th November 1941,* and to say that the exemption referred to therein may be continued for a further period of six months.

Copy of letter No. 5295/34-E, dated 8th May 1942, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

Subject :—GRANT OF EXEMPTION FROM SECTION 34 OF THE FACTORIES ACT, 1934.

With reference to your letter No. 165, dated the 30th April 1942, on the above subject, I am directed to state that Government does not consider it necessary to extend the exemption granted in Government Notification, Political and Services Department, No. 5295/34, dated the 4th November 1941, but that it is prepared to grant exemption to those mills whose labour has agreed to a ten-hour day.

* Published on page 238 of the Association's Report for 1941.

Copy of letter No. 165, dated 22nd May 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to invite reference to Government Notification No. 5295/34, dated the 4th November 1941, which exempted all cotton spinning and weaving factories in the Province of Bombay from the provisions of section 34 of the Factories Act, 1934, for a period of six months. By another notification published on the same date, Government made certain amendments in the Bombay Industrial Disputes Act, the object of which, according to Government's Press Note, was to avoid the delay involved in the procedure which mills would have to follow under the provisions of the Bombay Industrial Disputes Act if they wanted to make a change in the total weekly hours of work. The amendment of the Bombay Industrial Disputes Act referred to, made it unnecessary on the part of the employers to give notice of change in respect of the total weekly hours of work. Government's Notification No. 5295/34 was due to expire on the 3rd May 1942, and accordingly, on 30th April 1942, the Association applied for the continuation of the exemptions granted, for a further period of six months. As there was no reply from Government till the evening of the 3rd May 1942, the position was considered by the Association, and on enquiries made from the Chief Inspector of Factories, it was ascertained that there may not be any difficulty in securing an exemption from the provisions of section 34 of the Factories Act in respect of those mills, which were already working 10 hours per day by a notice put up under the provisions of Government Notification No. 5295/34, dated the 4th November 1941, if applications were made by them to the Chief Inspector of Factories. Accordingly, the Association advised the mills concerned, to apply to the Chief Inspector of Factories for an exemption under the provisions of section 44(2) of the Factories Act to enable them to continue work on the basis of 60 hours per week.

2. The Government of Bombay, by their letter No. 5295/34-E, dated the 8th May 1942—which was received in the office of the Association on 11th May 1942—stated that they did not consider it necessary to extend the exemption granted, but that they would be prepared to grant exemption to those mills whose labour had agreed to a ten-hour day. In the meantime, under advice from the Association, the mills concerned applied to the Chief Inspector of Factories who issued an exemption order under sub-section (2) of section 44, entitling them to work for not more than 60 hours in any one week. In this connection, it should be pointed out that the applications for exemption seem to have been made before the 4th of May 1942, that is to say, the date on which Government's original Notification dated the 4th November 1941 was due to expire.

3. The exemption issued by the Chief Inspector of Factories was followed by a communication from the Commissioner of Labour, Factory Department, No. F.D. 4063, dated 15th May 1942 (copy enclosed), in which it was pointed out that the granting of exemption under section 44(2) did not relieve the mills from the necessity of complying with the provisions with regard to notices of change and other provisions of the Bombay Industrial Disputes Act. It was further added that, unless mills had an existing agreement with their employees, regarding the enhanced total weekly hours of work, the procedure of the Bombay Industrial Disputes Act should be followed before making use of the exemption. This decision has created a very difficult situation for some of the mills, who, as has already been pointed out, introduced a 60-hour week *not* by an agreement, but by a simple notice put up at the mill premises as they were entitled to under Government's original notification dated the 4th November 1941. To suggest that these mills would not be allowed to continue to work on the basis of 60 hours per week after the expiration of the original notification except under an agreement with their workers, is to create unnecessarily trouble for, if past experience is any criterion, the mills concerned will, in all probability, have to give up the 60-hour week. Secondly, my Committee do not see the necessity of a notice of change being given by the employer if he wants to continue the 60-hour basis for the reason that, as the mills have all along been working for 10 hours, there is really no "change." Certain mills, as Government are aware, are working 60 hours per week in particular departments to relieve the congestion created by the commitments they have undertaken with the Department of Supply, and it will be really unfortunate if the proceedings which they are now called upon to institute, led to the discontinuance of this system of working. In this view of the case, my Committee suggest that *in all cases* where mills have been, immediately prior to the termination of Government Notification, dated the 4th November 1941, working on the basis of 10 hours

per day, or 60 hours per week, an exemption from the provisions of section 34 might be granted by Government under section 8 of the Factories Act which would ensure that they would not be called upon to comply with the provisions of the Bombay Industrial Disputes Act. My Committee agree that if, *in future*, any mill desires to adopt the 60-hour per week system, the procedure outlined in the Bombay Industrial Disputes Act should be followed. In view of the uncertain situation created by the ruling given by the Commissioner of Labour in his communication dated the 15th May 1942, my Committee request that early orders be passed by Government in this matter:

4. I am to add that the number of mills concerned is not, by any means, large.

Copy of letter No. F.D.4063, dated 15th May 1942, from the Commissioner of Labour, to the Manager, The Century Spinning and Manufacturing Co., Ltd.

With reference to the exemption granted under section 44(2) of the Factories Act by the Chief Inspector of Factories from section 34 under his letter No. 3810 of 4-5-42, I have the honour to draw your attention to the fact that the granting of an exemption under section 44(2) does not relieve you from the necessity of complying with the provisions with regard to notices of change, and other provisions of the Bombay Industrial Disputes Act. Unless therefore you have an existing agreement with your employees regarding the enhanced total weekly hours of work, the procedure of the Bombay Industrial Disputes Act should be followed before making use of the exemption.

Copy of letter No. 5295/34-E, dated 11th June 1942, from the Chief Secretary to the Government of Bombay, Political and Services Department to the Association.

Subject :—GRANT OF EXEMPTION FROM SECTION 34 OF THE FACTORIES ACT, 1934.

I am directed to invite attention to my letter No. 5295/34-E, dated the 8th May 1942, on the above subject, and to state that, Government has on reconsideration, exempted all cotton spinning and weaving factories and bleaching and dyeing factories in the Province of Bombay from the provisions of section 34 of the Factories Act, 1934, with effect from the 4th May 1942, pending further orders.

Copy of letter No. 4834, dated 13th June 1942, from the Chief Inspector of Factories, Bombay Province, to the Association.

Subject :—EXEMPTION UNDER THE FACTORIES ACT, 1934.

I have the honour to forward herewith for your information a copy of Government Notification, Political and Services Department, No. 5295/34, dated 9th June 1942, exempting all cotton spinning and weaving factories and all bleaching and dyeing factories in the Province of Bombay, from the provisions of section 34 of the Factories Act, 1934, with effect from the 4th May 1942 pending further orders.

Notification No. 5295/34, dated 9th June 1942.

In exercise of the powers conferred by section 8 of the Factories Act, 1934 (XXV of 1934), the Government of Bombay is pleased to exempt with effect from the 4th May 1942 pending further orders, the following factories from the provisions of section 34 of the said Act, viz :—

All cotton spinning and weaving factories in the province of Bombay; and all bleaching and dyeing factories in the Province of Bombay.

Copy of letter No. 165, dated 12th June 1942, from the Association to all Mills in Bombay Province.

I am directed to invite your attention to my circular letter No. 165, dated the 22nd May 1942* in which I stated that an application for continuation of the exemption granted by Government in their Notification No. 5295/34, dated the 4th November 1941 exempting cotton spinning and weaving factories from the provisions of section 34 of the Indian Factories Act for a period of six months ending on 3rd May 1942 was made by the Association and that Government were not willing to grant any general exemption. As a result of a further representation submitted by the Association, Government have sanctioned the continuance of the exemption granted by their notification dated the 4th November 1941, until further orders. Government's letter dated 11th June, addressed to the Association is reproduced below :—

"I am directed to invite attention to my letter No. 5295/34-E, dated the 8th May 1942, on the above subject, and to state that, Government has, on reconsideration, exempted all cotton spinning and weaving factories and bleaching and dyeing factories in the Province of Bombay from the provisions of section 34 of the Factories Act, 1934, with effect from the 4th May 1942, pending further orders."

The effect of this letter is that cotton spinning and weaving factories may work a 6-day week of 60 hours instead of 54 hours without giving a notice of change to their operatives as prescribed in the Bombay Industrial Disputes Act.

APPENDIX 19.

EXCESS PROFITS TAX—APPLICATION TO THE CENTRAL BOARD OF REVENUE FOR A SUBSTITUTED PROFITS STANDARD.

Copy of letter No. 138, dated 13th October 1942, from the Association to the Secretary to the Government of India, Department of Finance, New Delhi.

I am directed by the Committee of the Millowners' Association to invite your attention to the undermentioned statement made by the Honourable the Finance Member when winding up the debate in the Assembly on the Excess Profits Tax Bill, 1940 :—

"To the extent that an important part of the administration of the Act will now be located at headquarters in that it will fall to the Central Board of Revenue to administer certain very important provisions of the Act, I can assure the House that that administration will be carried out in a spirit which will be tolerant and indeed sympathetic to the growth of industry . . . I am myself exceedingly anxious that everything should be done to encourage industries to take advantage of the opportunities provided by the war . . . In the same spirit I shall myself supervise the administration of the provisions which have now been included in section 26 of the Act."

2. The cotton mill industry of Bombay is the premier industry of Western India. In its prosperous days it had contributed very large sums to the revenues of the Central and Provincial Governments in the shape of income-tax, super-tax and other forms of taxes. For reasons over which it had no control and which are briefly referred to in a latter paragraph of this representation, the industry had to pass through severe trade depression for a series of years with the result that the years out of which it has the option to select a standard period were years of losses or of very low profits. My Committee understand that the Member, Central Board of Revenue (Mr. J. F. Sheehy) and the Excess Profits Tax Adviser (Mr. C. W. Ayers) who were recently in Bombay, heard a number of applications under section 26(1) of the Excess Profits Tax Act where the Central Board of Revenue had been asked for a substituted profit standard. It would seem that the Member, Central Board of Revenue, and

* Not printed.

the Excess Profits Tax Adviser then held the view that in all cases they were inclined to recommend a return of 4 per cent. on the capital employed, and that the standards might be based on that figure unless reasons to the contrary were adduced. It is in this connection that my Committee desire to address you, and I set forth below the reasons in support of the submission that a standard of 4 per cent. will be detrimental to the continued existence of the industry and that an adequate and fair return should be granted, bearing in mind the desirability of the industry as a whole being allowed to retain a reasonable part of the profits which are now being earned :

Reason (1).—It is submitted that by the very provisions of the Excess Profits Tax Act, a standard of 4 per cent. is fundamentally unfair, because, the statutory percentage to be applied to reductions in capital is 6 per cent. and there will be progressive reductions in capital employed owing to the deduction of annual depreciation.

Reason (2).—The rate to be allowed for increases in capital is 8 per cent. : the minimum statutory percentage provided in the Act in relation to average capital employed in a business is 8 per cent., and it is, therefore, logical to conclude that the latter percentage must have been contemplated as the average return to which capital would normally be entitled, and there appears to be no justification for the Board seeking to impose a scale which is 4 per cent. below the allowance contemplated.

Reason (3).—In 1935 a special Tariff Board was appointed under the chairmanship of Sir Alexander Murray to conduct an enquiry regarding the level of duties necessary to afford adequate protection to the Indian cotton textile industry against imports of cotton piecegoods and yarn from the U. K. and foreign countries. This Board as a result of extended and thorough enquiries concluded that the minimum profit of the cotton textile industry for the purpose of the protection to be given should be taken at 6 per cent. on the total block cost. In the case of old established concerns, this would mean at least 10 to 12 per cent. on the written-down values. In this connection it may be pointed out that the standard of 4 per cent. on the written-down values suggested by the representative of the Central Board of Revenue compares very unfavourably with the standard recommended by the special Tariff Board.

Reason (4).—In the course of the debate on the Excess Profits Tax Bill, the Honourable the Finance Member observed :—

“ It is possible no doubt to refer to the years preceding the war as periods of unrelieved depression ; nevertheless I am acutely conscious of the fact that the options allowed in the Bill already operate to include such peaks of activity in relation to numerous important industries as to reduce the probable yield in this tax by an enormous percentage It is the effect of the option which is given to the tax-payer to choose his peak which makes this tax a tax of *enormously mitigated incidence.*”

The Honourable Member in reply to a question stated :—

“ My answer is that if he reads an analysis of the results of business during the course of this period, he will find that the options available enable businesses to choose now a *very high level for the standard.*”

It is clear from the above extracts that the intention of Government was to make it possible for industries to choose a “ very high level for the standard.” Unfortunately for the Bombay cotton textile industry, the period open for selection was one of unrelieved depression. According to the composite balance sheets of the Bombay cotton textile industry compiled by the Association, the aggregate profits made by Bombay cotton mills during the years 1935-38 were not even sufficient to provide for current depreciation. My Committee have no desire to press for this industry the fixation of a “ very high level for the standard ” or the fixation of a standard approaching what may be called “ peaks ” of profit, but they trust that you will concede that the rate indicated by the Member, Central Board of Revenue and the Excess Profits Tax Adviser, viz., 4 per cent. on the written-down capital, is inadequate and will result in practically all current profits being paid away in taxation.

3. Under section 6(1) of the Act, a business which was started on or after 31st March 1936, is allowed to choose a profits standard of 8 per cent. or 10 per cent. on the capital employed. If the business was started after 30th June 1938, it is allowed a profits standard of 10 per cent. or 12 per cent. These are fair percentages, and it is submitted that there can be no justification for any discriminatory treatment between businesses which are new businesses as defined in the Act, and old-established businesses, to the detriment of the latter. My Committee further submit that old-established businesses such as those in the cotton mill industry, which have invested large sums in buildings, plant and machinery, which have contributed substantially to the national exchequer and which have continued to operate during years of depression notwithstanding the risks involved, are entitled to more favourable treatment than newly established businesses which only came into being when there were possibilities of making more than normal profits.

4. When introducing the Excess Profits Tax Bill in the Assembly in 1940, the Finance Member stated :—

“ For businesses which started after the 31st March 1936 the standard profit fixed by the Bill is a statutory percentage on capital amounting to 8 per cent. in the case of companies and 10 per cent. in the case of individuals. It may be asked why a distinction is made between new and old businesses. In the first place, for very recent businesses there can of course be no standard period at all. But even for the others the profits made in the first year or so would clearly be an unsatisfactory basis for determining excess profits from 1939-40 onwards. *On the other hand, in the case of old businesses it would be a matter of the utmost difficulty to work out percentages of capital.* In such cases a percentage on the original capital invested in the business a long time ago is not such a suitable basis for determining excess profits as the actual profits made in one or the other of the years which can be elected as the standard period.”

An amendment was proposed that all businesses should be allowed to choose a standard at the statutory percentage on the average capital employed. This amendment was negatived, but the arguments put forward against this proposal were far from convincing. When opposing the amendment, the Finance Member gave as the chief reason therefor the example of old companies which had lost a large portion of their capital, and in this connection stated :—

“ Now, these companies may still have a large subscribed capital on their books, say 50 lakhs of rupees, and having lost 30 or 40 lakhs of rupees of this money years ago, they would now come forward to take this option and claim that before they should be considered to have made excess profits out of the war, they should earn a percentage of 8 per cent. *on the whole capital still standing on the books.* That, Sir, it seems to me, is not a fair proposition.”

In the first place, it is submitted that the statutory percentage was, under the law as laid down in the Bill, to be applied to the statutory capital employed in the business computed as laid down in Schedule II and not on “ *that part of the capital still standing on the books.*” Secondly, in the case of old-established businesses, since the statutory capital is based on the written-down value of the assets employed and not on their original cost, and since, even out of this written-down value, liabilities including the excess profits tax and debts are to be deducted, it will be seen that there is no question of old-established businesses claiming that they should earn a percentage of 8 per cent. “ *on the whole of the capital still standing on their books* ” ; on the contrary, they would have to be content with that percentage on only a portion thereof. The older a company is, the smaller will be the written-down value of its fixed assets ; hence the smaller will be its standard profit if the standard profit is computed at a percentage rate on the statutory capital. It is most unfortunate for the cotton textile industry that such a serious misunderstanding should have passed unnoticed at the time.

5. Another reason given by the Finance Member for opposing the amendment was that “ in following out the financial history of these older companies, we should experience considerable administrative difficulty.” This was the same reason as that given while introducing the Bill, and it also appears to have been based on wrong premises, because,

the percentage was to be allowed on the *statutory capital* which can be computed as laid down in Schedule II in all cases, whether of old or new concerns, without any difficulty.

None of our members whose cases have been dealt with, although they are old-established businesses, has experienced the slightest difficulty in agreeing with the taxation authorities the figure of capital employed. Very comprehensive rules for computing this figure are given in the second Schedule, and from the experience of our members it would seem that the Government statement that the statutory percentage was withheld from old-established businesses because of the difficulty in computing capital employed cannot stand investigation and cannot be sustained.

It may be pointed out in this connection that as the statutory percentage is to be allowed on the statutory written-down capital, new concerns are at a great advantage compared with old concerns. In the case of companies started in 1938, the statutory capital will include the business assets less depreciation for only a year or so, whereas in the case of old-established companies, the statutory capital will include those assets less depreciation for a considerable number of years. If an old and a new concern had each invested a crore of rupees in buildings, plant and machinery, the written-down value in the case of the old concern might be as low as 50 lakhs of rupees whereas in the case of the new concern it might be 90 lakhs of rupees or more. The new concern would thus be allowed a profits standard of 8 per cent. or 10 per cent. on 90 lakhs of rupees or 7 to 9 lakhs of rupees, as against the percentage of 4 per cent. on 50 lakhs of rupees recommended for the old concern giving a standard of 2 lakhs of rupees only. It is most unfortunate that old companies which really deserve more lenient treatment than new companies should suffer from this grave disadvantage, and my Committee feel that this situation which has arisen through a misunderstanding should be set right.

6. In the case of a cotton mill company started in 1938 it is reasonable to expect that had it started a few years earlier it would have suffered as much as other companies of the same nature then operating. Having benefited by escaping the losses incurred during the period of depression, it is nevertheless allowed a statutory percentage of 8 per cent. or 10 per cent. on the capital employed, whereas had it started earlier it would have been faced with the proposed percentage of 4 per cent. which, to make matters worse, would be applicable to a considerably written-down figure of capital.

The same company making a reasonable profit of, say, 20 lakhs of rupees on a capital of one crore of rupees, having as its standard 10 lakhs of rupees and paying by way of E.P.T. 6½ lakhs of rupees only, would be put in a very advantageous position compared with an old-established company having the same capital and the same profit, if the latter is allowed a standard of 2 lakhs of rupees only (being 4 per cent. on the written-down value of its capital—say 50 lakhs of rupees). This old-established company would then have to pay 12 lakhs of rupees by way of E.P.T. or nearly twice as much as the figure to be paid by the new concern.

If, therefore, in the case of new cotton mill companies a statutory percentage of 8 per cent. or 10 per cent. is considered fair it would appear that old mill companies should be allowed a higher percentage as a matter of equity. New concerns deserve to be encouraged but it appears unreasonable that this should be done in a manner which may result in giving them unfair competitive advantages over old concerns.

7. The Excess Profits Tax Act makes no allowance for differential risks as between different types of business. A unit of the cotton textile industry requires a large capital outlay in buildings, plant and machinery before it can begin to earn any return on its capital, and the degree of risk involved in having a large amount of capital locked up in these assets is very much greater than in the case, for example, of a merchandising business where risk lies mainly in bad debts or in depreciation of the stock-in-trade. Yet a merchandising business started after the 1st July 1938 is, by the statutory provisions of the Excess Profits Tax Act, allowed a standard of 10 per cent. or 12 per cent. as against the proposed standard of 4 per

cent. which has been suggested to old-established industrial undertakings as a fair return. My Committee submit that this differential risk is a very material factor to which due consideration should be given in determining the standard profit to be allowed.

8. The basis of the arrangement between the Supply Department and the cotton textile industry at the Delhi Conference in 1941, when the quota was fixed at 20 per cent., was that those units which supplied more than the quota would do so on the understanding that the standard for taxation would be reasonable, and that each case would be fairly gone into. When the subject of taxation was raised at this Conference, the Finance Member indicated that he would take a personal interest in any appeals from units of the cotton textile industry which came before his Department. In this connection, my Committee would like to quote once again from the Finance Member's speech in the Assembly on the introduction of the Excess Profits Tax Bill :—

“ I can assure the House that that administration will be carried out in a spirit which will be tolerant and indeed sympathetic to the growth of industry ” and

“ If it should be found that in the working of this measure serious or unwarrantable hardship is caused to types of business, I shall make it my duty to promote the necessary amendments as soon as possible.”

The proposed award of 4 per cent. on the capital employed which, after deduction of income-tax and company super-tax gives a net return of only 2½ per cent. seeks to impose a serious and unwarranted hardship on the cotton textile industry which has continuously operated through many years of depression in the expectation that profits would be made in future years and that it would be allowed to keep a reasonable part of those profits.

The law in all fairness requires amendment to eliminate the injustice done to old-established concerns. For the present, however, as the Central Board of Revenue has full powers to allow the statutory or a higher percentage to old-established businesses or indeed to any business which applies to it under section 26(1), that power should be used to give adequate relief to our members.

9. To anticipate the argument that old companies had the chance of making profits in the standard years and had not succeeded in doing so, the Association submits that the primary reason for the continued depression in recent years, namely, the policy of subsidised exports from the Axis countries as part of their programme for the accumulation of war materials and the resultant intense competition in Japanese cotton textiles at uneconomic rates before and during the standard years, is so well known that detailed elaboration is unnecessary. The old-established units in the cotton textile industry have been kept going during those years of disastrous competition in anticipation of better times, which would have materialised long ago if effective measures of countering Japanese competition, conducted not on commercial but on totalitarian principles, had been evolved.

10. Another matter which has occasioned our members much concern is the replacement after the war of plant and machinery which has been literally “ knocked to pieces ” on war orders. Although the taxation laws allow 100 per cent. of cost, either in the form of depreciation or as revenue expense when machinery is sold or discarded, in providing depreciation a company is concerned not with the price paid for its existing assets but with the price it will have to pay for replacing them ; replacement costs have already risen by about 66½ per cent. over pre-war costs and are still rising.

The current rate of 10 per cent. for plant and machinery, with an additional 5 per cent. for extra shift working, is calculated on written-down values and not on the original cost. Thus, if a company has laid out 50 lakhs of rupees in machinery, and has had 25 lakhs of rupees allowed as depreciation in its income-tax assessments up to the change introduced by the Income-tax Amendment Act of 1939, then the 15 per cent. allowance, being calculated on the written-down figure of 25 lakhs of rupees, is equivalent to only 7½ per cent. on the original cost, and to only 4½ per cent. on current replacement costs, and the latter percentages will be progressively less each year.

If machinery is to be replaced after the war, before prices have been readjusted to pre-war levels, then the depreciation fund which the mills will be allowed to provide from current profits will be much less than the amount actually required.

This has a very material bearing on the question of many of our members being able to continue in existence; mills in Indian States pay no excess profits tax, and can thus accumulate from current profits adequate reserves for the replacement of their plant and machinery after the war. Unless old-established mill companies operating in British India are allowed to provide funds for the replacement of their plant and machinery, much of which, after intensive multiple-shift working under war-time conditions, will need renewal at the end of the war, their prospects of competing with cotton mills established in Indian States are very unfavourable, and the disadvantage which they will suffer in consequence is bound to have very serious repercussions on their continued existence.

11. In March 1942, the Institute of Chartered Accountants in England and Wales submitted a memorandum on the Excess Profits Tax Act to the Chancellor of the Exchequer. This memorandum was based on the collective experience of the accounting profession in the United Kingdom of the actual working of the Finance Acts, and in particular it was urged that old-established businesses should be given certainly no less favourable treatment than that which was accorded to new businesses. So far as my Committee are aware, no official reply has yet been given to this memorandum, but the President of the Institute has had interviews with the Chancellor of the Exchequer. Our information is that Government reactions are favourable and that the points raised in the memorandum are likely to receive sympathetic consideration.

My Committee are confident that as the Finance Member has himself given an assurance during the debate on the Excess Profits Tax Bill in these words:

"I am myself *exceedingly anxious* that everything should be done to encourage industries to take advantage of the opportunities provided by the war,"

this representation will receive Government's most careful and sympathetic consideration.

Copy of letter D. Dis. No. 13(32)-E.P./42, dated 10th December 1942, from the Deputy Secretary to the Government of India, Finance Department (Central Revenues), Simla, to the Association.

I am directed to say the Government of India, have given careful consideration to your letter No. 138, dated the 13th October 1942, but that they see no reason for changing their policy or the procedure to be followed with regard to applications made to the Central Board of Revenue under section 26(1) of the Excess Profits Tax Act, 1940.

APPENDIX 20.

EXPENDITURE INCURRED ON A. R. P. MEASURES.

Copy of circular No. 164C, dated 17th September 1942, to all Members of the Association.

I am directed to invite your attention to my letter No. 164C, dated the 4th May 1942,* and to enclose herewith for your information copy of a circular issued by the Central Board of Revenue. If there are any points arising out of this circular which you desire the Association to take up, will you please let me know as early as possible.

Copy of *Circular No. 42 of 1942* dated 22nd August 1942, issued by the Central
C. No. 19(7)-I.T./42
 Board of Revenue, Simla.

In the Board's Circular No. 25, of 1941 (R. Dis. No. 27(26)-I.T. 41), dated the 15th April 1941, the following principles were laid down in regard to the treatment of expenditure on air raid precautions measures :—

- (i) Any air raid precautions expenditure which brings an asset into being is of a capital nature and hence inadmissible.
- (ii) But, where the asset brought into being is not of a durable character the expenditure should be allowed as an item of revenue expenditure ; and
- (iii) Where additions and alterations are made to buildings, plant or machinery as a precaution against air raids, the expenditure should be allowed as a revenue expenditure unless the additions and alterations have a post-war value in which case the expenditure should be treated as capital and depreciation should be allowed.

2. For facilitating the allocation between revenue and capital of the expenditure incurred by factories in respect of additions and alterations referred to in item (iii), above, the Government of India have since approved a scheme of which a copy is attached (Appendix A). Any expenditure certified by the Air Raid Precautions Officer as revenue expenditure for purposes of income-tax and excess profits tax should be allowed as such under section 10(2) (xii) of the Indian Income-tax Act. The Air Raid Precautions Officer will not, however, certify the expenditure incurred by business concerns other than factories and in these cases the Income-tax Officer will have to determine whether the addition or alteration or any part thereof has any post-war value.

3. In the case of new factories and extensions to existing factories the additional cost incurred in constructing it to air raid precautions standards over and above the necessary normal cost should also be treated as revenue expenditure, provided the extra expenditure does not add to the post-war value of the building and provided the measures are included in the new construction. In such cases the amount of the expenditure to be allowed will be certified by Air Raid Precautions Officers. A note recorded by the Chief Adviser for the guidance of Air Raid Precautions Officers is also appended (Appendix B).

4. The Government of India have also decided that :—

- (i) The remuneration paid to personnel enrolled under the Air Raid Precautions Services Ordinance, 1941, is allowable as revenue expenditure.
- (ii) Expenditure incurred in equipping factories with wireless sets and loud-speakers should, for purposes of income-tax and excess profits tax, be treated as revenue expenditure in the year in which the expenditure is incurred.
- (iii) The cost of demolition of air raid precautions structural measures in factories after the war should be treated as revenue expenditure.
- (iv) The cost of such items of air raid precautions equipment as trailer pumps, etc., should even though the articles are durable, be allowed as revenue expenditure if it is proved that they have no post-war value, the scrap value, if any, of such articles, being treated as income on the analogy of section 10(2) (vii).
- (v) The cost of identity discs purchased by factories should be allowed as revenue expenditure.

5. This circular does not apply to oil installations and electrical undertakings, in respect of which special arrangements have been made for the recoupment of Air Raid Precautions expenditure.

APPENDIX A.

Scheme for the recovery of cost of measures on Air Raid Precautions in Factories.

1. Business concerns will be allowed to recoup the cost of A.R.P. measures by writing off such costs as revenue expenses for income-tax (and excess profits tax) purposes in the accounts for the year in which such costs are incurred except to the extent that some measures taken may have a permanent post-war (capital) commercial value.

2. *Costs.*—The costs which may be so treated are the costs of:—

(1) Such measures as have been carried out under the orders of an A.R.P. officer empowered for this purpose either by the Central or Provincial Government.

(2) Such measures as have been carried out by the firm on its own initiative but which have been subsequently approved by an A.R.P. officer empowered for this purpose either by the Central or Provincial Government.

Note.—The scheme will apply to all such A.R.P. measures as may have been ordered or approved, but it should be emphasised that the A.R.P. officer will only approve of measures undertaken in anticipation of an order if such measures are absolutely essential for A.R.P. purposes.

3. (3) The scheme will be worked in the following manner:—

(a) The A.R.P. officer concerned will serve an order on the firm stating the A.R.P. measures which the firm is required to undertake or, where the firm has already undertaken such measures, approving these measures. Where he considers it necessary it will be open to the A.R.P. officer to obtain and approve estimate of costs framed by the owners.

(b) A statement of the cost actually incurred by the owners on such measures as have been ordered will be submitted to the A.R.P. officer who served the orders. This statement will bear a certificate of the auditors of the owners of firms to establish the conformity of the statements with the accounts of the firms. On receipt of these statements the A.R.P. officer ordering or approving the measures will, on being satisfied of the correctness of the statements, certify the amount which should be treated as allowable revenue expenditure for this purpose and the amount to be treated as capital expenditure, and the Income-tax officers will treat such certificates as final for purposes of assessment.

Note.—Before expenditure is treated as capital expenditure, the A.R.P. officer will satisfy himself not only that the expenditure will have a post-war value but also that the expenditure is one which in the ordinary course the firm might have found it advisable to undertake.

4. *Appeal.*—Firms may appeal to the Government against the amounts certified by the A.R.P. officer within sixty days of his so certifying.

Form of Certificate to be issued by the A.R.P. Officer.

I.....being the A.R.P. Officer empowered by Government for the purpose, hereby certify that I have ordered the following work to be carried out by.....for A.R.P. purposes
(detail the work ordered).

I certify that the cost of this work was Rs.....of which no part _____ has a post-war commercial value and represents Rs.....

expenditure which, in the ordinary course, the firm might have found it advisable to undertake, company and which is eligible for treatment as capital expenditure under the following heads:—

.....
.....
.....
.....

Rs.....is to be treated as allowable revenue expenditure for purposes of income-tax and Excess Profits Tax.

Signature

Designation

APPENDIX B.

Note by the Chief Adviser, Factory A.R.P., Labour Department.

A new framed building being constructed to house vital machinery under normal circumstances might be designed with open sides or with walls only 4½ or 9" thick. An A.R.P. measure in the construction of such a building, and a measure which would have no capital value to the firm concerned, would be to thicken up the partition walls to 13½" to afford blast and splinter proof protection to the machinery, the building is designed to contain. Similarly in the construction of electrical sub-stations for supplying power to the plant, ventilation would be provided by the means of blast and splinter-proof louvres instead of by leaving other openings in the building. Here again such construction would have no capital value whatever. The construction of buildings to house dispersed stores is perhaps an example of construction falling on the border line. Such buildings would, in normal conditions, not be erected by the company at all. Nevertheless a building of this nature might have a definite value to the company when the war is over either as an expense store or for conversion to some other use. Matters of this sort would obviously call for discussion and investigation before any certificate could be issued. Yet another example of expenditure it is difficult to classify but which is perhaps not all purely A.R.P. would be the duplicating of water mains and power supplies when any new plant is installed. In normal times of course such duplications would not be considered for one minute. It is nevertheless essential for A.R.P. The installation and maintenance of such duplicate pipes and supplies would be of no real value to the company but on the other hand after the war the materials and equipment used for this duplication would have a market value which the company should be in a position to recover by sale. The amount of such recovery would in the ordinary way be deducted from the authorised A.R.P. expenditure.

Copy of Circular No. 164C, dated 20th October 1942, to all members of the Association.

I am directed to invite the attention of members to my circular No. 164C, dated 17th September 1942, with which I forwarded a copy of the Scheme for the recovery of costs of A.R.P. Measures in Factories; (*Vide* page 2 of the circular, appendix A). Government have since decided to meet the expenditure incurred by Factories on approved camouflage measures other than the extra cost, if any, incurred in constructing new buildings of importance with a view to securing natural concealment, as revenue expenditure for the purposes of that scheme.

The following may accordingly be inserted as Note 2 below paragraph (2) of the scheme in appendix to the Central Board of Revenue Circular, the existing note being numbered as Note 1 :—

“Note 2.—The Regional Camouflage Officer or, if there is no Regional Camouflage Officer, such officer as may be empowered for this purpose by the Provincial Government, shall, in regard to camouflage measures, be deemed to be the A.R.P. officer.”

Copy of Circular No. 164C, dated 16th September 1942, to all members of the Association.

Subject :—RESERVATION OF ESSENTIAL FOODSTUFFS AND ESTABLISHMENT OF AN ORGANISATION FOR COOKING FOOD IN FACTORIES IN EMERGENCY.

I am directed to enclose for the information of members, copy of a letter No. 78/375/41-A.R.P. II (circular No. 335/42), dated the 31st August 1942, on the above subject from which it will be seen that Government have decided to allow half the cost of construction of kitchens and stores in the year of construction as revenue expenditure for purposes of income-tax and excess profits tax assessments, and to treat the balance as capital expenditure. Member mills who construct kitchens and stores for the benefit of their workmen should therefore obtain certificates from A.R.P. officers authorised to issue certificates in the form a copy of which was forwarded to members with my circular letter No. 677/164C, dated the 17th February 1942.*

Copy of the Government of India, Civil Defence Department, letter No. 78/375/41-A.R.P. II (circular No. 335/42), dated the 31st August 1942.

“I am directed to say that in order to encourage factories to lay in stocks of essential foodstuffs and establish an organisation for the cooking of food in an emergency, the Government of India have decided to allow to count as revenue expenditure for the purpose of income-tax and excess profits tax assessments, half the cost of the construction of kitchens and stores in the year of construction. The balance will be treated as capital expenditure on which depreciation will be allowed in subsequent years.

2. Necessary instructions may accordingly be issued to the A.R.P. officers authorised to issue certificates under the “Scheme” forwarded with this Department confidential letter No. 375/41-A.R.P. (C.D.), dated the 16th March, 1942.”

*Copy of letter No. A.R.P. 2545, dated 23rd December 1942, from the Inspector of Factories on special duty for A.R.P., Bombay, to the Managers of Factorles.**

With reference to the scheme for the recovery of cost of measures on air raid precautions in factories sanctioned by the Government of India, a copy of which has already been sent to you, I have to inform you that the statements of costs regarding measures in connection with the organisation of the A.R.P. schemes and the provision of equipment neces-

sary for the purpose will be certified by me under the terms of the scheme, and should, therefore, be submitted to me. The statements, showing in detail the expenditure actually incurred by you, month by month, should be prepared under the following broad heads :—

1. Protection of employees—equipment, etc.
2. Control and Communications Services.
3. Auxiliary Lighting and Blackout measures.
4. Medical Arrangements
5. Fire fighting equipment.
6. Rescue Work.
7. Wages paid to A.R.P. staff.
8. General.

The statement should bear a certificate of the Auditor of the firm to establish the conformity of the statement with the accounts of the firm.

2. It should be noted that if any A.R.P. measures are to be undertaken in the absence of orders, the question of cost of only approved measures will be considered for certification under the terms of the scheme.

Copy of Circular No. 164C, dated 4th January 1943, to all members of the Association.

I beg to invite your attention to my circular No. 164C, dated the 17th September 1942, and to paragraph 4 (reading as under) of Appendix A (pages 2 and 3) and to state that it has been decided by Government that firms can also appeal in cases where expenditure has been disallowed by A.R.P. Officer.

“4. Appeal.—Firms may appeal to the Government against the amounts certified by the A.R.P. Officer within sixty days of his so certifying.”

APPENDIX 21.

TRADE MARKS ACT, 1940.

DRAFT RULES UNDER THE TRADE MARKS ACT.

Copy of letter No. 405-Ind. (1)/40, dated 23rd February 1942, from the Government of India, Department of Commerce, New Delhi, to the Association.

Subject :—DRAFT TRADE MARKS RULES.

I am directed to forward, for the information of the Association, a copy of this Department Notification No. 405-Ind.(1)/40, dated the 21st February 1942,* on the subject mentioned above. (Note:—A copy if the Draft Trade Mark Rules was enclosed with this letter).

Copy of letter No. 1157/94, dated 19th March 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of the Association to acknowledge the receipt of your letter No. 405-Ind.(1)/42, dated the 11th March 1942.* It is noted that the Government of India are unable to allow the Association an extension of time up to the 15th of April 1942

* Not published.

for submitting the Association's views on the draft Rules, on the ground that my Committee have already been given an opportunity of discussing the Rules in draft form in April 1941. While my Committee greatly appreciate the opportunity given to them for a preliminary examination of the draft Rules in April 1941, they feel that, bearing in mind the importance of this legislation and the fact that it is new to India, the Rules ought to be carefully scrutinised, which perhaps they would not be able to do in view of their present preoccupation with other Government work. As has already been pointed out on several occasions, the Committee of my Association have always been willing to place their expert knowledge and experience in connection with the registration of trade marks at the disposal of Government, and they thought that a detailed examination of the Rules, which would necessarily take some time, would enable them to deal more effectively with this problem than it would perhaps be possible at the short time at their disposal.

Before turning to the draft Rules, I am desired to draw your attention to my letter No. 5351/94, dated the 6th December 1941, in which Government's attention was drawn to certain difficulties which would arise if section 64 of the Act were not amended in the direction suggested by the Association. For reasons which are not clear to my Committee, the Association's suggestion has not been accepted. It is realised that an amendment of the Act is beyond the scope of any criticism which we may have to make in connection with the draft Rules, but the point that my Committee desire to make at this stage is that, if the section were not amended as suggested, it might lead to difficulties later, for some of the items referred to in the Fifth Schedule, e.g., carpets, towels, etc., are not "piecegoods."

Turning now to the draft Rules, my Committee desire to make the following general observations :—

(A) *Trade Mark Journal*.—It is not clear whether the *Journal* will be published in Bombay or Calcutta, or whether it will be published in both centres. It has not also been made clear whether the *Journal* will be issued free of charge to the public and, if not, what the rate of subscription would be. Another point which arises in connection with the *Journal* is whether it would be a weekly, bi-monthly or monthly publication. It is thought that, as more than 90 per cent. of the textile marks would be dealt with in Bombay, a separate *Journal*, dealing only with textile marks should be issued weekly in Bombay by the Bombay Office.

(B) The Schedule of Fees appended to the Rules appears to be generally consistent with the concessions which have already been agreed to by Government in respect of trade marks relating to textile goods. At the same time, the drafting of some of the items require reconsideration, but this is a matter of detail which, we understand, is receiving the attention of the Registrar of Textile Marks.

(C) *Draft Rule 97*.—Section 62 of the Act lays down that the Central Government shall prescribe classes of goods (in this chapter referred to as "textile goods") to the trade marks used in relation to which the provisions of Chapter IX shall apply. Rule 97, which seeks to carry out the intentions of this section, prescribes that the following types of goods shall be referred to as "textile goods" :

- (i) Goods included in classes 23 and 24 of the Fourth Schedule to these Rules ; and
- (ii) Those of the goods, included in classes 22, 25, 26 and 27 of the Fourth Schedule which are either complete articles of clothing or are composed to a substantial extent of natural or artificial fibres.

Draft Rule 11 states that, for the purposes of the registration of trade marks and of these Rules, goods shall be classified in the manner specified in the Fourth Schedule of the draft Rules. Reading section 62 in conjunction with the Draft Rule 11 it would seem that all that section 62 does is to confer the power of mentioning the classes which constitute textile goods from the list reproduced in the Fourth Schedule to the Draft Rules. In other words, it would seem that no power is given under section 62 to say that only those goods in classes 22, 25, 26 and 27 are to be deemed textile goods *which are to a substantial extent of natural or artificial fibres*. In this view of the case, the proposed sub-paragraph (ii) of Rule 97

seems to be *ultra vires* of the Act and the Rules, and is likely to give a considerable amount of trouble. It is, for instance, very difficult to state what are complete articles of clothing and what are not. It is also equally difficult to say what types of goods are composed to a substantial extent of natural or artificial fibres. The whole purpose of establishing an office in Bombay is to facilitate registration of textile marks, and draft Rule 97, as it stands, is likely to defeat this object as it introduces an element of uncertainty. In these circumstances, my Committee suggest that all goods included in classes 22 to 27 inclusive, should be deemed textile goods. It is obvious that the question whether goods are complete articles of clothing or are composed to a substantial extent of natural or artificial fibres will lead to unnecessary litigation which the Association is anxious to avoid. If, as suggested, all goods in classes 22 to 27 are deemed to be textile goods, this difficulty would be overcome.

(D) Section 63 of the Act empowers the Central Government to direct certain proceedings to be disposed of either in Bombay or in Calcutta. The draft Rules do not seem to contain any provisions in this regard, and it is hoped that the Central Government will in all cases of conflict direct the Bombay Registrar to dispose of cases as more than 90 per cent. of the textile trade marks will be registered in Bombay and as textile trade marks registrable in Calcutta will also be examined in Bombay.

(E) *Rules 100 and 101.*—Draft Rule 100 states that an application for the registration of a trade mark consisting of letters or numerals or any combination thereof relating to textile goods shall be made on Form TM-52. The draft Rule 101 states that a separate application for the registration of a trade mark shall be made in respect of each of the items of textile goods mentioned in the Fifth Schedule to these Rules where the mark consists of letters or numerals or any combination thereof. Apparently, Rule 100 refers to goods which do not fall under Rule 101 and Fifth Schedule. In other words, the concession in fees asked for by the Association which is incorporated in Rule 101, will not be available in regard to textile goods which are not specifically mentioned in this Schedule, and which may *ipso facto* come in in Rule 100. In this connection, the point which my Committee desire to make is that the list of classes of goods incorporated in the Fifth Schedule is taken from the Association's Rules for the Registration of Trade Numbers. The list covers practically all types of textiles except wool, jute, flax and linen goods, ordinarily manufactured in Indian mills. Each sub-class has been described according to the usual trade practice, but it is quite possible that certain types of goods known and described as stated in the Fifth Schedule, are also known by other trade descriptions. For example, Sub-class V is described as grey coarse cloth. This is not a recognised textile term, but is intended to cover all goods which are made from coarse count yarn. Cases may arise where applications for the registration of trade numbers are made for use of the numbers on madarpat cloth or khadi cloth, and so long as the Registrar would accept these applications under grey coarse cloth, no difficulty is likely to be experienced. If, however, he insists upon treating them as applications under Rule 100, simply because the cloths are not described as specified in the Fifth Schedule, the applicant may have to pay a fee of Rs. 10 per application, and not the concessional rate of Rs. 3 which would be applicable in connection with applications coming under Rule 101.

When on Rule 101, my Committee would like to point out that Government seem to have omitted muslins from classification No. XLII; bandage cloth from classification No. LVI; glass cloth, table cloths and table covers from classification No. LXXI; and durries and carpets from classification No. LXXIV. The word "silk" appears to have been omitted after the word "artificial" in classification No. XC.

(F) *Proposed Rule No. 115.*—Reference is invited to the Seventh Schedule which lays down the representation allotted to the various organisations referred to therein. The sum total of the representations accorded comes to 26 and not 25.

Another point which my Committee would like to make in connection with the constitution of the Advisory Committee is that, in their representation No. 4086/94, dated the 25th September 1940, addressed to the Deputy Registrar of Trade Marks, Bombay—a copy of which, it is understood, was subsequently forwarded to Government—it was suggested that the Bombay Chamber of Commerce and the Indian Merchants' Chamber should also be represented on the proposed body. These two organisations do not find a place in the Seventh

Schedule for reasons which are not known to my Committee, but representation seems to have been accorded to similar organisations in Bengal and other places.

(G) Rules 119 to 123 inclusive lay down the procedure to be followed in connection with the meetings of the Advisory Committee constituted under Rule 115. Rule 119(1) states that the first meeting of the Advisory Committee shall be held in Bombay, and Rule 119(3) states that subsequent meetings shall be convened by the Chairman at Calcutta or Bombay at the request of the Registrar or the Bombay Registrar as the case may be. My Committee do not understand the necessity of holding a meeting in Calcutta. The Advisory Committee is constituted in connection with Textile Trade Marks and, as has already been pointed out, more than 90 per cent. of the trade marks will be registered in Bombay, and the rest will also be sent from Calcutta to Bombay for examination. In this view of the case, there seems to be no justification for a provision to hold meetings in Calcutta.

Rule 119(1) also states that the Advisory Committee shall appoint a Chairman and Vice-Chairman, and Rule 119(2) empowers them to appoint a Secretary. It is presumed that all communications in respect of matters on which the Registrar in Calcutta or the Bombay Registrar desires information would be sent to the Advisory Committee through the Chairman or Vice-Chairman as the case may be and the Secretary. Even if the minutes made by members reveal differences of opinion, the Calcutta or the Bombay Registrar would not have anything to do with it, as it is for the Advisory Committee to meet and arrive at a decision in regard to those matters. In this view of the case, my Committee fail to see why the Registrar of Calcutta or the Bombay Registrar should be brought in into the picture as is proposed in Rule 119(3) in connection with the fixation of the venue of the meeting. Having appointed the Chairman, Vice-Chairman and Secretary, the conduct of business of the Advisory Committee should be regulated by these three persons, and neither the Registrar in Calcutta nor the Registrar in Bombay should ordinarily have anything to do with the date, time and venue of the meeting.

My Committee would greatly appreciate it if Government will take steps to ensure that the Act and the Rules are brought into force as early as possible.

APPENDIX 22.

JURISDICTION OF BOMBAY REGISTRAR IN RESPECT OF TRADE MARKS USED IN RELATION TO TEXTILE GOODS.

Copy of letter No. 94, dated 22nd May 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to invite your attention to section 63A(1) which lays down that when the applicant for registration of a trade mark used or proposed to be used in relation to textile goods is a person having his principal place of business situated in any one of the following provinces, namely, Madras, Bombay, the Punjab, the Central Provinces and Berar, the North-West Frontier Province or Sind, the application shall lie only to the Bombay Registrar. There are two points arising from this section : firstly, there is no reference to Delhi Province, and secondly, the section as it stands seems to suggest that applicants residing in Provinces not specifically mentioned are at liberty to send their applications either to Calcutta or Bombay. There is no such option in the case of applicants residing in Madras, Bombay, the Punjab, etc., and they have to send their applications only to Bombay, but if, as I presume, applicants residing in other Provinces have the option of sending their trade marks either to Calcutta or Bombay, then the omission of Delhi from section 63A(1) is not a matter of serious consequence.

I shall be grateful if you will kindly let me know what the position is, so that member mills in Delhi and Provinces other than those specifically mentioned in section 63A(1) may be advised accordingly. An early reply is requested.

Copy of letter No. 401-Ind.(3)/42, dated 17th June 1942, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

Subject :—JURISDICTION OF THE REGISTRAR AND THE BOMBAY REGISTRAR IN RESPECT OF TRADE MARKS USED IN RELATION TO TEXTILE GOODS.

With reference to your letter No. 94 dated the 22nd May 1942, on the subject noted above, I am directed to say that under section 63A(1) read with section 63(3) of the Trade Marks Act, 1940, applications in respect of marks in relation to textile goods from Delhi and other provinces not specifically mentioned in section 63A(1) must be made to the Calcutta Registrar.

In the High Court of Judicature at Bombay.

ORDINARY ORIGINAL CIVIL JURISDICTION.

Misc. No. 139 of 1942.

Re. An application under the Indian Trade Marks Act (V of 1940).

The Bangalore Woollen Cotton and Silk Mills }
Co., Ltd. of Bangalore } *Petitioners.*

27th August 1942.

Coram :—Kania, J.

Advocate-General for the petitioners.

Sir J. B. Kanga for the Bombay Registrar.

Oral Judgment.

This is a petition to have the Court's decision on the question whether the Bombay Registrar has jurisdiction to entertain an application for registration of a particular trade-mark of the petitioners. The matter comes before me by way of appeal under section 76 of the Trade Marks Act (V of 1940).

The petitioners are a joint stock company having their principal and registered office at Bangalore in the Mysore State. They made an application to the Bombay Registrar for registration of their trade-mark "Tourist" in respect of certain textile goods. The Bombay Registrar felt a doubt on the construction of sections 62 and 63 of the Act about his jurisdiction in the matter, and for reasons stated in his opinion refused to register the trade-mark with a view that the petitioners may approach the High Court for the Court's opinion.

In order to appreciate the extent of the Bombay Registrar's jurisdiction it is necessary to turn to the section of the Act. It may be noted that under the Trade Marks Act of 1940 there was only one office at Calcutta for registration of trade-marks of all kinds. The preamble shows that the Act was to provide for registration and more effective protection of trade-marks. The word "registered" is defined as meaning "registered under this Act." Chapter II is headed "The Registrar and Conditions for Registration." Section 4 which is the first section in that chapter provides ; "For the purposes of this Act there shall be established at the Patent Office a Trade Marks Registry, and a record called the Register of Trade Marks . . . shall be kept thereat wherein shall be entered all registered trade marks except those entered in the Bombay Register under Chapter IX . . ." Sub-section (2) of the said section runs as follows :

"(2) Subject to the superintendence and direction of the Central Government, the register shall be kept under the control and management of the Controller of Patents and Designs, who shall for the purposes of this Act be called the Registrar of Trade Marks and is in this Act referred to as the Registrar."

Chapter III provides for the procedure for, and duration of, registration. Under section 14 sub-section (1) it is provided that any person claiming to be the proprietor of a trade mark who is desirous of registering it shall apply in writing to the Registrar, and the Registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions and limitations, if any, as he may think fit. By sub-section (2) it is provided that in the case of refusal or conditional acceptance the Registrar, if required by the applicant, shall state in writing the grounds of his decision and the materials used by him in arriving thereat.

Chapter IX contains special provisions for textile goods and sections 62, 63 and 63A(1) are material to be considered. They run as follows :

" 62. The Central Government shall prescribe, classes of goods (in this chapter referred to as textile goods) to the trade marks used in relation to which the provisions of this chapter shall apply ; and subject to the said provisions, the other provisions of this Act shall apply to such trade marks as they apply to trade marks used in relation to other classes of goods.

63. (1) For the purpose of facilitating the registration of trade marks in respect of textile goods there shall be established at Bombay a separate Trade Marks Registry (in this Act referred to as the Bombay Registry) and a separate Register of Trade Marks (in this Act referred to as the Bombay register) shall be kept thereat wherein shall be entered, in the manner provided by section 4, all registered trade marks which are under the provisions of this chapter to be registered by the Bombay Registrar.

(2) Subject to the superintendence and direction of the Central Government, the Bombay Register shall be kept under the control and management of an officer appointed by the Central Government who shall be called the Registrar of Textile Trade Marks at Bombay (in this Act referred to as the Bombay Registrar).

(3) In all proceedings under this Act in relation to trade marks, applications for the registration of which lie under the provisions of this chapter to the Bombay Registrar, the Bombay Registrar shall exercise and discharge the powers and functions of the Registrar, and, in interpreting the provisions of this Act in relation to any such proceedings or any such trade marks, references, except in sub-sections (1) and (2) of section 4 and this chapter and section 85, to the Patent Office or the Trade Marks Registry shall be construed as references to the Bombay Registry and references to the Registrar and to the register shall be construed as references to the Bombay Registrar and the Bombay register respectively :

Provided that the Central Government may, for the purpose of resolving a conflict or preventing an overlap of jurisdiction between the Registrar and the Bombay Registrar, direct by which of the two any particular matter arising out of this Act or out of any proceedings thereunder shall be disposed of.

