

REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1937.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON FRIDAY, 18th MARCH 1938.



Bombay :

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1938.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

REPORT FOR THE YEAR 1937.

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MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

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CHAIRMEN AND SECRETARIES OF THE MILLOWNERS' ASSOCIATION, BOMBAY.

Chairmen.

H. MAXWELL, 1875, 1876-77, 1877-78.
J. A. FORBES, 1878-79.
SIR DINSHAW MANEKJI PETTIT, 1879-80, 1880-81, 1881-82, 1882-83, 1883-84, 1884-85, 1886-87, 1888-89, 1889-90, 1891, 1892.
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SIR FAZULBHOY CURRIMBHOY, 1908.
SIR MANMOHANDAS RAMJEE, 1909.
HERBERT R. GREAVES, 1910.
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SIR VICTOR SASSOON, 1923.
S. D. SAKLATVALA, 1924.
SIR NESS WADIA, 1925.
A. GEDDIS, 1926.
SIR HORMASJI MODY, 1927.
J. B. PETTIT, 1928.
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DHARAMSEY MULRAJ KHATAU, 1937.
T. V. BADDELEY, 1938.

Secretaries.

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

* Part Year.

Millobners' Association, Bombay.

Section. I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON 18th MARCH 1938.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING of the Members of the Millowners' Association, Bombay, held in the rooms of the Association (Patel House, Churchgate Street, Fort), at 11 a.m. (S.T.) on Friday, the 18th March 1938, to transact the following business :—

- (1) To receive and adopt the Committee's Report for the year 1937 ;
- (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. DHARAMSEY MULRAJ KHATAU, Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. P. N. Chandavarkar, I.C.S., Collector of Customs ; Mr. M. E. Haskell, Assistant Director of Industries ; Dr. Nazir Ahmad, Director, Technological Laboratory, Indian Central Cotton Committee ; Mr. G. H. Cooke, President, Bombay Chamber of Commerce ; Mr. Gordhandas Goculdas Morarjee, President, and Mr. J. C. Setalvad, Vice-President, Indian Merchants' Chamber ; Professor R. B. Forster, D.Sc., Head of the University Department of Chemical Technology ; Mr. J. Vonesch, President, Cotton Buyers' Association ; Mr. S. Bhattacharjee of the Bengal Millowners' Association ; Mr. Jal Rutnagar ; Mr. Sankalchand G. Shah ; Mr. J. J. Cussen ; Mr. J. N. Mody ; Mr. A. C. M. Cursetjee ; Mr. Krishnaraj M. D. Thackersey, Mr. Hurgovandas Jamnadas Ramji, Mr. Udaikant M. D. Thackersey and Mr. Ranchhoddas Harkisondas representing the Crown Spg. & Mfg. Co., Ltd., the Hindoostan Spg. & Wvg. Mills Co., Ltd., the Indian Mfg. Co., Ltd., the New Kaiser-I-Hind Spg. & Wvg. Co., Ltd. and the Western India Spg. & Mfg. Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I., representing the Century Spg. & Mfg. Co., Ltd. ; Sir Nowroji Saklatvala, K.B.E., C.I.E., Sir Hormasji Mody, K.B.E., M.L.A. and Mr. S. D. Saklatvala, M.L.A., representing the Ahmedabad Advance Mills Ltd., the Central India Spg., Wvg. & Mfg. Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills, Ltd. ; Mr. A. D. Walwyn, representing the Colaba Land & Mill Co., Ltd., the New City of Bombay Mfg. Co., Ltd., and the New Great Eastern Spg. & Wvg. Co., Ltd. ; Mr. T. V. Baddeley, representing the Gokak Mills, Ltd. and the Simplex Mills Co., Ltd. ; Mr. F. Stones, O.B.E., M.L.C. and Mr. B. D. Benjamin, representing the Apollo Mills, Ltd., the E. D. Sassoon United Mills, Ltd., The Edward Sassoon Mills, Ltd., the Elphinstone Spg. & Wvg. Mills, Co., Ltd., the David Mills Co., Ltd., the Loyal Mills, Ltd., the Meyer Sassoon Mills, Ltd. and the Raymond Woollen Mills, Ltd. ; Mr. V. N. Chandavarkar and Mr. Vijayanand D. Sirur, representing the Modern Mills, Ltd., the Minerva Mills, Ltd., and the Mysore Spg. & Mfg. Co., Ltd. ; Mr. A. Geddis and Mr. J. C. Burns, representing the Finlay Mills, Ltd., the Gold Mohur Mills, Ltd., the Swan Mills, Ltd. and the Shri Shahu Chhatrapati Spg. & Wvg. Mills ; Mr. A. M. Mehta, representing the Madhowji Dharamsi Mfg. Co., Ltd. and the Sir Shapurji Broacha Mills, Ltd. ; Mr. A. Pether, representing the New Union Mills, Ltd., the Sassoon & Alliance Silk Mill Co., Ltd. and the Sassoon Spg. & Wvg. Co., Ltd. ; Mr. C. P. Wadia, representing the Moon Mills, Ltd. ; Mr. Neville N. Wadia, representing the Bombay Dyeing & Mfg. Co., Ltd. ; Mr. B. S. Dabke, representing the Morarjee Goculdas Spg. & Wvg. Co., Ltd. ; Mr. N. D. Bangur and Mr. G. D. Somani, representing the Shree Niwas Cotton Mills, Ltd. ; Mr. Keshavprasad Goenka, representing the Kamala Mills, Ltd. ; Mr. L. A. Halsall, representing the Hyderabad (Deccan) Spg. & Wvg. Co., Ltd. ; Mr. M. M. Amersey, representing the Madhusudan Mills, Ltd. ; Mr. Cavasji Cursetji