63A(1) When the applicant for registration of a trade mark used or proposed to be used in relation to the textile goods is a person having his principal place of business situated in any one of the following provinces, namely, Madras, Bombay, the Punjab, the Central Provinces and Berar, the North-West Frontier Province or Sind, the application shall lie only to the Bombay Registrar."

It is clear that under section 62 the Central Government has prescribed classes of goods which are called textile goods in relation to which the provisions in Chapter IX would apply, and it is made clear that subject to the said provisions the other provisions of this Act shall apply to such trade marks just as they apply to trade marks used in respect of other classes of goods. It is therefore clear that subject to those provisions contained in Chapter IX, which would apply to textile goods only, the rest of the provisions, when not in conflict with the said provisions, must apply to the textile goods also. Section 63 quoted above makes it clear that the Bombay Registrar has the same jurisdiction in respect of textile goods as the Registrar mentioned in section 4. A perusal of the words used in sub-sections (1) and (2) of section 63 and comparing the same with the words used in sub-sections (1) and (2) of section 4

makes the position clear. The wording is almost similar. It is therefore clear that the Bombay Registrar in respect of the textile goods, has jurisdiction in the matter of registration of trade marks to the same extent as the Registrar mentioned in section 4. Section 63(3) further contemplates (as indicated by the proviso) that by reason of the exercise of the special provisions contained in Chapter IX and the rest of the Act there may arise a conflict of jurisdiction or overlapping and in such event the decision of the Central Government has to be invited. Section 63A(1) is the section by reason of which doubt was created in the mind of the Bombay Registrar, in dealing with the petitioners' application. It appears to be thought that that sub-section limited the jurisdiction of the Bombay Registrar to applications made only by persons residing within the provinces mentioned therein. To give that meaning to that sub-section one will have to transpose the word "only" as the first word in that sub-section. In my opinion, it is not permitted to transpose words deliberately placed in particular position and thereby give a different meaning to the particular section. As the sub-section is framed the rights of the applicants residing within the particular provinces mentioned in the said sub-section are limited to get registration of trade marks of textile goods only by approaching the Bombay Registrar. I am unable to read that section as excluding the jurisdiction of the Bombay Registrar to entertain an application made by a person residing outside those provinces for registration of trade marks of textile goods. To put it in other words, that sub-section limits the rights of persons living within the specified provinces for registration of trade marks of textile goods, but it does not limit the jurisdiction of the Bombay Registrar to entertain applications, which is given to him by section 62 read with section 63 and the other provisions of the Act. In my opinion therefore the Registrar has jurisdiction to entertain the application of the petitioners and I declare that he has such jurisdiction. He will accordingly proceed with the application.

I am informed that this matter has been brought to Court because several thousands of applications are awaiting disposal and as the applicants have brought the matter for the Court's opinion the parties have agreed that the petitioners should pay the agreed amount of costs of the Bombay Registrar.

LOCATION OF REGISTRY.

Copy of letter No. 94, dated 3rd December 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The Committee of the Association have, on several occasions in the past, emphasised the case for the establishment of the Trade Marks Registry in Bombay, and if this was not feasible, it had been suggested that at least the Textile Trade Marks Office should be located in Bombay and Bombay alone. For reasons known only to Government, the Trade Marks Registry was established in Calcutta, and a branch of the Registry was established in Bombay in charge of a Deputy Registrar. The unsatisfactory nature of this arrangement was also brought to the notice of the Government of India by my Committee, and the Act was subsequently amended, and the Bombay Office ceased to be a branch of the Calcutta Office and the Deputy Registrar was raised to the status of the Registrar of Textile Trade Marks, Bombay.

The Trade Marks Act was brought into operation from 1st June 1942, and when the Association was dealing with applications for registration from member mills, its attention was drawn to the implications of section 63A, and the question was raised whether applicants for registration residing in provinces other than those specifically mentioned in section 63A(1) would have the option of sending their applications to Bombay or Calcutta. The Committee felt that the option referred to was implied in the section, but to make matters certain, a reference was addressed to Government who, as you are aware, ruled that the jurisdiction over trade marks owned by applicants residing in provinces other than those specified in section 63A(1) is vested in the Calcutta Registrar and with him only. This was immediately followed by the Bombay Registrar rejecting an application made by a member of the Association from Bangalore on the ground that he had no jurisdiction in the case. The matter was

therefore, taken up by the member concerned in the High Court of Judicature, Bombay, and it is presumed that a copy of the High Court Judgment in this case is already in Government's hands. Briefly stated, the learned Judge who heard the appeal has stated that the Bombay Registrar has jurisdiction to entertain the application of the petitioners, and the Registrar was directed to proceed with the application.

The judgment referred to above has again brought to the forefront the advisability and desirability of concentrating the registration of all textile marks in Bombay. In their former representations, the Committee of the Association had submitted that as more than 70 per cent. of the loomage of this country was situated in Bombay, there was an overwhelming case for the establishment of the Registry in Bombay. This point has been further examined by my Committee, and from enquiries made at the office of the Bombay Registrar, the position upto the end of October 1942, in regard to applications for registration is roughly as under :—

(a) Total applications for registration of all marks received by Bombay and Calcutta Registrars	70,320
(b) Total number of applications for textile marks alone received by the Bombay Registrar	63,265
(c) Total number of applications for textile marks received by the Registrar in Calcutta	748
(d) Total number of applications for the registration of marks other than textiles received in Calcutta	6,307

The above figures are very interesting. They show that out of 70,320 applications for the registration of textile and non-textile marks received in Bombay and Calcutta, more than 63,000 or about 90 per cent. were textile marks in respect of which applications were made to Bombay. Only 748 applications for the registration of textile marks were sent to Calcutta as against 63,265 sent to Bombay. Another interesting fact which emerged from the Association's enquiries was that more than 50 per cent. of the textile marks in respect of which applications have been sent to Calcutta are from foreign proprietors, who are not in the least concerned as to whether the trade marks are registered in Bombay or in Calcutta. Indeed, the Council of the Trade Marks, Patents and Designs Federation Limited, London, are reported to have stated in their letter to the Board of Trade last year with regard to the proposals for amending the Trade Marks Act, 1940 :—

“On the question whether the head office for the registration of textile marks should be in Calcutta or Bombay... the balance of opinion in the Council favours Bombay as the head office, but Council generally feel that the convenience of traders in India should be the deciding factor.”

This shows that as far as proprietors of trade marks in the United Kingdom are concerned, they are on the whole in favour of Bombay rather than Calcutta, and there is no question at all that with regard to the convenience of Indian traders, Bombay would be the most suitable place in India for registration of both their textile and non-textile trade marks.

If the statistical position as set forth in the above paragraph is correct, my Committee do not see any justification for the Calcutta Registrar to have any jurisdiction over textile marks. At the same time they respectfully submit that there exists a very strong case for the concentration of registration of all textile marks in Bombay. The existence of two Registries with concurrent powers of jurisdiction and administering a complicated piece of legislation like the Trade Marks Act, is likely to create enormous difficulties not only from the point of view of administration, but also from the point of view of trade. Section 63A(2) of the Act provides that when once an application for registration of a textile mark is made to the Registrar in Calcutta or to the Bombay Registrar, no subsequent change in the location of the principal place of business of the applicant shall divest the Registrar or the Bombay Registrar as the case may be of any of his powers or functions under the Act in relation to such trade marks. In other words, although a very large proportion of textile marks owners

would desire to have all proceedings under the Act relating to textile marks to be instituted at the Bombay Registry they would be forced to go to Calcutta to institute opposition or rectification proceedings in respect of application for registration of marks which are similar to theirs.

In the preceding paragraph, reference was made to the difficulties and inconvenience which would be caused to the trade if the registration of textile marks were conducted in two centres. In this connection attention is invited to Rule 106, of the Trade Marks Rules which reads as under :—

Rule 106. *Report of Bombay Registrar.*—The Registrar shall send to the Bombay Registrar every application for the registration of a trade mark or certification trade mark in respect of textile goods and the Bombay Registrar shall furnish the Registrar with a report thereon which shall form part of the record of the case. Where it appears to either the Registrar or the Bombay Registrar that an application submitted to him is in respect of a trade mark so nearly resembling a trade mark which has been registered, or is being registered at the other Registry, as to be likely to deceive or to cause confusion, he shall report the matter to the Central Government for action under the proviso to section 63 and shall at the same time forward a copy of the report to the other registry."

This Rule necessitates a reference from Bombay to Calcutta in the case of applications made in Bombay, and a reference from Calcutta to Bombay in the case of applications made in Calcutta. The delay thus involved in disposal of applications for registration, which arises from the existence of two separate registering organisations, is not altogether warranted by the very small number of marks which the Calcutta office is dealing with at present and is likely to be dealing with in future.

The proviso to section 63(3) is likely to give rise to considerable difficulty and inconsistencies in the practice of the two Registries. For instance, it is possible that a person applies to register a textile trade mark at Bombay and another person applies to register the same mark at Calcutta and each applicant opposes the other person's application with the result that there will be two proceedings to settle up the same dispute. This will lead to conflicting decisions by the two Registrars, and if appeals are lodged against the decisions of the two Registrars on the same matter, there may again be possibility of different decisions by the High Courts. Furthermore, where one application has been decided by one Registrar the decision of the other Registrar in respect of the other application would be in actual fact a review of the first Registrar's decision.

Then again, the existence of two registering authorities is likely to create complications in connection with the publication of *Trade Marks Journal*. The publication of separate *Journals* will be an uneconomic proposition, and even if it were assumed that a combined *Journal* including all textile applications accepted by Bombay and Calcutta were published in Bombay, it would mean that the Registrar in Calcutta would have to send to Bombay regularly dyes and other particulars of trade marks in respect of which applications have been accepted by him, and even if this difficulty could be overcome, there is the possibility of some of the particulars supplied by the Calcutta Registrar being omitted from a particular issue of the *Journal* on account of the requisite details not being received in time in Bombay.

My Committee have looked at this proposition from another point of view, namely, whether it would be necessary to maintain a separate establishment with the expenditure involved for dealing with the very small number of marks in respect of which applications are likely to be received in Calcutta. Perhaps Government have already examined this point; if so, there can only be one solution to it namely, the location of the whole Trade Marks Office in Bombay, which is what my Committee are advocating to-day. If there are, however, other considerations which are present in Government's mind and which in Government's opinion necessitates the establishment of an office in Calcutta, then my Committee must point out that the *textile marks* should be dealt with only in one centre, and that that centre should be in *Bombay*.

PROPOSED AMENDMENTS TO THE TRADE MARKS ACT.

Copy of letter No. 94, dated 9th December 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

In a separate representation submitted to Government, I have set forth my Committee's views on the question of concentrating the registration of all trade marks, if possible, in Bombay. It was pointed out that if this proposition was not acceptable to Government, then, at least the textile marks should be registered in Bombay only. The Committee of the Association have since had an opportunity of examining certain other provisions of the Act, and it would seem that, apart from the difficulties which would arise with two authorities administering the law, there are certain other matters also which are likely to render the Act unworkable without further alterations or amendments of the Act. A few instances to illustrate my Committee's point of view are given below, and it is quite probable that there are other sections also which require amendments.

(1) Section 12 of the Act provides for the registration of associated trade marks. Where a trade mark which is registered or is the subject of an application for registration, is identical with, or is similar to another trade mark which is registered, or is the subject of an application for registration in the name of the same proprietor in respect of the same goods or description of goods, the Registrar may at any time require that the trade marks shall be entered in the register as associated trade marks. Under Rule 42, where a trade mark is registered as associated with any other marks, the Registrar shall note in the register in connection with the first mentioned mark, the registration numbers of the marks with which it is associated, and shall also note in the register in connection with each of the associated marks, the registration number of the first mentioned mark as being a mark associated therewith. It will be seen that the above provisions cannot be satisfactorily worked under the present scheme when there are two separate Registries in existence. For instance, if a person having his principal place of business in Bombay registered a trade mark for use on paper and leather bags in the Calcutta office and subsequently wants to associate that trade mark with any other trade mark he might be using on cloth bags, his application requesting the association of the marks would have to be made at Bombay, and there is no provision under the Act by which one of the Registrars may make an entry as regards associated marks which are entered in the register maintained by the other Registrar.

(2) Section 69 of the Act, which seeks to prevent the unauthorised use of Royal Arms and State emblems and which seems to have been based on the British Act, reads as under :—

“ 69. If a person, without due authority, uses in connection with any trade, business, calling or profession :—

- (a) the Royal Arms (or arms so closely resembling the same as to be calculated to deceive) in such manner as to be calculated to lead to the belief that he is duly authorised so to use the Royal Arms, or
- (b) any device, emblem or title in such manner as to be calculated to lead to the belief that he is employed by, or supplies goods to, or is connected with, His Majesty's Government or the Central Government or any Provincial Government or any department of any such Government.

he may, at the suit of any person who is authorised to use such Arms or such device, emblem or title or of the Registrar or the Bombay Registrar, be restrained by injunction from continuing so to use the same.”

In this connection, it must be pointed out that the following proviso, which is present in the British Act has been omitted from the Indian Act :—

“ Provided that nothing in this section shall be construed as affecting the right, if any, of the proprietor of a trade mark containing any such arms, device, emblem or title to continue to use such trade mark.”

The reason for the omission is not clear, but the point is that the Act as it stands in India is likely to create difficulties for those mills whose well-known marks consist of or include

Royal Arms and State emblems or something similar to those. Such marks have been used for several years in the trade, and it cannot, it is felt, be said that they are calculated to deceive the public, and it will be very unfortunate if the proprietors of these marks were restrained by law from continuing to use them.

(3) The proviso to section 63(3) is likely to give rise to considerable difficulty and inconsistencies in the practice of the two Registries. For instance, it is possible that a person applies to register a textile trade mark at Bombay and another person applies to register the same mark at Calcutta, and each applicant opposes the other person's application with the result that there will be two proceedings to settle up the same dispute. This will lead to conflicting decisions by the two Registrars, and if appeals are lodged against the decisions of the two Registrars on the same matter, there may again be different decisions by the High Courts. Furthermore, where one application has been decided by one Registrar the decision of the other Registrar in respect of the other application would be in actual fact a review of the first Registrar's decision.

(4) Rule 106 provides that the Registrar in Calcutta shall send to the Bombay Registrar every application for the registration of a trade mark in respect of textile goods for record. The latter portion of this Rule appears to be *ultra vires* of section 10(1) of the Act. The Rule states that where it appears to either the Registrar in Calcutta or the Bombay Registrar that an application submitted to him is in respect of a trade mark so nearly resembling a trade mark which has been registered as to be likely to deceive or cause confusion, he shall report the matter to the Central Government for action under the proviso to section 63(3). Under section 10(1) no trade mark shall be registered which is identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or which so nearly resembles such trade mark as to be calculated to deceive or cause confusion. Where the applicant's trade mark is the same or is nearly the same as a registered trade mark belonging to a different proprietor, there can be no question of referring the application to the Central Government for action as the application must, under section 10(1), be refused.

(5) The above points require careful consideration, and it might perhaps save a good deal of trouble and inconvenience to the trade if these matters could be set right before the Act actually begins to operate. The Association understands that a proposal for the amendment of section 64(d) of the Act has already been circulated by Government to all Chambers of Commerce and Associations. Piecemeal amendments of the Act are likely to create difficulties for both Government and trade inasmuch as the effect of such amendments on the superstructure of the Act as a whole, might be lost sight of. The Committee have carefully considered the question, and they feel that it would probably expedite matters if the Bombay Registrar, who is apparently dealing with most of trade marks could be placed on special duty with instructions to submit a report within two or three months in consultation with other Chambers of Commerce and Associations, so that the amendments recommended by him may be considered and incorporated in the Act at the next session of the Central Legislative Assembly.

APPENDIX 23.

THE BOMBAY SHOPS AND ESTABLISHMENTS ACT AND THE STAFF EMPLOYED IN MILL CANTEENS AND MILL GRAINSHOPS.

Copy of letter No. 204, dated 26th October 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

Subject :—BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939—EXEMPTIONS.

I have the honour to invite your attention to the previous correspondence which has taken place between Government and this Association on the above subject ending with your letter No. 143/34-E dated 30th January 1941,* under which mill clerks employed in:

* Printed on page 271 of the Association's Report for 1941.

connection with the following kinds of work were exempted from the provisions of the Bombay Shops and Establishments Act, 1939, for the duration of the War :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.
8. Work done by weaving clerks, including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by timekeeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

The exemption does not cover the staff employed in mill canteens and mill grain shops. When the exemptions were originally discussed with Government in December 1940, there were not so many mill canteens and mill grain shops as there are at present, and any way, they had not assumed the dimensions which they have assumed to-day. Moreover, several mill canteens were then run on contract, and mill grain shops were staffed on a temporary basis by drafting volunteers from the regular mill establishment, and as no separate staff existed in many cases, the position did not call for any immediate action on the part of the Association. The position to-day is that there are about 60 mill grain shops in Bombay with a large staff of clerks and attendants. A very large number of mills have also established canteens with separate staff, and it has, therefore, become necessary that the position of these people under the Bombay Shops and Establishments Act should be cleared up at a very early date.

The expression "restaurant" is defined in section 2(16) of the Shops and Establishments Act as under :—

"Restaurant or eating house" means any premises in which is carried on wholly or principally the business of the supply of meals or refreshments to the public or a class of the public for consumption on the premises but does not include a restaurant attached to a theatre."

and the expression "shop" is defined in section 2(17) as under :—

"Shop" means any premises where goods are sold either by retail or wholesale or both or where services are rendered to customers and includes offices, store rooms, godowns or warehouses, whether in the same premises or otherwise, used in connection with such trade or business but does not include a restaurant, eating house or a commercial establishment."

Sub-section (3) of section 2 read in conjunction with sub-section 13(11) of section 2 seems to indicate that mill grain shops and canteens cannot be regarded as "commercial establishments" for purposes of the Act. Further, the expression "person employed" in a factory means "a member of the clerical staff employed in such factory," but in the case of mill grain shops and canteens there are other people such as attendants, servers, waiters,

etc., who will not be covered by the expression "person employed" in a factory, and whatever the position of clerks employed in mill grain shops and canteens, it is necessary that the position of such attendants, waiters, etc., under the Act should be cleared up. This matter was discussed by the Association with its solicitors, who held the view that mill canteens will not come within the scope of the expression "restaurants" as defined in the Act as mill canteens cannot, in their view, be regarded as being engaged "wholly or principally" in supplying meals or refreshments "to the public or a class of the public." They further held the view that by virtue of the fact that "goods are sold either by retail or wholesale" in mill canteens, they should be regarded as "shops" for purposes of the Act and the employment of people in mill canteens and mill grain shops should be regulated on the basis of Chapter II of the Act.

The Association is not at present concerned with the correctness of the solicitors' view, and it is immaterial whether mill canteens and mill grain shops are classified as shops or restaurants for purposes of the Act. The point is that if, as has been suggested, mill canteens and grain shops cannot be regarded as "commercial establishments" for purposes of the Act, several practical difficulties will arise. Mill canteens and grain shops exist as an amenity to the workers employed in cotton mills, and they have to be kept open throughout the mill working hours. In other words, unless the conditions of employment of the staff working in mill grain shops and canteens are more or less similar to those relating to general factory labour, a situation is likely to arise when mill grain shops and canteens will be closed when the factory is working or *vice versa*. Mill grain shops and canteens exist not only as an amenity to the workers, but also as an indispensable adjunct to a regular factory establishment in these days when difficulty is being experienced by factory labour in securing their supplies of food-grains, etc., outside the mill premises in requisite quantities at reasonable prices and, without any inconvenience. Taking all these considerations into account, my Committee desire to suggest that member mills in Bombay be permitted to regulate the conditions of employment of the staff employed in mill grain shops and canteens on the same basis as factory labour. Any other basis would result in confusion and is calculated to neutralise the utility of these establishments, and my Committee sincerely trust that there will be no difficulty in acceding to this request.

Copy of letter No. 143/34/23760-E, dated 15th December 1942, from the Secretary to the Government of Bombay, Political and Services Department, to the Association.

Subject :—BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939—EXEMPTIONS.

With reference to your letter No. 204, dated the 26th October 1942, on the above subject, I am directed to invite attention to this Department letter No. 143/34/15061-E, dated the 3rd September 1941,* and to state that Government is not satisfied that a case exists for exemption of the staff of the mill grain shops and the mill canteens from the operation of the Bombay Shops and Establishments Act, 1939. The difficulty as regards a weekly holiday to the employees of the mill grain shops and canteens can be overcome by granting a weekly holiday to each of them by rotation so that the grain shops and canteens need not be closed on any day on which the mills are working.

2. I am to add that in order to enable the mill canteens to be open after 9 p.m., Government will be prepared to declare them as "restaurants" for the purposes of the Act, if the Millowners' Association so desire.

Copy of letter No. 204, dated 29th January 1943, from the Association to the Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 143/34/23760-E, dated the 15th December 1942, in which you state that Government are not satisfied that a case exists for exemption of the staff of mill grain shops and mill canteens from the operation

of the Bombay Shops and Establishments Act, 1939. A point in favour of the exemption asked for by the Association, and which unfortunately was not incorporated in the Association's previous representation, is that though grain shops have at present separate staff, in view of the uncertainty as regards the dates on which supplies of foodgrains, etc., would be received by the mills, it has been found necessary to draft temporarily additional staff from other departments to mill grain shops, to complete distribution of foodgrains in proper time. These temporary drafts would come from those clerical staff employed in mills who have already been exempted for the duration of the war from the provisions of the Bombay Shops and Establishments Act subject to certain undertakings given by the Association, and the application of the Shops and Establishments Act when they are in the grain shops would introduce unnecessary complications for the management. In this view of the case, it is thought that the situation could be met by exempting mill grain shop staff and the mill canteen staff from the provisions of the Bombay Shops and Establishments Act for the duration of the war on the same terms and conditions on which certain mill clerks have been exempted from the provisions of the Bombay Shops and Establishments Act.

APPENDIX 24.

PROHIBITION OF STRIKES AND LOCK-OUTS.

DEFENCE OF INDIA RULES, RULE 81A.

Copy of letter dated 22nd September 1942, from the Employers' Federation of India, to the Association.

I am directed to give below, for your consideration, copy of letter No. L.3005, dated the 15th September 1942, received from the Government of India, Department, of Labour.

In view of the simple issue raised, I shall be glad if you will kindly let me have your views on the proposal made by Government as early as possible.

Copy of letter No. L.3005, dated 15th September 1942, from the Under Secretary to the Government of India, Department of Labour to the Federation.

I am to invite reference to this Department order dated the 21st August 1942, under the Defence of India Rule 81A, (copy enclosed for ready reference). Under that order lock-outs without 14 days' previous notice have been made illegal. When, however, a strike has been started in an undertaking no previous notice of a lock-out is necessary. When a strike is in existence, however, a certain proportion of the workers often present themselves for work. The Government of India feel that such workers should not get locked-out without previous notice or wages in lieu of such notice. They have accordingly under consideration a proposal to insert a provision in the order cited above requiring that employers declaring a lock-out as the result of a strike in the undertaking should give 4 days' notice (excluding Sunday) or wages in lieu of such notice to workers who do not participate in the strike.

2. The Government of India will be glad to have the views of your Federation on the proposal at a very early date.

Copy of Order of the Government of India, Department of Labour dated 21st August 1942, New Delhi.

In exercise of the powers conferred by Rule 81A, of the Defence of India Rules and in supersession of the order of the Government of India in the Department of Labour dated

the 6th March 1942, the Central Government is pleased to make the following Order, it being necessary to do so for securing the efficient prosecution of the war, namely :—

(i) No person employed in any undertaking shall go on strike in connection with any trade dispute without having given to his employer within one month before striking not less than 14 days' previous notice in writing of his intention so to do.

(ii) No employer of any undertaking shall lock-out his employees in connection with any trade dispute without having given to his employees within one month before locking-out not less than 14 days' previous notice exhibited prominently in his undertaking, of his intention so to do, provided that no such notice shall be necessary while a strike exists in the undertaking, but a notice of the lock-out shall be sent within 3 days to such authority as may be specified by the Provincial Government either generally or for particular areas or particular classes of undertakings.

(iii) When any trade dispute has been referred to a Court of Inquiry or a Board of Conciliation under the Trade Disputes Act, 1929 (VII of 1929), or for conciliation or adjudication under an order made under Rule 81A of the Defence of India Rules, no person employed in any undertaking concerned in the dispute shall go or remain on strike and no employer in any undertaking concerned in the dispute shall lock-out or continue to lock-out his employees, during the period from the making of the reference until the expiry of two months after the conclusion of the proceedings upon such reference.

(iv) Sub-rule (5) of Rule 81A of the Defence of India Rules shall apply to the interpretation of this order.

Copy of letter No. 166, dated 23rd October 1942, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to refer to your letter No. L.3005, dated the 15th September 1942, addressed to the Secretary, Employers' Federation of India, Bombay. In this communication you draw the attention of the Federation to the Order issued by the Government of India on 21st August 1942, under the Defence of India Rules, and point out that, under that Order, strikes or lock-outs without 14 days' previous notice are illegal. You further point out that whenever a strike has been started in an undertaking, no notice of a lock-out is necessary. Your letter goes on to state that, when a strike is in existence, however, a certain proportion of workers often present themselves for work, and it seems that the Government of India feel that such workers should not get themselves locked-out without previous notice or wages in lieu of notice. In the circumstances, you state that Government have under consideration a proposal to insert a provision in the Order requiring that employers declaring a lock-out as the result of a strike in an undertaking should give four days' notice (excluding Sunday) or wages in lieu of such notice to workers, who do not participate in the strike, and you request the Federation to express an opinion on the advisability of incorporating such an amendment.

Government's communication has been considered by my Committee at the instance of the Employers' Federation of India, and I am to set forth below, for the consideration of Government, the views of the Committee of the Association.

(1) Work in cotton mills, as Government are aware, is of a fairly continuous character ; one department of a mill cannot, by itself, be kept on working for more than a day or so when all the other departments are closed down. If, therefore, Government's suggestion is accepted, it would mean that if, for instance, the spinning department is closed down on account of a strike, the weaving department must be kept open for 4 days under notice, and as this will be impossible in ordinary circumstances, weavers must be paid 4 days' wages in lieu of notice

which my Committee consider is unfair to the employer for the reason that the closure of the weaving department was due to reasons beyond his control.

A cotton mill with 1,000 looms and about 40,000 spindles will be employing about 1,800 to 2,000 workers. The entire factory will come to a standstill if the operatives in key departments, say drawing-in or sizing, went out on strike. The number actually employed in the drawing-in department of a mill of the above size cannot be very much above a dozen, but if they struck work, the entire factory would have to be closed down. If Government's proposal is agreed to, employers will have to pay 4 days' wages to 99 per cent. of their workers.

(2) It is certainly true that when a major strike is already on, a certain proportion of workers often present themselves at or near the mill gate, but it is very difficult to say whether the crowd at or near the mill gate indicates willingness on the part of the people concerned to work, or their determination to intimidate loyal workers if and when the latter present themselves for work. It is extremely difficult to separate strikers from non-strikers or to eliminate the secret striker who presents himself for duty not to work but in order to gain admission to create trouble within the mills. In this view of the case, the proposal formulated by Government is not only unworkable but is likely to lead to unnecessary friction between employers and employees, and the former will have to deal with claims for four days' wages even from workers who had something to do with the strike and who, if their claims are not satisfied, will not hesitate to create trouble again.

(3) The various Orders issued by the Government of India prohibiting strikes and lock-outs without notice refer, in every case to a strike or lock-out in connection with any "trade dispute." The expression "trade dispute" covers disputes or differences between employers and employees connected with the employment or non-employment or terms of employment or the conditions of labour, etc., and it is very doubtful whether if, for instance, the employees struck work for political reasons, as they have recently done in several centres, action could be taken in pursuance of the Defence of India Rules. What has recently happened in Bombay is that an economic background has been sought to be given to these political strikes by interested parties, and all sorts of demands have been made on the managements over the signature of nobody. This procedure, it is conceded, places the operatives at a disadvantage inasmuch as it brings them within the four corners of the Order which makes them liable for prosecution, but the operatives and those who pretend to lead them realise more than anybody else the impossibility of action being taken against employees in general for infringement of the Defence of India Rules. If, however, the amendment referred to is accepted, it would mean that, far from being placed at a disadvantage, frequent strike drills would be a very profitable proposition from the point of view of the operatives. This point can be illustrated by the following example :

By previous arrangement, one section of a mill, say the spinning department, will go out without any previous notice and later present a stereotyped demand to the employers, thus giving an economic colour to the strike and forcing the employers to pay 4 days' wages to the operatives of the weaving and other departments which cannot be kept working for as many as 4 days. After a very short time, or on the day following that on which the weavers were paid off, it will be the turn of the weavers to go out on strike, thus allowing the spinners to collect their 4 days' wages. This is likely to lead to an impossible situation under which not only the management will have to abdicate their right to enforce disciplinary powers inside the mill, but war production will suffer to an alarming extent which, my Committee are sure, cannot be Government's desire to bring about.

For the reasons explained in the preceding paragraphs, my Committee feel that they must oppose the proposed amendment with all the emphasis at their command. The proposal is designed to place in the hands of mischievous and irresponsible agitators a weapon which could be exploited with disastrous effects on the employers and on Government's war efforts. My Committee have recently come across one or two cases in which non-strikers have forced strikers to resume work because the former felt that they were losing their wages. If, however, the proposed amendment is passed into law, such an incentive would disappear, and far from doing away with lightning strikes, Government would be encouraging them.

Copy of letter No. 166, dated 23rd October 1942, from the Association to the Employers' Federation of India, Bombay.

DEFENCE OF INDIA RULE 81A—LOOK-OUTS AND NOTICE TO NON-STRIKERS.

I am directed to acknowledge the receipt of your letter dated the 22nd September 1942, on the above subject, and to enclose herewith for your information copy of a communication† addressed by the Association to the Government of India, Department of Labour, which contains the Association's views on the proposals contained in their letter No. 3005, dated the 15th September 1942.

Copy of circular dated 9th January 1943, from the Employers' Federation of India, to all members of the Federation.

I am directed to refer to the representation dated the 6th November 1942* (a copy of which was forwarded to all members) submitted by the Federation to the Government of India in connection with their proposal to require employers declaring a lock-out, when a strike is on, to give four days' notice or wages in lieu of such notice to non-strikers who offer to work.

Intimation has now been received from the Under Secretary to the Government of India, Department of Labour, to the effect that it has been decided, after careful consideration, to drop the proposal.

APPENDIX 25.

THE NATIONAL SERVICE (TECHNICAL PERSONNEL) ORDINANCE, 1940.

EXEMPTION OF TECHNICAL PERSONNEL EMPLOYED IN COTTON MILLS FROM PROVISIONS OF SECTION 13(3) OF THE ORDINANCE.

Copy of letter No. 153, dated 30th June 1942, from the Association to the National Service Labour Tribunal, Bombay.

I am directed by the Committee of the Association to draw your attention to Section 13(3) of the National Service (Technical Personnel) Ordinance, 1940, (Ordinance No. II of 1940), which reads as under :—

" 13(3). No owner or manager of an industrial undertaking (including a notified factory) situated within an area in respect of which a Tribunal has been constituted shall save as may be otherwise prescribed, discharge, dismiss, suspend, release or remove from one factory to another, any person included in the definition of technical personnel, unless he has given fifteen days' previous notice in writing of the contemplated discharge, dismissal, suspension, release or removal to the Tribunal."

So far as cotton mill members of this Association are concerned, the Ordinance applies to certain technical personnel like chemists, engineers, blacksmiths, boiler cleaners, platers, bricklayers, carpenters, electricians, tool fitters, fitters, grinders, motormen, pattern makers, tin smiths, etc. I am directed to enclose herewith for your information a copy of Standing Orders for Operatives in cotton textile mills* which were settled by the Industrial Court under section 26(6) of the Bombay Industrial Disputes Act, 1938. These Standing Orders prescribe the conditions under which most of the employees referred to therein may be dismissed, discharged or suspended. In this connection your particular attention is invited to Standing Orders Nos. 19, 21 and 22 which prescribe the offences for which an operative may be dismissed, suspended or discharged with 14 days' notice. According to clause 13(3) of the Ordinance, technical personnel referred to in the opening paragraph of this letter cannot

* Not printed.

† Printed on page 208 of this Report.

be discharged, dismissed or suspended by the management even for any of the offences laid down in the Standing Orders without giving 14 days' previous notice to the Tribunal constituted under the Ordinance, and it would be a grave breach of the Ordinance if an employee who came within the scope of the expression "technical personnel" were dismissed by the management without such notice even though the former was guilty of an offence for which he could be punished with dismissal. The Committee of the Association understand that very recently in a case where an employee coming within the scope of the expression "technical personnel" had been summarily dismissed for insubordination, the management was held by the Tribunal to be guilty of an offence under section 13(3). This position apparently arises out of a defect in the draftsmanship of sub-section (3) of section 13 of the Ordinance which, it would seem, does not provide for dismissal for cause. If an employee was guilty of insubordination and the employer had to wait for 15 days under section 13(3) before dealing with him the employer would be held in law to have waived the insubordination. My Committee can understand Government's anxiety to give all employees coming within the scope of the expression "technical personnel" a fair deal. But under section 13(3) of the Ordinance, as it stands, it would mean that no disciplinary action whatsoever could be taken against the operative referred to without giving 14 days' notice to the Tribunal. It will be impossible to maintain internal discipline unless employers were empowered to inflict summary punishments for offences laid down in the Standing Orders, and in this view of the case, my Committee request that, in pursuance of the powers conferred on you under Rule 12A of the Rules issued under the Ordinance, employees of the type referred to in the opening paragraph of this letter working in cotton mills be exempted from the provisions of Ordinance II. The Standing Orders referred to by the Association have been settled by the Industrial Court, and so long as disciplinary action taken by the management is fully in conformity with the Standing Orders, no hardship is likely to result from the grant of an exemption. In view of the importance of this matter, I am to request that an early reply be sent to this communication.

Copy of letter No. L.T.11/8201, dated 7th July 1942, from the National Service Labour Tribunal, Bombay, to the Association.

I am directed to refer to your letter No. 153, dated the 30th June 1942, and to state that at its meeting held on the 3rd July 1942, the National Service Labour Tribunal, Bombay, has resolved that cotton textile mills in the town and island of Bombay other than those on which notice in form "G" has been served by the Tribunal, should be exempted from the requirement of giving fifteen days' previous notice of the contemplated discharge, dismissal, suspension, release or removal of technical personnel to the Tribunal.

I am, however, to request that such cases may be reported to the Tribunal with a view to enabling it to decide whether the technical personnel discharged from service in the cotton textile mills could be usefully employed elsewhere in the national service.

2. A list of mills on which notice in form "G" has been served is appended. In regard to these the Tribunal does not see its way to grant the above exemption since technical personnel employed therein is debarred under sub-section (2) of section 13 from leaving employment without the previous permission in writing of the Tribunal.

- | | |
|---|---|
| 1. The Raymond Woollen Mills, Thana. | 8. Jacob Sassoon Mills. |
| 2. Indian Woollen Mills. | 9. Manchester Mills. |
| 3. The Usha Woollen Mills. | 10. Meyer Sassoon Mills Ltd. |
| 4. Apollo Mills, Bombay, Nos. 1, 2 & 3. | 11. E. D. Sassoon Mills. |
| 5. David Mills Ltd., Nos. 1 and 2. | 12. Alexandra Mills. |
| 6. Edward Sassoon Mills Ltd. | 13. Rachel Sassoon Mills. |
| 7. Elphinstone Spinning and Weaving Mills, Ltd. | 14. E. D. Sassoon Turkey Red Dye Works. |

Copy of Circular No. 153, dated 9th July 1942, addressed by the Association to all mills in the City and Island of Bombay.

I am directed to enclose herewith for your information copy of a letter No. 153, dated the 30th June,* addressed by the Association to the Chairman, National Service Labour Tribunal, and a copy of the reply received from him. It will be noted from the enclosures that cotton textile mills in the town and island of Bombay other than those mentioned in the list appended to the letter from the Chairman, National Service Labour Tribunal, have been exempted from the provisions of section 13(3) of the National Service (Technical Personnel) Ordinance, 1940, which requires owners or managers of factories to give 15 days' previous notice to the Tribunal of any contemplated discharge, dismissal, suspension, release or removal of technical personnel. A full list of the occupations coming under the expression "Technical Personnel" in the Ordinance will be found as an appendix† attached to this circular. Cotton mills in the town and island of Bombay, will, by virtue of the exemption granted by the tribunal, hereafter follow the procedure laid down in the Standing Orders in taking disciplinary action against any member of the Technical personnel employed by them, *but in all cases of dismissal and discharge of technical personnel, the name and address of the worker concerned should be communicated to the Chairman, National Service Labour Tribunal, Hassan Chambers, Parsee Bazaar Street, Fort, Bombay*, with a view to enable the Tribunal to decide whether the personnel discharged from cotton mills could be usefully employed elsewhere in the national service.

Mill managers will please note that the request indicated in the above paragraph (in italics) should be complied with as promptly as possible, as omission to do so will be an offence punishable under the Ordinance.

Mills mentioned in the list appended to the reply from the Chairman, National Service Labour Tribunal, should please note that the exemption granted by the Tribunal is not available to them because a notice in form "G" has already been served on them.

Copy of Circular dated 2nd September 1942, from the Employers' Federation of India, to all members of the Federation.

I forward herewith, for your consideration, copy of a letter dated the 29th August 1942, received by me from the Government of India, Department of Labour. It will be observed therefrom that, in the main, Government propose to amend section 13 of the National Service (Technical Personnel) Ordinance so as to make it incumbent on the owner or manager of an industrial undertaking covered by that section to obtain the previous permission of the National Service Labour Tribunal before discharging or dismissing (except for misconduct) any technical personnel employed in such establishment.

For your ready reference, I have reproduced in a separate attachment the full text of section 13 of the Ordinance.

I shall be obliged if you will kindly communicate your views to me on the proposals contained in the Government's letter by the 21st of September.

Copy of letter No. TRC—1, dated 29th August 1942, received by the Federation from the Under Secretary to the Government of India, Department of Labour.

I am directed to refer to section 13 of the National Service (Technical Personnel) Ordinance, 1940.

2. In respect of an undertaking covered by this section, a person employed or undergoing training in it is required to obtain the permission of the Tribunal before leaving the employment; as regards the owner or manager of the undertaking, however, the only

* Printed on page 210 of this Report.
† Not printed.

requirement is that 15 days' previous notice of the contemplated discharge, dismissal, etc., has to be given to the Tribunal.

3. In the Legislative Assembly, during the last session reference was made to the difference between the provisions applicable in this context, to employees on the one hand and the employers on the other. The Government of India have given careful consideration to the question and consider that a provision requiring the employers also to take the Tribunal's permission before discharging, dismissing, etc., a technical employee, should be made. Government are aware that with the present shortage of technical personnel the discharged or dismissed persons stand good chances of obtaining other employment. The scheme of the National Service (Technical Personnel) Ordinance and rules is however to ensure that technical personnel are employed to the maximum advantage and the Tribunals are the authorities for deciding questions of the best distribution of technical personnel.

4. The Government of India therefore have under consideration an amendment to sub-section (3) of section 13 of the Ordinance so as to make it incumbent on the owner or manager of an industrial undertaking covered by this section, not to discharge or dismiss (except for misconduct) any technical personnel in its employment without the Tribunal's permission. The exception regarding misconduct will be provided for in a new rule to be made under section 13 and it is also proposed to provide that the permission of the Tribunal shall not be necessary for the discharge of persons taken on probation for a fixed period or engaged for a specified period.

5. It is further proposed to amend section 13 to make it clear that "playing of" is to be treated as "discharge" and providing that nothing in sub-section (2) or (3) of that section shall affect the terms of contract between an employer and an employee.

6. I am to add that under the Essential Work (General Provisions) Order, 1941, in the United Kingdom, persons carrying on undertakings covered by the Order are required not to terminate (except for serious misconduct) the employment in the undertakings of any person employed therein except with the permission in writing of a National Service Officer.

7. I am to request that the views of your Federation on the proposed amendments may kindly be communicated as soon as possible.

THE NATIONAL SERVICE (TECHNICAL PERSONNEL) ORDINANCE, 1940.

Ordinance No. II of 1940 (29th June 1940).

Section 13.—(1) Subject to any rules made in this behalf under section 19, a tribunal may require any industrial undertaking (including a notified factory) to post before a specified date and to keep posted on its premises notices making known the provisions of sub-sections (1), (2) and (3) of this section, and intimating also the place to which applications to the Tribunal may be addressed.

(2) After any such notice has been posted no person included within the definition of technical personnel who is either employed in or is undergoing training in that undertaking shall leave his employment or training unless he has previously obtained the permission in writing of the Tribunal, and if any person leaves his employment or training without such permission, he may, without prejudice to his liability under section 14, be ordered by the Tribunal to return to his employment or training.

(2A) Where the Tribunal refuses permission to leave employment, the Tribunal may, of its own motion or on application by the person refused permission, lay down subject to the prescribed conditions the terms of service on which the employer shall continue to

retain him in employment, and the employer shall not thereafter, notwithstanding anything contained in sub-section (3), discharge, dismiss, suspend or release such person without the previous permission of the Tribunal.

(3) No owner or manager of an industrial undertaking (including a notified factory) situated within an area in respect of which a Tribunal has been constituted shall save as may be otherwise prescribed discharge, dismiss, suspend, release or remove from one factory to another any person included in the definition of technical personnel, unless he has given fifteen days' previous notice in writing of the contemplated discharge, dismissal, suspension, release or removal to the Tribunal.

(4) Subject to any rules made in this behalf under section 19 a Tribunal may control the engagement of technical personnel by industrial undertakings (including notified factories) in such manner as it thinks fit.

Copy of letter No. 153, dated 6th October 1942, from the Association to the Employers' Federation of India, Bombay.

NATIONAL SERVICE (TECHNICAL PERSONNEL) ORDINANCE—AMENDMENT OF SECTION 13.

With reference to your letter dated the 2nd September 1942, on the above subject, I am directed to inform you that members of this Association are not interested in the proposed amendments, as cotton mills in the city and island of Bombay, except certain notified factories, have already been exempted, at the instance of the Association, from the provisions of section 13(3) of the Ordinance.

It would seem, however, that one of the objects of the Ordinance is to enable Government to mobilise technical personnel in a national emergency, and in this view of the case, what is required is that Government should be at all times in full possession of information relating to the whereabouts of these people. This is probably the reason why it is laid down in section 13(2) of the Ordinance that no technician shall leave his employment unless he has previously obtained the permission in writing of the Tribunal. This requirement enables the Tribunal to secure the useful employment of the discharged technician elsewhere or keep in touch with him. Section 13(3) of the Ordinance states that no owner or manager of an industrial undertaking shall dismiss, suspend, release or remove from one factory to another any person included in the definition of technical personnel, unless he has given 15 days' previous notice in writing of the contemplated discharge, dismissal, etc., to the Tribunal. It has already been admitted by Government that the provisions of section 13(3) are defective inasmuch as they do not empower employers to dismiss a technician without notice for misconduct, but to suggest that previous permission of the Tribunal should be obtained in all other cases is to hand over the maintenance of discipline in the mills to the Tribunal itself. My Committee feel that the provision insisting on the employer notifying the Tribunal of the dismissal, discharge, removal, etc., of a technician should be enough, as that would give sufficient opportunities for the Tribunal to get in touch with the employee concerned.

Copy of letter No. 153, dated 8th October 1942, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

NATIONAL SERVICE (TECHNICAL PERSONNEL) ORDINANCE.

I am directed to invite your attention to your letter No. TRC-1, dated the 29th August 1942, to the Secretary, Employers' Federation of India, Bombay, on the above subject, and to enclose herewith for your information a copy of my Association's reply No. 153, dated the 6th October 1942, to the Employers' Federation of India.

APPENDIX 26.

SCOPE OF CONCILIATION UNDER THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

SIMPLEX MILLS' CASE.

Copy of Conciliator's Report No. L.O. 3084, dated 22nd April 1942, submitted to the Chief Conciliator, Bombay Industrial Disputes Act.

As required by section 38(2) of the Bombay Industrial Disputes Act, 1938, I have the honour to submit my report on the conciliation proceedings held by me in respect of a dispute in the Simplex Mills Co., Ltd., Bombay, relating to the reinstatement of Laxman Arjun, ticket No. 17, who had been discharged by the management with 13 days' wages in lieu of notice on 12th November 1941.

2. It would appear that the elected representatives of the workers in the drawing-in department gave a notice of change in Form "L," dated 20th February 1942, in which they stated that Laxman Arjun was victimised because he took a leading part in the agitation for overtime allowance which was subsequently paid by the mills. As there was no agreement between the parties, the elected representatives of the workers submitted a statement of their case in Form "M," dated 10th March 1942. The parties were informed that the conciliation proceedings in the matter would be held on 27th March 1942. At these proceedings the mill was represented by Mr. G. K. Chitale, Office Superintendent, Mr. W. L. Bordawakar, Labour Officer, Mr. E. Patel, Weaving Master of the Mill and Mr. R. G. Gokhale, Labour Officer of the Millowners' Association, Bombay. All the five elected representatives of the workers were present. Mr. C. N. Bagwe, Government Labour Officer, Bombay, also attended the proceedings.

3. At the commencement of the proceedings Mr. Gokhale, on behalf of the mill, submitted that in this particular case conciliation proceedings could not be entertained because of the following reasons: If it is held that such a notice of change is admissible then there is no point in settling Standing Orders which are supposed to be "determinative of the relations between the employer and his employees in a factory." The present case was definitely covered by the Standing Orders as will be seen from item 8 of Schedule I—Termination of employment. He further submitted that the words used in section 3(14) (a) were "dismissal or non-employment of any person" while the present case was one neither of dismissal nor of non-employment but of discharge and, therefore, of non-re-employment.

4. As it appeared to me that the discharge of an employee even with proper notice was an industrial matter within the meaning of section 3(14) I informed the parties that I proposed to proceed with the case.

5. It was stated on behalf of the management that Laxman Arjun was paid 13 days' wages in lieu of notice on 12th November 1941, under Standing Orders No. 19(a) and 21(L) of the Standing Orders for Operatives settled for the mill. They further pointed out that although Laxman Arjun was in the employment of the mill for about 10 years his record showed that he had been fined thrice and was actually suspended in August 1941. They admitted that the management did concede the man's demand for overtime for the whole of the period for which it was claimed. An examination of the records showed that Laxman Arjun was fined twice, once Re. 1 in July 1941 and Re. 1 again in August 1941. He was also fined Rs. 2 in December 1940. The reason given for his suspension in the suspension pass dated 29th August 1941 was as follows: "Suspended for 4 days for drawing wrong pattern in quality No. 1535."

6. It was submitted on behalf of the workers that Laxman Arjun handed over a petition for overtime to the manager on 27th August and was suspended on 29th August 1941. Mr. Chitale admitted that this man did go to the Superintendent with the application.

When it was pointed out to the elected representatives that even in December 1940, this man had been fined, they contended that agitation for overtime allowance had started in December 1940 and since this man was taking a leading part in the agitation, he was being continuously fined and punished. On the other hand, it was stated on behalf of the management that Laxman Arjun had made a petition on 18th November 1941 asking for reinstatement. In that petition he had made no reference to victimisation and had in fact admitted his mistake but had asked for it to be condoned. It was submitted on behalf of the workers that Laxman Arjun was given a good certificate by the mill authorities after the termination of his service. This was not denied by the management but they stated that it was so at the instance of the Government Labour Officer, Bombay.

7. As the management were not willing to reinstate Laxman Arjun and as the elected representatives of the workers did not wish to withdraw the case, I regret to report that the conciliation proceedings failed.

Copy of letter No. 78, dated 13th May 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to refer to the Conciliator's report No. L.O. 3084, dated 22nd April 1942, published on pages 1247/48, in Part I of the *Bombay Government Gazette* of 30th April 1942 in connection with "a dispute in the Simplex Mill, Bombay, relating to reinstatement of Laxman Arjun, ticket No. 17, who had been discharged by the management with 13 days' wages in lieu of notice."

Briefly stated, the facts of the case are :—

One Laxman Arjun, ticket No. 17, employed in the drawing-in department of the Simplex Mill was discharged by the management on 12th November 1941 under Standing Order No. 19(a) of the Standing Orders for Operatives, by paying 13 days' wages in lieu of notice. According to the mill management, the worker concerned was discharged for inefficiency and the records prove that he had been previously fined and suspended for bad and inefficient workmanship. The worker seems to have approached the Government Labour Officer, who, after a thorough examination of the past records with the mill, came to the conclusion that he had no case and that the management had acted in conformity with the Standing Orders. The Labour Officer's enquiry was followed by a notice of change served on the Government Labour Officer by certain workers employed in the drawing-in department of the same mill demanding the reinstatement of Laxman Arjun. The Government Labour Officer thereupon convened a meeting of workers of the drawing-in department, which resulted in the election of five representatives, and these five representatives in due course gave notice to the management of the Simplex Mill in form "L," a copy of which is enclosed herewith.

The matter came up before the Conciliator who decided to accept and proceed with the case in spite of protests from the representatives of the management that the Conciliator had no jurisdiction over the case. The management, it is understood, stated that they had acted under Standing Orders which empowered an employer to terminate the services of a permanent employee by giving 14 days' notice or 13 days' wages in lieu of notice. They further pointed out that the decision of the management in this matter was final and cannot be reopened by the Conciliator. The management further advanced the argument that a contract between the employer and the employee was one of personal service and that no Court of Law can order specific performance of such a contract, and that in that view of the case, a demand for the reinstatement of a worker who has been properly discharged was in itself bad in law. I do not, however, propose to go further into this matter, as the very same issue will shortly be taken to the High Court by a member mill of the Association.

There was, however, another point which does not appear to have been stressed as forcefully as it should have been before the Conciliator and that is as under :—

The workers' case is set forth in the "L" form, a copy of which is enclosed with this letter. In short, the case put forward is nothing but an allegation of victimisations against the mill management for the part which Laxman Arjun is reported to have played in the

workers' move for securing overtime. The main case is victimisation and relief asked for is reinstatement. There is a specific provision in the Bombay Industrial Disputes Act for dealing with cases of victimisation; victimisation if proved in a court competent to try such cases is punishable with a fine which may extend to Rs. 1,000, but the trying court is empowered to direct out of the fine recovered such amount as it deems fit to be paid to the employee concerned as compensation. In this connection, a reference may be made to sections 64, and 79. Our submission is that when the Act provides a specific remedy for a specific grievance, it was the duty of the Conciliator not to take upon the reference, but to draw the attention of the applicants to the remedies available to them. Incidentally, we would also point out that the penalty for victimisation, as has already been stated, is a monetary fine and *not* reinstatement of the employee alleged to have been victimised.

The power to discharge an operative by giving 14 days' notice or 13 days' wages in lieu of notice exercised by the management at their sole discretion should under no circumstances be tampered with. If internal discipline in mills is to be maintained—and it must be maintained at all costs—it is essential that nothing should be done which would take away from the management or question their discretion in the matter of employment and discharge, and if, in discharging an operative, the management were not contravening the provisions of section 64, its decision should be final for purposes of the Bombay Industrial Disputes Act. The precedent set up by the Conciliator in this case is likely to lead to a crop of conciliation cases whereby workers will seek to test out the management's authority under section 19(a) and resort to a strike within 2 months of the Conciliator's report. This is a position which my Committee cannot contemplate with equanimity, and they would, therefore, greatly appreciate it if Government would be pleased to consider this matter and make it known to the Conciliators that such cases should not be accepted by them under the Act for conciliation.

FORM L.

Bombay Industrial Disputes Act, 1938.

The elected representative of the employees of the Drawing-in Department of the Simplex Mills Co., Ltd.	{	(1) Ramchandra Govind	T. No. 43
		(2) Jaganath Bala	T. „ 19
		(3) Bhika Gopal	T. „ 9
		(4) Tukaram Bhau	T. „ 39
		(5) Gharu Gangaram	T. „ 45

Address:—C/o Drawing-in Department, Simplex Mills Co., Ltd., Clerk Road, Bombay, 11.

Dated the 20th day of February, 1942.

To

The Manager,
SIMPLEX MILLS CO., LTD.,
BOMBAY 11.

DEAR SIR,

In accordance with the provisions contained in sub-section (2) of section 28 of the Bombay Industrial Disputes Act, 1938, we hereby beg to give you notice that we desire a change in accordance with the statement in the Annex attached to this form.

Yours faithfully,

- | | |
|----------------------|-------------------|
| 1. RAMCHANDRA GOVIND | 4. TUKARAM BHAU |
| 2. JAGANATH BALA | 5. GHARU GANGARAM |
| 3. BHIKA GOPAL | |

The representatives of the employees of the Drawing-in Department of Simplex Mills Co., Ltd, Bombay 11, elected at a meeting held on the 2nd February 1942.

ANNEX.

Statement of the Case.

For the last one year or more the Management and the workers of the Drawing-in Department of the Simplex Mills are not on smooth terms with each other, as a result of the dispute that had arisen due to the overtime allowance for the overtime work that they had to do from December 1940 to August 1941.

The overtime work was started from December 1940 in the Drawing-in Department together with that of the Sizing Department. The employees of the Drawing-in Department continued the overtime work month after month with an expectation to get the overtime allowance in accordance with the provisions of the Factories Act, but it seemed that the Management was unwilling to move in the matter in spite of the repeated oral requests made by the employees. Ultimately an application, asking for the overtime allowance, was forwarded to the Manager by the Workers. The said application was taken in person by one Mr. Laxman Arjun, one of the prominent workers of the department on the 27th August 1941 and he handed over the application to the Manager in person. It seems that the Management took this as an insult and began to harass the workers of the department thereafter.

Primarily, after this application an overtime allowance of 91 hours covering the two months of July and August 1941, was sanctioned and paid. This being inadequate in view of the actual work done, the employees sent another application to the Management asking for the overtime allowance for the remaining months. At last the dispute was settled, though not to the complete satisfaction of the employees—still then the harassment continued to be there as before. As a result Mr. Laxman Arjun, who handed over the application to the Manager, was discharged with 13 days wages on the 12th November 1941. The reason for discharge as stated in the discharge order cannot be justified and hence the employees think it to be a case of victimisation.

The matter did not end here only. Day after day the workers are fined, suspended and harassed for petty reasons. All such cases have been duly recorded with the Government Labour Officer. Under these circumstances, the workers of the department had been forced to take recourse to this legal action and they, therefore, hereby desire that, in order to maintain the good feeling between the employers and the employees of this department, Mr. Laxman Arjun T. No. 17, be reinstated, that he be paid his wages for the period from the date of his discharge to the date of his reinstatement and that the break that may have been caused in his service record due to the said discharge be cancelled and thus continuity of service be restored to him.

Copy of letter No. P.229-E. dated 12th January 1943, from the Secretary to the Government Bombay, Political and Services Department, to the Association.

Subject:—STANDING ORDERS FOR OPERATIVES—SCOPE OF CONCILIATION UNDER THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

With reference to your letter No. 78, of 1942, dated 13th May 1942, on the above subject, I am directed to invite your attention to the recent judgment of the Honourable Mr. Justice M. C. Chagla in the Khatau Makanji Mill case which has an important bearing on the subject.

In view of the judgment of the High Court Government is unable to accede to your request to make it known to Conciliators that they should not take up this type of case.

APPENDIX 27.

**' STRIKE PAY—MR. JUSTICE CHAGLA'S AWARD IN THE GENERAL MOTORS
FACTORY DISPUTE.**

Copy of letter No. 156, dated 14th July 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed by my Committee to address you in connection with certain matters arising out of Mr. Justice Chagla's Award in the above strike. My Committee are not concerned with the various details relating to the strike or with the informal negotiations which preceded the appointment of the Arbitrator, or with the Award itself in so far as it relates to certain terms and conditions of employment in the above factory. The learned Arbitrator has, in the last two paragraphs of the Award, declared himself in favour of a strike pay to those workers who remained on strike from 9th to the 22nd of March 1942, and it is this issue which is the subject matter of this representation.

2. My Committee have carefully analysed the Award to understand the point of view of the Arbitrator and to ascertain whether, and if so, to what extent the grant of a strike pay in the case of the General Motors strike was reasonable and justified in the particular circumstances of the case. I enclose herewith, for ready reference, relevant extracts from the Award. The learned Arbitrator has on the whole found fault with the employers for not giving an undertaking to the effect that there will be no victimisation and that Government will not be asked to prosecute any of the strikers under the Ordinance. He further states, "if the company instead of waiting till the 21st March, had immediately agreed to this proposal of the workers, the strike would have been over within two days." The learned Arbitrator in an earlier part of his Award has conceded that the strike was illegal under the Ordinance. An employer has the right to refuse to take back an employee who has gone on an illegal strike, and this position has been recognised in the Standing Orders for Operatives settled by the Bombay Industrial Court for the Bombay Cotton Textile Industry. If the legal position of the employer *vis-a-vis* the employee in an illegal strike is as it is conceded by the Bombay Industrial Court and incorporated in our Standing Orders, then the attitude adopted by the learned Arbitrator is not readily understandable.

3. The second ground on which the employer has been penalised on the question of strike pay is his refusal to agree that Government will not prosecute the offenders. The learned Arbitrator has admitted in another part of the Award that "it is entirely a matter for Government to consider whether under particular circumstances, a prosecution should be launched or not." If, according to the learned Arbitrator, the decision to prosecute an offender for an infringement of the provisions of the Defence of India Rules really rests with the appropriate Government, there was really no point in expecting the employer to give an undertaking in that regard, or in penalising him for not giving an undertaking.

4. My Committee note from another observation made by the learned Arbitrator that the Commissioner of Labour has expressed as his opinion that it would be reasonable to pay the strikers three-fourths of the pay from the 9th to the 22nd of March 1942, which they would normally have drawn during that period. The Arbitrator also states that he had it on the authority of Mr. Pardivala (counsel for the strikers) that "the Commissioner for Labour assured the workers that if they went back to work the Government would agree to overlook the illegality of the strike and not launch any prosecution against any of them." In another part of the Award, the learned Arbitrator states "It has also got to be remembered that Government were more anxious to see that war work was not impeded by the strike continuing rather than launch prosecution against the strikers for contravening Rule 81A of the Defence of India Rules." My Committee have no data before them to indicate on what grounds the Commissioner of Labour regarded that strike pay was reasonable in the circumstances of the case and whether he was expressing the official policy of the Government of Bombay on this important question. Similarly, they are not also sure whether he was

authorised by Government to offer free pardon to those workers who went on an illegal strike, if they went back to work. My Committee would like Government to consider for themselves the situation created by the Award in so far as it concerns strike pay. On the one hand, the learned Arbitrator by unfortunately penalising the employer for refusing to surrender a right which the law of the land confers on him and for refusing to give an undertaking which he was not authorised to give and which would have no binding in law, has established a precedent which workers will not hesitate to take advantage of in future. On the other hand, one of the responsible officers of Government not only offered to overlook the illegality of the strike, but conceded that strike pay was reasonable. My Committee need not point out that a strike in contravention of the provisions of Rule 81A of the Defence of India Rules continues to be an illegal strike punishable under that section and the resumption of work on a subsequent date does not make it any the less an offence. It is very difficult to say what the future trend of events will be, but if past experience could be taken as a guide, the Award is calculated not only to create disrespect for law and order and encourage lightning strikes, but also to make resumption of work more difficult, as workers expecting pay for the number of days they remain on strike will not be anxious to get back to work. My Committee cannot contemplate this position with equanimity and they respectfully suggest that it should be set right by Government by issuing a press note reaffirming their determination to prosecute the offenders in all cases of illegal strikes and pointing out that the grant of strike pay in the General Motors case does not meet with the approval of Government and should not in any event be taken as a precedent.

Extract from the Award of Mr. Justice M. C. Chagla in the dispute between the Management and the General Motors Workers' Union.

On the 11th of March 1942, when the workers and their Union clearly realised that the strike was illegal, they offered to go back to work and were prepared to refer all matters in dispute between themselves and the company to arbitration. The only condition they made was that there should be no victimisation and that the Government would agree not to prosecute any of the strikers under the new Notification. I am informed by Mr. Pardivala that the Commissioner for Labour assured the workers that if they went back to work the Government would agree to overlook the illegality of the strike and not launch any prosecution against any of them. But the company refused to give any undertaking that it would not dismiss any of the workers who had struck. Mr. Aitken for the company has told me that the reason for its doing so was that the company suspected some sabotage and wanted to dismiss those who were guilty of or in any way involved in this sabotage. The Union of the workers was even prepared to leave to arbitration the question of dismissal of any guilty strikers. Even that the company refused to accede to. It was only on the 21st of March 1942, that the company announced that it would take back all the workers who went to work on the 23rd of March. On the 23rd of March 1942, the Secretary of the Union wrote to the Managing Director of the company that, judging from the temper of the men at the meeting which had been called on the 21st of March, it did not seem likely that they would return to work unless and until some substantial part of their demands had been accepted, e.g., bonus, eight-hour day, gratuity, etc. The workers failed to return to work on the 23rd of March 1942, and it was only after an agreement had been arrived at between the parties on the 4th of April 1942, that they resumed work on the 6th of April. The Company in its reply has strenuously resisted being called upon to pay anything at all to the workers during the time they were on strike. It has contended that the men struck in flagrant contravention of the Defence of India Rule 81-A and the general order issued by the Government of India on the 7th of March 1942, under that Rule. The company feels that if it were called upon to pay to the workers for the time that they were on strike, it would be subsidising an illegal act. Undoubtedly there is considerable force in the company's argument, but it overlooks the important fact that as soon as the workers realised their mistake they offered to go back to work and were prepared to refer all matters in dispute to arbitration. If the company instead of waiting till the 21st of March had immediately agreed to this proposal of the workers, the strike would have been over within two days. It has also got to be remembered that Government were more anxious to see that war work was not impeded by the strike continuing rather than launch prosecutions against the strikers for contravening Rule 81-A of the Defence of India Rules. When the agreement was arrived at between the workers and the

company on the 4th of April 1942, at the intervention of the Commissioner of Labour, the question of pay for the strike days had been raised by the Union, and the Commissioner of Labour at its instance had agreed to intimate his views to the Arbitrator appointed by Government. Pursuant to that, the Commissioner of Labour has written to me and has expressed as his opinion that it would be reasonable to pay the workers three-quarters of the pay from the 9th to the 22nd of March 1942, which they would normally have drawn during that period. In my opinion the suggestion of the Commissioner of Labour is extremely fair. The workers are not entitled to any pay after the 22nd of March because the company had agreed to take back all the workers on the 23rd of March. They are not entitled to full pay during the period from the 9th to the 22nd of March 1942, because, however just their demands might have been, they were not justified in going to strike contrary to the provisions of the law and they must be penalised for their act. I do not think, especially in view of their attitude on the 11th of March, that any more drastic penalty than depriving them of one-fourth of their pay is called for. In asking the Company to pay the workers three-quarters of their wages from the 9th of March to the 22nd of March 1942, I am not really in any way interfering with the machinery of the law because it is entirely a matter for Government to consider whether under particular circumstances a prosecution should be launched or not. I am deciding this only because I feel that the company was in the wrong in refusing to accept the offer made by the workers on the 11th of March 1942.

I, therefore, award that the Company do pay immediately to all the workers who went on strike three-quarters of the pay from the 9th of March to the 22nd of March 1942, which they would normally have drawn during that period.

Copy of letter No. 5907/34-E, dated 17th September 1942 from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to refer to your letter No 156 dated the 14th July 1942, regarding certain matters arising out of the Award of the Honourable Mr. Justice M. C. Chagla, as Arbitrator in the dispute between the General Motors (India) Limited, and its employees and to state that when an Arbitrator or Adjudicator is appointed by Government, it is for him to arrive at an independent decision. He is not the mouthpiece of Government, and Government has no intention of criticising his decision.

The opinion of the Commissioner of Labour, Bombay, on the subject of strike pay to which you refer was based on the particular circumstances of the case which were that the General Motors (India) Limited, had, from time to time, refused arbitration and so protracted the strike. It in no way represents an expression of Government's general policy.

2. As regards prosecution for striking in contravention of Rule 81-A of the Defence of India Rules, it may have escaped the notice of your Association that the strike began on the day when this rule first came into force; and it would not have been reasonable for Government to act as if the rule had been familiar to the workmen. I am to add that Government has every intention of prosecuting under this rule when that course appears advisable in order to enforce the rule; but that does not mean that a prosecution will be lodged in every case.

Copy of letter No. 156, dated 4th November 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

AWARD IN THE DISPUTE BETWEEN THE GENERAL MOTORS (INDIA) LIMITED AND ITS EMPLOYEES.

I am directed to acknowledge the receipt of your letter No. 5907/34-E, dated the 17th September 1942, on the above subject.

My Committee note what you write. They are glad that the Commissioner's opinion in this particular case does not in any way represent an expression of Government's general policy, and they trust that the Commissioner of Labour has been made aware of this position.

With regard to the second paragraph of your letter wherein you state that the strike began on the day when this rule first came into force, and that it would not have been reasonable for Government to act as if the rule had been familiar to the workmen, my Committee desire to invite your attention to the following extracts from the Arbitrator's Award which are self-explanatory :—

“ On the 7th of March 1942, a general order was issued by the Government of India declaring every strike without proper notice as illegal, and there is not the slightest doubt that when the men struck on the 9th and 10th of March 1942, they were committing an illegal act.”

The learned Arbitrator has further pointed out :—

“ Mr. Pardivala has tried to persuade me that in all probability these men were ignorant of the Notification issued by Government so recently as the 7th of March 1942. I am not very much impressed by that argument because, firstly, I am not satisfied that they were in fact ignorant ; and, secondly, even if they were ignorant, in law it would make no difference to the illegality of their act.”

My Committee are anxious that they should not be misunderstood in this matter. Their only object in pursuing this matter is to ensure that persons who are on an illegal strike, or persons who are guilty of an illegal lockout should receive no encouragement from the officers of Government and further no attempt should be made to enter into a discussion of grievances until the men have resumed work if they were on an illegal strike, and until the lockout has been cancelled, if an illegal lockout has been declared. This policy, my Committee are aware, has all along been followed in the case of Bombay cotton mills by the Commissioner of Labour and the Conciliators appointed under the Bombay Industrial Disputes Act, and their only anxiety is that this practice should not be departed from as that might have unfortunate repercussions on labour. As Government are aware, several illegal strikes have taken place in Bombay and elsewhere in the last few weeks, and any attempt to enter into any negotiation with the men while they are out will unnecessarily prolong the strike.

APPENDIX 28.

PROVIDENT FUND FOR INDUSTRIAL WORKERS.

Copy of letter No. L.O.2429, dated 1st April 1942, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to state that provident fund for industrial workers was one of the subjects discussed at the Third Conference of Labour Ministers held in Delhi, in January last. I am now directed by Government to bring to your notice the conclusions reached by the Conference on the subject. I am accordingly to enclose herewith an extract from a letter from the Government of India to the Provincial Government setting out the views of the Conference on the subject and to request you to kindly communicate your views thereon to this office at an early date.

Extract from a letter from the Government of India to the Government of Bombay dated 4th March 1942.

I am directed to address you on the subject of provident fund for industrial workers which was one of the questions discussed at the recent Conference of Labour Ministers. It was generally recognised that provident fund schemes have many advantages as, apart from their humanitarian aspect of making available to the industrial workers something

to fall back upon in old age and at times of sickness, such schemes tend to strengthen the bond between workers and employers and makes the labour force more contented and stable. The general opinion at the Conference however, was that it was not possible to make the introduction of provident fund schemes compulsory, and that the most that can be done is to recommend to the interests concerned the adoption of such schemes. It was also suggested that it would be useful if the Government of India framed a set of model rules.

2. The main principles as envisaged by the Conference, which provident fund schemes should provide were apparently :—

(i) that any fund should be constituted by the joint contributions of the employer and the employee, which should be equal ;

(ii) that employees with at least one year's continuous service only may be eligible to subscribe ;

(iii) that the worker should be liable to lose the employer's share of the contributions, if he is dismissed for any act of misconduct on his part ; or to lose such share in part or in whole if he resigns within a short period of joining the fund ;

(iv) that withdrawals from the fund should be subjected to strict control ;

(v) that the fund should be invested in some form of Government securities and, in any case, outside the particular undertaking.

Extract from a letter from the Government of India dated 21st April 1942, re : provident fund for industrial workers.

Subject.—PROVIDENT FUND FOR INDUSTRIAL WORKERS.

"In continuation of this Department's letter No. L3079, dated the 4th March 1942, on the subject noted above, I am to state that employers are likely to be interested in the income-tax concessions granted to "recognised provident funds" within the meaning of Chapter IXA of the Indian Income-tax Act, 1922. The conditions to be satisfied before such recognition can be granted by the Commissioner of Income-tax and the income-tax concessions admissible on recognition are set out at pages 335-337 of the Income-tax Manual (Eighth Edition). Certain income-tax concessions are also admissible to approved super-annuation funds details of which are contained in Chapter IXB of the Income-tax Act and page 341 of the Income-tax Manual."

Copy of letter No. 107, dated 1st May 1942, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 2429, dated the 1st April 1942, in which you request my Committee to express an opinion on the conclusions reached at the Third Conference of Labour Ministers held in Delhi in January last in connection with the establishment of provident funds for industrial workers. In their letter dated 4th March 1942, addressed to the Government of Bombay the Government of India point out that at the Conference referred to above "it was generally recognised that provident fund schemes have many advantages as, apart from their humanitarian aspect of making available to the industrial workers something to fall back upon in old age and at times of sickness, such schemes tend to strengthen the bond between workers and employers and makes the labour force more contented and stable." The general opinion at the Conference, it seems, was that it was not possible to make the introduction of provident fund schemes compulsory, and that the most that can be done is to recommend to the interests concerned the adoption of such schemes.

2. In the second paragraph of Government's letter reference has been made to certain principles which, in Government's opinion, should be followed when framing rules in connection with such funds. The Committee of the Association desire to point out for the information of Government that certain members of the Association have already, on their own initiative, established provident funds for their operatives. These funds are more or less based on the principles set forth by Government in paragraph 2 of their letter. Unfortunately, however, these Schemes are not patronised by the workers to any extent, workers being generally unwilling to make any contributions to the fund, and appear to have been unsuccessful from the point of view of building up a permanent labour force.

3. My Committee entirely agree with the conclusions reached at the Conference that the introduction of provident fund schemes should not be made compulsory; they feel that the extension of existing schemes or the introduction of provident fund schemes in mills where no such schemes are at present in existence should be left entirely to the mill management after ascertaining the wishes of the workers concerned. As Government are aware, the conditions in the Bombay cotton textile industry at present are far from normal. A very large proportion of the permanent labour force has already left the city, and their position has been temporarily taken up by substitutes, and there is a good deal of uncertainty as to how long the latter will stick to their positions. Under these conditions, my Committee feel that no useful purpose would be served by taking up this question at the present time.

4. The proper time for consideration of this and other questions would be on the termination of the war when normal working conditions would have been restored. Even then, the question of instituting provident funds should not be dissociated from other similar questions and an employer must be told in advance what other commitments Government propose to ask him to undertake in the shape of social and welfare schemes of Government. In this view of the case, the Committee of the Association suggest that the subject be reopened on the termination of the war after Government have decided on their programme of social and welfare legislation.

APPENDIX 29.

PROPOSED AMENDMENT OF THE TRADE DISPUTES ACT.

Copy of letter No. L.O.5072, dated 27th June 1942, from the Commissioner of Labour, Bombay, to the Association.

Subject.—AMENDMENT OF THE TRADE DISPUTES ACT, 1929.

I am directed to forward herewith a copy of the Government of India, Department of Labour, letter No. L3005, dated 30th May 1942, on the above subject and to request you to favour Government with your views generally on the proposals in the Bill or specifically on individual clauses thereof together with suggestions for modifications, if any. The members of your committee are not being separately addressed in the matter.

2. I shall be glad if you will kindly arrange to send your reply by 25th July 1942 at the latest.

Copy of letter No. L.3005, dated 30th May 1942, from the Government of India, Department of Labour to All Provincial Governments.

The subject of amending the Trade Disputes Act, 1929, was discussed at the first two Conferences of Labour Ministers and with representatives of all-India associations of employers and workers. The Government of India have now prepared a draft Bill in the matter, copies of which are enclosed.

2. During war-time there is already the machinery under the Defence of India Rule 81A, supplemental to the machinery of the Trade Disputes Act, 1929, but it is desirable that permanent legislation should be placed on the Statute Book to serve in post-war circumstances. It is hoped that the draft Bill will meet the need.

3. The main provisions of the draft Bill are as follows :—

(1) The provisions of section 15 of the Act which now apply only to public utility services will henceforth be made applicable generally.

Sub-clause (b) in draft section 14A, clause 5 of the Bill has been left blank. It is intended that the Bill should apply in the first instance to important industries, and its application should be capable of extension by the Central Government as circumstances permit or make this necessary. The views of the Provincial Government are requested as to the industries which should be specified in sub-clause (b).

(2) Not only participation in a strike (as now under section 15 (1)) but organisation of a strike is made punishable in certain circumstances.

(3) If the appropriate Government appoints a Board of Conciliation or Court of Inquiry during the period of 14 days' notice, the organisation of or participation in a strike within two months from such appointment is made punishable.

(4) Employers will be required in case of industrial disputes to give the appropriate Government or an authority appointed by Government information regarding conditions of labour in their concerns.

(5) Employers will be required to observe for a certain period, terms and conditions of employment as may be determined by the appropriate Government or an authority appointed by them in this behalf.

(6) The responsibility of the Central Government is specified in more detail and the existing provisions under sections 3, 18A, 19 and 17(2) are brought into line with the new provision.

4. The Government of India are consulting direct the following all-India organisations of employers and workers and also informing them that Provincial Governments are being requested to consult individually important associations of employers and workers within their areas :—

- (1) All-India Organisation of Industrial Employers,
- (2) Employers' Federation of India,
- (3) All-India Trade Union Congress,
- (4) Indian Federation of Labour.

5. I am to request that the views of the Provincial Government and important views of such persons and bodies as the Provincial Government may consider it suitable to consult may kindly be communicated to the Government of India at an early date.

A Bill further to amend the Trade Disputes Act, 1929.

Whereas it is expedient further to amend the Trade Disputes Act, 1929, for the purposes hereinafter appearing :

It is hereby enacted as follows . . .

1. *Short title.*—This Act may be called the Trade Disputes (Amendment) Act, 194
2. *Amendment of section 2, Act VII of 1929.*—In section 2 of the Trade Disputes Act, 1929 (hereinafter referred to as the said Act)—

- (a) the word " and " at the end of clause (j) shall be omitted,
- (b) after clause (k) the following clause shall be added, namely :—

"(1) ' the appropriate Government ' means—

- (a) in relation to an industry, business or undertaking carried on by the Central Government or by the Federal Railway Authority, or by a

railway company operating a Federal Railway, or by a contractor or sub-contractor employed by the Federal Railway Authority or such a railway company, or by the Port Authority of a major port, and in relation to a mine or oilfield, the Central Government, and

(b) in any other case the Provincial Government."

3. *Amendment of section 3, Act VII of 1929.*—In section 3 of the said Act—

(a) for the words "the Provincial Government or where an employer concerned is the head of a department under the control of the Central Government or is the Federal Railway Authority or a railway company operating a Federal Railway, the Central Government" the words "the appropriate Government" shall be substituted.

(b) in clauses (a) and (b) for the words "the Provincial Government or the Central Government as the case may be" the word "it" shall be substituted.

4. *Insertion of new section after section 3, Act VII of 1929.* "Duty of employers to supply information."—After section 3 of the said Act the following section shall be inserted, namely:—

"3A (1) If any trade dispute exists or is apprehended the appropriate Government or an authority prescribed in this behalf by the appropriate Government, may require any employer to supply such information regarding conditions of labour in the industry, business or undertaking concerned in the dispute as that Government or Authority may require.

(2) Any employer who refuses or without lawful excuse fails to comply with any such request, or in purported compliance with such request furnishes information which is false, or which he does not believe to be true, shall be punishable with fine which may extend to five hundred rupees and in the case of a continuing offence with a further fine which may extend to two hundred rupees for each day after the first during which the offence continues.

(3) Where the employer committing an offence punishable under this section is a corporation, company or other association of persons, any secretary, director or other officer or person concerned with the management thereof shall be punishable with the punishment provided for the offence unless he proves that the offence was committed without his knowledge or without his consent."

5. *Insertion of heading and new section after section 14, Act VII of 1929.*—After section 14 of the said Act the following heading and section shall be inserted, namely:—

"SPECIAL PROVISIONS REGARDING SUDDEN STRIKES AND LOCK-OUTS.

"14A. *Application of sections 15 and 15A.*—The provisions of sections 15 and 15A shall apply only to persons employed in and employers carrying on—

(a) a public utility service,

(b)

(c) such other industries, business and undertakings as may be notified in this behalf by the appropriate Government."

6. *Omission of heading to section 15, Act VII of 1929.*—The heading preceding section 15 of the said Act shall be omitted.

7. *Amendment of section 15, Act VII of 1929.*—In section 15 of the said Act—

(a) in sub-section (1) the words "being employed in a public utility service" shall be omitted.

(b) after sub-section (1) the following sub-section shall be inserted, namely :—

“(1A) Any person who instigates, incites others to take part in, or otherwise acts in furtherance of, a strike punishable under sub-section (1), shall be punishable with imprisonment which may extend to one month, or with fine which may extend to fifty rupees or with both.”

(c) in sub-section (2) the words “ carrying on any public utility service ” shall be omitted.

(d) in sub-section (2A) for the words “ Provincial Government ” in both places where they occur the words “ appropriate Government ” shall be substituted.

(e) in sub-section (4) for the words beginning with “ the Central Government ” and ending with “ in other cases ” the words “ the appropriate Government ” shall be substituted.

8. *Insertion of new section after section 15, Act VII of 1929.*—After section 15 of the said Act the following section shall be inserted, namely :—

“ 15A. *Prohibition of strikes on reference to Board of Conciliation or Court of Enquiry.*

—(1) Where the notice referred to in sub-section (1) of section 15 has been given, and before the expiry of the notice the appropriate Government makes an order in writing under section 3 referring the dispute, or any matters appearing to be connected with or relevant to the dispute, to a Board of Conciliation or a Court of Enquiry, as the case may be, it shall be an offence punishable with imprisonment which may extend to one month or with fine which may extend to fifty rupees or with both for any person within two months of the making of such order to go on strike whether in pursuance of any such notice or otherwise, and for any person to instigate, incite others to take part in, or otherwise act in furtherance of a strike so entered on.

(2) Until the expiry of two months from the making of such order, unless the Board of Conciliation or Court of Enquiry has sooner finished its labours, the employer concerned shall observe such terms and conditions of employment as may be determined by the authority appointed by the appropriate Government in this behalf to be not less favourable than those existing at any time within three months preceding the making of such order.”

9. *Amendment of section 17, Act VII of 1929.*—In sub-section (2) of section 17 of the said Act the words beginning with “ In this sub-section ‘ the appropriate Government ’ means ” and ending with the end of the sub-section shall be omitted.

10. *Amendment of section 18A, Act VII of 1929.*—In sub-section (1) of section 18A of the said Act for the words beginning with “ The Central Government ” and ending with “ within the Province ” the words “ the appropriate Government ” shall be substituted.

11. *Amendment of section 19, Act VII of 1929.*—In sub-section (1) of section 19 of the said Act for the words beginning with “ the Central Government ” and ending with “ within their respective Provinces ” the words “ The appropriate Government ” shall be substituted.

Copy of letter No. 169, dated 14th July 1942, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O.5072, dated the 27th June 1942 in which you invite my Committee to express an opinion on certain proposed amendments in the Trade Disputes Act, 1929.

2. As you are aware, provisions somewhat on the lines of the amendments referred to have already been incorporated in the Bombay Industrial Disputes Act, 1938. The Bombay Act has been made applicable to the cotton textile industry of this Province, and in this

view of the case, the amendments are only of academic interest so far as the Bombay membership of the Association is concerned. There are, however, one or two points which my Committee desire to mention in connection with the detailed clauses of the Bill, and these are set forth below :—

3. *Clause 4 : Proposed Sections 3A(1) to (3).*—The object of these provisions is not clear. If the information required from employers is only to enable Government to make up their mind as to whether the dispute should be referred to a Board of Conciliation or Court of Enquiry, then there is probably nothing to be said against it except that a similar obligation may also be placed on Labour with appropriate penal provisions for failure to supply the information called for.

4. If, however, the information called for is really intended for the use of the Court or Board as the case may be, then the powers proposed to be conferred on the appropriate Government are unnecessary since the Court or Board already enjoy these powers (*vide* Section 9).

5. *Clause 8 : Proposed Section 15A(1) and (2).*—The proposed section prohibits strikes during the pendency of the dispute before a Court or Board ; this is not enough. As you are aware, even in spite of a Government Ordinance prohibiting strikes without notice, there has been a number of lightning strikes, and it would seem that such strikes will continue to take place in the future also. In this view of the case, it is suggested that a further proviso be added to proposed section 15A which would require the workers to resume work on the appointment of a Court or Board if they are already on strike.

6. My Committee have grave doubts whether the amendments which Government have in view will serve any useful purpose from the point of view of preventing lightning strikes. In spite of the ordinance prohibiting lightning strikes and in spite of the provisions of the Bombay Industrial Disputes Act prohibiting such strikes, there have been in the last few months several illegal strikes in Bombay and elsewhere. The operatives know that they have struck work in contravention of the law of the land, but they also know that it is practically impossible to prosecute all those who are concerned in an illegal strike. The prosecution of the ringleaders is difficult because in several cases it is difficult to find out who the ringleaders are and in several other cases such ringleaders condemn the strike in public, but participate in it in private. The authorities responsible for the handling of the strike are very often obsessed with a desire to get the workers back at work, and follow, what in their opinion is the most logical thing to do, by placating the workers by appeasement, and a case has come to our notice where workers were promised by a responsible Government Officer that they would not be prosecuted for defying the ordinance if they resumed work immediately. The psychological effect of these and similar undertakings on the workers cannot be underrated, but what my Committee desire to point out is that if Government really want to control lightning strikes in future, they must create respect for law and order and reaffirm their intention to prosecute those responsible for an illegal strike.

APPENDIX 30.

HOLIDAYS WITH PAY FOR WORKERS IN NON-SEASONAL FACTORIES.

PROPOSED AMENDMENT OF THE FACTORIES ACT.

Copy of letter No. 3896, dated 19th May 1942, from the Commissioner of Labour, Bombay, to the Association.

Subject.—HOLIDAYS WITH PAY.

I am directed to forward herewith a copy of the Government of India, Department of Labour, letter No. L3079 dated 7th May 1942 on the above subject together with its enclosure and to request you to let me have the views of your Association generally on the

proposals in the Bill or specifically on individual clauses thereof together with suggestions for modifications, if any. The members of your Association are not being separately addressed.

2. I shall be glad if you will kindly arrange to send your reply by 1st July 1942.

Copy of letter No. L3079, dated 7th May 1942, from the Under Secretary to the Government of India, Department of Labour, to all Provincial Governments.

In accordance with the discussion at the Third Conference of Labour Ministers on the subject of holidays with pay, the Government of India have now prepared a draft Bill copies of which are enclosed.

2. The discussion has all along been with reference to factory workers and it has been found suitable from the drafting point of view to make provisions on the subject by amendment of the Factories Act.

3. It is hoped the provisions of the draft Bill explain themselves. The main features of the Bill are—

- (1) the provisions extend only to non-seasonal factories,
- (2) the minimum number of paid holidays is 7 and they must run in one block,
- (3) the holidays cannot be accumulated,
- (4) the qualifying service is one year,
- (5) half the wages due for the holiday period are required to be paid at its commencement,
- (6) workers are prohibited from undertaking remunerative work during the holidays,
- (7) "compensatory" holidays are provided for workers deprived of the weekly holidays as a result of exemption of a factory from the provisions of section 35 of the Factories Act,
- (8) no provision has been made for the continuance or otherwise of local and other customary holidays at present given by individual employers; the matter has been left for mutual adjustment between the employers and employees.

4. I am to request that the views of the Provincial Government and important views of persons and bodies whom the Provincial Government may consult, may be communicated to the Government of India at an early date, and not later than 15th August 1942.

5. I am to add that the Government of India are addressing direct the following all-India organisations of employers and workers :—

- (1) The Employers' Federation of India, Bombay,
- (2) All-India Organisation of Industrial Employers, New Delhi,
- (3) All-India Trade Union Congress, Bombay,
- (4) Indian Federation of Labour, Bombay.

They are also being informed that Provincial Governments are being requested to consult individual important associations of employers and workers within their areas.

A Bill further to amend the Factories Act, 1934, for the purpose of securing holidays with pay for workers in non-seasonal factories.

Whereas it is expedient to amend the Factories Act, 1934, for the purpose of securing holidays with pay for workers in non-seasonal factories; It is hereby enacted as follows :—

1. *Short title.*—This Act may be called the Factories (Amendment) Act, 1942.

2. *Insertion of new Chapter in Act XXV of 1934.*—After Chapter IV of the Factories Act, 1934 (hereinafter referred to as the said Act), the following Chapter shall be inserted, namely:—

CHAPTER IVA.

Holidays with pay

49A. *Application of Chapter IVA.*—The provisions of this chapter shall not apply to a seasonal factory.

49B. *Annual holidays.*—(1) Every worker who has completed one year of service in a factory shall be allowed in each year holidays with pay for a period of at least seven consecutive days.

Explanation.—A worker shall be deemed to have completed a year of service in a factory notwithstanding any interruption in service during the course of the year, caused by sickness, accident, or authorised leave or by intermittent involuntary unemployment for a period not exceeding in the aggregate one month.

(2) The weekly holiday allowed under the provisions of sub-section (1) of section 35 shall be included in the period of seven days specified in sub-section (1).

49C. *Rate of pay during holidays.*—(1) A worker shall, during any holidays allowed to him under the provisions of section 49B, be paid at the rate at which he would have been paid had he remained at work.

(2) Where the worker is paid on a piece-rate basis, his rate of pay during such holidays shall be the ordinary rate of pay as fixed for that worker under sub-section (3) of section 47 for the purposes of that section.

49D. *Payment at the commencement of holidays.*—A worker who has been allowed holidays under the provisions of section 49B shall, at the commencement of the holidays, be paid half the total pay due for the period of holidays.

49E. *Conditions of holidays.*—(1) A worker shall not undertake any work for remuneration during any holidays allowed to him under the provisions of section 49B.

(2) If any worker contravenes the provisions of sub-section (1), he shall be punishable with fine which may extend to fifty rupees, and the balance of the pay due to him for the period of holidays may, at the discretion of the manager of the factory, be withheld.

(3) If a worker fails in any year to take the holidays allowed to him in that year under the provisions of section 49B his right to those holidays shall lapse.

49F. *Compensatory holiday.*—Where as a result of the passing of an order of exemption under section 8 or clause (a), (d), (e), (f), (g) or (h) of sub-section (2) of section 43, or sub-section (2) of section 44, a worker is deprived of the weekly holiday allowed by sub-section (1) of section 35, the manager of a factory shall provide for such worker a compensatory holiday to be given in such manner as may be prescribed.

49G. *Power to make rules.*—The Provincial Government may make rules, prescribing the manner in which the compensatory, holiday referred to in section 49F shall be provided, and providing for any other matter which may be expedient in order to give effect to the provisions of this Chapter.”

3. *Amendment of section 60, Act XXV of 1934.*—In section 60 of the said Act,—

(a) at the end of clause (f) the word “or” shall be added;

(b) after clause (f) the following clause shall be inserted, namely :—

“(g) there is any contravention of section 49B, 49C, 49D, or 49F or of any rule made under section 49G.”

4. *Amendment of section 61, Act XXV of 1934.*—In section 61 of the said Act, for the brackets and letter “(f)” the brackets and letter “(g)” shall be substituted.

Copy of letter No. 148, dated 19th June 1942, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 3896, dated the 19th May 1942, in which you request my Committee to express an opinion on certain tentative proposals formulated by the Government of India in connection with the grant of holidays with pay to workers employed in non-seasonal factories. The draft Bill forwarded with your communication has been carefully considered by my Committee, and I am desirous to point out that my Committee's views on the question of holidays with pay generally have already been set forth in the undermentioned communications addressed to you by the Association :—

* (1) Letter No. 1968/111, dated the 15th August 1935.

† (2) Letter No. 2954/141 dated the 10th August 1937.

2. I am also directed to draw your attention to the discussions which took place at the Conference of Industrial Employers convened by the Hon'ble the Labour Member in January 1941. At this Conference, the representatives of employers present were unanimously of the opinion that there should be no legislation for holidays with pay. They thought that, while holidays with pay would increase the cost of production, there would be no corresponding benefit to labour. They also pointed out that at present as the workers took long holidays during the year to go to their villages for family and festive occasions, the need for the amenities proposed had not been made out. My Committee entirely agree with the position taken up by the Employers' representatives at the Conference referred to above, which is also entirely in accordance with the views expressed by the Association. They would, however, like to point out once again that Government and employers must, for the time being, concentrate their efforts on winning the war, and that consideration of questions of a controversial nature, or involving social and labour legislation, should be postponed till peace is restored. Social and industrial welfare schemes involving financial outlay should be considered under normal conditions when a precise estimate of the industry's capacity to pay could be made. Discussion of such measures, when we are in the midst of a war, is not only calculated to create unpleasantness between the employer and the employed, but would interfere with war output which, my Committee are sure, it is not Government's desire to bring about.

APPENDIX 31.

RECOGNITION OF TRADE UNIONS.

AMENDMENT OF THE TRADE UNIONS ACT, 1926.

Copy of letter, dated 27th March 1942, from the Employers' Federation of India, to the Association.

The Government of India have formulated certain tentative proposals for the amendment of the Indian Trade Unions Act, 1926. The draft proposals have taken the form of a Bill for the sake of convenience and clarity. It is stated that the Government of India

* (1) Not printed. Published on page 161 of the Report for 1935.

† (2) Not printed. Published on page 198 of the Report for 1937.

have not reached final conclusions on any of the proposals, and the enclosed draft Bill is intended only to serve as a basis for discussion and eliciting the views of the interests affected.

As the Government of India desire to have the views of the Federation before the 15th of May 1942, I shall be obliged if you will let me have your comments on the draft Bill by 1st May 1942.

It will be recalled that in May 1938, the Industrial Associations in Eastern India formulated certain basic terms upon which recognition could be extended by employers to trade unions. For ready reference, a statement embodying those conditions is annexed.

Copy of letter No. L3079, dated 20th March 1942, from the Under-Secretary to the Government of India, Department of Labour, to the Employers' Federation of India.

I am directed to forward herewith proposals for legislation on the subject of recognition of trade unions and to request that the views of your Federation may kindly be communicated to the Government of India at an early date and in any case not later than the 15th May 1942.

2. The draft proposals have been put in the form of a Bill purely for the sake of convenience and clarity. I am to add that the Government of India have not reached final conclusions on any of the proposals but have framed these to serve as a basis for discussion and eliciting the views of the interests affected. Provincial Governments are also being furnished with these proposals and requested to consult individual important associations of employers and workers within their areas.

A Bill further to amend the Indian Trade Unions Act, 1926.

Whereas it is expedient further to amend the Indian Trade Unions Act, 1926, for the purposes hereinafter appearing :

It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Trade Unions (Amendment) Act, 1942.

(2) It shall come into force on such date as the Central Government may, by notification in the official *Gazette*, appoint.

2. In the long title of the Indian Trade Unions Act, 1926 (hereinafter referred to as the said Act), after the word "registration" the words "and recognition" shall be inserted, and after the word "registered" the words "and recognised" shall be inserted.

3. In the preamble to the said Act, after the word "registration" the words "and recognition" shall be inserted, and after the word "registered" the words "and recognised" shall be inserted.

4. In section 2 of the said Act,—

(1) after the words "the appropriate Government" means" the words "subject to the provisions of section 28-A" shall be inserted;

(2) after clause (c) the following clause shall be inserted, namely :—

"(cc) 'Recognised Trade Union' means a Trade Union recognised under this Act";

5. After Chapter III of the said Act the following Chapter shall be inserted, namely:—

“ CHAPTER III-A.

Recognition of Trade Unions and Rights and Liabilities of recognised Trade Unions.

28-A. *Modification of the definition of “the appropriate Government.”*—Notwithstanding anything to the contrary in the definition of “the appropriate Government” in section 2, the Central Government shall be deemed to be the appropriate Government for the purposes of this Chapter in respect of trade unions consisting of employees of the Central Government or of a Federal Railway.

Explanation.—A trade union of which not less than seventy per cent. of the members are employees of the Central Government or of a Federal Railway shall be deemed to be a trade union of employees of the Central Government or of a Federal Railway respectively within the meaning of this section.

28-B. *Application for recognition.*—(1) The executive of a trade union may apply to the Registrar for recognition of the trade union under this Act.

(2) Every application to the Registrar for recognition of a trade union shall be accompanied by a statement furnishing the prescribed particulars.

28-CC. *Conditions for recognition.*—A trade union shall not be entitled to recognition under this Act unless it fulfils the following conditions, namely:—

- (a) that it is, and has been for at least six months prior to the date of the application for recognition, a registered trade union ;
- (b) that its rules do not provide for the exclusion of members on communal or religious grounds ;
- (c) that its executive meets at least once a quarter ;
- (d) any further condition that may be prescribed in this behalf by the appropriate Government :

Provided that if such further condition is one requiring the union to have a minimum number of members, the number fixed shall not exceed 30 per cent. of the total number of workmen eligible for admission as ordinary members of the union.

28-D. *Power of the Registrar.*—(1) The Registrar may call for further information for the purpose of satisfying himself that the trade union is entitled to recognition under section 28-C, and if a trade union fails to supply the required information within the prescribed period its application for recognition shall be deemed to have been withdrawn.

(2) The Registrar, on being satisfied that the trade union has complied with all the requirements of this Act in regard to recognition, shall forward the application to the appropriate Government.

28-E. *Grant and withdrawal of recognition.*—(1) On receipt of the application for recognition, the appropriate Government, if satisfied that the trade union is fit to be recognised, may, by notification in the official *Gazette*, declare the trade union to be a recognised trade union.

(2) The appropriate Government may, by notification in the official *Gazette*, withdraw recognition from a trade union to which it has previously granted recognition :

Provided that no such notification withdrawing recognition from a trade union shall be issued unless the trade union concerned has been given a reasonable opportunity of showing cause against the withdrawal.

28-F. *Recognition of a trade union extending to another Province.*—A trade union recognised in any one Province shall be a recognised trade union in any other Province to which its operations extend.

28-G. *Rights of a recognised trade union.*—(1) The executive of a recognised trade union shall be entitled to negotiate with the employer in respect of matters affecting the common interests of the members of the trade union, and the employer shall receive and send replies to letters sent by the executive on, and grant interviews to that body regarding, matters affecting the interests of the members of the union.

(2) Nothing in this section shall be construed as requiring an employer to send replies to letters on, or grant interviews regarding, matters on which, as a result of previous discussion with the union or the members thereof, the employer has arrived at a conclusion whether in agreement with the executive or not.

(3) Any dispute between the employer and the executive as to whether a conclusion has been arrived at within the meaning of sub-section (2) shall be referred to the Registrar whose decision shall be final.

28-H. Every recognised trade union shall submit to the Registrar, at the prescribed time and in the prescribed manner, such returns, in addition to those referred to in section 28, as may be prescribed."

6. To section 31 of the said Act, the following sub-section shall be added, namely :—

"(3) The provisions of sub-section (1) and sub-section (2) shall apply also to defaults in submitting and to false entries in and omissions from any return required to be submitted under section 28-H."

7. *Failure by employer to comply with section 28-G(1).*—After section 32 of the said Act, the following section shall be inserted namely :—

"32-A. Any employer who fails to comply with the provisions of sub-section (1) of section 28-G shall be punishable with fine which may extend to five hundred rupees."

Conditions precedent to the Recognition of Trade Unions.

1. The union shall be registered under the Indian Trade Unions Act, 1926, and shall have been in active existence for a period of twelve months prior to recognition.

2. The union shall not encourage class war.

3. Peaceful and legitimate methods shall be followed by the union in all its activities. The use of violence shall be actively opposed.

4. The union shall be run and controlled by actual workers and shall represent a substantial number of the persons which it claims to represent.

5. No notice for a cessation of work shall be given by the union unless the grievances of the workers have been submitted in writing to the employers and such processes of negotiation, conciliation and mediation now in existence or which may be devised and mutually agreed to have been gone through.

6. A strike shall not be called unless a ballot has previously been taken and not less than two-thirds of the votes cast and not less than 50 per cent. of the workers of the whole mill, factory or industrial unit involved have voted in favour of a cessation of work.

7. The union shall not negotiate on behalf of workers who have struck work without the permission of the union until they have returned to work and shall not support or encourage in any manner any unauthorised strike.

8. The union shall not support or encourage in any manner a strike called or brought about by an unauthorised union or unlawful association.

9. The union shall give fourteen days' notice of a strike in an individual mill and one month's notice of a general strike.

10. The union shall agree to co-operate actively with the Government Labour Officer where such exists, and with any Labour Officers appointed by the industry or individual employer concerned.

11. The union will neither directly nor indirectly encourage or countenance the subversion of internal discipline in mills.

12. The members of the union shall not engage in trade union activities on employers' premises including mill compounds except to the extent mutually agreed upon between the union and the employers' association.

13. The membership of the union shall be purely voluntary.

14. The accounts of the union shall be audited at least once a year by a Government auditor or as otherwise prescribed by the provincial regulations issued under section 29(2) (c) of the Trade Unions Act, 1926.

15. The union shall submit a Government Certificate regarding its membership when applying for recognition, such certificate to contain particulars of the number of members who have paid their subscription continuously and regularly for the last three months.

16. The union shall maintain records of every case taken up for settlement with employers, the stages through which the dispute has passed and the dates of those various stages, and shall produce such records, if called upon to do so by the employers concerned or by the Employers' Association, during any joint negotiations or in any conciliation or arbitration proceedings.

17. The union shall submit to the Employers' Association, or individual employer where no association exists covering the particular industry, a copy of its rules, regulations and by-laws; and any amendments thereto which may be proposed shall receive the approval of the Employers' Association and/or individual employer before being put into force.

18. It shall be laid down in the rules of the union that the business of the union shall be confined to such business as is generally recognised as being within the scope of legitimate trade unionism.

19. No trade union shall be run on communal principles.

Copy of letter No. 115 of 1942, dated 19th May 1942, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

The Committee of the Association have recently had under consideration a copy of communication No. L3079, dated the 20th March 1942, addressed by you to the Secretary, Employers' Federation of India, in which the Federation had been requested to express an opinion on certain proposals for the amendment of the Indian Trade Unions Act. Briefly stated, Government propose by an amendment of the Indian Trade Unions Act to compel employers to recognise all trade unions registered under Act XVI of 1926. Government further propose that any union registered under the 1926 Act, which does not provide for

the exclusion of members on communal or religious grounds and in which the executive meets at least once a quarter should be eligible for recognition. The rights of a recognised union are set forth in proposed section 28-G, which lays down that the executive of a recognised union shall be entitled to negotiate with the employer in respect of matters affecting the common interest of the members of the union. It is further laid down that the employer shall receive and send replies to letters sent by union officials, and grant interviews, etc. There is a proviso for recognition of unions once granted, to be withdrawn, but the right to withdraw recognition is vested in Government, and the only ground on which recognition can be withdrawn is for failure to submit periodical reports prescribed under the Trade Unions Act.

2. It is the considered view of the Committee of the Association that employers should not, under any circumstances, be compelled by statute to recognise unions. Where a trade union consists of *bona fide* workers, is managed by representatives of workers, adopts strictly trade union methods in securing redress of its members' grievances, and is further in a position to impose its will upon its members in securing the due observance of all the agreements and undertakings given by it in its negotiations with employers, and is, in addition, thoroughly representative of labour, recognition by employers follows as a matter of course without any compulsion whatsoever. Where these conditions do not obtain, and recognition is forced on employers, as Government now propose to do, it will become not only a farce, but an irritant, and employers will be forced into endless correspondence with a number of unions of all dimensions on something or other connected with internal working conditions in factories with no useful or practical results.

3. Government in the first paragraph of their letter No. L1882, dated the *3rd March 1942, recommend the Federation to advise its members "to adopt a liberal policy towards any trade unions of their workers even though they may feel some doubts regarding the leaders of those trade unions." My Committee respectfully submit that they cannot accept this proposition. Their experience in Bombay has unfortunately been extremely bitter. Active leadership and initiative in all trade union matters pass, owing to the lack of workers in sufficient numbers with experience in trade union methods, into the hands of outsiders with destructive views, and these leaders have not hesitated to use the union machinery in their hands as a convenient weapon for the advancement of their personal aims and objects, regardless of the interests of the union which they are supposed to represent and of the industry affected. That this is the real state of affairs was admitted by the Government of Bombay, who, in a White Book published in 1930, stated :—

"The present Act (the Trade Unions Act), which is based on the British model, assumes that the trade unions will observe their rules and pursue the objects for which they are formed. Such an assumption is not justified in India, where the labouring population is ignorant and disorganised and easily falls a prey to unscrupulous and designing agitators who often seek objects which, if correctly understood, the members of their unions would not approve."

The leadership of textile unions in Bombay is in very much the same hands as when Government made the statement referred to above. The nefarious activities of these people and their responsibility for two successive strikes and a riot in Bombay were brought out in no uncertain terms by two Committees of Enquiry appointed by the Government of Bombay. This is what they said (extracted from Appendix B of Government White Book) :

"The Riots Enquiry Committee and the Court of Enquiry under the Trade Disputes Act found as follows, regarding the Girni Kamgar Union :—

- (1) that some of the leaders of the Union are communists ;
- (2) that the Girni Kamgar Union was the basic cause of the riots in February 1929 ;
- (3) that the leaders of the Girni Kamgar Union were reckless and violent in their speeches ;

- (4) that they caused lightning strikes without just cause for the purpose of fomenting unrest ;
- (5) that the blame lies wholly at the door of the officials of the Union for the state of affairs which prevailed during the months of March and April 1929 resulting in the general strike ;
- (6) that the strike was prolonged by—
 - (a) the aggressive and mischievous propaganda of the officials of the Girni Kamgar Union,
 - (b) the inflammatory appeals made by them to the workers,
 - (c) picketing and intimidation by the strikers and acts of violence committed by them on non-strikers ;
- (7) that the main difficulty in the way of settling the strike was the uncompromising attitude of the officials of the Girni Kamgar Union."

The Riots Enquiry Committee and the Court of Inquiry under the Trade Disputes Act held their sittings in 1929, and the White Book of the Government of Bombay was published in 1930. With the long interval which has since elapsed, conditions have not, as stated before, changed, and if evidence were wanted, Government have only to refer to the Report of the Bombay Disturbances Enquiry Committee appointed by the Government of Bombay on 11th November 1938, and presided over by an eminent Judge of the Bombay High Court. This Enquiry Committee which, as Government are aware, was appointed in connection with the serious disturbances which broke out in the city of Bombay on 7th November 1938, strongly indicted the communist leaders of the Girni Kamgar Union for the violent speeches they made immediately before the outbreak of the disturbances, and stated in paragraph 43 of their Report :

" We are, therefore, of opinion that the origin of the disturbances is to be traced to the combination of these two parties on an anti-Congress platform and the incitement by the leaders of these parties to violence to make the strike successful."