Dalal, representing the Khandeish Spg. & Wvg. Mills Co., Ltd. and the Jam Shri Ranjitsinghji Spg. & Wvg. Mills Co., Ltd.; Mr. Camar S. Tyabjee, representing the Azam Jahi Mills, Ltd. and the Osmanshahi Mills, Ltd.; Mr. E. D. Sheppard, representing the Kohinoo Mills Co., Ltd., Mr. Ramniwas Ramnarain and Mr. Madanmohan Ramnarain, representing the Bradbury Mills, Ltd. and the Phoenix Mills, Ltd.; Mr. H. Heys, representing Messrs. Courtaulds (India), Ltd.; Mr. T. Maloney, (Secretary); Mr. N. S. V. Aiyar (Asst. Secretary) and Mr. R. G. Gokhale (Labour Officer).

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

GENTLEMEN,

At the end of a rather memorable year it is my privilege to present to you the Annual Report of the Association.

WORLD AFFAIRS IN 1937.

In 1936, the world economic depression which had existed since 1929 had definitely come to an end, and 1937 was generally welcomed as the beginning of an era of greater prosperity. Industrial activity had increased remarkably during the last few months of 1936, and this upward swing continued with great rapidity in the first few months of 1937. The change in sentiment had been considerably assisted by the Tripartite Monetary Agreement entered into between the United Kingdom, U.S.A. and France. Very notable increases occurred in commodity prices generally, and the prices of wheat, cotton and steel rose substantially. Unfortunately, however, extreme speculative activity in America and other countries caused prices to soar too rapidly, and when hints were thrown out that America might reduce the price of gold, the inevitable crash occurred, which led to disastrous results in America and serious falls in commodity prices in other parts of the world. Rubber, for example, fell from the peak price of 14*d.* to 7*d.* Manufactured commodities suffered similar falls. American cotton, aided by a bumper crop in that country, fell from 14 cents to 7 cents. Confidence so rudely shaken could not easily be restored, and although industrial activity continued at high levels in certain countries, the prospects at the end of the year were definitely less bright than at the beginning. Some of the industrial activity of the year was, to a large extent, artificial, being due to enormous rearmament programmes which, according to one estimate, are to-day costing the world over 3,000 million pounds per annum. In some cases, the burden of rearmament cannot be met by current taxation, and is being financed by loans, thus adding to the burden of unproductive debts which together with unbalanced budgets are bound, in the long run, to bring their own retribution. The year was also remarkable for the number of strikes and labour troubles, and in this direction, the U.S.A. and France were the worst sufferers.