The two parties referred to in the above extract, it may be explained, are the Committee of the Bombay Provincial Trade Union Congress which, on the Enquiry Committee's own admission, had come to be dominated by communist leaders, and the Independent Labour Party. The Report contains very striking illustrations of the types of speeches which the communist leaders of Bombay trade unions are making even to-day.

Unless, therefore, there is a radical change in leadership, my Committee are firmly convinced that recognition of the type which Government proposed to bestow on unions will not only fail to confer any benefit on labour, but is likely to be a positive danger to the industry and its war efforts. The real need, therefore, is good leadership by men who come into the movement purely as trade unionists, pledged to rectify the economic grievances of the men and not to mix them up with politics. If such men come forward and show their *bona fides* and if, as is most essential, labour is also willing to accept their leadership out of their own will, this association would be willing to reconsider the whole position.

4. The Trade Unions Act, 1926, seeks to offer immunity from legal proceedings to officers of registered trade unions for tortious acts done, and my Committee strongly feel, in the light of what has happened in Bombay and elsewhere, that far from conferring additional privileges on unions, there exists a case for tightening up Government control over unions, and in this connection, my Committee again quote the White Book issued by the Government of Bombay :—

" Another suggestion which would depend upon the Government of India is that the Trade Unions Act should be amended so as to vest the Registrar with greater powers of supervision and intervention. The present Act which is based on the British model assumes that the trade unions will observe their rules and pursue the objects for which they are formed. Such an assumption is not justified in India, where the labouring

population is ignorant and disorganized and easily falls a prey to unscrupulous and designing agitators who often seek objects which, if correctly understood, the members of their unions would not approve. At the present stage, the labourers need, above all things, impartial advice and guidance. It is possible that if the Registrar were vested with powers of inspection and possibly of audit, such a measure would assist trade unions—as it has already assisted co-operative societies—in getting on to sounder lines.

Another amendment of the Act which appears desirable is the extension of the powers of cancellation. It is unsatisfactory that a union which wilfully infringes its own by-laws and which seeks objects other than those for which it was registered cannot be cancelled but continue to enjoy immunities which it ought not to possess."

5. Without prejudice to their general contention that recognition is not a fit subject for legislation, my Committee desire to stress with all the emphasis at their command, that the proper time to go into these matters will be when the war is over and normality has been restored. The greatest need of the hour is for all concerned to concentrate on war work, and discussion on such matters would not only make this difficult, but is likely to create diversions, which may have unfortunate consequences on peaceful working conditions in the industry. My Committee can understand Government's desire to ensure peace in the industry by providing for prompt investigation and settlement of labour's grievances, but they fail to see the necessity of a measure of such far-reaching importance at this stage to achieve this end. Bombay has already enacted separate legislation which provides for proper investigation into labour's grievances, and for all practical purposes, this legislation is working satisfactorily; it is, therefore, immaterial in the present emergency whether the object in view is achieved through unions or any other agency. What may, however, be done is that Provinces which have not passed any such legislation may bring in immediately a simple statute on the lines of the Bombay Trade Disputes Conciliation Act of 1934 for the duration of the war. This, my Committee feel, will be a far more reasonable and safer proposition at present than dealing with leaders of unions who, from our past experience, have not only done a definite disservice to labour but, what is even more serious, have been responsible for violence and bloodshed in Bombay.

6. If, in spite of everything that has been said in the previous paragraphs, Government still desire to proceed with their proposals for amendment of the Trade Unions Act, then my Committee desire to point out that, bearing in mind the desirability and importance of ensuring that recognition is accorded by Statute only to *bona fide* and representative unions, the conditions governing the grant of recognition should be tightened up. There is nothing unusual and unreasonable in this suggestion, for my Committee understand that the Central and Provincial Governments have already laid down certain conditions for recognition of unions of their own employees. As a further safeguard, it is suggested that under certain circumstances, which have been detailed in para 9 of this letter, it should be made possible for the employer to withdraw recognition. Government propose that where labour did not agree with the employers' decision to withdraw recognition, the matter should be dealt with by the Registrar whose decision would be final in these matters. My Committee have very serious objections to the Registrar of Trade Unions acting as the final appellate authority in this matter. What is suggested is that if labour feels that the employers' action is in contravention of the Act, then it should be free to appeal to the High Court, or in a Court equivalent to the Bombay Industrial Court.

7. Turning now to the conditions precedent to the grant of recognition, my Committee suggest that; in addition to the conditions specified in the proposed section 28-C, it should be laid down that the union rules should specifically provide for:—

- (1) the prohibition of class war ;
- (2) peaceful and legitimate methods being followed in all disputes with employers ;
- (3) total prohibition of violence ;
- (4) control by actual workers representing a substantial number of persons whom the union claims to represent ;

- (5) prohibition of strikes without notice ;
- (6) prohibition of strikes unless preceded by a ballot in which two-thirds of the workers actually affected are in favour of the strike ;
- (7) disowning of workers who have gone on strike except with the consent of the union ;
- (8) membership being purely voluntary ; and
- (9) maintenance of proper records of subscriptions collected and of negotiations with employers.

8. The Bombay Industrial Disputes Act of 1938 (*vide* section 7) lays down a minimum of 25 per cent. membership of the total number of employees employed in any industry or occupation in a local area, to qualify a union for registration under that Act. My Committee would like to insist on the minimum laid down in the Bombay Act to entitle a union to recognition from employers.

9. With regard to the circumstances in which recognition may be withdrawn by an employer, my Committee suggest that they should be as under :—

- (i) if any of the conditions governing the grant of recognition were broken by the union ;
- (ii) if the union preached class war or violence or called out a strike without going through the formality of negotiations with the management and giving 14 days' notice ;
- (iii) if the union encouraged or participated in a strike called out by an unrecognised or unlawful organisation ;
- (iv) if the union directly or indirectly encouraged or countenanced subversion of internal discipline in mills ;
- (v) if the union engaged in trade union activities on employers' premises except to the extent mutually agreed upon between the union and the Employers' Association ;
- (vi) if the union is unable to give effect to an agreement negotiated by it with the employers ;
- (vii) if the members of the union fail to carry out lawful orders given by the union executive.

10. Government propose that a trade union recognised in one Province shall be a recognised trade union in any other Province to which its operations extend. Recognition, as has already been pointed out, must essentially depend among other things upon the representative character of the union in any locality. For example, a union may be representative of the workers in the Central Provinces, and for that reason may have been recognised by the employers, but that, by itself, should not be sufficient to secure recognition to it, say, for instance, in Sholapur if it has only very few members in Sholapur. Its recognition in Sholapur must doubtless depend upon the representative character of its membership in Sholapur.

11. My Committee desire to make no apology for the length of this communication. The subject matter in respect of which legislation is sought is really of a very highly controversial character, and it would be extremely injudicious on the part of Government to tackle it at this stage. Members of our Association have always been ready and willing to give a fair deal to labour ; they have welcomed the formation of *bona fide* trade unions following real trade union methods as such unions would be helpful to the employees and the employers, but the grant of recognition to a type of people whose past record is by no means bright, will not only be of no assistance to labour, but is likely to be a decided danger to peace in the industry.

APPENDIX 32.

PROPOSED AMENDMENT OF THE WORKMEN'S COMPENSATION ACT, 1923.

Copy of letter No. L.O.3996, dated 20th May 1942, from the Commissioner of Labour, Bombay, to the Association.

Subject :—AMENDMENT OF THE WORKMEN'S COMPENSATION ACT.

I am directed to forward herewith a copy of the Government of India, Department of Labour, letter No. L3062, dated 21st April 1942, on the above subject together with its enclosure and to request you to let me have the views of your Association generally on the proposals in the Bill or specifically on individual clauses thereof together with suggestions for modifications, if any. The members of your Association are not being separately addressed.

2. I shall be glad if you will kindly arrange to send your reply by 1st July 1942.

Copy of letter No. L3062, dated 21st April 1942, from the Government of India, Department of Labour, to all Provincial Governments and Administrations.

The Third Conference of Labour Ministers discussed the subject of amendment of the Workmen's Compensation Act. Five items were included in the memoranda for discussion. The general opinion was that no Central legislation was necessary on item V, and items III and IV were considered to be the concern of purely the Central Government. Items III and IV will be considered in due course by the Central Government. Meanwhile the Government of India have prepared the enclosed draft Bill covering items I and II of the memorandum.

2. As regards the compensation to the heirs of a deceased workman, the general opinion at the Conference was that in fairness to the employers, deductions to cover payments made during the lifetime of a workman should be permissible subject to the residue of compensation not falling below a certain level. The figure of 50 per cent., was tentatively mentioned at the Conference and reference was also made to the provisions of the English law. Although it is not possible to state a definite percentage applicable to all classes, under the English law, it may be stated that taken as a whole it is not less than two-thirds. Accordingly this proportion has been adopted in the draft Bill.

3. I am now to request that the views of the Provincial Governments, of associations of workers and employers and of such other persons or bodies as the Provincial Government may desire to consult may be forwarded to the Government of India in due course.

4. The Government of India propose to consult direct the following all-India organisations of Employers and Workers and also inform them that Provincial Governments are being requested to consult individual important associations of Employers and workers within their areas :—

- (1) All-India Organisation of Industrial Employers.
- (2) Employers' Federation of India.
- (3) All-India Trade Union Congress.
- (4) Indian Federation of Labour.

A Bill further to amend the Workmen's Compensation Act, 1923.

Whereas it is expedient further to amend the Workmen's Compensation Act, 1923 for the purposes hereinafter appearing :—

It is hereby enacted as follows :—

1. *Short title.*—This Act may be called the Workmen's Compensation (Amendment) Act 1942.

2. *Amendment of Section 5 of Act VIII of 1923.*—In clause (c) of section 5 of the Workmen's Compensation Act, 1923 (hereinafter referred to as the said Act), after the words "in other cases" the following words shall be inserted, namely :—

"and in cases, comprised under clause (b) where information required for calculating the monthly wages as therein provided is not available."

3. *Amendment of section 8.*—To sub-section (1) of section 8 of the said Act, after the proviso the following further proviso shall be added, namely :—

"Provided further that if, during the lifetime of a workman, an employer has paid any sum as compensation for the injury which subsequently resulted in death, so much of such sum as does not exceed thirty-three and one-third per cent. of the sum payable as compensation on the workman's death shall be deducted by the Commissioner from such compensation and repaid to the employer."

Copy of letter No. 133, dated 7th July 1942, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 3996, dated the 20th May 1942, in which you requested my Committee to express an opinion on certain proposals for amending the Workmen's Compensation Act. Government's proposals have been carefully considered by my Committee, and I set forth below their considered views in this matter.

My Committee have no comments to offer on the amendment proposed in clause 2 of the draft Bill which seeks to amend clause (c) of section 5 of the Act. Clause 3 of the draft Bill which amends sub-section (1) of section 8 seeks to introduce a proviso whereby the dependants of a deceased worker will always be entitled to receive not less than two-thirds of the amount prescribed for death under the Act irrespective of the payment which the worker might have received when he was alive. Schedule IV of the Act lays down the amount of compensation payable for the death of an operative according to different wage groups. The range of compensation lies between Rs. 500 and Rs. 4,000, and the rate of compensation works out at approximately 30 months' wages. If the proposed amendment is given effect to, dependents would be entitled to a statutory minimum of not less than 20 months' wages of the deceased. In other words, if an injured operative when he was alive had received more than 10 months' wages by way of half-monthly compensation, such excess amount cannot be deducted from the amount which will be payable to his dependents after his death. Since during the period of the disablement only half the monthly average wages are paid to the operative, the 10 months' wages referred to above will be paid to him in the course of 20 months. It might be stated that death due to an injury by accident is not likely to occur after twenty months from the date of the accident and that therefore the chances of an employer paying by way of half-monthly compensation more than the permissible deduction are remote. On the other hand, it should be remembered that certain occupational diseases like anthrax, lead poisoning, phosphorous poisoning, etc., are treated as accidental injuries under the Act. These occupational diseases might cause temporary disablement for a considerably long time and thereafter result in death. In such cases, the employer or the insurance company, as the case may be, would certainly have paid a large amount by way of half-monthly compensation before the death of the operative, and if the permissible deduction

is to be limited, it might be necessary and advisable for those responsible for payment of compensation to restrict the payment of half-monthly compensation, so that the insurer may not be out of pocket in the event of death of the operative.

The amendment might lead to another anomaly also. For instance, an operative whose claim has been settled for a permanent disablement might die sometime later, and in this case if death is attributed to the permanent disablement, the employer or the insurer might have to pay again for the death, whereas, as the Act stands at present, a set-off for the amount paid before the death can be claimed from the amount payable for death. Taking a hypothetical case, a worker drawing a monthly salary of Rs. 30 loses his right hand by an accidental injury. His case for a 70 per cent., permanent partial disablement will be settled by a payment of Rs. 882. Supposing he dies later from certain developments of the original injury; under the present arrangements, his dependents will be entitled to Rs. 900 due for death less Rs. 882 already received by the worker leaving a balance payable amounting to Rs. 18 only. If, however, the Act is amended as proposed by Government, the dependants will be entitled to receive two-thirds of Rs. 900 namely Rs. 600 in addition to the sum of Rs. 882 already received by the operative.

Taking an extreme case of a 100 per cent. permanent disablement, such as loss of both hands or legs; the operative in the wage class of Rs. 30 per month will be entitled to Rs. 1,260 as lump sum compensation; if unfortunately he dies later, there would arise another claim from the dependants for a sum of Rs. 600 representing two-thirds of Rs. 900. Thus, while the amount prescribed for death in this case is only Rs. 900 it would, in effect, cost the employer an aggregate amount of Rs. 1,860.

Government's proposals are, in the light of the explanations given above, neither fair nor equitable to the employer. My Committee, therefore, regret that they must oppose the amendment as drafted. They are, however, prepared to take a sympathetic view of the whole case if Government would limit the compensation payable to dependents in the event of the death of the workman to Rs. 300, or the difference between the amount payable for death and the amount actually paid to the worker during his lifetime, whichever is higher.

APPENDIX 33.

PROPOSED AMENDMENT OF THE TRANSFER OF PROPERTY ACT. 1882.

Copy of letter No. 5707/4-B, dated 11th March 1942, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of a letter from the Government of India, Legislative Department, No. F. 220/41-C. and G. (Judl.), dated the 19th February 1942, and of its accompaniment and to request you to favour Government with the views of the Bombay Millowners' Association, on the proposed amendment of the Transfer of Property Act, 1882, in regard to assignability of marine insurance policies and subrogation.

Copy of letter No. F.220/41-C. & G. (Judl.), dated 19th February 1942, from the Deputy Secretary to the Government of India, New Delhi, to the Secretary to the Government of Bombay, Home Department.

I am directed to forward for information a copy of the discussions held on the 21st December 1936, at the annual general meeting of the Associated Chambers of Commerce in which a resolution was adopted recommending (1) the widening of the scope of section 135, of the Transfer of Property Act, 1882, on the lines of section 50 of the Marine Insurance Act of 1906 (6 Ed. 7 Ch. 41), and (2) the incorporation in the Transfer of Property Act of provision

corresponding with section 79, of the Marine Insurance Act, coupled with an amendment of clause (e) of section 6 of the Transfer of Property Act. The tentative views of the Government of India are :—

(1) That the reference to a policy of marine insurance should be omitted from section 135, of the Transfer of Property Act, leaving the section to apply to policies of insurance against fire and that a new section should be inserted to deal with policies of marine insurance in the substantial sense of section 50 of the Marine Insurance Act, 1906 ; (2) that no case has been made out for the enactment of a counterpart of section 79 of the Marine Insurance Act or for the amendment of clause (e) of section 6 of the Transfer of Property Act

2. Before, however, proceeding further they will be glad to have the view of the Provincial Government together with those of the High Court and of such Commercial bodies as the Provincial Government may deem fit to consult.

ASSIGNABILITY OF MARINE POLICIES AND SUBROGATION.

(21st December, 1936—The President in the Chair) Mr. L. A. Halsall (Bombay), said :—

Mr. President and Gentlemen,—On behalf of the Bombay Chamber, I beg to move the following resolution :—

“This Association urges upon the Government of India the necessity of enacting without delay legislation in British India embodying the provisions of the Marine Insurance Act 6, Edw. VII, 1906, and of amending sections 6 and 135 of the Transfer of Property Act, 1882, so far as they conflict with sections 50 and 79 of that (i.e., Marine Insurance Act). Act which provide for the assignment of marine policies either before or after loss and for the right of subrogation respectively.”

There are two points I would ask you to consider in connection with this resolution. One is the difficulty, as the law at present stands, of proving the validity of an assignment of a marine insurance policy and the second is that assignment does not carry with it the mere right of suit.

The first point is extremely complicated and although I cannot quote instances in which any practical difficulty has arisen in mercantile transactions in recent years, I hope to be able to convince you that it is desirable that the law on the subject should be clarified and, moreover, that this can be done fairly simply if this resolution is adopted by this meeting and accepted by the Government of India.

A contract of Marine Insurance made and to be performed in India is not a negotiable instrument, for the assignment of the policy does not necessarily pass to the assignee the rights of the assignor. In other words, an assignee of a marine policy is not in law entitled to receive from an insurer payment of compensation for any loss incurred nor can he sue for such payment, if that is necessary, unless he can prove, if so required, that the property in the subject matter insured was absolutely vested in him at the date of the assignment. Section 135 of the Transfer of Property Act which governs the assignability of such a policy is as follows :—

Every assignee by endorsement or other writing of a Policy of Marine Insurance ... in whom the property in the subject insured shall be absolutely vested at the date of the assignment shall have transferred and vested in him all rights of suit as if the contract contained in the policy had been made with himself.

Difficulty arises owing to the inclusion of the words “in whom the property in the subject matter” insured shall be absolutely vested at the time of “the assignment.”

Now, in a contract for the sale of goods the property, as you know, passes when the parties intend it should pass. The question of discovering that intention is sometimes a difficult matter. If the intention is expressed no great difficulty arises, but if it is not expressed

or is not clear then the law lays down certain rules for discovering or determining when that property passes. Take a simple case of sale. For instance a merchant in Karachi sells to a merchant in Madras and the goods are shipped by sea. In such a case the property in the goods may pass before the commencement of the voyage, during the voyage or on delivery of the goods, according as the intention is. Let us assume that there is a total loss of the contract goods at sea and that the shipping documents have been sent by ordinary mail from Karachi to Madras. They are presented by the shippers agent to the consignees who pay and the policy of marine insurance is assigned to them. Assume further that at that time the loss was unknown either to the shipper or the consignee and that it was not intended that the property in the goods should pass till payment. You will at once realise the difficulties which arise by reason of the application of Section 135, which I have quoted and the particular phrase which I have laid emphasis upon. Here the property in the goods has not passed at the time of the loss and all the consignees can do is to call upon the seller to prefer a claim against the insurer on their behalf, unless of course the Insurance Company will recognise the consignees, which the Insurance Company would do at their own risk as the consignees cannot give them a valid discharge. The seller would of course ordinarily be willing to do that, but if he should refuse to do so or perhaps become bankrupt or perhaps die, the consignees are left with a document which is of little or no value to them as regards their recovering compensation for loss of goods they have already paid for.

There is also the position of the pledgee of a bill of lading and relative shipping documents assigned to him when the goods pledged are lost at seas, and there is also for consideration the very common mercantile practice of handing goods to a shipper for carriage where the shipper consigns the goods to himself and the policy is endorsed in his own name. In neither of these cases is the property in the subject insured *absolutely* vested in the first case in the pledgee and in the second, in the shipper at the time of assignment.

I have said that as the law at present stands there are grave doubts and difficulties. An eminent authority, Sir Dinsha Mulla states in his commentary on Section 135, of the Transfer of Property Act that a Marine Policy may be assigned *after* loss. In support of his statement he cites the English case of *Lloyd vs. Flemming*, L.R. 7 Q.B. 299.

An English case is not an authority on an Indian Statute, but he presumably arrives at his dictum on the following grounds.

Section 15 of the English Bills of Exchange Act V of 1886 reads as follows :—

Every assignee, by endorsement or otherwise of a policy of marine insurance or of a policy of insurance against fire, in whom the property in the subject insured shall be absolutely vested at the date of the assignment, shall have transferred to and vested in him all rights of suit as if the contract contained in the policy had been made with himself.

This Act has been repealed and Section 15 is incorporated with a slight verbal amendment into the Transfer of Property Act as Section 135, which I have already quoted.

We next come to Act 31 and 32 Victoria Ch. 86 which enables the assignees of Insurance Policies to sue in their own name. Section 1 of this Act reads as follows :—

Whenever a policy of insurance on any ship, or on any goods in any ship, or on any freight, has been assigned, so as to pass the beneficial interest in such policy to any person entitled to the property thereby insured, the assignee of such policy shall be entitled to sue thereon in his own name ; and the defendant in any action shall be entitled to make any defence which he would have been entitled to make if the said action had been brought in the name of the person by whom or for whose account the policy sued upon was affected.

It was held in the case above cited that although a marine policy could not be assigned prior to loss apart from the goods, it could on a consideration of the section be assigned after loss. The reason of the distinction is, so the Court held, that after the loss the right to indemnity no longer depends on the right of property in the subject matter of the insurance

so far as it still exists but on the right of property in the thing or the portion of the thing lost. The interest in the damages is the only property which is covered by policy and consequently the words of the Act are literally complied with.

The words of Section 135 of the Transfer of Property Act and of Section 1 of the English Act are not dissimilar, and were it not for Section 6 of the Transfer of Property Act it might well have been that a policy could be assigned after loss.

Indeed if that view is correct it could have been assigned after loss before Section 6 was amended in 1900. Section 6(a) now reads "A mere right to sue cannot be transferred." Prior to 1900 it read "A mere right to sue for compensation for fraud or for harm illegally caused cannot be transferred." Whether Sir Dinsha Mulla's construction of Section 135 of the Transfer of Property Act is right or wrong, and I have heard other legal opinion that it is wrong, there is still a difficulty in getting over Section 6.

I am afraid I have taken rather much time over this point but I hope I have said enough to show the desirability to say the least of removing the doubts and difficulties which exist. And they could be removed if legislation such as we now recommend is enacted. Section 50 of the Marine Insurance Act, 1906, reads as follows :—

50 (1) A marine policy is assignable unless it contains terms expressly prohibiting assignment. It may be assigned either before or after loss.

(2) Where a marine policy has been assigned so as to pass the beneficial interest in such policy, the assignee of the policy is entitled to sue thereon in his own name; and the defendant is entitled to make any defence arising out of the contract which he would have been entitled to make if the action had been brought in the name of the person by or on behalf of whom the policy was affected.

(3) A marine policy may be assigned by endorsement thereon or in other customary manner.

I think you will agree, gentlemen, that the law in India should be made equally clear on a point of such importance.

I come now to the right of subrogation and it is possible to deal with this second point much more briefly. It is a matter which closely affects all insurance companies. The law of India in this respect is that where the insurer has indemnified the insured, he is subrogated to all the rights of the insured in and in respect of the subject matter insured as from the date of the casualty causing the loss. Mere subrogation, however, does not entitle the insurer to sue in his own name, as Section 6(e) of the Transfer of Property Act provides, *inter alia*, that a mere right to sue cannot be transferred. There are occasions when the insurer after payment of a claim, may desire, for one reason or another, to sue the carrier. In his own name he cannot do so, either with or without an assignment. Two eminent counsel of the Bombay Bar have advised to that effect. All the insurer can do, on paying indemnity under the contract of insurance, is to join the insured with him in the suit or persuade the latter to sue in his own name. To secure his position in this respect the insurer would have to obtain from the assured an agreement by which in consideration of the settlement of the claim by the insurer the insured agrees to take proceedings and file a suit or suits against the carrier and all parties concerned for the recovery of the general average and any other claim competent to him in respect of the subject-matter insured, whenever called upon to do so by the insurer, the latter of course agreeing to indemnify him against all costs and charges. Alternatively the insurer could take in an irrevocable power of attorney. Neither alternative, I suggest, would be acceptable to the insured. Now may I just read to you Section 79 of the Marine Insurance Act, 1906. This section provides as follows :—

79. (1) Where the insurer pays for a total loss, either of the whole, or in the case of goods of any apportionable part, of the subject-matter insured, he thereupon becomes entitled to take over the interest of the assured in whatever may remain of the subject-matter so paid for, and he is thereby subrogated to all rights and remedies of the assured in and in respect of that subject-matter as from the time of the casualty causing the loss.

(2) Subject to the foregoing provisions, where the insurer pays for a partial loss, he acquires no title to the subject-matter insured, or such part of it as may remain, but he is thereupon subrogated to all rights and remedies of the assured in and in respect of the subject-matter insured as from the time of the casualty causing the loss, in so far as the assured has been indemnified, according to this Act, by such payment for the loss.

A provision of that nature with the necessary amendment of Section 6 of the Transfer of Property Act would remove this second difficulty.

The Government of India will shortly be dealing with legislation to amend the law relating to insurance in India. I hope, therefore, you will agree that the present is an appropriate time to adopt this resolution which I now commend to your consideration.

Mr. H. F. Bateman (Bengal) said :—The mover has put this question so clearly before the delegates that I do not propose to offer any remarks on behalf of the Bengal Chamber but merely to state that we fully support the resolution and I have pleasure in seconding it.

Mr. F. Birley, M.L.C., (Madras), said :—Might I ask the mover of this resolution whether it was the outcome of a concrete instance of inequity or injustice under the Act in question because, if so, and if this concrete instance were stated, even briefly, it would probably enable one to appreciate the situation very much better than the somewhat theoretical statement of the case which the mover has made.

Mr. L. A. Halsall (Bombay) said :—The points covered by the resolution arose as a result of discussions between the Bombay Underwriters' Association and their solicitors following on the loss of the S.S. "Garada." The Underwriters' Association consulted their Solicitors as to the stamping of a letter of subrogation and the point emerged out of the discussions that mere subrogation does not transfer the right of suit. Following on that they discussed the question of Marine Insurance Policies generally and the difficulty that arises in proving the validity of an assignment of a policy, that is to say, if the loss had occurred before the property in the goods had passed. Solicitors advised us that there are grave doubts on the point. Lawyers differ, but if Section 50 of the English Act could be embodied in the Indian Act the section would be perfectly clear because the English Act lays down that the policy can be assigned either before or after loss.

Mr. F. Birley, M.L.C., (Madras) said :—In asking my second question I accompany it with an apology for my ignorance, but I still think it would make it still clearer if the exact meaning in relation to the context of the difference between an assignment and subrogation of a marine policy were explained.

Mr. L. A. Halsall (Bombay) said :—Assignment concerns the consignee who has a document assigned to him, in that the assignee may not be entitled in law to receive payment for the goods or part of the goods. Subrogation, on the other hand, is of primary interest to the Insurance Companies because if they indemnify an insured person for a loss of goods, they may see reasons to sue the carrier or other parties concerned to recover part of the loss paid, and they cannot maintain a suit in their own name, although they can assist the consignee by joining with him.

Mr. F. Birley, M.L.C., (Madras) said :—With that explanation, I have no hesitation in supporting the resolution.

The President.—I will now put the resolution to the meeting :—

This Association urges upon the Government of India the necessity of enacting without delay legislation in British India embodying the provisions of the Marine Insurance Act 6, Edw. VII 1906, and of amending sections 6 and 135 of the Transfer of Property Act, 1882, so far as they conflict with sections 50 and 79 of that Act which provide for the assignment of marine policies either before or after loss and for the right of subrogation respectively.

The resolution, on being put to the meeting, was carried unanimously.

Copy of letter No. 154, dated 29th May 1942, from the Association to the Secretary to the Government of Bombay, Home Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 5707-4-B, dated the 11th March 1942, in which you requested my Committee to express an opinion on certain amendments in the Transfer of Property Act, 1882. The matter has been carefully considered by my Committee. They feel that Mr. L. A. Halsall has made out a strong case for the amendment of Section 6(e) of the Transfer of Property Act on the lines of Section 79 of the Marine Insurance Act. In the Government of India communication, a copy of which was attached to your letter, it is stated that the Government of India have tentatively come to the conclusion that no case has been made out for the enactment of a counterpart of Section 79, of the Marine Insurance Act, or for the amendment of Clause (e) of Section 6 of the Transfer of Property Act. No valid reasons have been adduced by Government in support of this view. My Committee desire to point out that, in the interests of the export trade of India, it is very essential that the law on the subject of marine insurance should be placed beyond doubt and on an equitable basis from the point of view of both the insurer and the insured. Under the present law in India, it would seem that an insurer who has paid a claim is not subrogated to all rights and remedies of the insured in respect of the subject-matter of insurance, and this justifiable grievance should, my Committee, feel, be set right. In these circumstances, my Committee support the amendment proposed by Mr. Halsall.

APPENDIX 34.

ANTI-MALARIAL MEASURES—TREATMENT OF ROOF GUTTERS.

Copy of letter No. S.108/11713-A, dated 22nd June 1942, from the Under-Secretary to the Government of Bombay, General Department, to the Association.

Subject:—CITY OF BOMBAY MUNICIPAL ACT, 1888. SECTION 381—AMENDMENT OF.

With reference to your letters No. 411/134, dated the 29th January 1942,* and No. 657/134, dated the 12th February 1942,† on the subject mentioned above, I am directed to state that Government have decided that the proposed legislation should be postponed as it was not considered sufficiently urgent to justify its being undertaken at present.

APPENDIX 35.

INTRODUCTION OF MESSAGE RATE SYSTEM OF CHARGES FOR TELEPHONE CONNECTIONS IN BOMBAY.

Copy of letter No. 5809/34-A, dated 14th April 1942, from the Chief Secretary to the Government of Bombay, Political and Service Department to the Association.

I am directed to say that a proposal for the introduction of the message rate system of charging for telephone connections operated by the Bombay Telephone Company, Limited, in Bombay is under the consideration of the Government of India. This system has been in force in Calcutta since 1924 and in Madras since 1930, but the Bombay Company has continued to charge generally at the flat rate with the slight modification that since 1939 subscribers with residential connections have been given the option of paying either at the message rate or at the flat rate.

* Printed on Page 293 of the Report for 1941.

† " " 291 " " "

2. A similar proposal was considered in 1926 but the matter was eventually dropped. Introduction of the message rate has now become an urgent necessity because since the outbreak of the war, there has been a shortage of spare exchange equipment available with the Company. The flat rate system of charging offers a direct inducement to subscribers to overload their lines and the average calling rate is, in consequence, very high, being as much as 41 per diem from subscribers connected at the Central Exchange and 29 at the Gell Street, Naigam, and Ghatkopar Exchanges as compared with the average of 8.57 in Calcutta where the message rate system is in force. It will be realised that such high rates impose an undue strain on the system and lead to a greater wear and tear of the equipment. With the introduction of message rate, it is expected that the calling rate will decrease considerably; thus reducing wear and tear and adding to the life of the exchange equipment. This is an extremely important consideration at the present time.

3. It may be mentioned the message rate principle was adopted by the British Post Office after very careful consideration of the recommendations of a departmental committee, and of a Select Committee of Parliament. It was now generally admitted that the message rate is the most rational system of charging for telephone services, the main advantages of which might be summarised as follows:—

- (i) it provided an equitable basis of charges for the services rendered;
- (ii) it eliminated unnecessary calls, reducing the calling rate and the number of "engaged" calls and thereby improving the efficiency of the service; and
- (iii) by reducing the charges leviable from the small user, it lead to a greater development of the telephone service.

4. The charges at present levied in the Bombay Telephone Company's Exchanges are as follows:—

	<i>Rate.</i>
<i>For a business line</i>	Rs. 280 per annum.
<i>For a residential line</i>	
Either (a) Flat rate scale of Charges	Rs. 180 per annum.
or (b) Message rate scale of Charges*	
(i) Installation fee payable at the time of signing of the agreement	Rs. 10.
(ii) Fixed monthly rental	Rs. 8 per month.
(iii) Call charge for all calls made from the telephone	One anna per call.

It is intended to introduce the above message rate for both business and residential lines. Owing to the lack of a sufficient number of meters which are required for the purpose, it will not be possible to introduce the message rate system immediately for all connections and the message rate scale of charges will therefore have to be introduced by stages. As a first step it is proposed that the message rate scale at present optional, shall be applied compulsory to all residential connections. Subscribers of residential connections who wished to pay at a fixed rate, will, however, be charged at the flat rate applicable to business connections, until the message rate system is applied to the latter. When a sufficient number of meters can be obtained, the message rate will be introduced for business connections also.

5. It is not expected that the revenue realised from the existing number of connections will be more than that now obtained from them on the flat rate system of charge. The object of the proposal is to introduce a more efficient and equitable system and to make it possible to extend telephone facilities to new subscribers from out of the present exchange equipment of the Company. I am to request that you will be so good as to favour Government with the views of your Association on the proposal.

* At present optional.

Copy of letter No. 126, dated 29th May 1942, 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. 5809/34-A, dated the 14th April 1942, in which you request my Committee to express an opinion on a proposal to introduce a message rate system of charges for telephone connections in Bombay. In this connection, Government are not probably unaware of the fact that a similar proposition was put forward on previous occasions, but the main grounds on which it was then urged were that it had been introduced in several other countries in the world; that it would tend to improve the efficiency of service as it would eliminate a considerable number of unnecessary calls; and that it would attract the small user. The message rate system was then unanimously opposed by commercial interests for the reason that its adoption would throw an increased burden of cost on the large users without any corresponding alleviation of the burden borne by small users and that the scale proposed by the Company was altogether excessive. The main grounds on which the introduction of the message rate system is now advanced by Government are (a) shortage of spare exchange equipment, and (b) necessity of preventing the subscribers overloading their line and imposing an undue strain on the system. These two arguments are hardly convincing, for a message rate system on the basis suggested by Government might lead to an increase in the number of subscribers, which, on Government's own admission, is undesirable, for the time being at any rate, in view of the shortage of spare exchange equipment. Secondly, my Committee have grave doubts as to whether an increase in charge would result in a reduction in the number of calls especially from those quarters which are reported to be making heavy demands on the telephone installations. It has been reported that the working of the message rate system in the Calcutta telephone installation has not resulted in a decrease in the number of calls. If this is so, then, a message rate system is no panacea for the strain on the telephone installations.

My Committee do not, however, wish to adopt an unhelpful attitude. If Government are convinced that, in order to meet the emergency, a message rate system should be introduced, then, they are willing to co-operate with Government in this matter on the following conditions:—

(1) The message rate system should be so devised that it would not result in an increased revenue from business institutions. This, my Committee feel, is a reasonable proposition, because Government admit in their own communication that the object underlying the introduction of the message rate system is not revenue.

(2) Turning to rate itself, my Committee suggest that, as in the British Telephone System, the message rate system should have the following main features:—

An installation fee; and a fixed monthly rental carrying with it a fixed number of calls per month free of charge plus a charge for subsequent calls at gradually diminishing rate for each slab consisting of a certain number of calls. For example, in the case of a business institution putting through 500 calls a month, the rate chargeable according to the Association's proposal would be:—

First hundred	..	..	..	..	Free.
Second hundred	..	..	..	..	One anna per call.
Third hundred	..	..	..	..	Three-fourths of an anna per call.
Fourth hundred	..	..	..	..	Half an anna per call,
and so on.					

The above is only an illustration of the method of charge which my Committee have in view, and a slab system under which calls in each slab would be taxed at a rate lower than those in the previous slab appears to be the only method which could be devised to prevent an increase in telephone charges which business institutions would be called upon to pay if the message rate system were introduced.

APPENDIX 36.

SCHEME FOR TRAINING SEMI-SKILLED LABOUR TO HIGHER DEGREES OF SKILL FOR PURPOSES OF DILUTION.

Copy of letter, dated 18th September 1942, from the Employers' Federation of India, to all members of the Federation.

SCHEME FOR TRAINING SEMI-SKILLED LABOUR TO HIGHER DEGREES OF SKILL FOR PURPOSES OF DILUTION.

I am directed to give below, for your information and comments, the text of a letter and enclosure received from the Secretary to the Government of India, Department of Labour, on the above subject.

It will be observed from Government's communication that the idea underlying the scheme of upgrading semi-skilled workers is to make them readily available for service in factories engaged on important war work. The categories of workers sought to be covered by the scheme are: fitters; turners; machinists; grinders; screw-cutters and jig borers.

I shall be glad if members will kindly make it a point to send in their views to me as early as possible.

Copy of letter No. TRA. I-1164, dated the 15th September 1942, from the Secretary to the Government of India, Department of Labour, New Delhi, addressed to the Federation.

Subject:—UPGRADING IN FACTORIES.

With the developments in the war situation of the past year India has become an important industrial supply base for the Allied Nations and is likely to be called upon to undertake a much larger expansion of war industry than has hitherto been contemplated. The pressure on the skilled and highly-skilled labour of the country is already great and since the quantity of this form of labour is severely limited, it is becoming increasingly important that as a national asset it should be distributed to the best advantage of the war effort. It is realised that all skilled and highly-skilled men are at present employed, but it is essential that in the interests of the war effort of the country as a whole they should all be employed to the best advantage of that war effort. It is considered, therefore, that the time has come when employers should be invited to co-operate with the Government in a scheme to provide for the systematic and continual upgrading of men from the less skilled to the more highly-skilled posts after a short period of training with a view to releasing a number of the highly-skilled men in each factory for transfer to more important work (either existing or newly established). The Government of India have already introduced an India wide scheme for the training of semi-skilled workers, and most factories have also some form of training scheme of their own, and though the products of these schemes cannot ordinarily be put on to skilled work at once, it is only by taking in men of this class at the bottom that a general system of upgrading can be started. It should be possible after a comparatively short period to use these newly trained semi-skilled workers to replace other semi-skilled workers whose experience has qualified them to occupy posts requiring a greater degree of skill and thus enable skilled men up the ladder throughout the organisation to take more highly-skilled posts. This would automatically result in some of the most highly-skilled men being made available for transfer to work of greater national importance in factories where there is a shortage of such labour. A rough scheme has been drawn up showing what the Government have in mind and how they consider that the scheme might be worked.

2. The Government of India would be glad to have as early as possible the views of your Association on the scheme and any constructive criticisms which it may have to make. They are aware that the problem of upgrading bristles with difficulties and that the

first reaction of many employers may be to say either that they have already upgraded to the maximum extent possible or that whatever further numbers of skilled men could be made available by upgrading would be required to meet their own expansion programmes. In the present emergency, however, it is imperative in the wider interests of the country that employers should go out of their way to help one another and strengthen the country's war potential even if it involves substantial sacrifices, and the Government of India are convinced that given the active co-operation and goodwill of employers which they feel sure will be forthcoming, the scheme could be worked successfully and would prove of real value to the country.

3. Side by side with schemes for upgrading, it is of great importance that employers should expand and increase to the maximum extent possible such training schemes of their own as they may already have in operation, and it is suggested that this point should also be impressed on the members of your Association: The Government of India have already expanded the Technical Training Scheme on four occasions and they now have over 32,000 men under training. They hope to raise this figure in the near future to 50,000.

(Enclosure to the Government of India's letter No. T.R.A. I-1164, dated 15-9-1942.)
*Scheme for training semi-skilled labour in factories to higher degrees of skill
 for purposes of dilution.*

1. The ideals to be aimed at are—

(a) that each semi-skilled trainee turned out by the Technical Training Scheme for Civil Industry (who is not actually at once required for expansion of industry) shall be placed in a factory which will agree to "upgrade" so as to make available a skilled or highly-skilled man by upgrading right through the factory until a man of the requisite skill is made available.

The man made available by "upgrading" will be used according to a pre-arranged scheme either to meet expansion of war industry in the factory concerned or to meet under the orders of the National Service Labour Tribunal a requirement of some other war expanding factory.

(b) that factories should themselves introduce schemes of upgrading definitely approved, intended to upgrade a specific number of workers in a specific time for utilisation in either of the two purposes mentioned in (a).

2. National Service Labour Tribunals in each province will at once consult industrial associations as to the number of skilled and highly-skilled men they require for expansion of war production. They will report to Labour Department the approximate number of skilled and highly-skilled men required in their jurisdiction in factories other than Ordnance Factories for expansion of war industry. Ordnance Factories will make a similar report.

3. In order to provide the numbers so required a quota will be fixed by the Government of India for Ordnance Factories and Civil Industry laying down the numbers of skilled and highly-skilled men required to be made available by each over a stipulated time. These quotas will be fixed by the Labour Department in consultation with Supply Department and industrial associations and will be recalculated half-yearly.

4. The quota fixed for supply by Ordnance Factories will be distributed among the various Ordnance Factories by Supply Department. As soon as this is done, the distribution will be given to Labour Department who will intimate to National Service Labour Tribunals what numbers will be likely to be available for upgrading in each factory. No skilled hand will be drawn from a factory unless a trained semi-skilled trainee from the Training Scheme is offered to enable upgrading to take place.

Note.—It is understood that for some time to come these numbers will be absorbed by expansion of Ordnance Factories.

5. The quota fixed for civil industry will be distributed among factories by respective Employers' Associations. The distribution will be communicated to Labour Department by the Associations and Labour Department will inform National Service Labour Tribunals of this distribution.

6. An Ordnance Factory or factory can supply its quota in one of three ways—

(i) by accepting from the Technical Training Scheme a semi-skilled trainee, and upgrading right through the works until the skilled or highly-skilled man required is made available. Such skilled or highly-skilled man will be at the disposal of National Service Labour Tribunal unless absorbed under the procedure in the notes. In case of such absorption a report will be sent to the National Service Labour Tribunal.

Note.—(1) (a) A factory will be allowed first option to retain the man made available by upgrading if he is required to meet an expanded requirement of the factory for war work.

(b) In the case of Ordnance Factories the man made available by upgrading will only be at the disposal of National Service Labour Tribunal if not required for an approved post in some other Government factory.

(c) Where two or more factories are under the same ownership a man made available by upgrading will only be at the disposal of National Service Labour Tribunal if not required for an approved post in one or other of the factories.

(2) The post for which a man is made available for upgrading under (1) (a), (b) or (c) must be a post previously reported to National Service Labour Tribunal (and accepted by them) under 2 above.

(ii) by upgrading in the works as in (i) but without taking in a trainee as in (a);

(iii) by agreeing to send a specially selected candidate for upgrading to local Technical and Engineering Colleges for one day per week for theoretical and laboratory training. After that training upgrading should take place as in (a) above.

Explanation.—The following are the definitions of highly-skilled, skilled and semi-skilled tradesmen :—

Highly skilled men.—These men have to work, finish by lapping if necessary, to limits of $\pm .0001''$ for precision fitters and surface grinders and $\pm .0005''$ for precision turners, screw cutters, cylindrical grinders and jig borers. They can be obtained only by careful training of selected skilled men on progressively more difficult work.

Skilled men.—These are required to work to limits of $\pm .0005''$ for fitters and surface grinders and $\pm .0002''$ for turners, screw cutters and machinists. They must be obtained :—

- (1) by training on progressively more difficult production work selected semi-skilled men already in the factory or
- (2) by giving such semi-skilled men a special course of training for from 9 to 18 months in a training centre attached to an Ordnance Factory.

Semi-skilled men.—These have to work to limits of $\pm .005''$ for fitters and $\pm .002''$ for turners and machinists. They are obtained by intensive training of selected unskilled men.

Copy of letter No. 202, dated 22nd December 1942, from the Association to the Employers' Federation of India, Bombay.

I am directed to acknowledge the receipt of your letter dated the 18th September 1942, enclosing a copy of letter dated 15th September from the Government of India, Department of Labour, and a "scheme for training semi-skilled labour to higher degrees

of skill for purposes of dilution." Briefly stated, Government have invited the co-operation of the employers in providing for the systematic and continual upgrading of men from the less skilled to the more highly-skilled posts after a short period of training with a view to releasing a number of highly-skilled men in each factory for transfer to the more important war work.

Government's scheme has been carefully considered by my Committee in consultation with the Labour and Technical Advisory (Managers) Sub-Committee of the Association. My Committee are willing to do everything possible to assist Government's war effort, but they feel that it will not be feasible to adopt the scheme in its entirety. The main difficulty in this direction appears to lie in providing the necessary training facilities. Cotton mills in India are not equipped for the training of highly-skilled mechanics, nor have they the necessary staff or class of work for conducting such training. Workshops in cotton mills are essentially only repair shops, and have not the facilities usually available in engineering establishments. Departmental machinists in mill workshops are only semi-skilled labour, trained for dismantling and assembly of their particular machines, which work does not call for highly-skilled workmanship, and the nature of their work does not give them an opportunity to acquire skilled training. Foreman machinists are generally upgraded after years of experience, but even then their ability has been found to be very limited.

APPENDIX 37.

FACTORY AIR-RAID PRECAUTIONS—MORALE OF WORKERS.

Copy of circular dated 8th July 1942, from the Employers' Federation of India, Bombay, to all members of the Federation.

I reproduce below, for your information and comments, letter No. A.R.P. I-2, dated the 2nd July 1942, received by the Federation from the Secretary to the Government of India, Department of Labour.

Copy of letter No. A.R.P. I-2, dated the 2nd July 1942, from the Secretary to the Government of India, Department of Labour, New Delhi, to the Federation.

I am directed to invite your co-operation in a matter which is causing Government serious concern. The Superintending Inspector, Factory Air Raid Precautions, who recently visited several factories in an important area, returned with the strong impression that in a number of cases the factory management had lost all faith in the morale of their workers and had reached a defeatist state of mind which made them unable to inspire confidence in their men. This attitude sometimes revealed itself in a loss of interest in the completion of shelters and other structural air raid precautions; the argument apparently being that as the first air raid, even at a distance from the factory, would be followed by a wholesale desertion of labour, it was pointless to incur the expense and trouble of providing shelter accommodation which would in the event prove redundant. This point of view was actually expressed by certain managements in so many words.

2. The Government of India feel it necessary to do all in their power to counteract this attitude of defeatism, which must obviously have undesirable reactions on the morale of the workers. They realise the increased burdens which now fall to be borne by depleted office staffs, and how easily in such circumstances a realistic anticipation of potential difficulties can degenerate into a sense of frustration which accepts them as inevitable. They also gratefully recognise the steps which many employers' and employees' associations are already taking to carry out air raid precautions instructions and to improve morale; but it is clear that these are not proving uniformly successful and that further efforts are necessary.

In the first place, to neglect or deliberately to delay the completion of shelters and structural air raid precautions generally is to evade a legal obligation. Secondly, to omit proper air raid precautions, because they will not be needed if labour deserts, is to invite the very catastrophe which it is desired to avoid. Thirdly, Government is persuaded that if the situation is faced in an enterprising and resourceful manner there need be no ground for these apprehensions.

3. Government recognise that where workers are not assured of adequate preparations for active and passive air defence, where they lack leadership, organization and education, and where no provision is made for their human needs, they may desert. Even in such a case however, it has been found that after a short interval they return to work. But there is no reason why such a case should ever arise in future.

4. The provision of active air defence is the responsibility of the Defence Forces. Employers and workers in threatened areas have only to observe the steadily increasing numbers of aircraft and anti-aircraft guns now in evidence to feel reasonable confidence that sustained attacks on their factories will prove difficult and expensive for the enemy. Passive air defence is a matter for the factory management, under the advice and instructions of Government. Government now have a staff of skilled advisers with personal experience of factory air raid precautions in the United Kingdom who are willing and able to advise on the most up-to-date methods of structural air raid precautions and to help in every possible way. As you are aware the question of expense need cause no difficulty, as the cost of air raid precautions measures is deductible as a revenue expense in assessing profits for taxation purposes, so that, in effect, a substantial proportion of the cost is recoverable.

The advisers on factory air raid precautions are also competent to assist factories in preparing schemes of air raid precautions organization, but leadership, training and welfare arrangements must necessarily be the responsibility of the factory management.

Leadership and training are indispensable, the two are closely connected and one without the other is useless. Leadership implies a readiness on the part of the administrative and supervisory staff to take a full personal share in the risks, in the irksome duties, and in the training and to show confidence in the workers by taking them into consultation. Some members of the higher administrative and supervisory grades (including where possible Europeans) should be selected as shelter marshals and should make it clear that in a raid they intend to take their places in shelters along with the men. Others should be chosen as leaders of mobile air raid precautions parties. If this in some cases involves weakening the control post staff, there will probably be ample compensation in the increased scope afforded for the exercise of leadership. Regular and frequent evacuation rehearsals and air raid precautions exercises, involving as many personnel as possible, and with the administrative staff always playing its full part, will gradually make it clear that the management intends to fulfil its responsibilities.

Managements should also be recommended to invite labour to appoint representatives to a standing air raid precautions consultative committee which will serve as a means for explaining the reasons for any conspicuous air raid precautions measures which might otherwise be misunderstood, and which can ventilate any real or imaginary causes of anxiety among the men. As much publicity as possible should also be given to "straight" news bulletins and propaganda.

5. An important element in maintaining the morale of labour is to bring home to labour that its human needs will not be neglected. Attention is drawn to the instructions already issued that factories should lay in sufficient stocks of essential foodstuffs to be able to feed their personnel in a crisis; this policy might well be extended so as to enable them to provide food for those families of the workers who decide not to move from the vicinity. Where the workers live in factory estates, the management is responsible for seeing that there is adequate provision of shelters or refuge rooms for the workers' families, and air raid precautions services should be organized for the estates. The management should make a point of visiting the estates fairly frequently and of talking with the families of their workers.

6. At Cocanada where air raid precautions structural measures had been properly carried out and training and discipline had been instilled in advance, personnel took to shelters in an orderly manner and no casualties occurred though a number of bombs fell in the target area. Further, there was no desertion and men remained at work. In another instance, however, lack of shelters in a port area led to a flight of port labour into the adjoining town, and this stampeded the townsfolk, even including some air raid precautions personnel. A comparison of these examples serves to illustrate the value of energetic preparation and leadership and emphasizes the possibility of a breakdown in the labour in one factory stampeding the labour in others.

7. This letter is not intended to suggest that all, or even most, employers have been remiss in taking adequate measures for the protection and welfare of the workers. It does, however, seem necessary to the Government that they should once more emphasize the important part that all employers can and must play in building up the morale of their employees.

Copy of letter No. 164, dated 9th September 1942, from the Association to the Employers' Federation of India, Bombay.

I am directed to acknowledge the receipt of your letter dated the 8th July 1942, with which was enclosed copy of a letter No. A.R.P. I-2, dated 2nd July 1942, addressed to you by the Government of India, Department of Labour, regarding A.R.P. in factories. In the first paragraph of their letter, it has been pointed out by Government that "the Superintending Inspector, Factory Air Raid Precautions, who recently visited several factories in an important area, returned with the strong impression that in a number of cases the factory management had lost all faith in the morale of their workers and had reached a defeatist state of mind which made them unable to inspire confidence in their men." Government further add: "This attitude sometimes revealed itself in a loss of interest in the completion of shelters and other structural air raid precautions; the argument apparently being that as the first air raid, even at a distance from the factory, would be followed by a wholesale desertion of labour, it was pointless to incur the expense and trouble of providing shelter accommodation which would in the event prove redundant." Government further say "this point of view was actually expressed by certain managements in so many words."

2. The observations made in the above paragraph relate to the experience of the Superintending Inspector in "an important area." The identity of this area has not been disclosed, but so far as Bombay cotton mills are concerned, my committee would like to point out that there has been neither a defeatist attitude in the minds of millowners nor lack of enthusiasm in pushing on with A.R.P. measures. The A.R.P. defences of Bombay cotton mills have been brought to a very high degree of efficiency at the instance of the Association. It is true that the position is capable of improvement in certain mills and in certain directions, but the difficulty here seems to be that materials required for construction are not available and secondly the equipments we ordered from Government have not yet been made available to us.