In the political field, one crisis followed after another, and the world looked on helplessly, while poor China was being over-run by Militarist Japan. The Civil War in Spain continued throughout the year, and we must consider ourselves fortunate that neither of these events brought about a world conflagration. The situation in the political field is, however, still critical, and he would be a venturesome man indeed who dared to prophesy that all the major political differences which now exist between the more important countries of the world would be brought to an end in the near future, and that real peace, bringing prosperity in its train would be secured. We can only hope that the statesmen of the world will be great enough to deal with the critical situation which confronts them.

Turning to the other side of the picture, we must, I think, welcome the signs of better feeling and closer co-operation existing between the two greatest democracies in the world, namely, U.S.A. and the United Kingdom. If, as a result of the negotiations which are now taking place, a satisfactory trade agreement is framed, it should go some way to restore confidence which has been so rudely shaken by the adverse influences to which reference has already been made.

ECONOMIC POSITION IN INDIA IN 1937.

Coming nearer home, the most notable event of the year was the coming into operation of Provincial Autonomy under the Reformed Constitution. For a long time, the position which would be taken up by the Congress Party which had secured great successes at the polls was in doubt, and we all welcomed the final decision which led to the acceptance of office by the Congress Party in seven Provinces, bringing an end, as it did, to unsatisfactory interim regimes, which had adequate support neither in the legislatures nor in the country.

Industrial activity throughout the year was maintained at high levels and was hardly affected by world events which adversely affected production in other countries. As a matter of fact, political uncertainties which led to the rearmament race in most countries of the world assisted rather than retarded output in India, and this was particularly so in the case of the cotton mill industry. The establishment of new industries proceeded steadily, but not quite at the same rate as in 1936, and in the case of the cotton mill industry, there was a distinct falling off in the number of new flotations. While, as I have said, industrial activity continued high throughout the whole of last year, the last quarter of the year saw a very definite falling off in commodity prices, and since the purchasing power of India is to a very great extent dependent on the prices which the agriculturist receives for his products, there may eventually be a decrease in the demand for manufactured goods later on this year unless world prices of raw materials recover materially.

THE INDIAN MILL INDUSTRY IN 1937.

As in the case of other industries, output in the cotton mill industry of India, assisted by the speculative demand, engendered in part by the Sino-Japanese conflict, was maintained at very high levels throughout the year, and the figures at present available indicate a record production of nearly 4,000 million yards of cloth of which the City and Island's share was about 1,300 million yards. The average prices realised were also slightly higher than during the immediately preceding year, and whilst it is not expected that the industry as a whole will be able to show a profit after providing for statutory depreciation, the results of the year's working ought to be better than they have been over a decade as far as Bombay is concerned.

I have mentioned that the year saw a considerable growth of production in Bombay. This was achieved by the re-opening of one or two mills that had been closed for some time and by an extension of night shift working, and at the end of 1937, over 50 per cent. of our looms were operating double shift. The disposal of this greater output was facilitated, to some extent, by a welcome revival in our export trade. It is, however, somewhat doubtful whether this revival will continue since the demand for Indian goods abroad was in the main due to boycotts, quota restrictions and higher tariffs imposed by certain countries on Japanese goods. Japan's war with China also temporarily affected her ability to export as freely as formerly owing to freight and exchange difficulties. The close of the year revealed a very healthy stock and order-book position as far as Bombay mills are concerned, but there has been a slight deterioration in both since that time. What I have said just now would normally lead one to the conclusion that prospects of our industry in 1938 were extremely good provided no major catastrophe occurred in the political sphere, but unhappily these better prospects have been greatly diminished owing to the burden already imposed on our cost of production by the Interim Recommendations of the Wage Inquiry Committee and the future burdens which may be imposed by Government's idealistic and ambitious labour programme.

THE TEXTILE LABOUR INQUIRY COMMITTEE.

That brings me to the point where I must deal at some length with the sequence of the events which led to the acceptance by the Association of the heavy wage increases recommended by the Inquiry Committee. Shortly after taking up the reins of office, the Congress Government issued a press *communiqué* in which they outlined an ambitious labour policy. Government indicated very clearly that it was their intention to improve the level of wages for industrial workers. This enunciation of policy, coupled with the increased activities of extremist labour leaders, naturally led to expectations on the part of the workers, and a certain amount of unrest. It was in this atmosphere that Government's intention was announced

of appointing a Committee of Inquiry with comprehensive terms of reference which would go exhaustively into the causes which had led to the decline in wages during recent years.

While we welcomed the idea of an enquiry into wages and other cognate matters, we urged that any Committee that might be appointed should be of a judicial character, and that the terms of reference should be specific, it being our view that unless these terms were very clearly defined, the Committee's deliberations would be very prolonged, thereby aggravating the unrest. After the constitution and terms of reference of the Inquiry Committee had been made known, we put forward our objections along with representatives of other important organizations against the idea of an interim report in the matter of wages, since no satisfactory conclusions would be possible by a partial investigation of the field to be covered.

The Inquiry Committee at once proceeded to issue a short preliminary questionnaire, which dealt largely with the financial condition of, and the wages paid in, the industry. These questions were answered fully by the Association and its members, and representatives of the Association were examined orally on three separate occasions. From the statements submitted by the Association, showing the financial results for the first half of 1937, it appeared that, while the position of the industry had improved, the profits for the year were not likely to be more than would cover the statutory depreciation. On the 11th February, the Committee of Inquiry signed their Report recommending increases of approximately 12 per cent. of the wage bill in Bombay, 10 per cent. of the wage bill in Ahmedabad and 15 per cent. of the wage bill in Sholapur, and Government, without giving the industry an opportunity of expressing its views, issued a Resolution accepting the recommendations of the Committee of Inquiry *in toto* and recommended to the millowners that the proposed increases should be given effect to from 1st February 1938. The Government Resolution went on to say that, in their view, the recommendations were entitled to the weight and authority of an Industrial Court or Court of Arbitration. I submit that, in the short time available to them between the submission of the Report and the date of the Government Resolution, the Report could not have received that close and detailed consideration which a document of this character affecting, as it did, the prospects of an industry absolutely vital to the Presidency, demanded. It is, I maintain, unreasonable to say that the recommendations contained in this Report, based, as they have been, not on actual facts and data but upon a series of assumptions regarding the future trend of prices of raw cotton, cloth, etc. are entitled to the weight and authority of the findings of an Industrial Court or a Court of Arbitration. What, in short, the Committee of Inquiry say is :—

“ We do not accept the figures contained in the Consolidated Balance Sheet of the Bombay Cotton Mill Industry prepared by the Millowners' Association and duly audited ; we do not accept the conclusions arrived at by previous Tariff Boards as to what constitutes an adequate return on capital or an adequate provision for depreciation ; we do not even accept the proposition that the heavy losses of the past are entitled to be taken into consideration in the framing of the recommendations ; we do not believe that shareholders should receive any consideration ; and finally we do not accept the proposition that actual profits must be made before a rise in wages could be given.”

Having thus disposed of the facts and contentions which the industry advanced in support of its case, the Inquiry Committee then proceeded to enter into the realms of speculative prophecy in regard to the future, and arrived at the conclusion that the prices of raw cotton were going to remain low, that the prices of cloth were not going to fall, that although commodity prices were falling, demand would not deteriorate, and that taking all these theoretical considerations together, the industry was likely to have an 8 per cent. greater margin in 1938 than in 1937. We may be pardoned for saying that we can hardly be expected to accept these conclusions as though they were the findings of an Industrial Court ! The conclusions of the Committee already show signs of being falsified, as during the last two months, demand has fallen away, cloth prices have shown a tendency to decline, and stocks of manufactured goods are on the increase. I do not know what consideration was given to the effect which the recommendations would have upon the future ability of the industry to meet internal and external competition ; what I can definitely say, however, is that a blow

has been dealt at our growing export trade, and that substantial assistance has been given to our competitors in the Indian Market.

Naturally, the Committee of the Association gave most anxious consideration as to what course of action they should adopt in regard to the Report, but it was generally agreed both by our own Association and by the Millowners' Association, Ahmedabad, that acceptance for the time being was the only practical course, in view of the terms of the Government Resolution. The alternative would have been to face industrial troubles throughout the Presidency, particularly when the weight of Government support had already been thrown in the scale on the side of labour. This being the position, the Committee of the Association, after consultation with the Ahmedabad Millowners' Association, recommended the General Body of Members to pay wages at the increased scales recommended in the Report. It was also decided to give effect to these recommendations as from the month of February, which was the time fixed by Government, even though it entailed a considerable amount of trouble in working out the increases.