3. The importance of keeping up the workers' morale has never been overlooked by this Association. Workers' interest in the war has been kept up by a series of posters, leaflets and war propaganda materials circulated by the Association regularly among the operatives ever since the commencement of hostilities in the Far East. The following list, which is by no means exhaustive, contains the names of some of the more important posters, leaflets and other propaganda materials regularly sent out to the mill staff and mill operatives:—

Posters (in Marathi).

1. Pictorial Posters containing illustrations of India's part in the War.
2. Poster containing extracts from His Excellency the Governor's speech on A.R.P. on 28th January 1942.
3. Pictorial Poster entitled: Stick to your job—They depend on you.

4. Pictorial Posters—All A.R.P. adlets so far published in English, Marathi, Gujerati and Urdu.
5. Pictorial Poster entitled : We shall stand shoulder to shoulder for the attainment of success.
6. Pictorial Poster entitled : Beware of this man.
7. Pictorial Poster entitled : Continue to be at work.
8. Pictorial Poster entitled : Do not be led away by baseless rumours—Do not lose your monthly earnings.
9. Pictorial Poster entitled : Do not starve your families by being idle at your native places.
10. Pictorial Poster entitled : He defends you—Back him up.
11. Pictorial Poster entitled : Nation's salute to the army of civilians backing up the fighting forces.
12. Pictorial Poster : National salutes army behind the army.
13. Pictorial Poster entitled : Let not China's fate be ours.
14. Poster containing an extract from His Excellency the Governor's broadcast speech on the national war front on 16th May 1942.
15. Poster containing : Your country needs you now. Co-operate fully with the National War Front and ensure victory.
16. Poster entitled : Do not be robbed (Marathi).
17. 6 Posters illustrating Britain's Might (English).
18. Posters entitled : The Battle of the Atlantic.
19. Poster entitled : Britain's Air Offensive.
20. Poster entitled : Winged Avengers.
21. Poster entitled : Hitting Back.
22. Pictorial Poster entitled : The British Commonwealth and its Allies will destroy the Nazi tyranny.

Leaflets.

1. Leaflet containing a Marathi version of His Excellency the Governor's radio talk on A.R.P. on 28th January 1942.
2. Leaflet entitled : His Excellency the Viceroy's call to Indian People (in Marathi).
3. Leaflet containing an extract from His Excellency the Governor's talk on radio on 19th April 1942 (in Marathi).
4. Leaflet containing the speech made by His Excellency the Governor when launching the National War Front campaign on 16th May 1942 (in English and Marathi).
5. Handbill entitled : India facing disaster—Hon'ble Mr. Sarkar's warning to Congress (in Urdu and Marathi).
6. Leaflet containing the broadcast talk on "Unite to fight Aggressors" made by His Royal Highness the Duke of Gloucester from the Delhi radio on the 16th July 1942 (in Marathi).

Booklets.

1. War in pictures (in English, Gujerathi, Marathi and Urdu).
2. Indian Information (in English, Hindi and Urdu).
3. Might of the Army (English).

4. Hitler won't win (English).
5. What is the British Empire (English).
6. Might of the Air force (English).
7. Some achievements of Britain and her Allies (English).
8. The Gestapo vs. Christianity (English).
9. A Worker's Day under German occupation (English).
10. Molotov's Notes on German Atrocities (Marathi).
11. Folder entitled : Stamping out the U-boats.
12. Polish News (English).
13. Neptune Nos. 21 and 22 (English).
14. The Might of the Navy (English).
15. Labour under Nazi Rule (Marathi).

4. In addition, at the request of this Association about 26 mills in Bombay have been equipped with special reception sets connected to a special central broadcasting service. This broadcasting service has been sending out a special daily programme of music, talks, stories, etc., to the operatives. The programme has been specially arranged for the lunch hour, and the theme of the talk is usually the maintenance of civilian morale, the avoidance of panic, maintenance of war production, etc.

5. In view of the explanation contained in the above paragraph, it is not necessary to answer at length the statement made in paragraph 2 of Government's communication. In paragraph 3 of their letter, however, Government have raised the question of provision being made for the workers' human needs. In this connection I am desired to point out that practically every mill in Bombay has a grain shop at which rice, dall, sugar and other food-stuffs are made available to workers at cost price. The prices which have to be paid in these shops are very much below the prices which are charged in the grocer's shop outside the mill premises and is below the prices charged in Government grain shops in certain cases.

6. The observations made by Government in paragraph 4 of their letter hardly calls for a reply. The attention of the workers is being called to the presence in increase in numbers of anti-aircraft devices, guns and other armaments in Bombay in the course of the talks given to them every day during the lunch hour. These are also matters which they observe every day for themselves. Government state in this paragraph that the leadership and training are indispensable in any scheme of air raid precautions. Government have further referred in detail to the procedure which in their opinion should be followed in perfecting the A.R.P. defences. In this connection, I am desired to point out that the suggestions made by Government have already been given effect to by the Association, and the A.R.P. scheme drawn up by a Special Sub-Committee of the Association in fact effectively deals with this position.

7. Turning to paragraph 5 of Government's communication, the supply of food-stuffs in Bombay is becoming a difficult proposition. Some time ago at the request of the Government of Bombay, mills stocked supplies sufficient to meet two months' requirements, but in view of the unsettled trading conditions in Bombay, the demand for grains in the mill grain shops has increased to a very great extent, and this coupled with difficulty in making wholesale purchases in Bombay, have reduced our stocks. Negotiations are taking place with the Government of Bombay to secure special supplies to Bombay mill grain shops, and if supplies are forthcoming from Government stocks, my Committee do not anticipate any difficulty in maintaining the individual mill grain shops.

8. My Committee have noted the observations made by Government on the lessons of air raid in Cocanada. In this connection, I am desired to draw your attention to an article which was published in the *People's War* dated 5th July 1942, which is self-explanatory.

I would only add that the *People's War* is a publication issued under the authority of certain persons who were recently released under the orders of the Central Government.

9. The Committee of the Millowners' Association, Bombay, is and has always been willing to take all reasonable precautions to keep the men at work in an emergency. They cannot, however, help feeling that in spite of everything which is being done within the factory to keep up the morale of the men, there has been in the last few months a continuous flow of alarmist rumours of all kinds, which the worker by nature is inclined to believe. In fact, the exodus of labour which took place immediately after the pay day in March was the result of panic created by such rumours. Unfortunately, so far as this Association is aware, no effective steps were taken to check these rumours. The trend of military events in Malaya and Burma, the vague *communiqués* issued by the Army Headquarters and the optimistic forecast which according to the newspapers came from "a high spokesman at the Army Headquarters" which more often than not proved to be incorrect, all contributed to the unfortunate situation referred to above and led to the unfortunate belief in the workers that safety lay in leaving the city. If civilian morale has to be protected as it must be at all costs it seems essential that propaganda should be conducted on more practical lines than it is at present. The employer can maintain touch with the worker only when the latter is at work. He has no means of ascertaining the nature of the rumour and gossip which the worker comes across at his place of residence, and unless, therefore, Government's propaganda reaches the worker at his residence, so that not only the worker but also his family comes within the scope of such propaganda, no useful results are likely to accrue.

APPENDIX 38.

MAINTENANCE OF LABOUR MORALE DURING THE WAR.

WELFARE WORK.

Copy of letter No. L.O. 6363, dated 20th August 1942, from the Commissioner of Labour, Secretariat, Bombay, to the Association.

I have the honour to state that the question of maintaining the stability of labour in industrial concerns has been engaging the attention of the Government of India for some time. Among the steps which they consider advisable in the present circumstances to achieve this purpose is the provision of adequate welfare measures to show to the workers that the management is taking steps to ensure that labour is well looked after in any emergency that may arise. The following are some of the measures which are recommended in this connection :

(a) The opening of cost price grain shops—these will not only serve the immediate requirements of the workers but will also serve to inspire confidence in them that adequate steps are being taken to ensure that whatever emergency may arise grain will be available at reasonable prices.

(b) The collection of adequate stocks of grain to ensure supplies in an emergency. A week's stock is suggested and if the emergency develops rations may be provided free from this stock.

(c) The provision of canteens : as the families of workers will in many cases have left the district, provision of cooked food is likely to have a great moral effect on labour.

(d) Facilities for remitting allowances to families. If employers can arrange for remittances by money order at their expense it would be much appreciated by employees.

(e) Any amelioration in the conditions of work would be likely to have a beneficial effect. For example, experience in other countries indicates that short breaks during work tend to sustain production at a higher level. The introduction of such short breaks in conditions in India will probably also have the same result.

2. I shall be glad if you will kindly bring the above suggestions to the notice of your members and urge them to follow some or all of them. As Government would like to be kept informed of the progress made from month to month I have to request you to let me have information regarding the steps taken by your members in respect of the above suggestions or any other similar measures during the month on or before the 10th of the following month. Information regarding the steps taken so far may kindly be supplied so as to reach me by 10th September 1942.

Copy of letter No. 198, dated 9th September 1942, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 6363, dated the 20th August 1942, and to state as follows with regard to the points raised in sub-paragraphs (a) to (e) of para (1) of your letter:

(a) to (c).—Cost price grain shops exist in almost all mills in Bombay. In about 47 mills, these shops have been in existence from the beginning of 1940. Though all members of the Association in Bombay were prepared, at the instance of the Association, to establish grain shops in their mills, the operatives of certain mills at the instigation of certain trade unions refused to have anything to do with them, and the proposal had, therefore, to be dropped by the mills concerned. The operatives of seven or eight mills who had formerly rejected the owners' offer to establish grain shops came to the mills in the middle of August 1942, and in response to their request licences to open grain shops have recently been taken and sales will commence in a day or two. The stocks held in mills up to the middle of August were considerably in excess of a week's requirements, and in a number of cases stocks equivalent to a month's requirements were held. The unsettled conditions which have prevailed in Bombay since the middle of August have not only made it very difficult to purchase stocks from the bazaar, but have also led to an enormous increase in the number of work-people demanding supplies from our grain shops. The total sales of grain in all mill grain shops were in the neighbourhood of Rs. 51,000 in the month of June 1940. The corresponding figure for the month of August 1942 is not yet available but the sales in the month of July exceeded Rs. 3,75,000 and the August figure is likely to be considerably in excess of the July figure.

The Association has also made a recommendation to individual mills to apply to the Kerosene Controller for permission to sell kerosene oil to their operatives, and it is now understood that more than half the number of mills in Bombay have already applied for such permits. A detailed scheme for the distribution of kerosene has also been worked out by the Association and made available to all mills in Bombay.

The mill grain shops are run on a "cost price" basis; and the prices charged are below those charged by the grocer outside the mill premises for the same quality of goods; they are in certain cases below the prices scheduled in Government grain shops. The Association and its members attach first-class importance to these grain shops, but, as pointed out above, unsettled conditions in the market make it practically impossible for us to buy our requirements, and until conditions improve, we must depend upon Government for our supplies. In addition to grain shops, several mills have installed canteens where tea and light refreshments are served out. Some mills have also made arrangements to supply cooked food, but it is very doubtful whether the supply of cooked food can be adopted as a general proposition by all mills in Bombay. The reasons for this view are:—

(1) Some mills in Bombay have no space whatsoever within their premises either for cooking or for serving food to their operatives.

(2) A standard food suitable to the tastes of people representing various communities, castes and creeds working in the mills is difficult to evolve. For example, Mahomedans coming especially from Northern India require meat and bread ; Bhayyas require wheat bread, ghee and vegetables ; Ghatias from Poona require *Bajri* or *Jowari* bread, *dall* and vegetables ; and the Konkans, Marathas, Kamathis and others require rice, *dall*, vegetables and *chapati*.

(3) Even if the preceding problems were solved, serving would be difficult because a Hindu would object to sit side by side with a Mahomedan, and a high-class Hindu will not think of taking his food by the side of a scheduled caste man.

(4) Cooking will also present difficulties, e.g., Mahomedans usually insist on separate arrangements, being non-vegetarians ; and Bhayyas, especially Brahmins, prefer to take food cooked by themselves. Utensils and serving vessels will be another problem and the last but not the least is the problem whether cooks of different communities will be available in sufficient numbers.

Turning to paragraph (d) of your letter, I would like to point out that as far back as December 1927, arrangements were made by the Association with member mills under which all money orders sent by operatives of individual mills were made out by a member of the clerical staff of the mill, these money orders being sent in one lot with a covering list and a cheque for the total amount to the post-master of the nearest post office. Arrangements also exist in mills whereby the postman delivers to the timekeeper all paid and unregistered postal articles addressed to the workers, the mill authorities making their own arrangements for distribution of the articles to the workers concerned. My Committee regret, however, that they cannot accept the suggestion that money orders of the workers should be sent at the expense of the employer.

(e) Workpeople are at present allowed an hour's recess. An effort was made sometime ago to split it up into two half-hourly breaks, but the proposal was dropped in the face of opposition from certain workers' organisations, and unless there is very strong evidence to show that workers would like two half-hourly recesses instead of an hour's recess, it is thought that no useful purpose would be served by pursuing the matter.

APPENDIX 39.

EMPLOYMENT OF FIRE EXPERTS.

Copy of letter No. A.R.P.-I.-2, dated 11th September 1942, from the Deputy Secretary to the Government of India, New Delhi, to the Association.

The Government of India are bringing out a number of highly trained firemen from the United Kingdom to assist with fire-fighting arrangements in India and of these 23 have been allotted for factory purposes. Government is advised (and agrees with the advice) that the need for these men is a very great and urgent one. The whole aim of an incendiary bomb attack is to start so many fires that the trained fire-fighting services are unable to deal with them. It has succeeded to some extent in England where are the finest fire-fighting services in the world and the Japanese, it is understood, have made a special study of incendiary bomb attack on Eastern cities.

The Fire Adviser to the Government of India has observed, after touring extensively in India, that he considers the fire precautionary arrangements in factories are entirely inadequate for dealing with fires caused by incendiary bomb raids and obviously lack that experience which is so vital in building up a war-time organisation and that as many factories constitute a very high fire risk professional advice and leadership will be invaluable. Government's Advisers have emphasized over and over again how inefficient ordinary peace-time standards of training and organisation will be found to be under war conditions.

The men the Government of India are bringing out are not only first class firemen but they have been specially trained and have practical experience in the widespread fires arising from incendiary bomb attacks. The whole question has been gone into very carefully and it is considered most desirable that 2 of these special men should be attached to your group of factories to take charge of the fire-fighting arrangements generally. The Government of India will be obliged if you will please let them know by the 25th of September whether you agree to avail yourself of the services of these officers. Relevant extracts from their contracts as drawn up by the High Commissioner in London regarding the terms of their employment are enclosed. The salaries of these men and any expenses connected with their employment will of course be recoverable in the same manner as any other A.R.P. measure.

* * * * *

Extracts from Conditions of Appointment of Fire Officers.

* * * * *

2. The employee shall be provided with an allowance of twenty-five pounds (£25) in the case of a Fire Officer and fifteen pounds (£15) in the case of a Sub-officer, Grade I or Grade II towards the cost of outfit (not including uniform) for his use in India and with a passage either by air or sea to India and with transit from the place of arrival in India to the place where he is required to report for duty and on being provided with such passage he shall proceed within such time and by such means as may be prescribed by or on behalf of the Government. The employee shall be provided in India with a uniform.

* * * * *

4. The term during which the employee shall remain in the service shall be a period from the date of his departure for India to one year after his arrival in India provided that during the continuance of the present war the said term may be extended at the option of the Government for further terms of six months at a time if whenever the Government exercise such option they give three calendar months' previous notice in writing.

5. (1) If the employee is stated in the application written above these conditions to be a professional or police firemen the Government will make such arrangements regarding the payment of a contribution to the Local Authority or authorities administering the appropriate pension provision in his case as may be permissible to ensure that his contingent superannuation benefits under the said provision shall not cease during his service under this Agreement.

(2) If the employee is not stated in the said application to be such a professional or police fireman then upon termination of his service to the satisfaction of the Government the employee shall be paid a gratuity equivalent to one month's pay in respect of each year of service.

* * * * *

10. (1) The pay which the employee shall receive shall be as follows:—

- (a) If the employee is appointed as a Fire Officer, Rs. 800 p.m.
- (b) If the employee is appointed as a Sub-Officer, Grade I, Rs. 600 per mensem.
- (c) If the employee is appointed as a Sub-Officer, Grade II, Rs. 500 per mensem.

Provided that if the employee proceeds on deputation out of India his pay during the period of his deputation shall be regulated by the ordinary rules regarding deputation.

(2) The pay shall be payable monthly in India from the date of his departure for India during the term of the employee's service specified in Condition 4.

(3) If the employee is appointed as a Sub-Officer, Grade I or Grade II, he shall be provided with free quarters or an allowance in lieu thereof.

12. The employee shall not be entitled to pension or gratuity or bonus on retirement or to any allowances except as expressly stated in these conditions nor shall he be entitled to subscribe to a provident fund.

18. The Government shall provide the employee with a passage to England by sea including transit from his station in India to the port of embarkation :—

- (a) on the completion by the employee of his term of service specified in condition 4, or
- (b) on his being allowed to proceed on leave preparatory to the termination of his service, or
- (c) on the termination of his service under sub-clauses (1) (2) or (4) of condition hereof :—

Provided :—

- (i) that he claims such passage and leaves India in accordance with any direction given by the Government on the completion of his service or on the commencement of his leave or on the termination of his service, and
- (ii) that if his service is terminated on account of ill-health such ill-health has not been brought on by his neglect or carelessness or misconduct (of which the certificate of a medical officer nominated by the Government shall be exclusive).

19. (1) In respect of a war service injury sustained during the employee's service in India or of a war injury sustained during the employee's voyage to India during his service in India under this agreement or during his voyage from India if the Government shall have provided him with his passage under condition 18 the employee (or in the event of his death through such an injury his widow, children or other dependants) shall be entitled to receive from the Government such pension allowances and benefits as though the Personal Injuries (Civilians) Scheme made under the personal Injuries (Emergency Provisions) Act 1939 in force at the date of the employee's leaving for India applied to him. The Government may apply any amendment duly made to such scheme or apply any scheme substituted directly or indirectly for such scheme.

(2) For the purpose of the application of such scheme (a) the employee shall be deemed to be a civil defence volunteer and the Government a civil defence organisation and (b) the Government shall be deemed to be the Minister but the Government may authorise any person or persons to perform the functions of the Minister.

20. If during his term of service specified in condition 4 the employee becomes or continues to be insured as a voluntary contributor under the National Health Insurance Acts and the Widows', Orphans' and Old Age Contributory Pensions Acts for the time being in force the Government shall pay one-half of the contributions payable by him as such contributor and in that event he shall authorise the Government to pay in the United Kingdom on his behalf the balance of such contribution and the surrender by the Government at the appropriate time of the duly stamped contributor cards to his approved Society or to the appropriate insurance department shall be a sufficient discharge in respect of any liability incurred by the Government under this condition.

Copy of circular No. 201, dated 21st October 1942, from the Association to all mills in Bombay.

I enclose* herewith for your information copy of a communication received from the Deputy Secretary to the Government of India, Department of Labour, and of the enclosure thereto. The Government of India have offered to place at the disposal of the members of

the Association in Bombay the services of two fire experts trained in the United Kingdom to enable members to perfect their fire-fighting arrangements, training of personnel, etc. The extracts, from the conditions of appointment forwarded by Government give a rough indication of the financial commitments involved, but in view of the urgent necessity and importance of perfecting the fire-fighting arrangements of mills in Bombay, the Committee of the Association have decided to take advantage of the offer made by Government. It is very difficult to say exactly for what period the services of the two experts will be required by the Association, but taking into consideration the number of mills involved, it has been agreed to retain these experts for one year or for the duration of the war whichever is less. The A.R.P. Sub-Committee of the Association who have been directed by the Committee to supervise the working of these arrangements propose that the officers in question should visit mills by rotation, making periodical reports to the Association until all mills have been visited and their fire-fighting arrangements perfected. The fire experts, it is understood, have already disembarked, and their services will be available to the Association at a very early date, and it is hoped that members will appreciate the necessity of the arrangements made by the Association and co-operate with the A.R.P. Sub-Committee in making the employment of the experts as fruitful as possible. The financial commitments involved in the proposal will be a charge on Bombay mills. It is not at present possible to give you an exact indication of what individual mill's share would be under this arrangement, but the whole question will be examined at a very early date and a further communication will be addressed to you on the question of the financial commitments.

APPENDIX 40.

A.R.P. STIRRUP PUMPS.

Copy of letter, dated 5th November, 1942, from the Employers' Federation of India, to members of the Federation in Bombay.

I reproduce below the text of a letter, dated the 2nd November 1942, received from the Acting Chairman of the Joint Civil Defence Committee, Bombay, regarding the advisability of every household being provided with a stirrup pump during the present period of emergency.

Will you kindly commend the suggestion to all your employees and also afford them, wherever necessary, the facility of meeting the expenditure by means of easy instalments?

Copy of letter No. 783-B, dated 2nd November 1942, from the Acting Chairman, Joint Civil Defence Committee, Bombay.

"On behalf of the Joint Civil Defence Committee, I invite your co-operation in 'the stirrup pumps sales campaign' that will be undertaken very shortly.

You are probably aware of the need and importance of every household in Bombay having a stirrup pump of its own. Hundreds of fires can be started by a single enemy bomber, which can drop as many as 2,000 small incendiary bombs. Unless these small missiles are put out of action within two or three minutes of their being dropped, countless fires will be started making it impossible for the fire brigades to tackle all at once. In order to save their homes, it will be the duty of citizens themselves to put out small fires without waiting either for the fire brigades or the fire-fighting parties. The best instrument to tackle these incendiary bombs is the stirrup pump and every household should secure one immediately.

There has, unfortunately, been a scarcity of these pumps and they have cost anything between Rs. 60 to Rs. 80 each. But the Joint Civil Defence Committee has been able to secure a large number of pumps to be sold at the special low price of Rs. 25 each at all A.R.P. warden's posts in Bombay.

I now approach you in order to secure your co-operation in impressing upon the members of your Association, and of the various concerns which are affiliated to your Association, the importance of every household possessing a stirrup pump. It is probable that many might find that though they would like to possess a stirrup pump, they cannot afford to pay Rs. 25 at once. In cases like these, the Joint Civil Defence Committee request Associations to help by providing the amounts necessary as a loan to them and to recover the same in easy instalments.

I feel confident that you will impress on the chief executives of the firms, affiliated to your Association, the urgency and importance of the matter so that they may provide the necessary facility to enable the members of their staff to purchase a stirrup pump."

Copy of letter No. 164, dated 24th November 1942, from the Association to the Employers' Federation of India, Bombay.

I am directed to acknowledge the receipt of your letter dated the 5th November 1942, with which was enclosed copy of a letter No. 783-B, dated the 2nd November 1942, addressed to you by the Chairman, Joint Civil Defence Committee, Bombay. Briefly stated, the Joint Civil Defence Committee, Bombay, suggest that every household should secure a stirrup pump, and this Association has been asked to recommend its members to provide the necessary facility to enable members of their staff to purchase one stirrup pump each.

The Committee of the Association understand that about 8,000 fire watching posts have already been selected in Bombay, and are soon to be manned by volunteers consisting of stirrup pump parties, etc. This would appear to meet the situation adequately, and no further steps are likely to be necessary.

My Committee do not think that it can be the intention of the Joint Civil Defence Committee to suggest the supply of one pump to every tenement in Bombay for the reason that a distribution of stirrup pumps at this rate would necessitate an enormous number of pumps which cannot be made available in Bombay in the immediate future.

APPENDIX 41.

PROPOSAL FOR THE ESTABLISHMENT OF A CIVIL DEFENCE INDUSTRIAL SCHOOL AT BOMBAY.

Copy of letter No. A.R.P./1910, dated 16th October 1942, from the Factory Inspection Office to the Managers of Factories.

In circular letters issued from time to time by this office, factories have been recommended to nominate their officers to attend industrial courses at the Air Raid Precautions Staff School, 4, Camac Street, Calcutta.

Owing to the difficulty at one time experienced in obtaining sufficient vacancies for officers from factories this School was reconstituted as from July 1942 as the Civil Defence Industrial School, and industrial courses, each for 35 students, are now being held at monthly intervals. The response from factories, however, has lately been disappointing, and it is believed that they may in some cases be unaware of the ample and excellent opportunities which now exist for the training of factory A.R.P. officers, deputy A.R.P. officers and other senior staff in the most up-to-date methods of A.R.P. organisation for important factories.

I am therefore to urge that if you have not already done so, you will immediately apply through this Department for early vacancies at the School for members of your staff as above. The syllabus of these courses covers a wide range of subjects including the elements

of structural protection for vital plant and buildings, the planning and construction of A.R.P. shelters, obscuration problems, etc., and in addition the planning and organisation of factory A.R.P. services, to which much time is devoted. Thus the instruction and information given are such as should be available to every officer concerned with the organisation of factory air raid precautions; and those officers who have attended have found them of the greatest value and help. If you have no one on your staff whom you can spare to attend, that is in itself an indication that you require to appoint a whole-time A.R.P. officer who will have time to undergo the necessary training.

It would be deplorable if these valuable training facilities had to be withdrawn through lack of support from factories. Rather than allow that to happen, I might be disposed to consider the advisability of exercising my powers under sub-rule (b) of Rule 51 (C) of the Defence of India Rules and serving orders on such factories as have not already applied for vacancies, requiring them to nominate their A.R.P. officers and deputies, etc., to attend the School, and if necessary also to engage and appoint a full-time A.R.P. officer. It is, however, believed that the matter has only to be brought to the attention of factories for the necessary response to be forthcoming.

Candidates to be nominated should be of a standard intelligence capable of absorbing rapidly a subject which must necessarily be taught in a limited time and in an intensive form.

Will you please inform me, *not later than the 24th October 1942* the person you wish to send for training, giving particulars in the following form, as the information is required urgently.

(1) Full name, (2) age, (3) address, (4) present appointment and (5) the A.R.P. appointment it is proposed this office shall take up after attendance at the School.

Please note that the cost of travelling allowance, etc., to be paid to the person nominated will have to be borne by the factories as Government will not entertain any claim for such allowance. This may please be confirmed.

Copy of letter No. 164, dated 3rd November 1942, from the Association to the Secretary to the Government of Bombay, Home Department.

I have the honour to enclose* herewith for your information copy of a circular No. A.R.P./1910, dated the 16th October 1942, issued by the Inspector of Factories on Special Duty for A.R.P. in which cotton mills have been asked to depute officers to attend industrial courses at the Air Raid Precautions Staff School at Calcutta. The Inspector of Factories states in the course of his letter that he might be disposed to consider the advisability of exercising his powers under sub-rule (b) of Rule 51 (C) of the Defence of India Rules and serve orders on such factories as have not already applied for vacancies, requiring them to nominate their A.R.P. officers and deputies to attend the School, and, if necessary, also to engage and appoint a full-time A.R.P. officer. The Association has received a number of representations from its member mills pointing out:—

(a) That their principal A.R.P. officers are all key-men in their factories and that their absence for a period of 3 to 4 weeks will interfere with the war work of the factories. For example, the principal A.R.P. officers in certain mills are engineers, managers, or weaving masters, and it would be very inconvenient to the factory if these officers had to stay away from Bombay for a period of 3 to 4 weeks.

(b) That the situation in India's eastern frontiers is grave, and junior officers are not willing to undertake the journey in spite of persuasion by managements.

In this view of the case, my Committee suggest that the Training School be transferred to Bombay from Calcutta, or, if this cannot be done, a separate school be established in

* Printed on page 264 of this Report.

Bombay. There are a very large number of factories in the south, west and eastern provinces of India, and there is, therefore, ample scope for more than one training institution. Another advantage in having a separate training institution in Bombay seems to be that, whereas, on ground of expense, individual factories might be compelled to limit their deputies to one per factory, it might perhaps be possible to permit two or three members of the A.R.P. personnel from each factory to attend the School in Bombay without interfering with their normal duties.

It has been pointed out to my Committee that Calcutta being so close to the scene of hostilities, Government might even now look round for the location of a suitable spot to locate the training school so that the good work done by the institution may not be interrupted by any untoward events of the war. If the removal of the institute from Calcutta is decided upon, then Bombay is by far the best place in which to locate it in view of its easy access from all parts of India and proximity to large industrial establishments.

My Committee would greatly appreciate it if Government would kindly take this matter up with the appropriate authorities.

Copy of letter No. D.4297/42 C.D.S., dated 23rd December 1942, from the Government of India, Civil Defence Department, to the Secretary to the Government of Bombay, Home Department, forwarded to the Association on 31st December 1942 for information.

I am directed to refer to the correspondence resting with your letter No. 676-D, dated the 6th November 1942, and to say that, for the reasons given below, it is not possible either to set up an Industrial School at Bombay or to transfer the existing Civil Defence Industrial School from Calcutta to Bombay. Nor is it possible to run an industrial course at the Civil Defence Specialist School, Bombay, as the instructors there do not possess the requisite qualifications.

The transfer of an established school from Calcutta to Bombay, apart from entailing enormous expenditure, would not be justified considering the fact that, as the number of factories in Bombay is about equal to those in Bengal and Bihar and factories in other Provinces and States are more or less centrally placed between both, Bombay is not likely to attract the greater number of students. The question of the possibility of a serious interruption to production should not arise if full-time A.R.P. officers are appointed and sent for training at Calcutta instead of key-men of the factories. The millowners, especially, who employ thousands of personnel at individual factories, should not expect engineers or other personnel at present engaged on war work to take on what is a full-time job, in their spare time.

I am, therefore, to request that the nominees of the Provincial Governments for the course may be sent to the Civil Defence Industrial School, Calcutta.

Copy of letter No. 244, dated 29th January 1943, from the Association to the Secretary to the Government of Bombay, Home Department.

Subject.—CIVIL DEFENCE INDUSTRIAL SCHOOL.

I am directed to acknowledge the receipt of a copy of letter No. D4297/42 C.D.S., dated the 23rd December 1942, received by you from the Civil Defence Department, Government of India, on the above subject.

My Committee regret to note that the Government of India are not agreeable either to set up an Industrial School at Bombay or to transfer the existing Civil Defence School from Calcutta to Bombay. In the second paragraph of their letter the Government of India state that the enormous expenditure which would be entailed in transferring the established school from Calcutta to Bombay would not be justified in view of the fact that the number

of factories in Bombay is about equal to those in Bengal and Bihar and that factories in other Provinces and States being more or less centrally placed between both, Bombay is not likely to attract the greater number of students. My Committee, however, feel that the comparison made by Government is neither fair nor correct inasmuch as the factories situated in Madras, Central Provinces and various Indian States, which would prefer to send their representatives to Bombay rather than Calcutta, have not been taken into account.

The undermentioned figures extracted from the latest "Statistical Abstract" issued by the Government of India, showing the number of perennial factories in different provinces do not seem to bear out the point made by Government as regards the preponderance in numbers of Calcutta and Bihar factories :—

<i>Province.</i>	<i>Number of Factories subject to the Factories Act.</i>
Madras	1,292
Bombay	2,357
Sind	115
Bengal	1,354
United Provinces	392
Punjab	470
Bihar	260
Orissa	85
Central Provinces and Berar	337
Assam	108
North-West Frontier Province	23
Baluchistan	15
Ajmer-Merwara	15
Delhi	108
Bangalore and Coorg	12
Total	6,943

Another point which my Committee would like to emphasise is that the training facilities provided at the School at Calcutta are utterly inadequate to train the requisite number of A.R.P. personnel. In this connection, I am to point out that according to figures quoted above, there were as many as 7,000 perennial factories in British India in March 1940, and as Government are aware, a large number of new factories have since been set up in various provinces of the country. It is understood that the Training School at Calcutta cannot take up more than 40 students at a time for a course of 3 weeks. If all the perennial factories in India were to send representatives to Calcutta, there would be about 175 batches of 40 in each, and these batches would take about 10 years to complete their training. My Committee, therefore, suggest that in view of the urgency and importance of training the A.R.P. personnel of factories, the Government of India should consider the question of establishing another Training School at Bombay.

Copy of letter No. D. 750/43-C.D.S., dated 12th March 1943, from the Deputy Secretary to the Government of India, Civil Defence Department, New Delhi, to the Additional Under-Secretary to the Government of Bombay, Home Department.

With reference to your letter No. 676-D, dated the 15th February 1943, I am directed to say that the Government of India have further considered the request of the Millowners' Association, Bombay, to set up another Civil Defence Industrial School at Bombay, but regret that they are unable to revise the decision communicated in their letter No. D. 4297/42-C.D.S., dated the 23rd December 1942.

APPENDIX 42.**COTTON CARD CLOTHING AND ALL CARD CLOTHING SUNDRIES
CONTROL ORDER, 1942.**

*Copy of circular No. 135/35, dated 10th January 1942, from the Association
to all members of the Association.*

I circulate herewith for the information of members a copy of the "Cotton Card Clothing and all Card Clothing Sundries Control Order, 1942" issued by the Government of India, Department of Supply, under the Defence of India Rules.

*Copy of Notification, dated 7th January 1942 issued by the Government of India,
Department of Supply, New Delhi:*

No. 9.—In exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules, the Central Government is pleased to make the following Order :—

1. (1) This Order may be called the Cotton Card Clothing and all Card Clothing Sundries Control Order, 1942.

(2) It shall come into force at once.

2. This Order shall apply to the following articles of cotton card clothing and sundries :—

For flat cards—

- | | |
|--------------------------|--|
| 1. Cylinder fillet. | 10. Philipson's top clearer strips. |
| 2. Doffer fillet. | 11. Ashworth's top clearer strips. |
| 3. Sets of tops. | 12. Ashworth dirt roller fillet. |
| 4. Stripping fillet. | 13. Rhodes stripping fillet. |
| 5. Burnishing fillet. | 14. Lickerin wire. |
| 6. Hand stripping cards. | 15. Blued steel wire for roving waste openers. |
| 7. Walton's brushes. | 16. Card tacks. |
| 8. Spiral strips. | 17. Raising fillet. |
| 9. Philipson's sheets. | |

For waste and wadding cards—

- | | |
|---------------------------|---|
| 18. Cylinder fillet. | 24. Fancy stripper fillet. |
| 19. Doffer fillet. | 25. Humbug fillet. |
| 20. Roller fillet. | 26. Feed roller fillets. |
| 21. Clearer fillet. | 27. Lickerin fillet. |
| 22. Fancy fillet. | 28. All other card clothing and sundries. |
| 23. Under clearer fillet. | |

3. No person shall sell or otherwise dispose of, or purchase or otherwise acquire, any article to which this Order applies, except under and in accordance with the terms of a licence, in the form appended to this Order, granted by the Assistant Director General, Cotton Textiles, Bombay, or such other officer as may be nominated in this behalf by the Central Government or in pursuance of a direction given under paragraph 5 of this Order.

4. Persons desiring to purchase or otherwise acquire any of the articles to which this Order applies, must apply in triplicate in the form appended* to this Order, to the Assistant Director General, Cotton Textiles, or such other officer as may be nominated in this behalf by the Central Government.

5. Any person, if directed by the Assistant Director General, Cotton Textiles, Bombay, or by an officer nominated in this behalf by the Central Government, to sell or otherwise dispose of any article to which this Order relates, to a particular person, shall comply with such direction.

6. Any person, if required so to do by the Assistant Director General, Cotton Textiles, Bombay, or such other officer as may be nominated in this behalf by the Central Government, shall submit a return, in such form as the Assistant Director General, Cotton Textiles or that officer may prescribe giving details of his stocks.

APPENDIX 43.

HEALDS AND REEDS CONTROL ORDER, 1942.

Copy of circular No. 1192/47, dated 23rd March 1942, from the Association to all members of the Association.

I circulate for the information of members copy of the "Healds and Reeds Control Order" issued by the Government of India, Department of Supply, on 17th March 1942.

Copy of Government of India, Department of Supply, New Delhi, Notification, dated 17th March, 1942.

No. SS/44/42.—In exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules, 1939, the Central Government is pleased to make the following Order:—

1. (1) This Order may be called the Healds and Reeds Control Order, 1942.
- (2) It shall come into force at once.

2. This Order shall apply to the following articles used by the textile industry other than jute and hemp:—

- (1) Cotton healds.
- (2) Wire healds.
- (3) Reeds.

3. No person shall sell or otherwise dispose of, or purchase or otherwise acquire, any article to which this Order applies, except under and in accordance with the terms of a licence, in the form appended to this order, granted by the Assistant Director General, Cotton Textiles, Bombay, or such other officer as may be nominated in this behalf by the Central Government or in pursuance of a direction given under paragraph 5 of this order.

4. Persons desiring to purchase or otherwise acquire any of the articles to which this order applies, must apply in triplicate in the form appended* to this order, to the Assistant Director General, Cotton Textiles, or such other officer as may be nominated in this behalf by the Central Government.

5. Any person, if directed by the Assistant Director General, Cotton Textiles, Bombay, or by an officer nominated in this behalf by the Central Government, to sell or otherwise dispose of any article to which this order relates, to a particular person, shall comply with such direction.

6. Any person, if required so to do by the Assistant Director General, Cotton Textiles, Bombay, or such other officer as may be nominated in this behalf by the Central Government, shall submit a return, in such form as the Assistant Director General, Cotton Textiles, or that officer may prescribe giving details of his stocks.

APPENDIX 44.

COTTON TEXTILES SIZING AND FILLING CONTROL ORDER, 1942.

(Copy of Cotton Textile Sizing and Filling Control Order, 1942, issued by the Government of India, Department of Commerce, on 8-8-1942 with corrections issued on 24-12-1942.)

INDUSTRIAL CONTROL.

No. 130-I.C. (1)/42.—In exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules, the Central Government is pleased to make the following Order, namely :—

COTTON TEXTILES SIZING AND FILLING CONTROL ORDER, 1942.

1. *Short titles.*—This Order may be called the Cotton Textiles Sizing and Filling Control Order, 1942.

2. *Definition.*—In this Order, unless there is anything repugnant in the subject or context, "cotton piecegoods" includes any woven or knitted fabric or material containing more than 90 per cent. by weight of cotton after removal of any size of filling.

3. *Sizing or filling.*—No person shall on or after the 1st day of January 1943, manufacture or process, or cause to be manufactured or processed any cotton piecegoods which contain any sizing or filling material, or both, of any description, exceeding in the aggregate 10 per cent. of the weight of the cotton in the cloth, provided that in respect of cloth the warp of which consists of yarn of 14s counts or coarser, any person may manufacture or process or cause to be manufactured or processed, any cotton piecegoods which contain any sizing or filling material or both of any description not exceeding in the aggregate 15 per cent. of the weight of the cotton in the cloth.

4. No person shall on or after the 1st day of January 1943, sell or otherwise dispose of or purchase or otherwise acquire any cotton piecegoods which have been manufactured, processed or finished in contravention of clause 3.

5. *Tests.*—For the purposes of this Order, the proportion of sizing or filling material, or both, relative to the weight of the cotton in any finished cotton piecegoods shall be determined by such test as the Central Government may, from time to time, prescribe by order in writing and the result of such test shall be conclusive.

6. *Inspection of premises.*—Any officer authorised by the Central Government, the Provincial Government or the Deputy Director General, Cotton Textiles, Department of Supply, Bombay, in writing in this behalf may enter upon and inspect any premises in which he has reason to believe that cotton piecegoods are manufactured or processed or sized or filled in contravention of the provisions of this Order, and may ask for any information relating to the manufacture, processing, sizing or filling of such piecegoods in those premises.

7. *Existing contracts.*—This Order shall relieve any person from any legal obligation he may have undertaken prior to the 1st day of January 1943 to deliver cotton piecegoods sized to an extent in excess of the amount stipulated in this Order.

8. Notwithstanding anything in this Order, the Central Government or the Deputy Director General, Cotton Textiles, Department of Supply, Bombay, or any other person authorised by it or him in this behalf, may in its or his absolute discretion grant a special written permission to any person to manufacture or process or cause to be manufactured or processed, any cotton piecegoods containing sizing or filling material or both, of any description exceeding in the aggregate 10 per cent. of the weight of the cotton in the cloth.

APPENDIX 45.

SHUTTLES CONTROL ORDER, 1942.

Copy of circular No. 216, dated 21st November 1942, from the Association to all members of the Association.

The attention of member mills is invited to the subjoined Shuttles Control Order, 1942, issued by the Department of Supply in exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules.

Copy of Notification, dated New Delhi, 13th November 1942 issued by the Government of India, Department of Supply.

No. SS/123.—In exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules, 1939, the Central Government is pleased to make the following Order :—

1. (1) This Order may be called the Shuttles Control Order, 1942.

(2) It shall come into force at once.

2. (1) This Order shall apply to the following articles used by the textile industry other than jute and hemp :—

(a) Shuttles for looms (ordinary).

(b) Shuttles for looms (automatic).

(2) For the purposes of this Order, Deputy Director General means and includes the Deputy Director General, Cotton Textiles, Bombay, or such other officer as may be nominated in his behalf by him or by the Central Government.

3. No person shall sell or otherwise dispose of, or purchase or otherwise acquire, any article to which this Order applies, except under and in accordance with the terms of a licence, in the form appended* to this Order, granted by the Deputy Director General, or in pursuance of a direction given under paragraph 5 of this Order.

4. Persons desiring to purchase or otherwise acquire any of the articles to which this Order applies must apply in triplicate in the form appended* to this Order, to the Deputy Director General.

5. Any person, if directed by the Deputy Director General to sell or otherwise dispose of any article to which this Order relates to a particular person, shall comply with such direction.

6. Any person, if required so to do by the Deputy Director General shall submit a return, in such form as the said Deputy Director General may prescribe, giving details of his stocks.

7. The Deputy Director General may, if he has reason to believe that any person has contravened, is contravening, or is likely to contravene, any of the provisions of this Order :—

- (a) require any person to give such information in his possession with respect to any business carried on by that or any other person as he may demand,
- (b) inspect or cause to be inspected any books or documents belonging to, or under the control of, any person,
- (c) enter and search, or authorise a police officer not below the rank of Sub-Inspector to enter and search, any premises.

8. If any person with intent to evade the provisions of this Order, refuses to give any information lawfully demanded from him under paragraph 7 or conceals, destroys, mutilates or defaces any book or other document he shall be deemed to have contravened the provisions of this Order.

APPENDIX 46.

SUGGESTION FOR REPLACING IRON HOOPS BY ROPES FOR COTTON BALES.

Copy of letter No. 1-G/518, dated 16th October 1942, from the Controller of Inspection (Admn.), I. S. D. Inspection Circle, Bombay, to the Association.

The supplies of baling hoops are likely to become more difficult as time goes on. It is, therefore, felt that a stage has been reached where it is essential that baling hoops be conserved and that the necessity of replacing baling hoops, with rope for baling purposes, be seriously considered.

It is, therefore, requested that you will please obtain opinions from the industry in this connection and let me have at your earliest convenience, an average analysis of the industry's opinion in order to enable me to communicate with headquarters.

Copy of letter No. 207, dated 3rd November 1942, from the Association to the Controller of Inspection (War Department), Bombay.

I am directed to acknowledge the receipt of your letter No. 1-G/518, dated the 16th October 1942, in which you request my Committee to express an opinion on the question of replacing baling hoops with rope for baling purposes. The question has been carefully considered by my Committee. Your letter does not make it clear whether it is cotton rope, jute rope or coir rope which is being suggested as a substitute. If the use of cotton rope is suggested, it might result in a shrinkage in the quantity of yarn available to the handloom industry. If, however, you are suggesting the use of jute or coir rope, the question is whether ropes made of these fibres will be able to withstand the strain which may follow in the case of hard pressed bales subjected to rough handling in course of transit. It would be interesting to know whether experiments have been made to ascertain the suitability of ropes as a substitute for baling hoops, but it seems that with ropes, bales cannot perhaps be pressed to the same density as they are at present, with the result that insurance charges as also freight charges will tend to increase, which my Committee would like to avoid as far as possible. My Committee are always willing to co-operate with the Government in the matter of finding a substitute for hoops, but they are very anxious to ensure that proper experiments are made to ascertain whether ropes would be an effective substitute for iron hoops under all circumstances.

APPENDIX 47.**COTTON CLOTH COVERS FOR COTTON BALES.**

Copy of letter No. 612, dated 8th October 1942, from the Secretary, Indian Central Cotton Committee, to the Association.

I have the honour to say that some time ago when the prices of short-staple cotton had fallen very low, the desirability of finding other outlets for such cotton was felt, and, amongst other things, investigations were undertaken to find out whether cloth covering for cotton bales could be substituted for jute hessian. These investigations have indicated that, while a satisfactory type of cloth comparable to jute hessian in respect of storage properties and ability to withstand normal handling can be manufactured from cotton, the use of such cloth in place of hessian would depend on the price factor. At present, for instance, it would not be economic to use cloth instead of hessian, but conditions may change again and in this connection my Committee considers that it would be well to have on record the views of your Association as to whether mills and exporters would have any objection to accepting cotton bales covered with cotton cloth in fulfilment of contracts. I am accordingly to request you kindly to let me have your opinion in the matter in due course.

Copy of letter No. 211, dated 4th November 1942, from the Association to the Secretary, Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 612, dated the 8th October 1942, in which you request my Committee to express an opinion as to whether mills and exporters would have any objection to accepting cotton bales covered with cotton cloth in fulfilment of contracts. In reply, I am to say that if a satisfactory cotton hessian substitute yielding the requisite tests could be manufactured and marketed at prices which are not above the jute hessian prices, no difficulty is likely to arise in accepting it in place of the present jute hessian.

APPENDIX 48.**APPRENTICE SCHEME—TEMPORARY CHANGE IN TIME OFF TO THE APPRENTICES OWING TO A.R.P. LIGHTING RESTRICTIONS.**

Copy of letter No. Tech. 26 (1942)-272, dated 24th January 1942, from the Director of Industries, Bombay, to the Association.

I am forwarding herewith a copy of a letter No. 161-1387, dated 17th January 1942, addressed to me by the Principal, Victoria Jubilee Technical Institute, Matunga, Bombay, explaining the difficulties in conducting the Evening Technical Classes in connection with the Government Apprentice Scheme on account of recent tightening up of the A.R.P. restrictions on lighting. In these circumstances, I strongly recommend that the proposals made by the Principal that the classes should be held between 8 to 9-30 a.m. instead of in the evening as at present may be agreed to as an emergent war measure. I shall be obliged, therefore, if you will kindly take this matter up with the co-operating mills and request them to agree to this proposal with immediate effect.

I shall be obliged to know as early as possible whether the mills agree to this proposal.

Copy of letter No. 161-1387, dated 17th January 1942, from the Principal, V. J. T. Institute, Matunga, Bombay, addressed to the Director of Industries, Bombay.

Subject.—AIR RAID PRECAUTIONS AND THE EVENING APPRENTICE CLASSES.

I have the honour to invite your attention to the subject cited above, and to state that in view of the lighting restrictions recently introduced in the city of Bombay, it is quite essential for us to consider the question of holding the evening classes at such a time when it will not be necessary for us to have the lights on.

The precautions necessary for preventing direct lights emanating from the rooms which were adequate for the rules existing so far have become quite inadequate now, and I am adopting such temporary measures as will meet the requirements of A.R.P. It must be emphasized that these measures are only temporary inasmuch as light is prevented from passing out by such means as coloured paper and cardboard, and I am not quite sure whether these will adequately meet the instructions of the Commissioner of Police and I consider myself fortunate in not having been warned by the A.R.P. Wardens so far. The adoption of blackout measures as laid down in recent notification of the Commissioner of Police, will involve a considerable expenditure, as it will mean buying particular types of shades in hundreds and also using dark cloth blinds for hundreds of windows in lecture rooms, laboratories and workshops. It should also be borne in mind that this locality which at present is a "brownout" locality may in the near future become a complete "blackout" locality and in that case carrying out teaching work, in closed rooms without adequate ventilation, to young apprentices who are in a tired state of mind and body after a day's work, would be very difficult.

After having considered the question in all its aspects, I have come to the conclusion that the best time for holding these classes during this peculiar situation would be from 8 to 9-30 a.m. in the morning. This would have the added advantage that the apprentices who come to the classes fresh in mind and body, would be more receptive to the teaching and to the comparatively small amount of the theoretical training that they receive here. They would come to the Institute in the morning from where, after their theoretical classes, they could directly proceed to their places of work. It is expected that practically in all cases they will reach their places of work within one hour, i.e., at about 10-30 a.m. To those employers who are already giving time-off to their apprentices, this change in the time-off would be, in my opinion, quite welcome. Industrial establishments who are not at present allowing their apprentices any time-off, will have to be specially requested to co-operate in the adoption of this change as a war-time measure. It may be brought to their notice that the apprentices will attend their places of work late in the morning only on class evenings, which are not more than three. I shall be much pleased if you will kindly consider this matter and if you agree with my proposal, take up this question with the industrial establishments at an early date.

Copy of circular No. 1035/99, dated 12th March 1942, from the Association to all mills in Bombay City and Island.

I am directed to invite your attention to pages 5 and 6 of the General Prospectus of the Apprentice Scheme of the Government of Bombay, a copy of which was sent to you with my letter No. 2083/99, dated 10th May 1939. It was pointed out in this Prospectus that "the employers have generally agreed to give 'time-off' to the apprentices during the first year of their apprenticeship on the days they have to attend the evening technical classes." It was further pointed out that "these concessions will not be given in the subsequent years of apprenticeship during which the evening technical classes will be held thrice a week from 6-30 p.m. to 8 p.m." In other words, the position hitherto has been that, in respect of first-year apprentices, employers have been permitting them to leave work early on the days they had to attend the evening technical classes. In the cases of the second and third year apprentices no such concessions have been given as the V.J.T.I. classes for such apprentices have been held between 6-30 and 8-0 in the evening.

It was recently pointed out to the Committee that, in view of the lighting restrictions imposed in various parts of the city, it would not be possible for the Institute authorities to hold the second and third year apprentice classes as usual between 6-30 and 8-0 p.m. unless special lighting arrangements were installed. It was also suggested that from the apprentice's point of view it would be an advantage if the classes were held between 5-0 and 6-30 p.m. since it would enable him to reach his place of residence before it gets dark. This arrangement would also be welcome to the authorities of the Institute as the lighting restrictions apply only from 7 p.m. This question has since been discussed with the Director of Industries, and as a result it has now been agreed that the Institute should hold the second and third year apprentice classes between the hours 5-0 and 6-30 in the evening, and that mills should give to such of their apprentices as are in the second and third year classes "time-off" from 4-0 p.m. (S.T.) to enable them to reach the Institute not later than 5-0 p.m.

These arrangements are only temporary; and it might be necessary to review the whole position in November when darkness is expected to set in much earlier than as at present.

The Committee of the Association will greatly appreciate it if individual mills could give immediate effect to the above arrangements.

P.S.—In the case of apprentices in Mechanical Engineering, the revised arrangements will apply to the second, third and fourth year courses.

Copy of letter No. 1051/99, dated 12th March 1942, from the Association to the Director of Industries, Bombay.

With reference to your letter No. Tech. 26 (1942)-272, dated the 24th January 1942, I enclose herewith* for your information a copy of my circular to all member mills in Bombay.

APPENDIX 49.

RECOVERY OF DUES TO CO-OPERATIVE SOCIETIES FROM WORKERS.

Copy of a letter No. LQD-B/GEN of 1941, dated 18th November 1941, from the Assistant Registrar, Co-operative Societies, B.D., Bombay, to the Association.

I have the honour to state that the members of the co-operative credit societies in mills are found to change the mills of their employment often, with the result that the loans taken by such members from a co-operative credit society of one mill have to be recovered from the wages due to them from another. It has been brought to my notice that recovery of such dues becomes difficult for lack of proper arrangements between several mills of Bombay in respect of their recovery by deduction from the wages of such members at the source. This has an adverse effect on the general working of the co-operative credit societies of employees of mills, and sometimes, such dues become doubtful and bad.