As regards the future, all that can be stated is that the maintenance of the new scale of wages will entirely depend on the capacity of the industry to pay, and that, in view of the prospect of additions to our cost of production arising from Government's announced programme in regard to sickness insurance and other matters, it is problematical how long the new scale can be kept in existence.

Having already taken up a considerable amount of your time, I shall only refer briefly to a few of the other important matters dealt with by the Committee of the Association during the year. The Payment of Wages Act, as you know, came into force towards the end of March. Before that time, a special sub-committee of the Association had studied the provisions of the Act and Rules and made complete arrangements to ensure its satisfactory working. A systematic and uniform procedure was adopted in regard to leave, discharge, dismissals, fines, posting of notices, etc., and the Standing Orders, which, in effect, constitute the workmen's contract of employment were completely revised so as to make them comply in every respect with the new Act. The new Orders, and the procedure to be followed, were discussed at a series of conferences with the Commissioner of Labour, the Chief Inspector of Factories and the Government Labour Officer, and were approved in their entirety. Comprehensive instructions were also issued to all mill managements with the result that very few difficulties have been experienced in carrying out the provisions of this important legislation. It is a compliment to the Association that the Standing Orders which it had framed were subsequently copied by other industrial establishments in the Presidency and by Cotton Mills in other parts of this country.

Considerable time was devoted by the Association to labour and welfare matters generally. It would take too long to enumerate all that has been accomplished in this field, but I should like to mention the extensions that were made to the Schedule of Minimum Wages for various classes of time workers which improved the earnings of a fairly large number of persons in various mills. Constant attention was devoted by the Labour Officer, and later on by the Assistant Labour Officer, to the working of the Badli Control Scheme which has for its dual object the reduction of the Jobbers' power in the matter of engagement of labour and the establishment of a ready source of efficient labour to meet the day-to-day requirements of mills due to leave and absenteeism.

Another extremely important issue dealt with by the Committee last year was the Income Tax Enquiry Committee's Report. As you are aware, the Report raised extremely complicated and important issues and, I think, I may say that the representation sent to the Government of India was one of the best the Association has ever framed. It was largely the work of a special sub-committee which included Mr. A. L. Paramor, Mr. J. B. Gilroy, Mr. O. L. Prideaux and Mr. B. S. Dabke, and I should like to take this opportunity of expressing the Association's appreciation of the onerous work they put in. The amount of time and labour involved may be imagined when I tell you that the sub-committee met on 24 occasions before the final report was signed.

The other matters to which I must refer are the Association's representations to the Government of Bombay on the subjects of recognition of trade unions and sick leave with

pay. As regards recognition of trade unions, the Government of Bombay informed us towards the end of September that they were considering the type of legislation which would be required to give effect to their policy of removing the hindrances in the way of the growth of labour organisations and to promote collective bargaining between employers and employees. The matter was considered at a series of conferences with the representatives of the Bombay Chamber of Commerce and the Indian Merchants' Chamber and the representations eventually submitted by the three bodies followed similar lines. I shall not worry you with the details of the representation which may be found on pages 50 to 55 of the Report which is now in your hands.

As in the case of recognition of trade unions, joint conferences were also held with the Bombay Chamber of Commerce, the Indian Merchants' Chamber and the Ahmedabad Mill-owners' Association to consider the attitude which might be adopted in regard to certain proposals made by the Government of Bombay for the grant of sick leave with pay to industrial workers. Briefly stated, Government proposed that, subject to certain qualifications regarding length of service, every industrial worker should have a legal right to three to four weeks' sick leave with pay during each year of which he might avail himself under certain easily enforceable conditions regarding certification. If there was any balance of leave left unutilised during the year, it was to be turned into cash and the amount handed over to a fund to be maintained by Government. The workers would be required to contribute 10 days' wages to the Fund every year and the employers were to pay three to four weeks' wages per year towards the cost of the scheme. While the Committee were in favour of doing what was advisable and practicable for the advancement of the social welfare of industrial workers, they strongly felt that the rate of advance in social legislation must be dictated by the industry's capacity to finance their legitimate share of such schemes without imperilling competitive capacity and it was, therefore, pointed out to Government that legislation in matters like sickness insurance, holidays with pay, old-age pensions, and social benefits of a like nature should be of an all-India character and that in so far as sickness benefits and old-age pensions were concerned, the salutary principles followed in other countries, namely, contribution towards the cost by the State in the case of sickness benefits and the provision of the whole or greater part of the cost by the State in the case of old-age pensions must be followed. It was also made clear that the embryo scheme envisaged by Government would impose an additional burden of Rs. 40 lakhs per year on Bombay Mills which was excessive in comparison with the burdens imposed on employers for the same class of benefits in other countries, and that until the industry had been definitely and permanently established on the road to prosperity, the policy which should be followed in regard to the sickness insurance scheme, holidays with pay and the like should be the encouragement of voluntary schemes by financially strong individual concerns and that these schemes should be extended and improved whenever circumstances permitted. Since our representation was submitted, we have made it clear to Government that the industry could not voluntarily submit to a burden anything like so great as that originally contemplated by Government.