I request you to let me know whether any mutual arrangement for deduction of dues of co-operative credit societies has been made between the mills of Bombay, or is contemplated. Details about this arrangement, if it has been made, may please be supplied to me at an early date.

Copy of circular No. 1303/98, dated 31st March 1942, from the Association to all member mills in Bombay.

It has been reported that mills with co-operative societies have been experiencing considerable difficulty in the recovery of dues from workers who had changed their place of employment and were working in other mills. This subject was considered by the Labour

and Technical Advisory (Managers) Sub-Committee who suggested that, where an employee, who had taken a loan from the co-operative society of the mill in which he was serving, leaves service without paying his debts to the co-operative society in full and joins another mill, the latter mill should, when paying wages to the worker, make a deduction equivalent to the monthly instalment due from the worker to the mill co-operative society from which he had taken the loan. According to section 7 (j) of the Payment of Wages Act, deductions for payments to co-operative societies approved by the local Government are permitted, and for making such deductions it is not necessary that the worker concerned should be in the employment of the mill in which the co-operative credit society is functioning. Nevertheless, the Sub-Committee suggested that the worker from whose wages deductions are sought to be made for payment of loans taken from co-operative credit societies should be called upon, in the first instance, to accept liability in writing and empower the mill making the deductions, to make deductions from his wages. The Committee of the Association entirely agree with the suggestions of the Sub-Committee, and recommend their adoption in member mills.

APPENDIX 50.

POST-WAR RECONSTRUCTION.

Copy of letter No. W391, dated 5th December 1941, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Chairman of the Association.

I am to inform you that the Government of Bombay is convening a conference of officials and of non-officials representing the commercial and industrial interests of Bombay for an informal and preliminary discussion on the problems connected with post-war urban reconstruction. The Conference will be held at the Secretariat on Friday, 19th December 1941, at 5 p.m., and I am to invite you to be so good as to attend it. If it is not convenient for you to attend personally, the Government of Bombay would be glad if you would send a representative instead. I attach, for your information, a note* outlining the main points to be discussed at the Conference.

Copy of letter No. 5398/204, dated 10th December 1941, 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. W391, dated the 5th December 1941, and to say that the Chairman of the Association will attend the Conference proposed to be held on the 19th December 1941, at 5 p.m. If, however, the Chairman is unable to attend, he will send a suitable representative from the Association.

Copy of letter No. W391, dated 6th February 1942, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

In continuation of this Department letter No. W391-8661, dated the 30th December 1941,* I am directed to enclose, for your information, a copy of a Press report* of the Honourable the Commerce Member's speech at the meeting of the Consultative Committee of Economists on the 24th October 1941 and of the draft Bombay Land Improvement Schemes Bill* which is at present under the consideration of this Government. It is requested that the papers relating to the Bill may be treated as confidential.

Copy of letter No. 571/204, dated 9th February 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am in receipt of your letter No. W391, dated the 6th February 1942, and enclosures. In this connection, I would like to draw your attention to my letter No. 5368/204, dated the 9th December 1941, and to inform you that as my Chairman had to leave Bombay on urgent private business, the Association will be represented at the proposed Conference by Mr. L. F. H. Goodwin, Managing Director, Messrs. The Bombay Co., Ltd., Agents: The Lakshmi Cotton Manufacturing Co., Ltd., and the Vishnu Cotton Mill, Ltd.

Copy of letter No. W391, dated 4th March 1942, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

As you are aware, the Government of India have decided to set up certain committees to survey the problems that are likely to arise at the end of the war and to prepare such plans as may be considered suitable. The main question of post-war reconstruction will thus be considered by the Government of India. It seems, however, advisable, in the opinion of the Government of Bombay, to consider the short-term post-war problems likely to arise in this Province on account of the change-over from a war-time to a peace-time industrial economy and the measures to be taken to tide over the possible dislocation of industry and labour. Government would, therefore, be glad to have the views of your Association on the desirability of considering this matter at this stage and also any suggestions which your Association may like to make in this connection.

Copy of letter No. 1426/204, dated 7th April 1942, 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. W391, dated 4th March 1942. In the opinion of the Government of Bombay, the letter states, it seems advisable to consider the short-term post-war problems likely to arise in this Province on account of the change-over from a war-time to a peace-time industrial economy and the measures to be taken to tide over the possible dislocation of industry and labour, and my Committee have been invited to express an opinion on the desirability of considering the matter at this stage and to make suggestions, if any. The matter has received the careful consideration of my Committee, and without endeavouring to under-rate the importance of having a planned scheme of post-war rehabilitation, they feel that Government's energies should for the time being be solely directed to the all-important object of seeing the war through. There is no indication at present as to the nature and extent of reconstruction which would be necessary after the war, or the extent to which the country's finances would be strained during the war, but these are matters which may be gone into when the end of the war is in sight.

APPENDIX 51.

DRINKING WATER FACILITIES FOR OPERATIVES.

Copy of letter No. A/807, dated 14th August 1941, from the Hydraulic Engineer, Bombay Municipality, to the Association.

I have the honour to state that a complaint has been made to the Municipal Commissioner by the Secretary, Bombay Girni Kamgar Union (Red Flag), about the unsatisfactory arrangements for drinking water for the workers in the textile mills in the city.

On an independent investigation by this Department, it has been observed that the existing arrangements for drinking water in most of the mills are not adequate to meet the minimum needs of the employees.

With a view to improving the prevailing conditions it has been decided to fix a quota of one tap for every 75 employees and to call upon the managements to provide additional taps where the existing number of taps is found to be inadequate.

I shall, therefore, be glad if your Association could impress upon the mill authorities the necessity of providing adequate facilities for drinking water for workmen.

Copy of letter No. 3649/78A, dated 19th August 1941, from the Association to the Hydraulic Engineer, Bombay Municipality.

I am writing to acknowledge the receipt of your letter No. A/807, dated the 14th instant, and to express surprise that you should have taken cognisance of a complaint made by an organisation which is neither recognised by Government nor by the millowners. At any rate, I feel that it would have been fairer to the Association if you had drawn our attention to the complaint made by the Bombay Girni Kamgar Union before carrying out an independent investigation. However, I shall feel obliged if you will kindly let me know the results of your independent investigation in respect of each member mill, so that we could take steps to approach these mills and ascertain whether they have received any complaints from their workmen about lack of facilities for drinking water. I may mention here that there is an officer appointed by the Government of Bombay, viz., the Government Labour Officer, to whom workmen have been in the habit of making complaints in regard to any defects and difficulties in working conditions, etc., since the year 1934. The Chairman of the Association holds periodical conferences with the Government Labour Officer, and up to now, the Government Labour Officer has never referred to any complaint of inconvenience to the workmen by reason of inadequate number of drinking water taps.

With reference to the third paragraph of your letter, I shall feel obliged if you will kindly let me know under what provision of the Municipal Act you are calling upon mill managements to provide one water tap for every 75 employees.

In conclusion, I may point out that the members of my Association have always been alive to the necessity of providing an adequate supply of drinking water to their workers, but our experience has been that, especially during the summer months, the managements of mills have complained to us about shortage of water for drinking and industrial purposes owing to the inadequate pressure in the municipal mains supplying water to certain mills.

Note:—A copy of this letter was forwarded to the Municipal Commissioner for information.

Copy of letter No. B/807, dated 15th December 1941, from the Hydraulic Engineer, Bombay Municipality, to the Association.

With reference to your letter No. 3649/78A of 19th August 1941, addressed to this office and a copy thereof forwarded by you to the Municipal Commissioner for his information, I have to state by direction of the Municipal Commissioner that when a complaint is made to the Municipality by an organised association regarding inadequacy of water supply the same cannot be ignored and if after investigation under section 271 (1) of the Municipal Act it is found that the water-supply is inadequate for requirement of the persons employed there a request has to be made to the owners of the premises to improve the water-supply.

Accordingly on receipt of a complaint from the Girni Kamgar Union an investigation was made and it was found that the arrangements for the supply of water in most of the mills were not adequate. For instance, at the following mills the state of affairs was found to be as under :—

Name of the mill.	No. of shifts.	No. of workers engaged in each shift.			No. of existing taps.	No. of additional taps required to be taken.
(1) Century Mills ..	2	5,400	2,690	..	29	43
(2) David Mills	2	2,500	1,400	..	10	23
(3) Gold Mohur Mills ..	3	1,800	1,350	150	9	15
(4) Jacob Sassoon Mills ..	3	3,400	1,900	350	12	23

The above facts indicate that on an average one tap serves about 200 persons and as this standard is obviously inadequate, it is decided to have the number of taps increased on the basis of 1 tap for 75 persons. It is hoped that you will now take steps to improve the facilities for the supply of drinking water for the workmen.

I am not in a position to say why no complaint has been made by the workers to the Labour Officer appointed by Government.

Copy of letter No. 321/78A, dated 21st January 1942, from the Association to the Hydraulic Engineer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. B/807, dated the 15th December 1941, and to say that it has been placed before my Committee for consideration.

I am in this connection desired to draw your attention to the second paragraph of Mr. Maloney's letter No. 3649/78A, dated the 19th August 1941, and to request that the Association may kindly be informed under what provision of the Municipal Act the Association is being asked to advise mill managements to provide one water tap for every 75 employees. The Association would also like to be informed how the standard referred to by you was evolved.

I shall greatly appreciate it if you will kindly send me an early reply to this reference.

Copy of letter No. 628/66, dated 11th February 1942, from the Association to the Hydraulic Engineer, Bombay Municipality.

I am directed to invite your attention to my letters, dated the 19th August 1941, 21st January and 5th February 1942,* requesting you to inform the Association under what provisions of the Municipal Act, the requisitions referred to by you have been issued. It would seem that a number of mills in Bombay have been served with such requisitions, and the Association's advice has been sought by the mills concerned, but before taking any action in this matter, the information already asked for is required and I would greatly appreciate it if you could let me have an early reply to the communications referred to above.

Copy of letter No. B/807, dated 20th March 1942, from the Hydraulic Engineer, Bombay Municipality, to the Association.

With reference to your letter No. 321/78A, dated 21-1-1942, and reminders, dated 5-2-1942 and 11-2-1942, I have to state that as already pointed out in my letter dated 15-12-1941, section 271 (2) of the Municipal Act empowers the Commissioner to require the owner of a premises to provide water-supply adequate to the requirements of the persons employed thereat, if in his opinion the existing arrangements are inadequate.

The demand for water in a mill is maximum at lunch time when most of the employees (even excluding those who go out of the mill for their food) rush to the taps and, therefore, the standard of one tap for every 75 persons is fair and reasonable.

Copy of circular No. 66, dated 24th July 1942, from the Association to all mills situated within the Municipal Limits of Bombay.

The Committee of the Association had under consideration certain requisitions placed upon individual mills by the Hydraulic Engineer of the Bombay Municipality requiring the installation of additional water taps for the convenience of the operatives employed within the mill premises. Counsel's opinion was taken and the Committee authorised the Chairman and Deputy Chairman to discuss the matter in all its aspects with the Municipal Commissioner; as a result of these discussions, the Commissioner was good enough to state that the Municipality will not press the requisitions. The Commissioner, however, suggested that a circular letter might be addressed to all members of the Association strongly recommending individual mill managements to go into the question of adequacy of water taps within the mill premises and to set matters right if in any case it was found that the existing facilities were inadequate. The Chairman and Deputy Chairman agreed to do so, and I am, therefore, writing to suggest that a senior officer of the company be deputed to examine the facilities for drinking water at present available in your mill premises to the operatives employed therein. If such examination revealed the need for additional taps, the position should be set right immediately.

I am to request that action taken by you in response to this circular may please be reported to the Association for purposes of record.

APPENDIX 52.

PRODUCTION OF CALENDERED GOODS.

Copy of letter No. SY/CX2/1512/176, dated 27th December 1941, from the Assistant Director General, Cotton Textiles, Bombay, to the Association.

The attention of the Directorate has recently been drawn to the problems arising out of the renovation of calendering bowls. As you must be aware, shipping space is extremely scarce, and priority for the export of calender bowls or the re-export of reconditioned calender bowls from the U. K. might be extremely difficult to obtain. It has been suggested that the magnitude of the problem could be reduced if the production of calendered goods both for the civilian trade and for war supplies could be brought down to a minimum. As far as war supplies are concerned, the necessity for calendering of certain types of cloths is at present under consideration, but we should like to have the benefit of your Association's views both in regard to war supplies and the civilian trade. The underlying idea is to ascertain the extent to which demands for priorities could be reduced by reducing the extent of calendering in mills and thus extending the average life of calender bowls. The Directorate would appreciate an early reply.

Copy of letter No. 100/116A, dated 8th January 1942, from the Association to the Assistant Director General (Cotton Textiles), Bombay.

I am directed to acknowledge the receipt of your letter No. SY/CX2/1512/176, dated the 27th December 1941, in which you request my Committee to express an opinion on the question of reducing the production of calendered goods both for the civilian trade and for war supplies. The underlying idea, you point out, is to ascertain the extent to which demands for priorities could be reduced by reducing the extent of calendering in mills and thus extending the average life of calendering bowls. In reply, I am to say that my Committee are in agreement with the proposal that the production of calendered goods against war supplies and for civilian trade should be reduced to the minimum. My Committee, however, feel that as 20 per cent. of individual mills' output is required by the Department of Supply, it would be helpful if such supplies and also supplies of "standard cloth" under the Standard Cloth Scheme which the Department of Commerce are reported to have under consideration, were taken uncalendered.

APPENDIX 53.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1943), showing the rates of Customs duties, including the additional duties levied under the Indian Finance Act, 1942, 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.(4)/42, dated the 12th December, 1942, for the purpose of assessment of Customs duties with effect from the 1st January 1943, (2) the rates of duty leviable on articles the produce or manufacture of Burma under the Government of India, Finance Department (Central Revenues), Notification No. 39-Customs, dated the 7th June, 1941, as subsequently amended, (3) the rates of Excise duties leviable on articles produced or manufactured in British India, and (4) the rates of Cesses leviable on certain articles on export or otherwise and the Tariff values fixed for certain articles under the Government of India, Department of Education, Health and Lands, Notification No. F. 34/42-A, dated the 11th June, 1942, for the purpose of assessment of the Agricultural Produce Cess with effect from the 1st July, 1942.

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.—The tariff value specified in the second column of the First Schedule shall, unless otherwise expressly provided, apply whether the article is assessed to duty under the item specified in the corresponding entry in the first column or under any other item.

Note 3.—The description of tariff-valued articles in the second column follows the ordinary trade description and covers all reduced grades and mixtures unless they are specially provided for.

Note 4.—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 5.—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 6.—The expression “Far East” covers China, including Hongkong and Macao, Japan and the Japanese Empire, the Straits Settlements, Malaya, Thailand, French Indo-China, the Netherlands East Indies, Sarawak, British North Borneo, the Philippines, Burma and 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.	Burma.	
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 ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
3	FISH, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 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> plus one-fifth of the total duty.	.....	.....	Free ..	.....
	<i>Tariff values—</i>	Per Indian maund.					
	(i) Soormai	Rs. a. p.					
	(ii) Bangdas	8 4 0					
	(iii) All other sorts	3 4 0					
		7 8 0					
3(2)	FISH, salted, dry	Revenue ..	18 per cent. <i>ad valorem</i>.	.....	.....	Free ..	.....
3(3)	FISH, unsalted, dry	Preferential revenue.	36 per cent. <i>ad valorem</i>.	.....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	.....
	<i>Tariff value—</i>	Per cwt.					
	Bomlas	Rs. a. p.					
		4 8 0					

* The rate on the 1st January, 1943, and until further notice is annas 9½ per maund of 82-2/7 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.	Burma.	
SECTION I—<i>concl.</i>							
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM—<i>concl.</i>							
3(4)	FISHMAWS, including singly and scalle and sharkfins. <i>Tariff values—</i> Sharkfins, loose or in bundles from Arabian and Persian Gulf Ports.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
4	BUTTER, CHEESE AND GHEE <i>Tariff values—</i> Butter Ghee	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
4(1)	MILK,* condensed or preserved, including milk cream.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
5	CORAL, unprepared	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
5(1)	COWRIES AND SHELLS <i>Tariff values—</i> Chanks— Sound, live Sound, dead Other sorts Cowries, basar, common Cowries, yellow, superior quality Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities Cowries, Maldives Cowries, Sankhli Mother-of-pearl, nacre Nakhla Tortoise-shell Tortoise-shell, nakh	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
5(2)	Ivory, unmanufactured <i>Tariff values—</i> Elephants' grinders 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 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 lbs. Elephants' tusks each less than 10 lbs. (other than hollows, centres, and points) Sea-cow or moye teeth, each not less than 4 lbs. Sea-cow or moye teeth, each not less than 3 lbs. and under 4 lbs. Sea-cow or moye teeth, each less than 3 lbs.	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
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. <i>Tariff value—</i> Potatoes	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	Potatoes and Onions— 5 per cent. <i>ad valorem</i> ; all others 12 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, 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.

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.	Burma.	
SECTION II—<i>contd.</i>							
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>							
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.*	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Almonds—	Per cwt. Rs. & p.					
	(i) Without shell	136 0 0					
	(ii) In the shell—						
	(a) Iranian Kagazi	75 0 0					
	(b) Iranian other than Kagazi.	30 0 0					
	Cashew or cajoo kernels, not skinned.	35 0 0					
		Per thousand.					
	Coconuts, Ceylon	50 0 0					
	Coconuts, other except Maldives.	30 0 0					
	Dates, dry, excluding seedless—	Per cwt.					
	Shekra or Shakeria, Sakina and Brami.	10 8 0					
	Kapkapa, Chharra, Chupchap, Sarki, Sori, Omani and Bhatni.	8 0 0					
	All other qualities	5 8 0					
	Dates, wet, in bags, baskets and bundles.	4 8 0					
	Dates, wet, packed in other receptacles.	10 0 0					
	Figs, dried, Iranian	27 0 0					
	Pistachio nuts	140 0 0					
	Raisins, red, Persian Gulf ..	21 0 0					
8(1)	CURRENTS	Revenue ..	Rs. 1-8 per cwt. ..	....	....	Free ..	....
9	COFFEE, not otherwise specified ..	Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound plus one-fifth of the total duty.	....	30 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....
9(1)	COFFEE, canned or bottled	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
9(2)	TEA†	Preferential revenue.	Six annas per pound ..	....	Three and three-fifths annas per pound.	Two and two-fifths annas per pound.	....
9(3)	THE FOLLOWING SPICES, whether ground or unground, namely:—						
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.	Preferential revenue.	54 per cent. <i>ad valorem</i>.	....	45 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt. Rs. & p.					
	Spices, unground—						
	Cardamom seed	97 0 0					
	Cloves	60 0 0					
	Cloves, exhausted	25 0 0					
	Cloves stems and heads	22 0 0					
9(4)	THE FOLLOWING UNGROUND SPICES, namely:—						
	Chillies, ginger and mace	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	27 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
9(5)	BETELNUTS	Preferential revenue.	54 per cent. <i>ad valorem</i>.	....	45 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt. Rs. & p.					
	Betelnuts (husked)—						
	Whole from Goa	27 0 0					
	Whole from Ceylon	29 0 0					
	Split from Ceylon—						
	(a) Mature	16 0 0					
	(b) Immature	30 0 0					
	Sliced all sorts	29 0 0					
	All other sorts	30 0 0					
9(6)	VANILLA BEANS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free .. ..	....	....	....	....
10(1)	WHEAT‡	Protective ..	Rs. 1-12-4/5 per cwt. ..	....	....	Free ..	March 31st, 1944.
11	FLOUR, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
11(1)	WHEAT FLOUR	Protective ..	Rs. 1-12-4/5 per cwt. ..	....	....	Free ..	March 31st, 1944.
11(2)	SAGO FLOUR .. ..	....	Free .. ..	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashewnuts 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, Black Brick tea, the produce of China, when imported at Calcutta from a port in Burma is exempt from payment of import duty.

‡ Under Government of India, Commerce Department, Notification No. 156-T (3)/41, dated the 6th December, 1941, wheat 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.	Burma.	
SECTION II—<i>concid.</i>							
PRODUCTS OF THE VEGETABLE KINGDOM—<i>concid.</i>							
11(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
11(4)	STARCH AND FARINA	Revenue ..	18 per cent. <i>ad valorem.</i>	....	....	Free ..	....
12	SEEDS, all sorts, not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
12(1)	OLSEEDS imported into British India by sea from the territories of any Prince or Chief in India.	....	Free .. .. .	....	....	....	....
12(2)	OLSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel.	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>						
	Poppy seeds	Per cwt. Rs. s. p. 13 8 0					
12(3)	RUBBER SEEDS .. .. .	....	Free .. .. .	....	....	....	....
12(4)	HOPS .. .. .	....	Free .. .. .	....	....	....	....
12(5)	FODDER, BRAN AND POLLARDS	Revenue ..	8 per cent. <i>ad valorem.</i>	....	....	Free ..	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	Free ..	....
	<i>Tariff values—</i>						
	Cochineal	Per lb. Rs. s. p. 1 12 0					
	Gallnuts	Per cwt. 43 0 0					
13(1)	BARKS FOR TANNING	Revenue ..	8-3/5 per cent. <i>ad valorem.</i>	....	....	Free ..	....
13(2)	CUTCH AND GAMBIR, all sorts	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	5 per cent. <i>ad valorem.</i>	....
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	Free ..	....
	<i>Tariff values—</i>						
	Gum olibanum or frankincense.	Per cwt. Rs. s. p. 18 4 0					
	Gum Iranian (false)	10 12 0					
	Myrrh, excluding cleaned and sifted Myrrh.	70 0 0					
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin.	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	Free ..	....
	<i>Tariff values—</i>						
	Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted.	Per cwt. Rs. s. p. 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 plus one-fifth of the total duty.	....	....	Free ..	....
13(7)	CINCHONA BARK .. .. .	....	Free .. .. .	....	....	....	....
14	CANES AND RATTANS	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
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 ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>						
	Lubricating grease	Per lb. Rs. s. p. 0 7 0					
	Petroleum jelly, white	0 7 3					
	Petroleum jelly, all other sorts.	0 8 9					
15(1)	LARD, not canned or bottled	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
15(2)	BEEWAX	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
15(3)	TALLOW .. .. .	....	Free .. .. .	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 57, Customs, dated the 15th November, 1941, wattle extract for tanning is liable to import duty at 12 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.	Burma.	
SECTION III—<i>concl.</i>							
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN— <i>concl.</i>							
15(4)	FISH OIL, including whale oil, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 12 per cwt. ..	....	....	Free ..	....
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified.	Preferential revenue.	42 per cent. <i>ad valorem.</i>	....	30 per cent. <i>ad valorem.</i>	18 per cent. <i>ad valorem.</i>	....
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	42 per cent. <i>ad valorem.</i>	....	30 per cent. <i>ad valorem.</i>	18 per cent. <i>ad valorem.</i>	....
	<i>Tariff value—</i>	Per Imperial gallon.					
		Rs. a. p.					
	Linseed oil, raw or boiled ..	4 0 0					
15(8)	ALL SORTS OF ANIMAL OILS, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
SECTION IV.							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS TOBACCO.							
16	CANNED OR BOTTLED BACON, HAM AND LARD.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
16(1)	FISH, canned	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
16(2)	ISINGLASS, canned or bottled	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 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. 6-12 per cwt. plus one-fifth of the total duty.	....	....	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.†	March 31st, 1944.
17(1)	MOLASSES	Revenue ..	37½ per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
17(2)	CONFECTIONERY	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
17(3)	SUGAR-CANDY	Revenue ..	Rs. 12-9-3/5 per cwt. ....	....	....	Free ..	....
18	COCOA AND CHOCOLATE, other than confectionery.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff value—</i>	Per lb.					
		Rs. a. p.					
	Vegetable product (excluding hardened coconut oil).	0 12 0					
20(1)	FRUIT JUICES	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
20(2)	FRUITS AND VEGETABLES, canned or bottled..	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff value—</i>	Per cwt.					
		Rs. a. p.					
	Cocum	7 8 0					
	Vegetable product (excluding hardened coconut oil), not canned or bottled.	0 6 0					
21(2)	ALL SORTS OF FOOD not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	2 per cent. <i>ad valorem.</i>	....
22	ALL SORTS OF DRINK not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 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 30 per cent. *ad valorem.*

† The rate of excise duty on the 1st January, 1943, and until further notice, on sugar, other than *khandsari* or palmyra sugar, produced in any factory in British India and either issued out of, or used within, such factory is Rs. 3 per cwt. 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.	Burma.	
	SECTION IV—<i>contd.</i>						
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>contd.</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	Re. 1-3 per Imperial gallon.	....	....	The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	....
	(b) In bottles containing less than 27 ozs. but not less than 20 ozs.	Revenue	Three annas per bottle	....	....		....
	(c) In bottles containing less than 13½ ozs. but not less than 10 ozs.	Revenue	One anna and six pies per bottle.	....	....		....
	(d) In bottles containing less than 6½ ozs. but not less than 5 ozs.	Revenue	Nine pies per bottle ..	....	....		....
	(e) In other containers †	Revenue	Re. 1-8 per Imperial gallon.	....	....		....
22(3)	WINES, not containing more than 42 per cent. of proof spirit—						
	(a) Champagne and other sparkling wines.	Revenue	Rs. 15-12 per Imperial gallon.	....	....	The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	....
	(b) Other sorts	Revenue	Rs. 9 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. 45 per Imperial gallon of the strength of London proof.	....	....	The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	....
	(b) Liqueurs, cordials, 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. 60 per Imperial gallon.	....	....		....
	(ii) not so entered	Revenue	Rs. 45 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 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(5)	SPIRITS—						
	(a) Bitters—						
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 60 per Imperial gallon.	....	Rs. 54 per Imperial gallon.	The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	....
	(ii) not so entered	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	....	Rs. 40-8 per Imperial gallon of the strength of London proof.		....
	(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. 48 per Imperial gallon.	Rs. 43-8½ per Imperial gallon.	Rs. 43-8½ per Imperial gallon.	....	....
	(ii) not so entered	Preferential revenue.	Rs. 34-12½ per Imperial gallon of the strength of London proof.	Rs. 31-3½ per Imperial gallon of the strength of London proof.	Rs. 31-3½ 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 plus one-fifth of the total duty.	....	....	....	....

* 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.	Burma.	
SECTION IV—<i>concl.</i>							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>concl.</i>							
	(d) RUM	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	....	Rs. 40-8 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 24 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 36 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	Revenue ..	11½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
22(7)	VINHOAR IN CASES	Revenue ..	8 per cent. <i>ad valorem</i>.	....	....	Free ..	....
23	OILCAKES	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
24	TOBACCO, manufactured, not otherwise specified.	Revenue ..	Rs. 4-8 per lb. ..	....	....	....	....
24(1)	CIGARS	Revenue ..	185 per cent. <i>ad valorem</i>.	....	....	10 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 plus one-fifth of the total duty.	....	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-14½ per lb. ..	....	Rs. 3-4½ per lb.	12 per cent. <i>ad valorem</i>.	....
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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
25(5)	PORTLAND CEMENT excluding white Portland cement.	Revenue ..	Rs. 16-8 per ton. ..	....	....	12 per cent. <i>ad valorem</i>.	....
25(6)	STONE prepared as for road metalling .. .. .	....	Free .. .. .	....	....	....	....
25(7)	MARBLE AND STONE not otherwise specified;..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	Twelve annas per ton..	....	....	Free ..	....
27(1)	ASPHALT	Preferential revenue.	30 per cent. <i>ad valorem</i>	....	18 per cent. <i>ad valorem</i> .	6 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. 2-8½ per lb. (standard) and Re. 1-12½ per lb. (preferential).

† The rate of excise duty on the 1st January, 1948, and until further notice is Re. 1-9-0 per maund of 82-2/7 lbs. avoirdupois.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone 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 rates of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION V—<i>concl.</i>							
MINERAL PRODUCTS—<i>concl.</i>							
27(2)	PITCH AND TAR	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i> Coal pitch	Per cwt. Rs. a. p. 8 8 0					
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i> Mineral Colza oil 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.	Per Imperial gallon. Rs. a. p. 1 10 0 2 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 ..	Four annas and six 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 ..	Four annas and six 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; (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 .. Revenue ..	Rs. 18-12 per ton .. 15 per cent. <i>ad valorem</i>.	.... ....	.... ....	Free....	........
	<i>Tariff value—</i> 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.	Per ton. Rs. a. p. 50 0 0					
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 six pies per Imperial gallon.	....	....	Free	....
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.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i> Alkali, Indian (sajji-khar) Ammonium carbonate or bicarbonate. Ammonium chloride— Muriate of ammonia, crystalline. Salammoniac, sublimed Other sorts, including compressed. Calcium chloride Carbonic acid gas including compressed or liquefied gas. Chlorine	Per cwt. Rs. a. p. 4 8 0 32 8 0 22 8 0 55 0 0 30 0 0 10 0 0 Per lb. 0 4 3 0 8 0					

* The rate of excise duty on the 1st January, 1943, and until further notice, on all kerosene produced in a manufactory in British India is the rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1924, read with any other enactment for the time being in force.

† The rate of excise duty on the 1st January, 1943, and until further notice, on all motor spirit produced in a manufactory in British India is 15 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.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 32 dated the 16th May, 1942, Ipocacuanha root, ergot of rye and cascara sagrada are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item o.	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.	Burma.	
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>							
	Per cwt.						
	Copper sulphate		30 0 0				
	Soda, caustic, flake, petal or powder.		15 0 0				
	Soda, caustic, solid		14 0 0				
	Sodium hydrosulphite		105 0 0				
	Sodium sulphide		25 0 0				
	Sodium thiosulphate (Hypo) .. .		19 0 0				
	<i>N.B.</i> —The tariff values apply to articles packed in containers of not less than 14 lbs.						
28(1)	BLEACHING PASTE AND BLEACHING POWDER..		Free .. .. .	....	....	....	....
28(2)	COFFERAS, green (ferrous sulphate)	Revenue	3 per cent. <i>ad valorem</i>..	....	....	Free ..	....
28(5)	SULPHUR		Free .. .. .	....	....	....	....
28(4)	SODA ASH, including calcined natural soda and manufactured sesqui-carbonates.	Preferential rev- enue.	30 per cent. <i>ad valorem</i>.	....	18 per cent. <i>ad valorem</i> .	6 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt.					
		Rs. a. p.					
	Soda ash in bags including calci- ned natural soda and manufac- tured sesqui-carbonates.	6 4 0					
	<i>N.B.</i> —The tariff value 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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	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 Rs. 1-6 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
	(b) Magnesium sulphate or hydrated mag- nesium sulphate.	Revenue	25 per cent. <i>ad valorem</i> or Rs. 1-4 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 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, naphtha- lene, potassium bichromate, potassium chlor- ate, 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, asafoetida, cucaine, sarsaparilla and storax.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per lb.					
		Rs. a. p.					
	Acetic acid	0 11 0					
	Ammonia gas, anhydrous, including compressed or liquefied gas.	1 2 0					
	Per cwt.						
	Borax, granular, powdered or crystalline.	28 8 0					
	Boric acid	38 0 0					
	Sodium bicarbonate	8 0 0					
	Sodium silicate (in liquid form).	9 8 0					
	Asafoetida, coarse (hingra) .. .	55 0 0					
	<i>N.B.</i> —The tariff values 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. 7-8 per lb. ..	....	....	Free ..	....
28(10)	SACCHARINE TABLETS	Revenue	16½ per cent. <i>ad valorem</i> or Rs. 6-4 per pound of saccharine contents, whichever is higher plus one-fifth of the total duty.	....	....	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.	Burma.	
	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>						
28(11)	ALKALOIDS OF OPIUM AND THEIR DERIVATIVES	Revenue ..	Rs. 30 per seer of 80 tolas or 16½ per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
29	CINEMATOGRAPH FILMS, not exposed	Revenue ..	24 per cent. <i>ad valorem</i>.	....	....	6 per cent. <i>ad valorem</i>.	....
29(1)	CINEMATOGRAPH FILMS, exposed	Revenue ..	45 per cent. <i>ad valorem</i>.	....	....	24 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.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.					
	Cuttle fish bone	8 0 0					
30(1)	DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process.	Revenue ..	12 per cent. <i>ad valorem</i>.	....	....	Free ..	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.					
	Alizarine, moist—						
	(a) not exceeding 16 per cent.	185 0 0					
	(b) Over 16 per cent. not exceeding 20 per cent.	185 0 0					
	(c) exceeding 20 per cent...	340 0 0					
	Alizarine, dry—	Per lb.					
	(a) not exceeding 40 per cent.	5 4 0					
	(b) exceeding 40 per cent...	9 8 0					
	Congo red	2 0 0					
	Coupling dyes of the naphthol group—						
	(a) Naphthols	9 0 0					
	(b) Rapid fast colours (rapid salts).	14 0 0					
	(c) Bases	10 0 0					
	(d) Other salts	6 0 0					
	Vats—						
	(a) Indigo	2 10 0					
	(b) Carbazole blue	8 0 0					
	(c) Other sorts—						
	(i) Paste	8 0 0					
	(ii) Powder	33 0 0					
	Sulphur black	1 10 0					
	Metanil yellow	2 4 0					
	Aniline oil	1 4 0					
	Aniline salts	1 4 0					
	All others	3 4 0					
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					12 per cent. <i>ad valorem</i>.	....
	(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 plus one-fifth of the total duty.	24 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 plus one-fifth of the total duty.	24 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 plus one-fifth of the total duty.	24 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.	Burma.	
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>							
	(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 plus one-fifth of the total duty.	24 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 plus one-fifth of the total duty.	24 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 plus one-fifth of the total duty.	24 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 plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	.....	.....	.....
30(8)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					12 per cent. <i>ad valorem</i>.	.....
	(a) Red lead, reduced dry	Revenue	25 per cent. <i>ad valorem</i> . or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty.	.....	.....	.....	.....
	(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 plus one-fifth of the total duty.	.....	.....	.....	.....
	(c) Zinc white, genuine moist	Revenue	25 per cent. <i>ad valorem</i> . or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty.	.....	.....	.....	.....
	(d) Zinc white, reduced dry or moist ..	Revenue	25 per cent. <i>ad valorem</i> . or Rs. 4-4 per cwt., whichever is higher plus one-fifth of the total duty.	.....	.....	.....	.....
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	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	36 per cent. <i>ad valorem</i>.	.....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	.....
30(6)	PRINTERS' INK	Revenue	12 per cent. <i>ad valorem</i>.	.....	.....	Free .. ..	.....
30(7)	LEAD PENCILS	Revenue	25 per cent. <i>ad valorem</i> . or one anna per dozen, whichever is higher plus one-fifth of the total duty.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
30(8)	SLATE PENCILS	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf:	Preferential revenue.	36 per cent. <i>ad valorem</i>.	.....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	.....
	<i>Tariff value—</i> Per lb. Rs. s. p.						
	Citronella oil, natural, from the Far East.					3 0 0	
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, otto rose and peppermint.	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
31(3)	ESSENTIAL OILS, synthetic	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
31(4)	CAMPHOR	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
31(5)	PERFUMERY, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
	<i>Tariff values—</i> Per cwt. Rs. s. p.						
	Rose-flowers, dried					20 0 0	
32	SOAP, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>.	.....	.....	12 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 plus one-fifth of the total duty.	.....	.....	12 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.	Burma.	
SECTION VI—contd.							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—contd.							
32(2)	SOAP, household and laundry— (a) in plain bars of not less than one pound in weight. (b) other sorts	Revenue ..	Rs. 4-12½ per cwt. ..	....	....	Re. 1-12½ per cwt. .....	....
32(3)	POLISHES AND COMPOSITIONS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
32(4)	CANDLES	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
33	GLUE, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
33(1)	GLUE, clarified, liquid	Revenue ..	12 per cent. <i>ad valorem</i>.	....	....	Free	....
34	GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
34(2)	FIREWORKS, specially prepared as danger or distress lights for the use of ships.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
34(3)	FIREWORKS, not otherwise specified†	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 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. (2) In boxes or booklets containing on an average more than 40 but not more than 60 matches. (3) In boxes or booklets containing on an average more than 60 but not more than 80 matches. (4) All other matches (b) Undipped splints such as are ordinarily used for match-making. (c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
		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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
		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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
		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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
		Protective ..	Six annas and nine pias per lb.	....	....	12 per cent. <i>ad valorem</i>.	....
		Protective ..	Nine annas per lb.	....	....	12 per cent. <i>ad valorem</i>.	....
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, carbolime, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free .. .. .	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently 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 30 per cent. *ad valorem*.

‡ The rate of excise duty on the 1st January, 1943, and until further notice is Rs. 2 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 10 annas per gross of boxes.

§ The rate of excise duty on the 1st January, 1943, and until further notice is Rs. 3 per gross of boxes or booklets. But under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, matches in boxes or booklets containing on an average more than 40 but not more than 50 matches are liable to duty at the rate equivalent to the excise duty leviable on such matches plus 12 annas and 6 pias per gross of boxes or booklets. The rate of excise duty on such matches on the 1st January, 1943, and until further notice is Rs. 2-8 per gross of boxes or booklets.

¶ The rate of excise duty on the 1st January, 1943, and until further notice is Rs. 4 per gross of boxes or booklets.

§§ The rate of excise duty on the 1st January, 1943, and until further notice is 8 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.	Burma.	
SECTION VII.							
HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS.							
36	HIDES AND SKINS not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
38	FUR SKINS, dressed	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
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 ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
40(1)	FIREWOOD	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS thereof	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
41	CORK MANUFACTURES not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st 1944.
44	WRITING PAPER—					12 per cent. <i>ad valorem</i> .	
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) All other sorts	Protective ..	Ten and four-fifths pies per lb.	....	....	....	March 31st, 1944.
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 ..	Ten and four-fifths pies per lb.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
44(4)	PASTEBOARD, MILLBOARD, CARDBOARD AND STRAWBOARD, all sorts.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenue), Notification No. 36, dated the 27th June, 1942, rubber scrap including unserviceable rubber tyres is exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenue), 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—Rs. 1-12½ per cwt., (ii) newsprint in reels, other sorts—Rs. 2-1½ per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2-6½ 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.	Burma.	
SECTION X—<i>concl'd.</i>							
PAPER AND ITS APPLICATIONS—<i>concl'd.</i>							
45	ARTICLES MADE OF PAPER AND PAPIER 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 ..	30 per cent. <i>ad valorem.</i>	....	....	12 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, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboard.†	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
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. plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem.</i>	March 31st, 1944.
46(1)	SILK WASTE AND NOILS	Protective ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	March 31st, 1944.
46(2)	WOOL, RAW, AND WOOLTOPS .. .. .	....	Free .. .. .	....	....	....	....
46(3)	COTTON, RAW‡	Revenue ..	One anna per lb. ..	....	....	Free ..	....
46(4)	TEXTILE MATERIALS, the following:— Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.	Revenue ..	Raw hemp—22½ per cent. <i>ad valorem</i> ; all others—30 per cent. <i>ad valorem.</i>	....	....	Raw hemp—free; all others 12 per cent. <i>ad valorem.</i>	....
46(5)	SISAL AND ALOE FIBRE	Preferential revenue	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 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. plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem.</i>	March 31st, 1944.
47(1)	SILK SEWING THREAD	Protective ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	March 31st, 1944.
47(2)	ARTIFICIAL SILK YARN AND THREAD ..	Revenue ..	25 per cent. <i>ad valorem</i> or 5 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem.</i>	....
47(3)	WOOLLEN YARN, not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem</i>	....	....	12 per cent. <i>ad valorem.</i>	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
47(5)	COTTON THREAD, other than sewing or darning thread.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning threads:— (a) of counts above 50's— (i) of British manufacture (ii) not of British manufacture (b) of counts 50's and below— (i) of British manufacture (ii) not of British manufacture	Protective .. Protective .. Protective .. Protective ..	6 per cent. <i>ad valorem.</i> .. 7½ per cent. <i>ad valorem.</i> 5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher plus one-fifth of the total duty. 6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher plus one-fifth of the total duty.	.... .... .... ....	.... .... .... ....	.... .... .... ....	March 31st, 1944. March 31st, 1944. March 31st, 1944. March 31st, 1944.
47(7)	TWIST AND YARN OF FLAX OR JUTE	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 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 ..	7½ per cent. <i>ad valorem.</i>	....	....	Free ..	....

* 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.

‡ Under the Cotton Fund Ordinance, 1942 (Central Ordinance No. VIII of 1942), dated the 29th January, 1942, an additional duty of Customs at the rate of one anna per lb. is also leviable on raw cotton imported into any port in British India.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from so much of the duty as is in excess of 30 per cent. *ad valorem.*

§ 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 6 per cent. *ad valorem* when the thread is of British manufacture and at 7½ per cent. *ad valorem* when it is of non-British manufacture.

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.	Burma.	
SECTION XI—<i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>							
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					24 per cent. <i>ad valorem.</i>	
	(a) Pongee	Protective ..	50 per cent. <i>ad valorem</i> plus Re. 1 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) Fuji, Boseki and corded (excluding white cord).	Protective ..	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(c) Other sorts*	Protective ..	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					18 per cent. <i>ad valorem.</i>	
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) not of British manufacture†	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem.</i>	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					6 per cent. <i>ad valorem.</i>	
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) Printed piecegoods and printed fabrics—						
	(i) of British manufacture‡	Protective ..	21 per cent. <i>ad valorem.</i>	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	60 per cent. <i>ad valorem.</i>	....	....	....	March 31st, 1944.
	(c) Cotton piecegoods and fabrics, not otherwise specified—						
	(i) of British manufacture¶	Protective ..	18 per cent. <i>ad valorem.</i>	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	60 per cent. <i>ad valorem.</i>	....	....	....	March 31st, 1944.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					24 per cent. <i>ad valorem.</i>	
	(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. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.§§	Protective ..	60 per cent. <i>ad valorem.</i>	....	....	....	March 31st, 1944.

* 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. plus one-fifth of the total duty, and (2) Paj all sorts, are exempt from so much of the duty as is in excess of 90 per cent. *ad valorem*.

† Under Government of India, Commerce Department, Notification No. 341-T.(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent. *ad valorem* or 2½ annas per lb. whichever is higher plus one-fifth of the total duty.

§ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent. *ad valorem*.

¶ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 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 plus one-fifth of the total 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.	Burma.	
SECTION XI—<i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>							
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—					18 per cent. <i>ad valorem</i> .	
	(a) containing 50 per cent. or more cotton—	Protective	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(i) of British manufacture						
	(ii) not of British manufacture*	Protective	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) containing no cotton or containing less than 50 per cent. cotton—	Protective	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(i) of British manufacture						
	(ii) not of British manufacture†	Protective	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
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	30 per cent. <i>ad valorem</i>.	....	....	12 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—					18 per cent. <i>ad valorem</i> .	
	(a) of British manufacture	Protective	30 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(b) not of British manufacture	Protective	60 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
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	30 per cent. <i>ad valorem</i>.	....	....	12 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—					6 per cent. <i>ad valorem</i> .	
	(a) Printed fabrics—	Protective	21 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(i) of British manufacture‡						
	(ii) not of British manufacture	Protective	42 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(b) Other fabrics—	Protective	18 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(i) of British manufacture‡						
	(ii) not of British manufacture	Protective	42 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
48(10)	FABRICS containing gold or silver thread	Protective	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
48	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) :— Bed sheets. Bedspreads. 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.	Protective	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	The <i>ad valorem</i> rates of duty applicable to the Burmese 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.

* Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5½ annas per square yard, whichever is higher plus one-fifth of the total duty.

† Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent. *ad valorem*.

§ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item 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.	Burma.	
SECTION XI—<i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>							
49(1)	FRAYS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					24 per cent. <i>ad valorem</i> .	
	(a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 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.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	.....	.....	.....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	.....	.....	.....
49(2)	RIBBONS	Revenue ..	60 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 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.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	.....	18 per cent. <i>ad valorem</i>.	.....
49(5)	COTTON BRAIDS OR CORDS, the following, namely— Ghoensis and Muktakesis.	Protective ..	7½ annas per lb.	.....	.....	Free	March 31st, 1944.
50	JUTE MANUFACTURES not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 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 ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING for machinery.	Revenue ..	7½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
50(4)	ROPES, cotton .. .. .	.....	Free ..	.....	.....	.....	.....
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
50(7)	MATS AND MATTINGS, not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTING.	Preferential revenue.	36 per cent. <i>ad valorem</i>.	.....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	.....
	<i>Tariff value—</i>						
		Per cwt.					
		Ra. S. P.					
	Coir fibre	9 0 0					
	Coir yarn	15 0 0					
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	Revenue ..	60 per cent. <i>ad valorem</i>.	.....	.....	24 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 plus one-fifth of the total duty.	.....	.....	12 per cent. <i>ad valorem</i>.	.....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undersuits, knitted or woven, and cotton socks and stockings—					12 per cent. <i>ad valorem</i> .	
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher plus one-fifth of the total duty.	.....	.....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
52	APPAREL, HOSIERY, MASERDASHERY, MILLINERY AND DRAPEY, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 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 ..	30 per cent. <i>ad valorem</i>.	.....	.....	12 per cent. <i>ad valorem</i>.	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen 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.	Burma.	
SECTION XI—<i>concl.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>concl.</i>							
52(2)	UNIFORMS AND ACCOUTREMENTS APPERTAINING THERETO, 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
54(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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
56(1)	UMBRELLAS	Revenue ..	25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
57*	....	....	....	....	....	....	....
SECTION XIII.							
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.							
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
58(2)	PACKING—ENGINE AND BOILER—all sorts, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(1)	BUILDING AND ENGINEERING BRICKS ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(3)	EARTHENWARE PIPES AND SANITARY WARE..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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 plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenue), 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.	Burma.	
	SECTION XIII—<i>contd.</i>						
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE—<i>contd.</i>						
60(5)	DOMESTIC BARTHENWARE, 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 plus one-fifth of the total duty.				12 per cent. <i>ad valorem</i> .
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(d) Sugar-bowls	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(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 plus one-fifth of the total duty.				
	(ii) not over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty.				
60(6)	COVERED CRUCIBLES FOR GLASS-MAKING	Revenue	30 per cent. <i>ad valorem</i> .				12 per cent. <i>ad valorem</i> .
60	GLASS AND GLASSWARE, not otherwise specified, and lacquered ware.	Revenue	30 per cent. <i>ad valorem</i> .				Lacquered ware—free; all others 12 per cent. <i>ad valorem</i> .
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 pips per dozen, whichever is higher plus one-fifth of the total duty.				12 per cent. <i>ad valorem</i> .
	(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 plus one-fifth of the total duty.				
60(2)	ELECTRIC LIGHTING BULBS	Revenue	60 per cent. <i>ad valorem</i> .				24 per cent. <i>ad valorem</i> .
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue	60 per cent. <i>ad valorem</i> .				24 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.	Burma.	
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 .. .. .	.....	.....	.....	.....
61(1)	Precious stones, unset and imported cut*	Revenue	30 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 and seven and one-fifth pies 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	60 per cent. <i>ad valorem</i>.	.....	.....	24 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	75 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
61(6)	Gold plate, gold leaf and gold manufactures, all sorts not otherwise specified.	Revenue	60 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
61(7)	Gold or gold-plated pen nibs	Revenue	60 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
61(8)	Articles, other than cutlery and surgical instruments, plated with gold or silver.§	Revenue	60 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
61(9)	Cutlery, plated with gold or silver	Revenue	60 per cent. <i>ad valorem</i>.	.....	.....	24 per cent. <i>ad valorem</i>.	.....
61(10)	Jewellery and jewels¶	Revenue	60 per cent. <i>ad valorem</i>.	.....	.....	24 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 and seven and one-fifth pies per ounce.	.....	.....	.....	.....
62(2)	Gold coin	.....	Free .. .. .	.....	.....	.....	.....
SECTION XV.							
BASE METALS AND ARTICLES MADE THEREFROM.							
63	Iron or steel, old††	Revenue	18½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
	<i>Tariff value—</i>	Per cwt.					
	Iron or steel, old	Rs. a. p.					
		6 0 0					
63(1)	Iron alloys, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Revenue	18½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
63(2)	Iron or steel angle, channel, tee, flat, beam, zed, trough and piling—					Free	
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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. 48 per ton plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.

* 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 6 per cent. *ad valorem*.

† The rate of excise duty on the 1st January, 1943, and until further notice, on all silver produced in silver works in British India, is 3 annas and 7½ pies 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 60 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver or both and in which the proportion of gold or silver or both together 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.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, iron and steel, old, covered by this item when imported from Burma, are exempt from payment of import duty.

‡ The rate of excise duty on the 1st January, 1943, 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.	Burma.	
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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
63(3)	IRON OR STEEL BAR AND ROD—					Free ..	
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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. 30 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
63(4)	IRON, pig	Revenue ..	18½ per cent. <i>ad valorem</i>.	.....	.....	Free ..	.....
63(5)	IRON RICE BOWLS	Revenue ..	18½ per cent. <i>ad valorem</i>.	.....	.....	Free ..	.....
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—					Free ..	
	(i) of British manufacture†	Protective ..	12 per cent. <i>ad valorem</i>.	.....	.....	.....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	Rs. 60-0-0 per ton ..	.....	.....	.....	March 31st, 1944.
63(7)	CAST IRON PLATES	Revenue ..	18½ per cent. <i>ad valorem</i>.	.....	.....	Free ..	.....
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 plus one-fifth of the total duty.	.....	.....	Free ..	.....
63(9)	IRON OR STEEL BLOOMS, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡					Free ..	
63(6)	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)—					Free ..	
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					Free ..	
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.

* The rate of excise duty on the 1st January, 1943, 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, boots, 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. 60 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 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.	Burma.	
	SECTION XV—contd.						
	BASE METALS AND ARTICLES MADE THEREFROM—contd.						
	(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. 59 per ton plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
63(11)	IRON OR STEEL ANCHORS AND CABLES	Revenue	18½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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. 1-9-0 per cwt. plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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. 4-5-0 per cwt. plus one-fifth of the total duty.	.....	.....	Free	March 31st, 1944.
63(13)	IRON OR STEEL EXPANDED METAL	Revenue	18½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>	.....	Free	.....
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 plus one-fifth of the total duty.	.....	.....	Free	March 31st, 1944.
	(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. 1-14-0 per cwt. plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Revenue	18½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
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 plus one-fifth of the total duty.	.....	.....	Free	March 31st, 1944.
	(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. 35 per ton plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.

* The rate of excise duty on the 1st January, 1943, 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 hookbolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 44-11½ 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. 52-3½ 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.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
83(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified.	Revenue	16½ per cent. <i>ad valorem</i>.	.....	.....	Free	.....
83(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					Free	.....
	(a) not fabricated—						
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	coated with other metals	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 25 per ton plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 cent plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
83(20)	IRON OR STEEL SHEETS—					Free	.....
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	.....	.....	.....	March 31st, 1944.

* Under Government of India, Finance Department (Central Revenues), Notification No. 36, 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. 36-6½ per ton.

† The rate of excise duty on the 1st January, 1943, 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 that sub-item are exempt from so much of the duty as is in excess of Rs. 44-12½ 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. 54-6½ 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.	Burma.	
	SECTION XV—<i>contd.</i>						
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(b) fabricated—						
	(1) not galvanised—						
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(2) galvanised—						
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
68(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.

* Under Government of India, Finance Department (Central Revenues), Notification No. 35, 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. 49-3½ per ton.

† The rate of excise duty on the 1st January, 1943, 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. 60 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October, 1941, as amended subsequently, used iron or steel railway track material, covered by this item, when imported from Burma, 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.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	(a) 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 plus one-fifth of the total duty.	..	....	Free ..	March 31st, 1944.
	(b) for rails under 80 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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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. 49 per ton plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(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. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.