DOMESTIC AFFAIRS.

Gentlemen, my task is done. I am handing over the reins of office to Mr. T. V. Baddeley whose intimate knowledge of the mill industry and long commercial experience in this country, I am sure, will be of immense assistance to us in the troublesome days before us. It only remains for me to thank all those with whom it had been my privilege to be closely associated during my tenure of office, for the unfailing courtesy and consideration I received at their hands. The Deputy Chairman, the Committee and our various sub-committees responded loyally and unflinchingly to the very heavy demands which were made on them from time to time. The large number of labour matters which cropped up during the year kept the Labour Sub-Committee and the Managers' Sub-Committee extremely busy, and the class of work they produced was, as usual, of an extremely high order. To our Secretary, Mr. Maloney, who has already given us sufficient proof of his intimate knowledge of men and matters and his abilities, I am greatly indebted for his valuable help. Mr. Maloney was on leave for three months during the year, and while he was away, Mr. Aiyer acted for him in a very able manner and to the complete satisfaction of the Committee. Mr. Dalal, our Labour Officer, who has been carrying on his duties with great skill and ability, is leaving us for a

still more important post and we wish him every success. The comparative peace which we enjoyed in the period following the passing into law of the Bombay Trade Disputes Conciliation Act was in no small measure due to him. In his work he has had the very able collaboration of the Government Labour Officer to whom my thanks are also due. The clerical staff of the Association gave very loyal and efficient service throughout the year and I should like to take this opportunity of saying how much I appreciate their ready help.

Before I conclude, I will draw your attention to the Statement of Accounts attached to the Preliminary Report which shows a surplus of Rs. 7,500 on the year's working which, I trust, will be considered satisfactory. There was a decrease in membership at the end of the year as the Cawnpore Mills resigned following a decision to establish an organization of their own to deal with local problems, but the loss of income which it was expected would accrue as a result of their resignation was subsequently more than made up by the accession of new member mills.

Gentlemen, I now formally propose "that the Report of the Committee for the year 1937 be and is hereby approved and adopted."

In seconding the adoption of the Report, MR. KRISHNARAJ M. D. THACKERSEY, Deputy Chairman, said :—

GENTLEMEN,

I have great pleasure in seconding the adoption of the Report just now proposed by the Chairman, and in doing so, I shall refer to one or two matters not covered in the exhaustive survey made by him.

THE MERCHANDISE MARKS ACT.

I would, at the outset, like to refer to certain fraudulent trade practices which have been brought to our notice during the last two years. It was reported, for instance, that incorrect, incomplete, and misleading trade descriptions were being applied on cloth and yarn. Apart from the fact that the Indian Merchandise Marks Act provides heavy penalties for applying fraudulent trade descriptions on manufactured goods, such practices could not, in the long run, fail to injure the reputation of Indian mill-made goods in consuming centres and do considerable damage to the trade of mills selling goods to the full dimensional particulars. The Association has always set its face against such malpractices and, towards the end of 1936, a circular letter was addressed to all members of the Association drawing their attention to the penal provisions of the Merchandise Marks Act and asking them to take steps to ensure that correct trade descriptions were being stamped on their manufactures. A similar circular was also sent out by the Ahmedabad Millowners' Association, but the position nevertheless remained unsatisfactory as the joint efforts of the two most important associations of textile manufacturers in the country could not have any direct effect on those mills which were members of neither of these associations. In these circumstances, the matter was taken up with the Government of India, and it was suggested that a Press Note might be issued by Government containing a warning to those who offended against the provisions of the Merchandise Marks Act. Copies of this note might, it was further pointed out, be sent to all chambers of commerce and associations with a request that it should be brought to the notice of such of their members as were interested in the piecegoods trade. Government were also requested to investigate the possibility of devising more appropriate machinery for the purpose of ensuring the due observance of the provisions of the Indian Merchandise Marks Act. It is understood that the suggestion made by this Association has since been taken up by the Government of India with Local Governments, and an amendment of the Indian Merchandise Marks Act may shortly be expected.