* The rate of excise duty on the 1st January, 1943, 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. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway track material, covered by this item, when imported from Burma, are exempt from payment of import duty.

‡ 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.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway or tramway track material covered by these items when imported from Burma, 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.	Burma.	
	SECTION XV—<i>contd.</i>						
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(#) 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. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS,† not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
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 ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....	Free ..	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					Free ..	
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(#) 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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
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—					Free ..	
	(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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(#) 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 plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	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 ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
	<i>Tariff values—</i>						
	Iron and Steel cans or drums—	Per can.					
	When imported containing kerosene and motor spirit, namely:—	Rs. a. p.					
	Cans, tinned, of four gallons capacity.	0 8 6					
	Cans or drums, not tinned, of two gallons capacity—	Per can or drum.					
	(a) with faucet caps ..	1 8 0					
	(b) ordinary	0 8 6					

* The rate of excise duty on the 1st January, 1943, 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. 80-C., dated the 4th October 1941, as amended subsequently used iron or steel railway or tramway track material, covered by these items, when imported from Burma, 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.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	Drums of four gallons capacity—	Per drum.					
	(a) with faneet caps ..	Rs. a. p. 2 4 0					
	(b) ordinary ..	1 3 0					
63(2)	ENAMELLED IRONWARE, the following, namely:—					Free	
	(a) Sign-boards ..	Revenue ..	25 per cent. <i>ad valorem</i> or four and a half annas per square foot, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thales, 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 plus one-fifth of the total duty.	....	....	....	....
	(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 plus one-fifth of the total duty.	....	....	....	....
64	COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	Free	....
64(1)	COPPER, scrap* ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
65	GERMAN SILVER including nickel silver* ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
66	ALUMINIUM—circles, sheets and other manufactures, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
67(1)	LEAD SHEETS FOR TEA CHESTS* ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
68	ZINC OR SPALTER, wrought or manufactured, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
68(1)	ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and scales; and broken zinc.*	....	Free ..	....	....	....	....
69	TIN, BLOCK* ..	Revenue ..	Rs. 375 per ton	....	....	Free	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, AND MANUFACTURES THEREOF, not otherwise specified.*†	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October, 1941, waste and scrap of base metals when imported from Burma, are exempt from payment of import duty.

† 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.	Burma.	
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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Crown corks (except those bearing monogram or trade mark or name of an importer).	Per gross. Rs. a. p. 1 5 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(4)	PRINTING TYPE	Revenue ..	One anna and six pies per lb.	....	....	Free ..	....
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF ^a ..	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
SECTION XVI.							
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.							
72	MACHINERY, namely, such of the following articles as are not otherwise specified†:— (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.	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	Free ..	....
	<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.						

^a 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 3 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.	Burma.	
	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; dobbies; 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; hostery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobbie 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; cumuli finishing machinery; hank boilers; cotton carding and spinning machines; mail 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>.	....	....	Free ..	....
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>.	....	....	Free ..	....
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>.	....	....	Free ..	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 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, and No. 44, dated the 1st August 1942, 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 and striking combs used in textile machinery at 10 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, and No. 44, dated the 1st August, 1942, 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.	Burma.	
	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 strating 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.	38 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 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.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 53, 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 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.	Burma.	
SECTION XVI—<i>contd.</i>							
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>							
78(3)	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	80 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
78(6)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration.	Revenue	18½ per cent. <i>ad valorem</i>.	....	....	Free	....
78(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loudspeakers 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.	60 per cent. <i>ad valorem</i> .	48 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>.	....
78(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:— (a) Insulators, Shackle, Sinclair, Cordesux or Pin-type, not otherwise specified— (i) fitted (ii) not fitted (b) Two-way cleats (c) Spacing insulators (d) Ceiling roses— (i) fitted (ii) not fitted (e) Joint-box cut-outs— (i) fitted (ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
		Revenue	25 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
		Revenue	25 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
78(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	7½ per cent. <i>ad valorem</i>.	....	....	Free	....

* 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 3 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 18½ 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 18 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.	Burma.	
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—					Free	
	(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 plus one fifth of the total duty.	....	....	....	March 31st, 1944.
	(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 plus one fifth of the total duty.	....	....	....	March 31st, 1944.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 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: 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.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free	....
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: 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.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free	....
75	CONVEYANCES, not otherwise specified, and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
75(1)	MOTOR CARS INCLUDING TAXI CABS 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.	45 per cent. <i>ad valorem</i> .	36 per cent. <i>ad valorem</i>.	....	24 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.	45 per cent. <i>ad valorem</i> .	36 per cent. <i>ad valorem</i>.	....	24 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.	30 per cent. <i>ad valorem</i> .	21 per cent. <i>ad valorem</i>.	....	6 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

* The rate of excise duty on the 1st January, 1943, 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.	Burma.	
SECTION XVII—<i>concl.</i>							
TRANSPORT MATERIAL—<i>concl.</i>							
76(5)	CYCLES (other than motor cycles) imported entire or in sections, and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 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 ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
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 ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
76(2)	LIGHT SHIPS .. .. .	....	Free .. .. .	....	....	....	....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
SECTION XVIII.							
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.							
77	INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified, including photographic.‡	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 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 ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
77(3)	ARTIFICIAL TEETH	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	16 per cent. <i>ad valorem</i> .	6 per cent. <i>ad valorem</i>.	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 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 rifled 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 ..	60 per cent. <i>ad valorem</i>.	....	....	24 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> plus one-fifth of the total duty.	....	....	24 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 3 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (a) ocean-going vessels, imported to be broken up, and (b) parts of vessels under repair removed for replacement are liable to duty at 18½ per cent. *ad valorem*, provided that articles contained in any such vessel not forming part of her necessary tackle, apparel or furniture (e.g., pianos, crockery, cutlery) shall be assessed to duty separately under the appropriate items of the Tariff.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, and No. 44, dated the 1st August, 1942, 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.	Burma.	
	SECTION XIX—<i>concl'd.</i>						
	ARMS AND AMMUNITION—<i>concl'd.</i>						
80(3)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—						24 per cent. <i>ad valorem.</i>
	(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.	....	....		....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue ..	Rs. 8-4 each.	....	....		....
	(c) Gun stocks and breech blocks	Revenue ..	Rs. 8-12 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 ..	60 per cent. <i>ad valorem.</i>	....	....		....
	(g) Machines for capping cartridges for rifled arms.	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....		....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:—	....	Free .. ..	....	....		....
	(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.						
	(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.						
	(c) Swords for presentation as army or volunteer prizes.						
	(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.						
	(e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.*						
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 dabs intended exclusively for domestic, agricultural and industrial purposes.	Revenue ..	80 per cent. <i>ad valorem.</i>	....	....		12 per cent. <i>ad valorem.</i>
81	CARTRIDGE CASES, filled and empty	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....		24 per cent. <i>ad valorem.</i>
	SECTION XX.						
	MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.						
82	CORAL, prepared	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....		12 per cent. <i>ad valorem.</i>
82(1)	IVORY, manufactured, not otherwise specified..	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....		24 per cent. <i>ad valorem.</i>
82(2)	BANGLES AND BEADS, not otherwise specified..	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....		24 per cent. <i>ad valorem.</i>

* Under Government of India, Finance Department (Central Revenues), Notification No. 38, 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.	Burma.	
SECTION XX—<i>concl'd.</i>							
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—<i>concl'd.</i>							
83	BRUSHES, all sorts	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 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 ..	60 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>						
	Bird shot	Per cwt. Rs. s. p.					
		55 0 0					
	Tennis balls	Per dozen.					
		11 0 0					
85	BUTTONS, metal	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
85(1)	SMOKERS' REQUISITES, excluding tobacco and matches:	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	12 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.*					20 per cent. <i>ad valorem</i> plus the amount of the excise duty on mechanical lighters manufactured in British India* plus one-fifth of the total duty; all others—24 per cent. <i>ad valorem.</i>	....
SECTION XXI.							
WORKS OF ART AND ARTICLES FOR COLLECTIONS.							
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	....	....
86(1)	Art, works of, not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 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 ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....

* The rate of excise duty on the 1st January, 1943, and until further notice is Rs. 3 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-flags 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.			Ra. 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) Hessian and all other descriptions of Jute Manufactures not otherwise specified.†	Ton of 2,240 lbs.	32 0
3	.....	.....	.....
RICE.			
4	Rice, Husked or Unhusked, including rice flour but excluding rice bran and rice dust, which are free.	Indian maund of 82.277 lbs. avoirdupois weight.	Two annas and three pies.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, 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 .75 lbs. per square yard, and having not more than 360 warp and weft threads per square yard, is liable to export duty at Ra. 6-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute 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 DUTIES LEVIABLE ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN BRITISH INDIA.

Serial No.	Articles.	Rate of Excise Duty.
1	SALT	Rs. 1-9-0 per maund of 82-2/7 pounds avoirdupois.
2	SUGAR—	
	(i) Khandasari sugar	Eight annas per cwt.
	(ii) All other sugar except palmyra sugar	Rs. 3-0-0 per cwt.
3	KEROSENE	The rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.
4	MOTOR SPIRIT	15 annas per Imperial gallon.
5	MATCHES—	
	(i) in boxes or booklets containing on an average not more than 40 matches.	Rs. 2-0-0 per gross of boxes or booklets.
	(ii) in boxes or booklets containing on an average more than 40 but not more than 50 matches.	Rs. 2-8-0 per gross of boxes or booklets.
	(iii) in boxes or booklets containing on an average more than 50 but not more than 60 matches.	Rs. 3-0-0 per gross of boxes or booklets.
	(iv) in boxes or booklets containing on an average more than 60 matches but not more than 80 matches.	Rs. 4-0-0 per gross of boxes or booklets.
	(v) in boxes containing on an average not more than 12 matches of the type known as "Bengal-lights."	10 annas per gross of boxes.
	(vi) all other matches	8 annas for every 1,440 matches or fraction thereof.
6	SILVER	3 annas and 7½ pice per ounce.
7	STEEL INGOTS	Rs. 4-0-0 per ton.
8	MECHANICAL LIGHTERS	Rs. 3-0-0 per lighter.
9	COAL AND COKE—	
	(i) Coal and Soft Coke	2 annas per ton.
	(ii) Hard Coke	3 annas per ton.
10	COFFEE*	Rs. 1-0-0 per cwt.
11	TOBACCO—	
	PART I.	
	UNMANUFACTURED.	
	I.—VIRGINIA TOBACCO—	
	A.—Fine-cured—	
	(1) if intended for manufacture into—	
	(a) cigarettes—	
	(i) containing more than 20 per cent. weight of imported tobacco.	Rs. 1-12-0 per lb.
	(ii) containing 20 per cent. or less than 20 per cent. weight of imported tobacco.	Rs. 1-4-0 per lb.
	(iii) containing no imported tobacco	8 annas per lb.
	(b) Biris	6 annas per lb.
	(c) cheroots	2 annas per lb.
	(2) if intended for any other purpose	Rs. 1-12-0 per lb.
	B.—Air cured	6 annas per lb.
	II.—COUNTRY TOBACCO—	
	(1) if intended for manufacture into—	
	(a) cigarettes	6 annas per lb.
	(b) biris	6 annas per lb.
	(c) cigars or cheroots	2 annas per lb.

* A duty of excise at the rate of one rupee per cwt. is leviable under the Coffee Market Expansion Act, 1942, on all coffee (except coffee sold and delivered before the estate became subject to the provisions of the Act)—(i) which a registered estate is permitted by the internal sale quota allotted to it, to sell in the Indian market, whether such coffee is actually sold or not, and (ii) which is released for sale in India by the Indian Coffee Market Expansion Board from the surplus pool.

NOTE.—The Act shall cease to be in force at the end of the twelve months commencing on the first day of July subsequent to the termination of the present hostilities.

EXCISE DUTIES LEVIABLE ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN BRITISH INDIA.—concl'd.

Serial No.	Articles.	Rate of Excise Duty.
	(d) <i>hookah</i> tobacco	1 anna per lb.
	(e) snuff	6 annas per lb.
	(2) if intended for sale as chewing tobacco, whether manufactured or merely cured.	1 anna per lb.
	(3) if intended for any other purpose	6 annas per lb.
	III.—STALKS, STEMS AND OTHER REFUSE OF TOBACCO—	
	(1) if intended for use in the preparation of any form of manufactured tobacco.	1 anna per lb.
	(2) if intended to be used for agricultural purposes ..	<i>Nil.</i>
	PART II.	
	MANUFACTURED.	
	Cigars and cheroots of which the value—	
	(i) exceeds Rs. 30 a hundred	Rs. 8-0-0 per 100.
	(ii) exceeds Rs. 25 a hundred but does not exceed Rs. 30 a hundred.	Rs. 5-0-0 per 100.
	(iii) exceeds Rs. 20 a hundred but does not exceed Rs. 25 a hundred.	Rs. 4-0-0 per 100.
	(iv) exceeds Rs. 15 a hundred but does not exceed Rs. 20 a hundred.	Rs. 3-0-0 per 100.
	(v) exceeds Rs. 10 a hundred but does not exceed Rs. 15 a hundred.	Rs. 2-0-0 per 100.
	(vi) exceeds Rs. 5 a hundred but does not exceed Rs. 10 a hundred.	Rs. 1-0-0 per 100.
	(vii) exceeds Rs. 2-8-0 a hundred but does not exceed Rs. 5 a hundred.	8 annas per 100.
	(viii) exceeds Rs. 1-4-0 a hundred but does not exceed Rs. 2-8-0 a hundred.	4 annas per 100.
	(ix) exceeds As. 10 but does not exceed Rs. 1-4-0 a hundred.	2 annas per 100.
	<i>Note.</i> —Excise duty leviable on all cured tobacco in British India on the 1st day of April, 1943, on all tobacco cured in British India on or after that date, and on all tobacco products manufactured in British India on or after that date.	
12	TYRES*	10 per cent. <i>ad valorem.</i>
13	VEGETABLE PRODUCT†	Rs. 5-0-0 per cwt.
14	Goods specified in item 40 of List II of the 7th Schedule to the Government of India Act, 1935, viz.:— (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.	Rates vary in different provinces.

* Under the Government of India, Finance Department (Central Revenue), Notification No. 16-Central Excises, dated the 1st April 1941, tyres specially designed for use on animal-drawn vehicles are exempt from payment of this duty.

† Leviable from the 1st day of April, 1943.

CESSSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE.

No.	Name of Article.	Cess leviable.
11	TEA	Re. 1-8 per 100 lbs.
12	JUTE—	
	(a) Raw including Jute cuttings and rejections	Two annas per bale of 400 lbs.
	(b) Manufactured Jute	Twelve annas per ton of 2,240 lbs.
13	COTTON (ginned)—	
	(a) Baled	Two annas per standard bale of 400 lbs.
	(b) Unbaled	Six pies per 100 lbs.
14	LAC—	
	(a) Any form of manufactured or unmanufactured lac	Seven annas per maund.
	(b) Refuse lac	Five annas per maund.
15	COFFEE	Re. 1 per cwt.
16	(i) BONES**	
	<i>Tariff value—</i>	Per cwt.
	Bones, broken or crushed (including bone grist).	Rs. a. p. 4 0 0 ⁵⁵
	(ii) BRISTLES	
	(iii) BUTTER	
	<i>Tariff value—</i>	Per lb.
	Butter	Rs. a. p. 1 8 0
	(iv) CEREALS, other than Rice and Wheat	
	<i>Tariff value—</i>	Per cwt.
	Bajri	Rs. a. p. 9 0 0
	Barley	8 0 0
	Jowar	8 8 0
	Maize	8 8 0
	(v) DRUGS††	
	(vi) FIBRE FOR BRUSHES	
	<i>Tariff value—</i>	Per cwt.
	Fibre for brushes, all kinds	Rs. a. p. 17 0 0
	(vii) FISH	
	(viii) FRUITS	
	<i>Tariff values—</i>	Per cwt.
	Almonds in the shell	70 0 0
	Almonds without shell	210 0 0
	Cashew kernels	60 0 0
	Coconuts	Per thousand. 63 0 0
	Raisins, all kinds	Per cwt. 60 0 0
	Tamarind	14 0 0
	Walnut in the shell	35 0 0
	Walnut kernel	55 0 0

† per cent. *ad valorem*.

* The cess is levied on all tea exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, tea exported to any place in the Janjira State or exported from any Customs port to any port in Kathiawar and tea exported by post is exempt from payment of this duty.

† The cess is levied on all jute exported by sea from the port of Calcutta to any other port whether beyond or within India and from the port of Chittagong to any other port beyond or within India (except raw jute exported to Calcutta).

‡ The cess is levied on all cotton produced in India and (a) consumed in any mill in British India or (b) exported from any Customs port to any port outside British India, or (c) exported by land to the French and Portuguese territories of Pondicherry, Karikal, Goa and Daman. The cess is not, however, leviable on cotton waste, kapok and cotton fly. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, cotton exported from any Customs port to any port in Kathiawar and linted are exempt from payment of this duty.

§ The cess is levied on all lac and refuse lac produced in India and exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, lac and refuse lac exported from any Customs port to any port in Kathiawar are exempt from payment of these duties.

|| The cess is levied on all coffee taken by sea or by land to any place beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, coffee taken by sea or by land to any place in the Travancore State or Cochin State or by land to any place in the Mysore State, or exported from any Customs port to any port in Kathiawar is exempt from payment of this duty.

¶ Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, articles included under item No. 6, exported (a) by sea as passengers' baggage, (b) by post, (c) to any place in the Janjira State, and (d) from any Customs port to any port in Kathiawar are exempt from payment of this duty.

** Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September 1940, Bones, human, exported as anatomical specimens are not subject to this duty.

†† Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September, 1940, Drugs, manufactured, are not subject to this duty.

‡‡ *Vide* Gazette of India, Part I, dated the 12th June 1943, p. 623.

CESSSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE—conold.

No.	Name of Article.	Cess leviable.
(is) GHEE	Tariff values—	
	Ghee	Per Indian maund. Rs. a. p. 90 0 0
	Ghee substitute including vegetable ghee and hydrogenated edible oil and fat mixture.	Per cwt. 58 0 0
(is) HIDES, raw	Tariff values—	
	Buffalo hides (excluding calf skins)—	Per lb. Rs. a. p.
	(i) Arsenicated	0 7 0
	(ii) Salted	0 8 6
	Cow hides (excluding calf skins)—	
	(i) Arsenicated	0 9 6
	(ii) Salted	0 6 8
(is) MANURES	Tariff value—	
	Manures of animal origin, all kinds	Per cwt. Rs. a. p. 4 4 0
(is) OILCAKES	Tariff values—	
	Groundnut oilcakes	Per ton. Rs. a. p. 70 0 0
	Groundnut oilcake meal	75 0 0
	Linsed oilcakes	70 0 0
	Oilcakes other kinds	70 0 0
(is) PULSES	Tariff values—	
	Dal, all kinds	Per cwt. Rs. a. p. 13 0 0
	Pulses, all kinds	12 0 0
(is) SEEDS	Tariff values—	
	Ajwan	Per cwt. Rs. a. p. 15 0 0
	Aniseed	19 0 0
	Castor seed	15 0 0
	Celery seed	60 0 0
	Coriander seed	12 0 0
	Cotton seed	5 8 0
	Groundnuts, decorticated	14 0 0
	Linsed	12 0 0
	Mustard and rape seeds	12 0 0
	Niger seed	7 0 0
	Til (Sesamum)	15 0 0
(is) SKINS, raw	Tariff values—	
	Goat skins (excluding kid skins)	Per piece. Rs. a. p. 1 4 0
	Sheep skins (excluding lamb skins)	0 14 0
(is) SPICES	Tariff values—	
	Chillies, dry	Per cwt. Rs. a. p. 30 0 0
	Ginger, dry	75 0 6
	Pepper, black	45 0 0
	Turmeric	16 0 0
(is) TOBACCO, unmanufactured	Tariff values—	
	Flue cured	Per lb. Rs. a. p. 0 8 0
	Non-flue cured	0 4 0
	Chewing, bids, cheroot and cigar tobacco	0 4 0
(is) VEGETABLES	Tariff values—	
	Garlic	Per cwt. Rs. a. p. 15 0 0
	Onions	5 0 0
	Potatoes	14 0 0
(is) WHEAT	Tariff values—	
	Wheat, all kinds	Per cwt. Rs. a. p. 12 0 0
(is) WHEAT FLOUR	Tariff values—	
	Wheat atta	Per cwt. Rs. a. p. 13 8 0
	Wheat flour and suji	14 8 0
(is) WOOL, raw		

† per cent. ad valorem

Report for the Year 1942.

Section IV.

**SPEECH OF THE FINANCE MEMBER
ON
INTRODUCTION OF BUDGET FOR 1943-44.**

SPEECH BY THE HONOURABLE THE FINANCE MEMBER IN INTRODUCING
THE BUDGET PROPOSALS FOR 1943-44.

SINCE I last presented a Budget to the House, it has become patent to all that on the military side the war has entered on a new phase, the prelude, let us hope, to a decisive victory for the United Nations in a no longer distant future. The enemy is everywhere on the defensive. Though the destruction of the armed forces of the Axis Powers is the primary objective, we may also welcome, from the economic point of view, the cessation of the territorial acquisitions of the enemy, which have enabled him, by enslaving the local populations and by drawing upon local resources of raw materials and foodstuffs, to prolong the conflict in the economic as well as in the military sense.

2. The heartening position in which the United Nations, now find themselves has not been achieved without an immense strain upon the economic apparatus of the entire world. We all rejoice with the Russian people as the enemy is flung out of one position after another, but from the economic aspect there is a call for additional plant, additional man power and additional shipping to produce and transport the additional supplies which alone render such victories possible. The New Year message to Congress which the President of the United States delivered a few weeks ago affords impressive evidence of the stupendous war-potential of the American people; it also shows that, except to the extent that hitherto unemployed resources can be utilised for the purpose, every increase in the armed power of America accentuates the strain upon productive power. Not so long ago, there was reason to fear that the dislocation of world trade caused by the war, by the shortage of shipping and the closure of markets, would force many countries of the world to grapple with the problem of surpluses. If, as regards one or two commodities, this fear is not entirely without foundation, the broad picture which confronts us to-day is one of omnipresent and cumulative shortage: of man-power, of materials, of equipment and of shipping. Moreover, in every part of the world this fact of shortage is being brought home to the common man in the most striking and positive way. Owing to shortages of labour, longer working hours and higher rates of wages, the money incomes of very large numbers of people have risen sharply and yet they find that these incomes cannot be freely spent: that everywhere the State is stepping in in order to control and limit consumption and thus to make the little that is available go as far as it possibly can.

3. We must, I feel, view the Indian economic situation in the light of these general world conditions if we are to pass a valid judgment upon what has been happening in this country in the last twelve months. As in the military, so in the economic sense, the war has come closer to India. In other words, economic conditions in India have become more closely assimilated to those prevailing in the outside world than was the case a year or more ago and, because the pace of assimilation has become accentuated, we are more conscious of the process of adaptation. Looking back on the first two years of the war, we can now see more clearly than was then possible how largely the favourable effects on India's economy outweighed the unfavourable ones. The war was far from our shores and yet it exerted a marked expansionist influence on production, employment and trade without any very serious disadvantages accompanying the transition from peace to war. It is true that we lost some overseas markets, but we gained others. Our external resources mounted rapidly and the repayment of our external debt began, a process which will have a permanent effect upon India's international situation. Employment improved and higher earnings compensated the rise of agricultural prices, which in its turn improved the buying power of the ryot, and the mounting demand was met by a fuller utilisation of the margin of productive power still available. It would be idle to pretend that in the last twelve months the unfavourable factors have not gained relatively to the favourable. Occupation by the enemy of neighbouring territory has robbed us of part of our food supplies and increased the strain on communications. The war-demands are eating deeply into our manufacturing capacity, expanded though that has been. The drastic cutting off of imports has reduced our supplies and helped the profiteer to exploit the consumer. At a time when our food supplies were reduced by the cutting off of imports we have had to come to the assistance of Ceylon. Civil disturbances have added to difficulties of transport and at the same time have encouraged individuals to hold stocks

of food on a larger scale than usual. Prices have risen and, as in other parts of the world, an increased money income is being expended on a smaller stream of immediately available goods.

4. But, I repeat, the increased difficulties which we are now called upon to face are not in any way unique, and no good purpose can possibly be served by magnifying them or by failing to recognize that there are also favourable factors in the situation. Even if rising agricultural prices have done nothing else, they have obviously diminished the real burden of agricultural indebtedness, a source to which so many of the major evils which beset the Indian cultivator have so often been traced. The industrial worker is enjoying full employment at rising wages and if he can be induced to exercise sufficient self-control and abstain from the immediate purchase of superfluities, he can build up a useful fund against the contingencies of the future. Our external debt is on the point of disappearance and we have large funds in hand with which we can finance the improvement of our industrial equipment in the future. All in all, when we compare our economic position with that of the other belligerent nations, we can face the difficulties of the present, not with complacency, for which there is certainly no room, but with the conviction that our problems are no worse and are indeed in many respects, easier than those of other peoples in a world at war.

FINANCIAL YEAR, 1941-42.

5. I will now touch briefly, according to custom, on the results of the last financial year 1941-42. In our revised estimates we expected to end the year with a deficit of Rs. 17,27 lakhs. The actual deficit turned out to be only Rs. 12,69 lakhs. Revenue improved by no less than Rs. 4,95 lakhs, of which Rs. 1,89 lakhs are accounted for by Customs, Rs. 1,05 lakhs by the larger contribution made by the Railways to General revenues, and Rs. 1,48 lakhs by Central Excise duties and Income-tax. Defence expenditure increased by Rs. 1,48 lakhs which was offset in a large measure by savings aggregating Rs. 1,11 lakhs in the total Civil expenditure.

FINANCIAL YEAR, 1942-43.

6. I turn now to the current year 1942-43, and will deal first with the revenue aspect.

Last February, in laying before the House our revenue estimates for this current year, I warned Honourable Members that there was likely to be a further marked drop in the scale of our imports, owing mainly to the war in the Pacific. Customs receipts during the first ten months of the financial year show a deterioration of over Rs. 6½ crores as compared with those of the corresponding months of the previous year. We now anticipate that for the whole year 1942-43 the net Customs receipts will amount to Rs. 31.00 crores, against the Budget estimate of Rs. 35.35 crores, or a shortfall of 4.35 crores. Salt revenue is estimated to amount to Rs. 10.60 crores.

7. Collections of Income-tax and Corporation tax have continued to increase. Receipts on account of ordinary income-tax including central surcharge are expected to yield Rs. 7 crores more than our Budget estimates. With increasing experience gained in the administration of the Excess Profits Tax Act, the work of assessment has steadily progressed and our total collections under this head, including advance payments, are expected to reach Rs. 26 crores, that is Rs. 7 crores more than the Budget estimate. The provincial share of the divisible pool of income-tax will now be approximately Rs. 10.55 crores as against Rs. 8.37 crores originally provided for in the budget.

8. The large increase under Currency and Mint calls for some explanation. Our Budget estimate of Rs. 3,26 lakhs included Rs. 2,62 lakhs as surplus profits of the Reserve Bank and Rs. 45 lakhs on account of profits from the circulation of bronze and nickel coin. Our share of the Reserve Bank's profits this year amounted, however, to Rs. 3,24 lakhs. As regards the profits from small coin, Hon'ble Members will recall the decision, announced in my speech introducing the Budget for 1941-42, to credit to revenue from that year onwards an average figure of Rs. 45 lakhs, any balance in excess being credited to a suspense account. The object was to even out the receipts over a series of years and eliminate from the revenue budget the disturbing effects of large returns of coin in any year. We did not then anticipate

such large profits as have actually accrued from the unprecedented demand for small coin. On our present reckoning, Rs. 1,77 lakhs of profits have accrued in 1941-42 and we anticipate profits of Rs. 4,63 lakhs in the current year and about Rs. 4,03 lakhs next year. With the large expansion in our minting programme, expenditure has gone up from Rs. 78 lakhs in 1941-42 to Rs. 1,30 lakhs this year and is expected to be Rs. 92 lakhs next year. In these circumstances we have decided to transfer from the suspense account an amount which will provide a net sum of Rs. 45 lakhs a year, over and above the actual mint expenditure.

Hon'ble Members already know from the Railway Estimates recently submitted to them that the Railway surplus in the current year is expected to be better than the Budget estimates but that the contribution to General Revenues has been maintained at the original budget figure of Rs. 20,13 lakhs.

9. Allowing for an expenditure of about Rs. 60 lakhs in the current year on account of the grant of dearness allowances to certain classes of employees, the working of the Posts and Telegraphs Department is now expected to add to our revenue Rs. 1,35 lakhs more than was taken in the budget. After paying an outright contribution of Rs. 2,00 lakhs to the General Revenues, the Posts and Telegraphs Department will have at the close of the year an accumulated surplus of Rs. 7,72 lakhs out of which a lump sum contribution of Rs. 1,50 lakhs will be made to the Renewals Reserve Fund which needs replenishment in view of the heavy programme of capital expenditure.

Finally, there is an increase of Rs. 15,01 lakhs in the receipts of premia connected with the War Risks Insurance Scheme. This is in addition to the amount of Rs. 3,24 lakhs which we had provided in the budget. For accounting reasons these sums are included both in the revenue and the expenditure estimates as they are for the present being paid into a separate fund.

Expenditure.

10. *Defence Services.*—Turning to the expenditure side of the current year, I deal first with the defence services.

It is hardly necessary for me to recapitulate the sequence of military developments which in the course of this year brought the imminent danger of invasion to the eastern frontier of India, while at the same time a more distant menace was looming up from the West as the German armies penetrated into the Caucasus and advanced to within a short distance of Alexandria. Despite the signal failure of a Japanese air attack on Ceylon and the severe damage inflicted by Allied naval and air forces in the Pacific on the Japanese navy and merchant shipping, the position of the Allied cause at the end of July last presented to many observers a picture of almost unrelieved gloom, which in India was rendered even darker by a deplorable outburst of civil disturbances. Under the surface, however, tremendous long range forces working in favour of the Allies were gathering momentum, and dramatically revealed themselves when the Axis forces were hurled out of Egypt, and Libya, while the Allied landing further west in North Africa, probably the greatest feat in the history of combined operations, created the vastly different situation in that continent which we see to-day. On the Russian front our allies are continuing the magnificent series of brilliant victories which has so completely dispelled the myth of German invincibility. Meanwhile in the Eastern theatre the Japanese have recently suffered serious reverses in New Guinea and the Solomons, while an advance into Burma has been made by the forces of the Indian command.

11. At the beginning of 1942-43 it had become clear that further substantial increases in all three arms of the defence services—particularly the Air arm—beyond those envisaged in the expansion measures which I mentioned in my last budget speech, were called for to protect India against the fresh dangers to which the course of the war had exposed her. Impending movements of forces from India overseas were therefore cancelled and additional forces had to be brought into the country to meet the imminent threats of attacks by sea and air on her shipping and ports, and of invasion by land.

On the army side the processes of raising, training and equipping new units and formations in India were intensified. Recruiting activities were extended and by the middle of the year we were raising recruits at the rate of about 70,000 per month, many being drawn from Madras and other new recruiting grounds. Meanwhile training establishments increased and multiplied, and special attention has been devoted to the instruction and training of officers and men required for the Indian Armoured Corps, Signals, and M.T. units. I have referred elsewhere to the scheme for a vast extension of India's internal telephone and telegraph systems. The further improvement of the country's communication systems has been dictated largely by the vital needs of the defence services and a large proportion of the capital cost involved will be charged to the defence estimates. It is anticipated however that some of the equipment and stores required for this scheme will be obtained from the U.S.A. on Lease-Lend terms.

12. For the equipment of the additional troops, India is obtaining her full share of the greatly increased production of the United Nations and the position in this respect has improved though shipping and inland transportation difficulties naturally tend to hold up supplies and delay distribution. The provision of accommodation for housing the additional troops and for the storage of the equipment, stores and workshops required for the great expansion of the army in India, presented a most formidable problem to the engineering authorities in this country and has thrown a very severe strain on the country's resources in building materials and labour. The withdrawal of the Allied forces from Burma into India at the beginning of the year, involving as it did the tremendous task of opening up communications by the land route between the two countries, had already made heavy demands on those resources which throughout the year were further taxed to the utmost by the massive requirements of the Air Forces. To meet these demands, which were far beyond the capacity of the Military Engineering Services, the assistance of the Central and Provincial Public Works Departments, and in some cases of the Works Services of Indian States, was enlisted and in addition Civil Pioneer Battalions were raised to provide disciplined labour. In Eastern India large numbers of labourers engaged by the Tea Association and Indian States have been employed on defence works of various kinds.

As a result of these combined efforts, the land forces in India during the year 1943-44 will have reached a stage at which they can be regarded as reasonably adequate to meet all the demands likely to be made upon them for the defence of India. I shall not attempt to prophesy what may happen during that year but in the light of recent events we may hope that the role of some at least of these troops, which has hitherto been that of defence against threats of invasion, will be exchanged for offensive action alongside the other Allied powers.

13. During the course of the past year it became necessary to review the adequacy of the pay of the Indian soldier. Although he is paid, clothed and housed at the expense of the State and thereby largely protected from the effects of the rise in prices, he has to make an allotment from his pay for the support of his family who are not so protected. To afford him relief, an increase in the basic pay, proficiency pay and messing allowance of all Indian other ranks and all non-combatants was sanctioned in October last, the details of which have recently been given to the House. It was felt however that in the present conditions it was less important to increase the amount of money at the soldier's immediate disposal than to improve his position at the time of demobilisation when his need would probably be the greatest. The deferred pay of all ranks was accordingly also increased, to be accumulated in the soldier's account but not to be payable until his demobilisation. The Government at the same time decided to set aside annually, sums equivalent to this increase in deferred pay, the amounts being paid into a fund to be used for financing post-war schemes designed to promote the welfare of demobilised soldiers and followers.

14. Turning now to the navy, the year witnessed considerable progress with the expansion programme of the Royal Indian Navy and a very substantial number of war vessels completed since the outbreak of war are now in commission. An increasing number of these vessels is engaged in the protection of convoys and Honourable Members will not need to be reminded of the recent heroic exploits of one of these ships which resulted in the destruction of a very much larger and better armed enemy vessel. In addition to new

construction undertaken specifically for the Royal Indian Navy a number of motorcraft constructed in India on Admiralty account have now been handed over to the Royal Indian Navy, and will form a valuable addition to our port defence flotillas. The strength of officers and ratings has increased by approximately 50 per cent. during the past year. Much progress has also been made in the improvement of facilities at the various naval bases and several new bases are being constructed. A Torpedo School has been opened for the training of officers and ratings in the use of this weapon. The existing Signal School has been expanded and a new and larger Anti-Submarine School constructed. A School now exists too for the training of officers and ratings in the handling of Landing Assault Craft.

15. But it is the development of the Air Forces in India during the year under review that presents the most impressive picture, by reason not only of its magnitude but also of its immense importance and proved value as a factor in India's defence system. For obvious reasons I cannot give the House anything beyond a very rough indication of what has been achieved in this direction but the respect with which our air defences to-day are treated by the Japanese Air Forces and the failure of their airmen to inflict any appreciable damage on targets in India may be allowed to speak for themselves.

A year ago our programme of expansion of the Air Forces in India comprised first the building up as rapidly as possible of an Indian Air Force, and secondly the provisions of air fields and other facilities necessary for the operation and maintenance of an air force such as in certain circumstances it might be necessary to employ in India to protect her against external aggression. It had from the first been realised that should war on any considerable scale come to India's actual frontiers our air forces would have to be supplemented by reinforcing Royal Air Force squadrons until such time as the expansion of the Indian Air Force would enable India to be self-supporting in this arm of the service.

The review undertaken at the beginning of the year in the light of the situation then existing and of experience gained in other theatres of war showed, first that a very much larger number of reinforcing squadrons would be required than had previously been envisaged, and secondly that ground and other facilities on a vast scale were imperatively necessary to give the air forces in India the mobility and flexibility to meet attacks from any likely quarter. Accordingly a comprehensive programme of aerodrome construction was drawn up, the carrying out of which as a matter of the highest possible urgency has absorbed a large proportion of the country's resources of labour and materials during the year. To give some idea of the effort involved I may mention that nearly one million men were employed often by day and night for several months on the task.

Meanwhile a steady stream of aircraft, with their connected equipment and stores, and of trained personnel to operate and maintain them has been pouring into India, where squadrons of various types equipped with the most modern aircraft are rapidly being formed and allotted roles in the defence plan. At the same time the work of raising and training personnel for the expansion of the Indian Air Force is being vigorously pursued with satisfactory results and it is anticipated that early in 1943-44 this force will consist of seven squadrons. A number have already been re-equipped with aircraft of the latest types and are being trained in their use so as to be ready for active operations. This development of the Indian Air Force involves the training of a large number of Indians in various crafts and trades and is thus bringing into being a body of highly skilled artisans, whose existence, apart from their value in the present emergency, is likely to be of great permanent advantage to the country as a whole.

An up-to-date warning system based on the experience gained in Britain has been established in India and has already demonstrated its effectiveness. The anti-aircraft defences of the country have also been enormously strengthened and improved.

A rapidly expanding air force makes heavy demands for repair and maintenance facilities and to assist in meeting these demands it has been necessary to curtail very greatly the construction programme of the Hindustan Aircraft Company and to concentrate its activities on servicing, repair and overhaul. The Company will specialise in American types and its facilities are being utilised to a growing extent by the United States Army Air Corps.

In addition a Civil Repair Organisation is being built up to supplement the capacity available in Government workshops and depots for repairing and maintaining aircraft of all kinds. As a result of these intensive efforts the time is rapidly approaching when the air defences of India will be capable of meeting any threats likely to arise and indeed of increasing the damage that they have for some time past been inflicting upon the enemy in Burma and elsewhere ; for it must be remembered that in air-warfare the power to carry out deterrent offensives is even more valuable and constitutes a more effective means of defence than passive resistance to air attack.

16. It is now necessary to consider the effect of these activities on our defence expenditure. Security in these disturbed times is only to be purchased at a heavy price, and the House will no doubt be prepared for a bill of unusual magnitude. Before giving the actual figures of expenditure however I must deal at some length with certain major problems that have arisen in connection with the allocation of the cost of some of these measures. For this purpose it will be desirable to recapitulate the arrangements on which the apportionment of India's defence expenditure between British and Indian revenues is based.

The House will recall that the Financial Settlement between His Majesty's Government and the Government of India was negotiated in November 1939. Under it India is to pay—

- (a) her pre-war normal budget for effective charges of Rs. 36.77 crores ;
- (b) a sum in adjustment of the normal budget for rises in prices ;
- (c) the cost of " Indian War measures," that is, such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests ;
- (d) a contribution towards the additional costs of her external defence. India has paid a lump sum of Rs. 1 crore on this account.

His Majesty's Government is to pay for the remainder of all general defence and supply expenditure incurred by India, subject to separate post-war negotiations concerning the liability for surplus war stores in India acquired in the common interest. Non-effective charges were to be dealt with separately.

Expenditure on Supply in its widest sense—the production of guns, ammunition, armoured cars, clothing and warlike stores of every description (some 60,000 items) was so closely related to direct defence expenditure that it also was covered by the Financial Settlement. The arrangement was, broadly speaking, the same : India pays for whatever she takes from Indian production for Indian war measures, and for her share of joint war measures, including storage charges, and His Majesty's Government pays for, and owns, all the remaining stores produced, together with practically all the capital assets created for the purpose of expanding production and storage.

Both parties to the Settlement emphasised the importance of avoiding the meticulous calculations, arguments and adjustments which gave rise to such endless trouble and confusion in the last war.

In actual practice the majority of war measures in India are not, in the nature of things, taken solely in India's interests, nor solely in the interests of His Majesty's Government, but in the joint interests of both. Such measures have conventionally become known as joint war measures. Although joint war measures have been referred to and described in the Appropriation Accounts for the years 1939-40, 1940-41 and 1941-42 and are well known to the Public Accounts Committee of this House, I find that there has been some misunderstanding as to their precise nature and scope.

17. The war machine in India is a very complex organisation and it is not always possible to establish direct connection between a defence measure and a distinct class of war activities. For example, an expansion of General Headquarters may be necessitated by the putting into force of a number of measures, including the formation of an Indian Observer Corps, the raising of railway protection units, the construction of prisoners of war camps,

and the despatch of troops overseas. Of these measures the first two are undertaken for Indian purposes and the third and fourth in the interests of His Majesty's Government. Similarly the creation or expansion of a Fighting Vehicles School cannot be related to one class of war activities since those trained in the school may subsequently serve in units employed in a Defence of India role or in units employed overseas. Such an expansion of General Headquarters or of training facilities clearly cannot be classified definitely as an Indian war measure or as a war measure for His Majesty's Government since it serves common purposes. Who then is to pay for measures of this kind under the Settlement? Clearly they must be classified as joint war measure, the Indian share of which becomes an Indian war measure and the balance a war measure for which His Majesty's Government is liable. This is an inevitable consequence of the Settlement and not a departure from, or an addition to, it.

There are also measures whose immediate purposes are joint in character, e.g., the creation of naval bases in India to cater for both India's local naval defence vessels and those of the Royal Navy, and schemes for the expansion of the Army in India. As regards the latter it is obvious that the expansion of her land forces is a matter in which India's interests are directly concerned but in so far as the additional forces raised under these expansion schemes may (provided they can be spared by India) be made available for employment overseas in the service of His Majesty's Government, that Government also is interested and has agreed to share the cost of such schemes, which may accordingly be regarded as "joint." But for this agreement India would have had to pay for them entirely herself.

18. In practice the Settlement has worked very well in an atmosphere of mutual cordiality and trust. Its application is closely watched by the Auditor-General of India on behalf of both Governments; he scrutinises in detail the allocation of charges between India and His Majesty's Government and reports to the Public Accounts Committee in India the results of his scrutiny. His Report and comments go also to the Comptroller and Auditor-General in the United Kingdom, and the Report of the Public Accounts Committee of the Indian Legislature is forwarded to the Public Accounts Committee of Parliament. I mention these facts in order to emphasise that the allocation of war expenditure under the Settlement between India and England is conducted in accordance with settled principles, and is open to audit on behalf of the Indian Legislature and to investigation by the Public Accounts Committee of this House.

The Settlement was concluded at a time when no major expansions in the land, sea and air forces of India or in our Supply activities were in sight. Almost immediately afterwards however the first large measure of expansion of the land forces was embarked on. It began as a measure to raise forces for the defence of India, but shortly afterwards His Majesty's Government began to ask India to supply troops for overseas service in the Middle and Far East. This India agreed to do provided the strategic situation in India permitted, and it therefore came about that, from time to time, while the expansion was in progress, troops originally raised for purposes of India's defence were released for service overseas and had to be replaced in India. These changes in the roles of new units and formations led to constant changes in the allocation of the relevant expenditure, and it soon became obvious that all expansions in the land forces in India must be considered as one joint war measure and that the cost thereof should be divided in the following manner:—

(a) That India would pay for the raising, training and equipping *from Indian resources* of all land forces raised in India and for their maintenance as long as they stayed in the country and were available for the local defence of India. When they left for overseas, the cost to India of raising and training them and also of equipping them would be recovered from His Majesty's Government who would assume all further liability for them.

(b) All imported equipment and stores for such expansion measures of the land forces from whatever source (except vehicles, armoured or otherwise, from elsewhere than the United Kingdom) would be provided free by His Majesty's Government.

Apart from its general equity, this method of dividing the cost of this joint war measure had the great advantage also of simplicity and administrative convenience. It involved the minimum of accounting, and ensured that effective financial and administrative initiative and authority for these measures was located in India.

19. The allocation of the cost of expansion of the Royal Indian Navy raises no special problem. It consists mainly of purely Indian war measures relating wholly to India's local naval defence and no difficulty has been experienced in dealing with such naval joint measures as have been put into force in accordance with the principles of the Settlement.

20. The major expansion of the Air Forces in India which I have explained has raised a financial problem of considerable magnitude. It is clear that this expansion, like that of the land forces, is a joint war measure since, although the role of the Air Forces while located in India is to defend India, some of them might, and almost certainly will, be allotted other roles when the removal of the immediate threats to India's security permits of their release. The problem was to arrive at an equitable and simple method, acceptable to both Governments, of allocating the very heavy expenditure arising out of this joint measure. In many respects the problem resembles that connected with the expansion of India's land forces but there are certain important points of difference. In the case of the air forces the bulk of the expansion must necessarily consist of Royal Air Force squadrons specially brought into India for the purpose, and His Majesty's Government have incurred heavy expenditure on the raising and training of these squadrons. The aircraft and most of the other equipment of an air force have to be imported into India and are exceedingly costly. On the other hand, the expenditure incurred in India on the provision of ground facilities for these forces is, as already mentioned, very large.

21. In addition to this problem connected with Air Force expenditure major questions regarding the incidence of expenditure on two other war activities have arisen. These relate to—

- (a) the increasingly complicated expansion of our Supply Department's activities, and
- (b) the arrival of United States Air Forces in India, and Reciprocal Lease-Lend to them.

To deal first with Supply Department's activities. The Roger Mission, the Eastern Group Supply Council and later the American Technical (Grady) Mission had all been examining India's industrial war potential. They had recommended wide expansion in our war industries in multifarious directions. Many of these were being implemented, and new factories and facilities were being established, all at the cost of His Majesty's Government. At the same time India's own share of the off-take from these factories was rapidly increasing and was much larger than originally planned. Again, the establishment and expansion of major industries required the establishment of minor ancillary industries (nuts, bolts, rivets, buttons, silk filatures, and a host of others) which were spreading to almost every corner and workshop of India and the Indian States. This interrelated development was continually growing, and was growing at the capital expense of His Majesty's Government although a large amount of it was to satisfy India's own needs. Further it was being paid for and therefore owned by His Majesty's Government and the right of disposal after the war was vesting in His Majesty's Government. Again a great deal of it would be to the permanent advantage of India. It was becoming evident that, apart from the equities of the matter, it was to the mutual interests of both parties that the allocation of capital expenditure on Supply measures should be reviewed.

To turn now to the second question, namely, Reciprocal Lease-Lend to the United States forces in India. The advent of the United States Air Forces immediately raised the question of who was to pay for the Reciprocal Lease-Lend of such goods and services as India could supply. Reciprocal Lease-Lend involves immediate cash expenditure in India, just as Lease-Lend involves cash expenditure in America by the American Government. It was first necessary to decide whether the expenditure on Reciprocal Lease-Lend fell within

the Financial Settlement or not, and if so how it should be allocated in some simple and broadly equitable way.

22. Besides these questions which related to the application of the existing Financial Settlement, and overshadowing them, there arose a much larger issue, namely, whether in the new situation which had developed, the terms of that Settlement were any longer capable of producing an equitable apportionment of defence liabilities. On behalf of His Majesty's Government it was pointed out that whilst on the one hand, large quantities of the most expensive modern equipment were being sent to India for the defence of India without any charge by Britain, on the other hand, the cost of the goods and services supplied by India for theatres of war outside India was being charged in full to His Majesty's Government. It was urged that the conception of Indian defence, on which the existing scheme rested, was too narrow in that India's liabilities were restricted to the geographical limits of India, and did not extend even to operations in contiguous territory just beyond those borders. Throughout the world there was a growing recognition of the importance of the principle of "Reciprocal Aid" enunciated by President Roosevelt, namely, that each of the United Nations should contribute all it can from its own resources and in proportion to its capacity to the common war effort. It was strongly contended by His Majesty's Government that the continued operation of the Financial Settlement between India and the United Kingdom would lead to an inequitable distribution of the costs of the joint efforts to defend India and the countries with which the defence of India was intimately bound up, against the aggression of the Axis powers. It was therefore proposed on behalf of His Majesty's Government that the existing Settlement should be abandoned and that in the new arrangement it should at least be stipulated that the value of equipment supplied by His Majesty's Government for the defence of India should be set against the cost of goods and services supplied by India for use in operations outside India.

23. These problems were of such importance, and involved such major financial issues, that it was deemed advisable that I should proceed to the United Kingdom to discuss them. The discussions on the major question of a revision of the Financial Settlement were prolonged and occupied the greater part of the duration of my stay in England. On behalf of India it was pointed out that, owing to the developments in the situation since the entry of Japan into the war, the cost of the measures necessary for the defence of India and for which India is liable under the existing Settlement, was so great as to impose a very heavy strain on India's limited financial resources. Whilst it was true that the existing Settlement had in the first two years of the war operated in such a way as to shelter India from the major financial consequences of war, that was no longer the case at the present time. It was therefore strenuously contended that the existing Financial Settlement should not be abandoned and that any outstanding questions should be adjusted with strict reference to the principles of that Settlement. I need not traverse in detail all the arguments that were adduced in support of our case but I am happy to be in a position to say that the Government of India have now been informed that His Majesty's Government do not intend to pursue the proposal to modify the character of the present Financial Settlement. The Settlement therefore stands, and I have no doubt that this important decision will give as great satisfaction to the House as it has done to the Government of India.

24. In the matter of an equitable allocation of the costs of expanding the Air Forces in India, it has not yet been possible to arrive at a definite decision. It is accepted that India's liability shall be related only to the amount of the expenditure actually brought to account by India, namely, the capital outlay incurred in India on the provision of air fields and other ground and operational facilities, and the recurring costs of the squadrons and connected services while employed in India. It is, however, considered essential in India's interests to arrive at an understanding regarding the maximum forces which should be considered as strictly necessary for the defence of India. As I have previously indicated, our maximum requirements in terms of Land forces will probably be reached during the coming year, and the estimates have been framed on this basis. In the case of the Air forces, a limitation of this nature is more difficult to formulate. Pending the determination of this issue an arbitrary amount equivalent to half of the total estimated capital and recurring costs in question has been provisionally included in the revised and budget estimates, and the balance taken for the time being to a Suspense account.

25. As far as the Supply Department activities are concerned, it was suggested that a solution of the problem satisfactory to both parties might be found in the practice to which Government frequently resorts in negotiating with a private industrialist an expansion of his plant for war production. He is frequently not prepared to find the finance himself, either because he cannot, or because the expansion may have a doubtful post-war commercial value. India's war-time industrial expansion *as a whole* is very similarly circumstanced. Some of the expansions may not have any post-war commercial value, but others will have. It is accordingly proposed that India should provide one half the capital (as is usual in dealing with private industrialists) and should then own all the assets, already created or to be created. This arrangement would not extend to the Chatfield factories which are already owned by India, although established at the expense of His Majesty's Government. India would thus acquire the ownership of industrial assets located in her territory, and this arrangement would avoid long post-war arguments as to the disposal of property owned by His Majesty's Government.

26. The question of Reciprocal Aid to the United States Forces in India in relation to the Financial Settlement between His Majesty's Government and India has proved extremely difficult. The Mutual Aid Agreement of February 1942 between His Majesty's Government and the United States of America does not cover either the Dominions or India. That agreement provides for Reciprocal Lease-Lend as an obligation arising from the benefits of Lease-Lend. Some of the Dominions have already executed separate Agreements direct with the United States of America adopting in terms the Mutual Aid Agreement between the United Kingdom and the United States of America and thus accepting the liability for Reciprocal Aid to the United States of America. In the absence of any such separate agreement between India and the United States of America the true character and significance of India's participation in the benefits of Lease-Lend goods and services and the nature of the consideration which should be given in return, are very difficult to determine. One view would be that the Lease-Lend goods which India receives have really been Lease-lent by the United States of America to His Majesty's Government who might pass them on to India on such conditions as were mutually agreed upon. Suitable conditions would obviously be extremely difficult to devise and impose. His Majesty's Government could not pass such goods to India unconditionally because of the obligations it has assumed in respect of them. The nature and extent of the consideration for them which India would have to give to His Majesty's Government would again raise a problem that it would be exceedingly difficult to solve. It would almost certainly be expected that India would afford reciprocal Lease-Lend to the United States Forces within her territories as one element in this consideration. Again the ownership of the cash receipts which accrue from the sales of Lease-Lend goods in India to the public or to *quasi*-public bodies would need determination. In short, in the absence of a direct Mutual Aid Agreement between India and the United States of America the problem of Reciprocal Aid to the United States Forces in India bristles with difficulties. The possibility of entering into a direct Mutual Aid Agreement with the United States of America is at present being considered, and I can say no more at present. In the meantime Reciprocal Lease-Lend to the United States Forces in India has been shown in the Defence Estimates as a charge to Indian revenues. At the same time credit has been taken in the same estimates for all receipts expected to be realised from the sale of Lease-Lend supplies to the public, Provincial Governments, Railways and Government Departments, run on commercial or *quasi*-commercial lines. This decision involves a modification of the procedure announced in my last budget speech under which the value of Lease-Lend stores utilised for Indian purposes, whether civil or military, was to be charged to the budgets concerned and the corresponding credits taken to a suspense head of account.

Although it has been necessary for budget purposes to make an estimation of the cost of Reciprocal Aid likely to be rendered to the United States Forces in India during 1942-43 and 1943-44, I must warn the House that owing to various unpredictable factors and accounting difficulties the accurate assessment of this cost is impossible—at any rate, at this juncture. Any figures given therefore must be taken with the greatest reserve as being little more than rough guesses. A similar caveat applies to an even greater extent to any estimates of the value of Lease-Lend supplies to India. The uncertainties of shipping alone render it impossible to say what Lease-Lend goods will reach India in any given time. Subject to this reservation the total expenditure on providing Reciprocal Aid to the United States

Forces in India during 1942-43 and 1943-44 has been taken in these estimates at Rs. 16,70 lakhs and Rs. 8,04 lakhs, respectively. The disparity between the two amounts is due to the fact that the bulk of the capital costs of providing aerodromes in India for the United States Air Forces is included in the amount for 1942-43. On the other hand the estimated value of Lease-Lend supplies already received in India and utilised for her own purposes exceeds the aggregate provision made for reciprocal aid during the current year and the next.

27. It has also been decided to liquidate as soon as convenient our Chatfield debt of one quarter of £34 millions. It will be recalled that this was the estimated pre-war capital cost of modernising the Army in India, three-fourths of which was to be provided by His Majesty's Government as a free gift to India while the balance of one-fourth was to be India's liability, to be discharged on easy terms. Early liquidation of this liability, which will in any case have to be discharged sooner or later, amounts in effect to the repatriation of another small block of India's sterling debt.

28. It remains for me to mention one other special feature of the defence portion of the estimates now presented before I come to the actual figures. An analysis of the expenditure covered by those estimates brings out the fact that it contains many elements of a capital nature against which tangible and valuable assets are held. The principal items falling into this category are (1) the capital outlay on providing air fields and other ground facilities for the Air Forces, (2) India's share of the capital cost of industrial expansion measures, (3) the capital outlay on air fields, etc., provided under the Reciprocal Aid arrangements for the United States of America Forces in India, (4) the cost of constructing new capital ships for the Royal Indian Navy and (5) the defence share of the capital outlay on the scheme for the extension of telegraph and telephone communications in India. It would be quite in accordance with the general practice of Government to charge such expenditure to a capital head, although this course has not in the past been followed in the case of defence expenditure. It has therefore been decided that the revised and budget estimates for the defence services will consist of a revenue portion and a capital portion, and as the capital expenditure in the current financial year is likely to be very much heavier than that incurred in 1943-44 this arrangement has the advantage of avoiding a serious disparity that might otherwise be shown between the revised and budget estimates of the defence expenditure chargeable to revenue.

29. The revised estimates of defence expenditure for the year 1942-43 amount to Rs. 1,89,75 lakhs and Rs. 49,14 lakhs under the revenue and capital heads respectively. The details are as follows :—

	<i>Revenue portion.</i>	(In lakhs of Rs.)
(1) Basic Normal Budget	36,77
(2) Effect of rise in prices	8,61
(3) India's War Measures	1,35,96
(4) Non-effective charges	8,41
	Total	1,89,75
 <i>Capital portion.</i> 		
(1) Air Force—aerodromes	18,37
(2) Capital outlay on industrial expansion	12,00
(3) Reciprocal Aid—aerodomes	12,75
(4) New construction for the R. I. N.	4,72
(5) Capital outlay on Tele-communication scheme	1,30
	Total	49,14

In the revenue portion the increase of Rs. 2,09 lakhs in item (2) over the corresponding budget figure represents the estimated effect on the cost of India's normal peace garrison of the increases in pay and allowances of British and Indian troops and of dearness allowances for other low paid Government servants, sanctioned during the year. The increase of Rs. 54,66 lakhs in item (3) is due mainly to the increase in the strength of forces in India, increases in pay and allowances of defence personnel, the grant of field service concessions to troops in India, and the provision of additional port and coast defence measures. Allowance has been made for receipts amounting to Rs. 7,50 lakhs on account of Lease-Lend supplies utilised by the public, Provincial Governments, Railways and the Posts and Telegraphs Department.

The estimate of non-effective charges remains unchanged pending conclusion of a settlement with His Majesty's Government regarding the allocation of such charges arising out of the war. The discussion of the terms of this settlement is now approaching finality.

The nature of the items provided for in the Capital portion of the defence estimates has already been described.

30. *Civil Estimates.*—Civil expenditure in the current year has increased by Rs. 29½ crores over the budget estimate. This sum, as I have already indicated, includes the premia accruing from the War Risks Insurance Scheme totalling Rs. 18½ crores or Rs. 15.01 crores in excess of the budget provision. The actual increase is therefore Rs. 14½ crores and is attributable in the main to causes connected with the war and the conditions created by it, and in a lesser degree, to measures taken to meet the internal situation reflected in the disturbances which commenced in August last. I shall allude briefly, to a few of the main items.

31. The approach of the enemy to the North-Eastern frontier of India greatly increased our vulnerability to attack from the air and rendered it imperative to speed up and augment our Civil Defence preparations. Precautionary measures were taken in 346 localities and the strength of the A.R.P. Services reached the figure of about 350,000. Five new A.R.P. Schools were opened to train personnel and 2,000 officers and instructors have already passed out from them. A Civil Pioneer Force has also been enrolled. While Civil Defence is primarily a matter for Provincial Governments, the Central Government has undertaken to bear a proportion of the expenditure incurred by them and we now expect our liability in the current year on this account to be Rs. 6,23 lakhs which is over 50 per cent. of the total Provincial expenditure on A.R.P. Services. The Government of India also maintain a number of Central organisations and services which together with A.R.P. measures carried out in Centrally Administered Areas will cost about Rs. 75 lakhs. In the light of the present favourable developments in the military situation, we are now making a review of our activities in this sphere but the effect of any conclusions arrived at will be reflected mainly in the expenditure of next year.

32. Pre-eminent among the problems arising from conditions created by the war is that of dearness allowance. We fully realise that, in increasing purchasing power by enhancing dearness allowance, we are not finding a permanent remedy for the problem of dearness but are exposing ourselves to the risk of inflation. This consideration affords an added incentive to our efforts in dealing with the major question of food supply, as the success of these will furnish the best safeguard against a further rise in the cost of living and consequential demands for more dearness allowance. We have estimated that the cost of allowances on the present scale for a full year will approximate to Rs. 1,70 lakhs for the civil administration excluding Posts and Telegraphs, Railways and Defence Services.

33. At this point I may also allude to measures we have taken to afford relief to large numbers of persons evacuated from Burma in the face of the Japanese invasion. Some 400,000 persons left that country by the land routes leading into Bengal and Assam and approximately 84,000 were evacuated by sea and air. Special organisations have had to be set up on an adequate scale to deal with these. In Assam we provided over 30 camps with medical and sanitary staffs for their reception. It has also been necessary to make advances of money to afford to those at present destitute an opportunity of rehabilitating themselves in their new environment. All these measures have cost us about Rs. 1,00 lakhs.

Apart from the war and the abnormal conditions it has created in civil life, we were confronted also with the widespread internal disturbances which commenced in August last. Here we had to come to the assistance of the Provinces already heavily burdened with Civil Defence expenditure by meeting in part the cost of expanding their police forces. On this alone we estimate to spend approximately a crore of rupees. This figure of course takes no cognisance of the great loss we have suffered in the damage to our property, particularly on Railways and in the Posts and Telegraphs Department.

34. The Supply Department has continued to expand. The only substantial changes in its organisation during the year 1942-43 have been the establishment of a new Directorate-General of Shipbuilding and Repairs and the transfer to the new Food Department of the responsibility for the procurement of foodstuffs for Defence Services. Two other important changes to which effect will be shortly given are the creation within the Directorate-General of Munitions Production of a division to handle the repair and maintenance of Service aircraft and the production of aeronautical stores on an all-India footing.

The volume of the orders with which the Supply Department has dealt may be judged from the fact that from the outbreak of war to the 31st of December 1942, the value of contracts placed by its Purchase Branch amounted to Rs. 454.5 crores. For the first nine months of 1942-43, Rs. 163.1 crores worth of orders were placed, giving a current monthly average of over Rs. 18 crores.

There are signs, however, that the curve of production is flattening and that for certain items—particularly clothing and personal equipment which have been in large scale production for a long time—there may be a falling off.

35. I have now reached the end of my general review of the current year and it only remains for me to summarise the final position.

Our revised estimates for revenue show an improvement of Rs. 26,76 lakhs, while there is a net increase of Rs. 86,35 lakhs under expenditure charged to revenue. Thus we expect to end the year with a revenue deficit of Rs. 94,66 lakhs.

FINANCIAL YEAR, 1943-44.

Revenue.

36. I now come to the financial year 1943-44. Our total revenue estimates amount to Rs. 199,30 lakhs as compared with Rs. 178,76 lakhs in the revised estimates of the current year. Under Customs revenue we are providing for Rs. 30 crores against Rs. 31 crores in the current year. The position in this respect is now governed mainly by the amount of shipping space available for private merchandise which, as the war develops, tends constantly to shrink. In taking a figure of Rs. 30 crores for 1943-44 we are, therefore, probably being optimistic. Under Central Excise Duties we expect an increase of Rs. 84 lakhs, solely on account of sugar. The output of this commodity during the past year has been restricted by difficulties which, in the year before us, we trust will be removed.

As regards Corporation tax and other taxes on income, including Excess Profits Tax, we have, after taking into account the trend of our recent collections and making allowance for the assessments yet to be made, raised our estimate of the total yield from these taxes by Rs. 17 crores. Of a total of Rs. 95 crores estimated under these two heads of revenue Excess Profits Tax alone is expected to yield Rs. 40 crores. The divisible pool of income-tax has been taken as Rs. 33.19 crores and the share available to Provinces will be even better than in the current year, touching the record figure of Rs. 12.10 crores. Under Salt, we are allowing only a modest increase of Rs. 50 lakhs over current year's budget estimates. In view of the improved demand for opium and morphine for medical purposes both in India and abroad, we are placing our estimates of opium revenue at Rs. 1,08 lakhs.

As a result of the financial arrangement with His Majesty's Government in regard to the Railway Annuities, we will receive next year about Rs. 87 lakhs, representing the interest portion of the credit to be made available by His Majesty's Government and this is reflected in the improved receipts under Interest. Our Currency and Mint receipts for next year are placed at a higher level than in the current year's budget for the reasons I have already stated in dealing with the revised estimates for the current year.

37. We are allowing Rs. 27,10 lakhs as the contribution from Railways to General Revenues, in pursuance of the revised arrangements placed before the House recently.

For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 20,73 lakhs and expenditure Rs. 13,57 lakhs. The larger revenue is mainly due to the general increase in traffic and the taking over by Government of the systems belonging to Telephone Companies at Bombay, Calcutta and Madras whose licences expire in 1943. The whole of the surplus of Rs. 7,16 lakhs in 1943-44 is being treated as an outright contribution to General Revenues.

Expenditure.

38. *Defence Services.*—The budget estimates of defence expenditure for 1943-44 amount to Rs. 1,82,81 lakhs and Rs. 16,85 lakhs under the revenue and capital heads respectively. The details are as follows :—

	<i>Revenue portion.</i>	<i>(Lakhs of Rupees)</i>
(1) Basic normal budget	36,77
(2) Effect of rise in prices	10,62
(3) India's war measures	1,27,01
(4) Non-effective charges	8,41
	Total	1,82,81
 <i>Capital portion.</i>		
(1) Air Force—aerodromes	2,52
(2) Capital outlay on industrial expansion	4,00
(3) Reciprocal Aid—aerodromes	2,85
(4) New construction for the R. I. N.	3,28
(5) Capital outlay on Tele-communication scheme	4,20
	Total	16,85

In the revenue portion the increase over the revised estimates in item (2) is based on the anticipated general level of prices during 1943-44 and allows for the effect for a full year of increases in pay and allowances sanctioned for British and Indian troops during the course of the year 1942-43. In regard to item (3), the decrease of Rs. 9 crores as compared with the revised estimates is the net result of large increases and decreases. The increases in the main are due to the operation throughout the year of improvements in pay and allowances of defence personnel, and of the grant of field service concessions to troops serving in India, and to the higher average strength of the defence forces in India. The increases have been more than counter-balanced by a lump deduction made to allow for possible movements of troops out of India and for a heavier receipt (Rs. 15,00 lakhs) on account of Lease-Lend supplies utilised by the public, Provincial Governments, Railways and the Posts and Telegraphs Department.

It will be noticed that for the first time since the war began our estimates envisage a decrease in the defence budget as compared with the revised so far as expenditure charged to revenue is concerned, and, although it would be unsafe to conclude from this that India has now reached the peak of her own war expenditure, it is legitimate to hope that the stage of heavy additions is past.

The large decrease in the provision under the capital sanction of the budget estimates as compared with the revised reflects the completion during 1942-43 of the bulk of the programme of aerodrome construction for the Air Forces in India as well as for the United States Army Air Corps.

Civil Estimates.

39. Our civil expenditure shows a reduction of about Rs. 7 crores as compared with the revised estimates of the current year. Of this a little more than Rs. 4½ crores is accounted for by smaller receipts from the Factories War Risk Insurance Scheme which figure as expenditure on transfer to the relevant fund. Five out of the eight instalments of the premia relating to the Scheme will have been realised by the close of the current financial year, leaving only three instalments to be collected next year. A reduction of Rs. 2½ crores in respect of Civil Defence expenditure is also anticipated as a result of the general improvement in the war situation and the less imminent threat of enemy attacks. We hope, indeed, that the provision now made on this account will be still further reduced as the result of provisional conclusions reached at a recent conference on future Civil Defence policy. On the other hand, we are providing for an increase of Rs. 1,30 lakhs over the revised estimates for the current year under Interest. This requires a little explanation. Though as a result of the repayment of the non-terminable sterling loans and Railway Debentures there will be a saving of Rs. 3,78 lakhs, interest on the loans we have floated in India in 1942-43 and which we expect to float in 1943-44 will cost us in all Rs. 3,50 lakhs. Other factors which have affected our interest charges are the diminution in the interest payments from certain Provincial Governments resulting from the repayment of a capital portion of their consolidated debt, the growing Railway Depreciation Fund, and the accretions to our floating debt occasioned by revenue deficits and capital expenditure.

40. The food crisis that developed during the course of the year has rendered it necessary for Government to create a separate Food Department. We are trying to induce the producer, by propaganda and other means, to market his produce freely, and control measures are also being taken to suppress hoarding and to ensure a freer flow of commodities. Under the scheme, the surpluses of certain Provinces will be bought for the purpose of equalising the deficits of other Provinces. Special steps are being taken to see that the grain obtained by the Government agencies reaches the individual consumer at a reasonable price. Any estimate of the financial outlay involved must, at this stage, be conjectural but we estimate that the total purchases during 1943-44 will amount to approximately Rs. 75 crores. This will be met by the Central Government in the first instance and recovered later from the Provincial Governments on whose behalf purchases are made.

The Government of India are determined to spare no effort to increase the production of essential food commodities and are anxious that at this stage no scheme which affords promise of making an early and substantial contribution to this end should be excluded from consideration on purely financial grounds. Pending a decision on the specific measures to be taken, we have provided in the budget a round sum of Rs. 50 lakhs, but we would not limit our expenditure to that figure if further outlay were to offer a greatly enhanced prospect of achieving our object.

41. I can now summarise the position for the coming year. The expenditure detailed in the Civil estimates comes to Rs. 76,78 lakhs, and the provision for Defence Services has been placed at Rs. 182,81 lakhs. Our total expenditure estimates thus amount to Rs. 259,59 lakhs. The total revenue at the existing levels of taxation is estimated at Rs. 199,30 lakhs. We are thus left with a prospective revenue deficit of Rs. 60,29 lakhs.

WAYS AND MEANS.

42. I shall now proceed to outline the broad features of our ways and means position, which with the intensification of the multifarious demands made by the war, has now become a formidable pre-occupation for Government.

The subscriptions to the Defence Loans during the period beginning from the 1st February 1942 and ending with 31st January 1943 amounted to Rs. 34½ crores, raising the total proceeds to Rs. 145 crores since the Defence Loans were first issued in June 1940.

The Second Defence Loan which was closed on the 14th February 1942 was followed in July 1942 by the Third Defence Loan, which is a re-issue of the 3 per cent. 1951-54. In October 1942 there was also a special re-issue of the 3 per cent. 1963-65 in connection with the funding of our liabilities in respect of railway annuities, the amount offered and taken up being Rs. 15 crores. While the sales of Defence Savings Certificates and investment in the interest-free Defence Bonds have continued it would appear that the effect of the initial momentum is being lost and a far more vivid realisation of the importance to the ordinary citizen of utilising these channels of investment for the common good as well as for the furtherance of the country's war effort is called for. At the same time it should be remembered that in addition to the subscriptions to the Defence Loans there is a steady investment of new money in Government loans through the machinery created and developed in connection with the repatriation of our sterling debt. Opportunities are available to the public for investing in a variety of Government loans consisting of counterparts of the repatriated stocks or the re-issue of existing rupee loans into which some of these were converted, and these opportunities are being utilised especially by institutional investors. The total public investment made through this channel amounted to Rs. 36 crores over the 12 months. Lastly, about Rs. 8 crores of new money was subscribed during this period to certain provincial loans floated to enable the provinces to make advance repayments of a part of the consolidated debts due to the Centre. Together with the subscriptions to the Defence Loans, these investments aggregate to Rs. 93 crores over the 12 months and to Rs. 267½ crores since the beginning of the war. The latest trends are however much more encouraging than those figures would suggest. Our total receipts of loan money during the second half of 1942 amounted to over Rs. 73 crores, and in January 1943 to 11 crores. At the same time the net increase in our short term borrowings from the public by the sale of treasury bills during these seven months was Rs. 48 crores. Total borrowings thus averaged nearly Rs. 19 crores a month during that period.

43. While the aggregate support to public loans compares very favourably with the normal scale of public borrowing in India, as I observed last year, the call for a greatly increased transfer of purchasing power from the hands of the public to the Exchequer through the medium of loans has lost none of its cogency and has indeed been strikingly reinforced by subsequent developments. Apart from the greatly increased war expenditure in India, both on our account and that of His Majesty's and other allied Governments, for whom we have to find the rupee finance, the general economic situation resulting from war conditions makes it imperative for every citizen to defer private expenditure to the utmost of his capacity in the common interest and to transfer the investible surplus to Government in the form of loans. It may well be said that in the context of a war economy a public loan is "Twice blessed; It blesseth him that gives and him that takes." To the State it spells an indispensable aid to victory while to the investor it means not only a precaution against the perils and uncertainties of the transition from war to peace after victory has been gained, but also a potent preventive against the economic and social disorder which may arise from the uncontrolled exercise of purchasing power in relation to limited or diminishing stocks of consumable goods.

Even apart from these public reasons, and looking at the matter from the narrow individual point of view, investment in Government securities offers advantages provided by few other forms of investment in war time. With the vastly improved technique which has now been developed here as in England for controlling the securities market, risks of capital depreciation have been minimised to an extent which must cause astonishment to those who can remember the position in this respect during the last war. The fixation of minimum prices together with the organisation for maintaining them with the Central Bank's open market operations may be said to have placed security values beyond the range of the major fluctuations which the changing fortunes of war used to create in this market. Moreover, the war itself has taken a turn which reinforces and justifies the faith in ultimate victory that has always inspired the United Nations.

44. The expansion of the volume of recoverable war expenditure and purchases on behalf of His Majesty's Government and Allied Governments have continued throughout the year, although the net refunds by the Secretary of State which were estimated to be £164 million in all will fall somewhat short of the forecast, owing to the funding of Railway

annuities and the acquisition of Railway Debenture Stocks. This should leave some £100 million of fresh accretions with the Reserve Bank, in addition to its own purchases from banks and on trade and other accounts.

45. The House is now familiar with the main features of our scheme of repatriating the sterling debt and I need not traverse again the ground covered in the last two budget speeches. The bulk of the payment in respect of the 2½ per cent. and 3 per cent. undated sterling loans, which I mentioned last year was effected in March last, the necessary sterling, amounting to £60 million being provided with ease by the Reserve Bank. No counterparts were created this time, as for the first tranche of the repatriation programme, and the entire rupee finance was raised in the first instance by means of *ad hoc* treasury bills issued in favour of the Reserve Bank. Subsequent stray lots of the vested stocks as well as the market purchases of the 3½ per cent. stock were financed from our balances, but for the last and final stage of redeeming £58 million of the 3½ per cent. stock the rupee finance was again in the form of *ad hoc* treasury bills.

That some £300 million of sterling debt should have been repatriated since the outbreak of war, with so little disturbance to the money market is a consummation for which the country may well feel gratified. The balance of sterling stock which fell beyond the scope of the vesting orders and which has not been surrendered in exercise of the option given to holders or which has not yet been redeemed owing to non-presentation of claims is only about £13 million. I know the House will join with me in acknowledging the assistance rendered in this momentous series of transactions by His Majesty's Government and in appreciating the co-operation of the Bank of England and the Reserve Bank in putting them through with smoothness and efficiency.

And here I must on behalf of the Government of India and myself pay a tribute to the immense personal services rendered by the late Sir James Taylor, whose sudden and untimely death a few days ago has been a bitter blow to all who have worked with him in the sphere of Indian finance, and whose sound judgment, ripe experience and loyal counsel could so ill be spared in these difficult times.

46. We have taken advantage of the large sterling balances still available after the repatriation of the sterling loans to fund our outside obligations in respect of Railway annuities by arrangement with His Majesty's Government and, with their co-operation once again, to repatriate Railway Stocks. In the former case we have funded a rather complicated series of Railway annuities by the payment of a lump sum of £30 million to His Majesty's Government, who have undertaken to provide the annual sums required for payment to the annuitants until their termination, the flat rate of interest taken as a fair basis for the arrangement on actuarial calculations being 2½ per cent.

The vesting of Railway Debenture Stocks of the face value of £20 million has already been announced and notice has also been given of the redemption on the 4th February 1944 of three 3½ per cent. Debenture Stocks for which the vesting procedure would have been inappropriate as in the case of the 3½ per cent. undated sterling stock. The payment for the vested debentures will be made during the course of the current financial year. The rate at which sterling is accumulating with the Reserve Bank has not only enabled it to provide us with the sterling needed for our repatriation and other transactions, but left a surplus well above its reasonable reserve requirements.

47. And thus India has completed the transition from a debtor to a creditor country and extinguished within the brief space of about three years accumulations over decades of its public indebtedness to the United Kingdom. Apart from the immediate exchange gain of a substantial relief from the necessity of finding sterling annually for the payment of interest charges, a great deal could be said on the implications of this remarkable change in India's status. To deal adequately with that theme and to attempt to prognosticate the role which India is destined to play in the post-war world, would carry me far beyond the limits of a budget speech.

As I observed last year the temporary revenue gain to the budget is of minor consequence, being conditioned by the progress of funding the floating rupee debt raised for financing repatriation. It is difficult to state with precision to what extent the funding of floating debt raised for the purpose of repatriation has been achieved, since borrowing of both temporary and permanent nature is resorted to for other purposes besides repatriation and Government's balances are also increased by the payment which the Reserve Bank makes from time to time for the "Rupee coin" that it takes over. The broad position may be said to be that of some Rs. 400 crores raised so far for financing the various repatriation and funding operations, only Rs. 160 crores may be regarded as being still in the form of Central Bank finance, since that is the amount by which the rupee securities held by the Reserve Bank as cover against its note issue exceed the corresponding figure at the outbreak of the war.

48. The question of the future utilisation of India's sterling balances is one which has attracted intense public interest in recent months and has been the subject of much speculation. It is a question which also naturally engages the continuous attention of the Government. Hitherto action has been concentrated on extinguishing as many as possible of our public sterling liabilities, and this is obviously the primary use to which surplus sterling assets should be put. With the virtual cessation of payments on interest account to external bond-holders, the only substantial liability still remaining on account of which sterling remittance would normally be necessary will be payments on account of sterling pensions, family pensions and provident funds. It is estimated that these charges in the period that lies ahead will be of the order of from £5 to £6 million a year. The Government of India have accordingly had under consideration a scheme for making advance provision for the requisite sterling remittance wherewith to meet future payments in respect of these liabilities on the lines of the arrangement recently made for sterling railway annuities. This would in effect involve the purchase from His Majesty's Government, by the investment of capital sum at a suitable rate of interest, of the right to receive a series of sterling payments estimated to be sufficient to meet the relevant charges over the period during which they are likely to have to be met. These charges, and consequently the sterling remittance required to meet them, would naturally after a certain time gradually decline in amount until they disappeared, and the transaction might thus be described as the purchase of a tapering annuity. It is not contemplated that the rights of any class of Government servants would be affected, or that the liability to pensioners should be transferred from the Government of India. The arrangement would be purely financial, and would amount to the investment of a capital sum in return for which the Government of India would at stated intervals receive stated sums of sterling with which they would be in a position, as far as can be estimated, to meet these sterling obligations. This investment would naturally provide a much more favourable rate of interest than that earned on the present investments in sterling treasury bills.

49. An arrangement of the nature just described would be capable of absorbing a considerable sterling sum, and would indeed be the equivalent of a large scale repatriation. There would however still remain, as far as can be judged from the rate at which sterling is accruing, a substantial surplus above the amount which is likely to be required as a reserve against our currency note circulation. The Government of India are therefore at the same time considering the proposal, which has been made from several quarters, that something in the nature of a Reconstruction Fund should be constituted to provide for the financing of a programme of post-war reconstruction, including the rehabilitation and re-equipment of industry. It is clear that in the post-war period India will have heavy demands for imported machinery and plant to equip her greatly expanded industrial system, to re-equip her railways and to enable Provincial and State Governments to carry out schemes of electrification, irrigation and the like, which have had to remain in abeyance during the war. It may be taken for granted that it will be found necessary even after the end of the war to proceed on some orderly programme for the purchase of these capital goods from the producing countries. In this respect the position may well be found to be not greatly dissimilar from the present situation in regard to the procurement from overseas sources of the plant and equipment necessary for war production. The first essential would probably be a careful and comprehensive survey of India's requirements and the establishment of some order of priority upon which a programme could be drawn up. In so far as this programme depended

on the ability of producing countries to release certain types of goods for export, it would clearly involve international co-operation, and in particular the assistance and co-operation of His Majesty's Government. The existence of such a Reconstruction Fund coupled with a concerted programme of requirements would place India in a favourable position to endeavour to secure the early fulfilment of her post-war needs and so enable her to go ahead with post-war reconstruction with the minimum of delay.

50. I turn now to a consideration of the general currency position and the problem that is exercising the minds of all of us. As the all round rise in prices resulting from complex and interacting factors in war conditions tends progressively to lower the standard of living of every one, thoughts naturally turn more and more insistently to the causes of the trouble and possible remedies. Of late there have been a number of non-official communications to Government and pronouncements by economists, both professional and amateur, on this subject, according to which the source of the trouble is the arrangements in force for making rupee disbursements on behalf of His Majesty's Government and Allied Governments, and the currency machinery of the Reserve Bank is regarded as the conduit pipe of inflationary credit. I feel it necessary, therefore, to state certain broad conclusions in order that the problem may be viewed in the right perspective.

51. As in all discussions of this nature, a great deal depends on the point from which the initial approach is made. I would therefore make certain preliminary general observations. First, India's war effort has clearly not yet reached the ceiling if the maximum utilization of available man-power and resources, and public expenditure on supplies, purchases, works, etc., still continues to promote the end in view, which is the defeat of the enemy and the safety of India. Secondly, in a common war effort the usual methods of settling international indebtedness in goods and services are not available and for a variety of reasons it is not possible to give play to the usual checks employed in order to adjust international trade relations, i.e., it is not possible to increase the volume of commercial imports or to adjust the trade balance by an upward movement in the rate of exchange. Thirdly, since disbursements must be made in Indian currency, the question of how war expenditure is allotted is irrelevant so far as the inflation aspect of the problem is concerned, although from the point of view of the final settlement it is, of course, of considerable importance. In other words, other things being equal, as for instance, the conditions governing the extent to which taxation and borrowing are feasible, the size of the sterling balances accumulating in India's favour has no direct bearing on the internal problem. Lastly, on the only assumption on which it is at all possible to deal with the problems of the future, namely, that the war will result in victory for the United Nations, and that both the United Kingdom and the Government of India will therefore be in a position to pursue sound financial policies, there is not the remotest risk of inflation of the nature and on the scale which occurred in some of the countries which suffered utter defeat in the last war. Without wishing to minimise the importance of the twin problem of sterling balances and inflation, I venture to suggest that on the above postulates we need not allow ourselves to take too pessimistic a view of the currency expansion that has taken place so far and that may be expected in the future.

52. So far as the accumulations of sterling are concerned, if regard is had to the identity of purpose of the United Nations, it seems to me that the only reasonable principle on which one could proceed is to ensure that indebtedness is not allowed to increase in one direction while there are set offs of existing indebtedness that can fairly and practically be made in the other direction. It is on this principle that His Majesty's Government and the Government of India have so far concerted measures for repatriating sterling debt and other public obligations of India expressed in sterling, and we shall continue to explore the scope for further action in the same direction. I cannot share the anxiety of those who appear to regard the surplus balances as almost in the nature of useless assets. Apart from their being available as a reserve wherewith to pay for the capital goods which the United Kingdom will be in a position to supply for India's industrial expansion and the replacement of machinery after the strain which will have been put on it during the period of the war, India's balances should enable her to trade as one of the principal commercial countries of the world and play a helpful part in building up a system of international trade such as would ensure a fair market for goods of export.

53. In my opinion some of the fear which is now expressed arises from a failure to distinguish between pure credit inflation and the temporary situation in which an increase in the volume of purchasing power impinges for a time on a stationary or diminishing volume of consumable goods. Here in India I think we can say with a clear conscience that the Government has at no time resorted to credit inflation. The easy expedient of borrowing from the Reserve Bank has not been adopted for making up the revenue deficits of governmental budgets or for augmenting governmental balances for the purpose of meeting disbursements. I have already referred to the *ad hoc* treasury bills through which repatriation has partially been financed, but I should not like the House to go away with the impression that this at any rate is credit inflation. That very definitely it is not. At no stage of the repatriation programme has there been any expansion of currency against the *ad hoc* treasury bills created. These treasury bills merely replace the sterling against which currency had already been expanded in the ordinary course in order to meet legitimate demands for the means for making cash payments, and the substitution merely amounts to a readjustment of the assets of the Reserve Bank's Issue Department. The true position surely is that here is a block of investment waiting to be taken up by the nation for which it has been acquired.

54. Owing to the inevitable imperfections of our economic statistics a quantitative determination of the phenomenon of inflation is even more difficult in this country than in the United Kingdom or the United States of America. Without wishing to be dogmatic, however, I should like to draw attention to what appear to me to be the prevalent misconceptions on this subject. The first is that a general rise in prices must mean inflation and that it is caused by avoidable expansion of currency. To my mind this notion is the result of confusing cause and effect and misinterpreting the elementary fact that all the expansion and intensification of Government's war activities involves cash payments to an ever widening circle of recipients in return for labour and raw material or services. The alarms and excursions of war also tend to create varying preferences for settlement of claims in cash among sections of the public over methods customary in peace time and in other countries, e.g., by cheque, thus increasing the *per capita* cash requirements of a huge and expanding population. To stop issuing the currency which the public needs in such circumstances would simply mean a corresponding or even disproportionate curtailment of the whole war effort.

Moreover, not all the Government disbursements on war purposes necessarily or proportionately contribute to a rise in prices, even though Government's war effort curtails the production or import of civilian goods, as it is bound to do to some extent. That purchasing power may not all be employed for the purchase of such goods, and much depends on the rate at which money is being turned over in the process. Hoarded cash, for instance, exerts no pressure on prices. Similarly deposits in banks may have an effect on prices much smaller than their volume would suggest if their rate of turnover is slower than normal. That this is the case is shown by the ratio of average deposits of scheduled banks to banks clearings, which is 6.6 for the first 9 months of the current year against 15.6 in 1938-39. Both these are forms of a liquidity preference which, while it lasts, tempers the rise in prices.

In assessing the significance of a rise in prices it is also necessary to remind ourselves that we did not start from an optimum price-level and that the prices of many essential articles, particularly agricultural commodities, had been by general consent unduly depressed for years prior to the outbreak of hostilities and the problem had been not how to keep them from rising, but how to stimulate them. In any analysis of inflation on the basis of price indices allowance must therefore be made for the taking up of the slack. This is not to say, however, that any of us can afford to evade the problem or to allow what may not be a serious situation to-day to develop into one for lack of timely and vigilant action. It would be foolish to ignore the crux of the matter, which is that in the lopsided economic set up of a country at war free purchasing power is a potential source of danger.

55. That being so, I most earnestly deprecate loose talk and wild exaggeration in these matters: for they are the parents of panic buying and hoarding, and these in their turn benefit only the profiteer and the speculator. There is the most urgent need for economy in personal expenditure at the present time, not only because lavish expenditure will raise the level of prices, but also because of the need for conserving supplies of scarce materials for war purposes. After the war, when war-demands will inevitably have greatly shrunken,

if not have vanished entirely and when the question of securing and maintaining the level of employment will have become more urgent, there will be ample justification for increased spending and it will then be a valuable safeguard against falling prices. During the war itself, there is an obvious alternative to private spending—an alternative, moreover, which most powerfully assists the war effort and greatly reduces the risks attaching to the increase in the volume of purchasing power, which, I may add, is characteristic of the situation in every part of the world and not of the Indian position alone. That alternative is investment in loans of the Government of India on the largest possible scale. A free flow of savings into Government loans will not only greatly ease the strain on Government finances, but it reduces competition for the greatly shrunken volume of consumers goods which is all that is now available. At the same time, it does not deprive the public of the opportunity ultimately of enjoying the fruit of present self-denial—in which respect it differs greatly from increased taxation. I am convinced that our sheet-anchor in the present emergency must be more and more borrowing.

Report for the Year 1942

Section V.

DOCUMENTS AND STATISTICS.

NOTE.—In order to prevent detailed information relating to the movements of Indian trade and shipping from reaching the enemy, the Government of India decided, as a temporary measure, to suspend, with effect from February 1940, the publication of the Monthly Accounts relating to the Sea-borne Trade and Navigation of British India. It has, therefore, become necessary temporarily to suspend the publication of the Statistical Section to the Annual Report of the Association.

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 procuracy, 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 mentioned. Mode of electing 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 paper 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.

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 Power of the Committee.

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.

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 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. The date when the rules come into force and the mode of altering the rules.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 24th March 1942.

Interpretation.

1. Throughout all these rules the following words shall bear and include the following meanings :—

- (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.

Essentials of a registrable trade mark.

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 :—

- (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.

Classification of goods.

3. All goods to which these rules apply shall be divided into the following classes :—

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.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.' Registers.

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. Duty of members to register trade marks and mode of applying to register same.

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.

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. Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

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. Notice of every application to register a trade mark to be sent to every member.

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. Effect of entry of trade mark in 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. Applications for removal of trade mark from the Suspense Register.

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.

Objections to entry of a trade mark in the Permanent 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.

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 has been registered in the Permanent Register desires to use the mark so registered in a form which differs from that in which it was originally registered such member shall send to the Secretary an application to enter such altered mark in the Permanent Register as an associated mark, and with such application shall send to the Secretary such number of copies of the altered mark as the Managing Committee of the Association may prescribe. The Secretary shall thereupon enter the altered mark in the Suspense Register as an associated mark. Copies of the altered mark shall then be sent by the Secretary to all other members of the Association. If an objection to the entry of such mark as an associated mark in the Permanent Register on the ground that the mark has been so materially altered that it has become an imitation colourable or otherwise of another mark already registered in the Permanent Register by the objecting member, is received within fourteen days, the objection shall be referred to the Trade Marks Sub-Committee. Unless in the unanimous opinion of the members present at the meeting of the Trade Marks Sub-Committee met to decide this matter in dispute the trade mark so altered is not an imitation colourable or otherwise of the mark already registered in the Permanent Register by the objecting member, the objection shall be referred to arbitration in the manner provided by these rules for the determination of the disputes mentioned in Rule 23.

N.B.—For the purposes of this rule, at least one-half of the total number of members of the Trade Marks Sub-Committee shall be present at a meeting of the Sub-Committee and constitute a quorum.

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.

Liberty to refuse to refer to arbitration in certain cases.

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.

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.

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,
- (d) applications to record in the Permanent Register as "associated marks" variations of trade marks already in the Permanent Register,

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.

34A. 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.

35. The following fees on arbitrations shall be chargeable by the Association to members :— Fees on arbitrations.

(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.

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 notification 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 ;

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.

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.

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.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the 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.

Effect of entry of trade mark in Permanent Register.

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.

**“ SUPPLEMENTARY ” PROVISIONS FOR DEALING WITH DISPUTES
IN CONNEXION WITH DEALERS’ TRADE MARKS CIRCULATED
UNDER RULE 7 OF THE ASSOCIATION’S RULES FOR THE
REGISTRATION OF TRADE MARKS.**

1.—These Rules shall be called “ The Supplementary Provisions relating to Dealers’ Trade Marks.”

2.—These provisions shall unless rescinded be in force up to March 31st, 1940,* and might be renewed or extended and confirmed before that date by a resolution duly passed at a General Meeting of all members of the Association.

3.—These rules shall take effect as and from the date following this resolution.

4.—These provisions shall only apply to disputes arising from dealers’ trade marks circulated on or after the date of commencement of these provisions.

If these provisions are not extended, renewed or confirmed before March 31st, 1940, they shall continue to apply till all disputes relating to dealers’ trade marks circulated on or before March 31st, 1940, have been disposed of.

5.—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 (hereinafter called “ a dealer’s trade mark ”) 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.

6.—Any member may object to any such dealer’s trade mark on the ground that such dealer’s 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 such dealer’s trade mark is intended to be applied and that such trade mark so already entered has habitually been applied by such objecting member to such class or classes of goods.

7.—Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of such dealer’s trade mark 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.

8.—If any member shall object to a dealer’s trade mark on the ground set out in Rule 6, then unless the two members can come to an agreement with each other the difference between them shall be determined by arbitration in the manner prescribed by the rules for the determination of questions relating to any application to register the trade mark or to an 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. The sole arbitrator, two arbitrators, umpire or referee as the case may be, shall award either that the member may or may not apply such dealer’s trade mark to any produce of the mill or mills, factory or factories owned by such member, and subject to the provisions of Rule 9 both members shall abide by such award.

* Since extended to March 31st, 1944.

8A.—If, after an objection has been raised, no agreement is reached between the two members concerned and if no arbitration proceedings are commenced by either party within a period of two months from the date on which the objection was first notified to the member at whose instance the dealers' mark was circulated, or within the period as extended by the Trade Marks Sub-Committee, the applicant member shall be deemed to have withdrawn his application for the use of the mark.

9.—Should the objecting member establish in a suit filed in the High Court of Judicature at Bombay in which the objecting member is the Plaintiff and the dealer is the Defendant that the dealer's trade mark is an imitation colourable or otherwise of a mark which has already on the application of such member been entered on the Permanent Register then notwithstanding that an award may have been made permitting a member to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, the other member shall forthwith cease to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by him.

10.—The objecting member shall not make the other member a party to such suit.

11.—If the objecting member files a suit against the dealer before an award shall have been made then the arbitrators shall not make their award.

12.—The provisions of Rules 2 to 7 shall apply also to a dealer's trade mark which it is intended to apply to the produce of a mill for export from India to particular and specified markets only. Rules 8 to 11 shall not apply to such trade marks, but the following rules shall apply in addition to Rules 2 to 7.

13.—Every member shall send to the Secretary, with the copies of the trade mark sent to him under Rule 5, a certificate signed by him or by some person duly authorised to sign the same on behalf of the member that the produce to which the said mark is to be applied will not be sold in India but will be exported from India to particular and specified markets only.

14.—The Secretary shall, when sending copies of the trade mark to members under Rule 5, also send to them copies of the said certificate.

15.—If any member shall object to such dealer's trade mark on the ground set out in Rule 6, the Secretary shall notify the member of such objection but the Association shall not thereafter take any part in the said objection.

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.

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."
- (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.

Unregistrable Numbers.

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;

- (b) A combination of numbers and/or letters representing cloth dimensions;
- (c) A combination of letters making a word.

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. Portion of Number relating to design, etc.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register." Registers.

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. 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. Effect of entry 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. Agreement as to user of numbers in Suspense Register.

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 (Old 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 (Intermediate 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. Exclusive Register. (New Numbers)

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. Effect of entry in Exclusive Register.

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. Use of New Number.

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 Form of Application for Registration.

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.

Search by Secretary.

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.

What is calculated to deceive.

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 :—

- (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.*

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. Temporary certificate.

(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.

(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. Certificate of registration.

Notice of rejection to be given to applicant.

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.

Appeal.

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.

(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.

Fees for Registration.

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.

Balanced Numbers.

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.

Rejection of Number likely to bear same name as a registered number.

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.

Numbers excluded from operation of Rules.

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.

(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.

" SUPPLEMENTARY PROVISIONS " FOR CIRCULATING DEALERS' TRADE NUMBERS FOR USE ON GOODS EXPORTED FROM INDIA.

1. These Rules may be called the " Supplementary Provisions " for circulation of dealers' trade numbers for use on goods exported from India.

2. These provisions shall remain in force up to 31st March 1942* and may be renewed or extended and confirmed before that date by resolution duly passed at a General Meeting of all members of the Association.

3. These Rules shall take effect as and from the date following this resolution.

4. The provisions of Rule 13 of the Association's Rules for the Registration of Trade Numbers, shall not apply to trade numbers which are the property of a dealer (hereinafter referred to as dealers' trade numbers) dealing with a member and which such member intends to apply to any produce of his mill directly for export from the mill to overseas merchants.

5. An application for the use of a dealer's trade number shall be made in writing and shall be signed by a Director or 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. The application shall contain a declaration signed by the applicant member or by some person duly authorised to sign the name on behalf of the member that the produce marked with the number applied for will not be marketed in India and that the number will be used only on goods exported directly from the mills to overseas markets specified in the application.

6. The Secretary shall, as soon as may be after the receipt thereof, circulate copies of the application and of the declaration to every member.

7. Any member may object to any such dealer's trade number on the ground that such dealer's trade number is an imitation, colourable or otherwise, of a trade number which has already, on the application of such objecting member, been registered as his exclusive property or has already at his instance been circulated as a dealer's trade number for use in the same markets outside India.

8. Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of the application for the use of such dealer's trade number and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorised to sign on behalf of the objecting member and shall set forth the grounds of objection.

9. If any member shall object to such dealer's trade number on either of the grounds set out in Rule 7 above, the Secretary shall notify the member at whose instance the dealer's number was circulated of such objection, but, the Association shall not thereafter take any part in the said objection.

* Since extended to March 31st, 1944.

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 of Registration.

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.

**“ SUPPLEMENTARY PROVISIONS ” FOR CIRCULATING DEALERS’
TRADE NAMES FOR USE ON GOODS EXPORTED FROM INDIA.**

1. These Rules may be called the “ Supplementary Provisions ” for circulation of dealers’ Trade Names for use on goods exported from India.

2. These provisions shall remain in force up to 31st March 1942* and may be renewed or extended and confirmed before that date by resolution duly passed at a General Meeting of all members of the Association.

3. These Rules shall take effect as and from the date following this resolution.

4. The provisions of Rule 12 of the Association’s Rules for the Registration of Trade Names, shall not apply to trade names which are the property of a dealer (hereinafter referred to as dealers’ trade names) dealing with a member and which such member intends to apply to any produce of his mill directly for export from the mill to overseas merchants.

5. An application for the use of a dealer’s trade name shall be made in writing and shall be signed by a Director or 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. The application shall contain a declaration signed by the applicant member or by some person duly authorised to sign the name on behalf of the member that the produce marked with the name applied for will not be marketed in India and that the name will be used only on goods exported directly from the mills to overseas markets specified in the application.

6. The Secretary shall, as soon as may be after the receipt thereof, circulate copies of the application and of the declaration to every member.

7. Any member may object to any such dealer’s trade name on the ground that such dealer’s trade name is an imitation, colourable or otherwise, of a trade name which has already, on the application of such objecting member, been registered as his exclusive property or has already at his instance been circulated as a dealer’s trade name for use in the same markets outside India.

8. Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of the application for the use of such dealer’s trade name and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorised to sign on behalf of the objecting member and shall set forth the grounds of objection.

9. If any member shall object to such dealer’s trade name on either of the grounds set out in Rule 7 above, the Secretary shall notify the member at whose instance the dealer’s name was circulated of such objection, but the Association shall not thereafter take any part in the said objection.

* Since extended to March 31st, 1944.

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.

Panel of Arbitrators.

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 Umpires.

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.

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.

Appointment of Arbitrators.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or

Reference to sole arbitrator if second arbitrator not appointed within 10 days.

(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.

(c) No person shall be appointed to act as arbitrator under these rules whose consent to so act shall not previously have been obtained. Arbitrators not to be appointed without previous consent.

(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. Appointment of arbitrators to be made on the form prescribed by the Association.

(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.

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. Arbitrators to be disinterested.

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. Appointment of Umpire by arbitrators.

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.

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. Submission of statements.

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.

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. Samples for inspection.

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 prescribed 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 unmerchandise 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.

Notes :—

1. After the coming into force of the War Risks (Goods) Insurance Ordinance, 1940, it was suggested that a clause on the following lines be inserted in the cloth and yarn contracts of all member mills. This clause affirms the buyer's liability in respect of premia paid by the seller on goods held by him at the risk of the buyer :—

"It is hereby agreed that in case the buyers fail to pay for and take delivery of the goods on the due date, the Company shall be entitled to claim from the buyers, in addition to the cost of the goods and the charges specified in clause 13 any premium paid by the Company in insuring the goods in question under the War Risks (Goods) Insurance Ordinance, 1940. PROVIDED that the buyers' liability under this clause in respect of the War Risks (Goods) Insurance Ordinance shall be limited to the amount of premium paid by the Company in respect of the goods in question. If the Company has not taken a separate policy in regard to the particular goods held by it at the risk and on account of the buyers, then the amount of premium payable by the buyers shall bear the same proportion to the total premium paid by the Company as the value of the goods which the Company holds at the risk and on account of the buyers bears to the total value of the goods insured. Nothing in this clause contained shall affect the provisions of clause 11 hereof or cause the goods to be held from and after the due date of delivery otherwise than for the account of the buyers and at their sole risk."

Member mills were advised that all contracts entered into by them on and after 31st October 1940 should contain the above additional clause which should be initialled by the buyers and the Company.

2. In July 1942, member mills were recommended to insert the following "War Emergency Clause" in their cloth and yarn contracts. This clause seeks to protect the mills in the event of their having to cancel contracts or to ask for postponement of delivery in respect of contracts entered into by them with bazaar dealers if such cancellation or postponement of delivery was necessitated by requisitions placed on the mills by the Department of Supply, the Government of India.

"Notwithstanding anything hereinabove contained or implied if an Order for goods shall be placed with the Company by or on behalf of the Government of India subsequent in date to the contract date, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part within the contract time or times, then the Company shall within seven days of the receipt of such order give written notice (the Company's notice) to the buyer of such decision, and shall in the Company's notice state the extent of its inability to perform and within what substituted time or times the Company will be able to perform the contract. Within seven days of the receipt of the Company's notice the Buyer shall give written notice (the Buyer's notice) to the Company whether the Buyer elects to affirm the contract as varied by such substituted time or times or whether the Buyer elects to cancel the contract to the extent of the inability. If the Buyer affirms the contract as varied then, the contract shall remain in force as varied. If the Buyer cancels the contract, to the extent of the inability, then the contract shall stand cancelled to that extent, and the Buyer shall have no claim for compensation. If the Buyer fails to give the Buyer's notice to the Company within the period aforesaid, the Buyer shall be deemed to have affirmed the contract. If an order for goods shall be placed by or on behalf of the Government of India subsequent in date to any such affirmation, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part as so varied then the like procedure shall be adopted with the like consequences. The Buyer shall be entitled if he so requires, to inspect any order giving rise to such decision as aforesaid but the Buyer shall not be entitled to raise any question in respect of such decision or in respect of the extent of the inability or in respect of the time or times so substituted."

**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.*

Section 5.

(1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :—

(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.

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(1) [Repealed by Act XVI of 1895.]

Section 6.

(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.

(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.

Section 7.

(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.

Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible.

Section 8.

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 15.

(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.

Section 22.

(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.

The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :—

Section 23.

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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* * * * *

(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.

Section 31.

(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.

(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.

Section 32.

(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 PUBLICATIONS ISSUED BY THE ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

	MEMBERS.		NON-MEMBERS.		POSTAGE.	
	Yearly.	Charge per copy.	Yearly.	Charge per copy.	Yearly.	Per copy.
	Ra. a. p.	Ra. a. p.	Ra. a. p.	Ra. a. p.	Ra. a. p.	Ra. a. p.
1. 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
2. Yarn and Piecegoods Trade Statistics of British India ..	Do.		24 0 0	2 8 0	Do.	Do.
3. Current Quotations of Local-made Piecegoods and Yarns—Issued fortnightly ..	....	....	6 0 0	0 6 0	0 12 0	0 0 6
4. Rules and Regulations of the Association ..	....	0 8 0	....	1 0 0	....	{ 0-2-0 Inland. 0-4-0 Foreign.
5. Rules for Registration of Trade Marks ..	....	0 8 0	....	1 0 0	....	Do.
6. Rules for Registration of Trade Numbers ..	....	0 8 0	....	1 0 0	....	Do.
7. Rules for Registration of Trade Names ..	....	0 8 0	....	1 0 0	....	Do.
8. Rules for Arbitrations on Indian Piecegoods and Yarn ..	....	0 8 0	....	1 0 0	....	Do.
9. 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.	....	{ 1-2-0 Inland. 3-0-0 Foreign.
10. 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.	
11. List of Mill Holidays and Pay-days ..	Free		0 4 0 per copy.			
12. Special Warranty Labels: Cloth : large size .. small size .. Yarn :	Rs. 2-2-0 per 1000 " 1-3-0 " 1-3-0		} Issued to members only.			
13. Standing Orders for Cotton Mill Operatives (English, Marathi and Urdu.)	0 6 0 per copy.		0 8 0 per copy			
14. Standing Orders for Clerks (English, Marathi and Urdu.)	0 6 0 "		0 8 0 "			
15. Standing Orders for Woollen Mill Operatives (English)...	0 6 0 "		0 8 0 "			
16. Recommendations on Labour Matters.	0 8 0 "		0 8 0 "			
17. Glossary of Textile Terms ..	5 copies Rs. 2-0 } 1 8 0 per copy.		0 12 0 " 1 8 0 "			

Note.—Sale of publications of items 1 and 2 have been temporarily stopped.