ASSOCIATION'S TRADE MARKS, TRADE NUMBERS AND TRADE NAMES RULES.

When I am on the question of fraudulent trade descriptions, I cannot resist the temptation to refer to the practice of using unauthorized trade marks, trade numbers and trade names, which seems to have increased recently. The Association's Rules for the Registration of Trade Marks, Trade Numbers and Trade Names definitely prohibit the use of trade marks, trade numbers and trade names unless they are previously registered with the Association, but during the year there have been instances in which mills have wilfully or carelessly

infringed the rights of other members. When detected it is not unusual for the offending mills to excuse themselves by saying that the use of the particular mark or number in contravention of the Association's Rules was inadvertent, but what has to be remembered is that another member's business may have been adversely affected by this carelessness. Unless the position improves, it may eventually be necessary to introduce a system of monetary penalties to ensure implicit observance of the Rules, and in the circumstances, I appeal to one and all of you to take steps to see that no trade mark, trade number or trade name is used until a certificate of registration has been obtained.

INDO-JAPANESE TRADE NEGOTIATIONS.

The Indo-Japanese Trade Treaty, which expired in March 1937, was renewed for a further period of three years ending 31st March 1940. With certain minor modifications, the Quota arrangements remained the same as before ; a separate Quota was fixed for Burma, the previous Quota applicable to British India and Burma jointly being correspondingly reduced ; the total import of cotton fents was limited to 8.95 million yards and the proportion of the Quota allotted to the various sub-classifications was slightly changed. Unfortunately, it was not possible for the Government of India to bring within the scope of the last Indo-Japanese Trade Negotiations, the question of fixing up separate Quotas for Cotton Blankets, Yarn and Artificial Silk Piecegoods imported from Japan. The Non-Official Advisers who were associated with Government in these negotiations strongly urged the necessity of protecting the interests of minor industries in India which were adversely affected by Japanese competition, and immediately after the conclusion of the Trade Agreement with Japan, the Government of India appointed a Special Officer to investigate the case of minor industries requiring protection against that country, and at the request of Government, the Association submitted separate cases for an increase in duties on Cotton Blankets and Cotton Yarn imported from Japan. The cases submitted by the Association were endorsed by certain other organisations in this country, but it was subsequently learnt that, in view of the unsettled conditions in the Far East since the commencement of the special enquiry, and the steady rise in the prices of Japanese imports into India, the special enquiry had been suspended. Government, however, indicated that they would continue to watch the situation carefully and would be prepared to give special attention to the needs of any industry that might still be adversely affected by the volume and prices of goods imported from Japan.

The efforts of the Association to secure a Quota and an increase in the duties on Artificial Silk Piecegoods met with partial success, and towards the end of March, the Government of India increased the duties on all Artificial Silk Piecegoods from 4 annas to 5 annas and on Artificial Silk Mixtures from 3½ annas to 4 annas. The lower rate of duty applicable to Artificial Silk Fents was also done away with, and Artificial Silk Fents must now pay full rates of duty.

PROPOSED INCREASE IN DUTY ON IMPORTED COTTON.

While on the question of import duties, I would like to refer to a proposal for the imposition of higher duties on imported cotton which was placed before us by the Government of Bombay. It appeared that Government viewed with concern the fall that had taken place in the price of cotton and were considering what steps might be taken to give relief to the cotton grower. One of the remedies which had been suggested to them in this connection was the imposition of an additional duty on those varieties of cotton which competed with Indian cotton. The Association has always been opposed to the penalisation of the essential raw materials of the industry, for, import duties on such materials directly contravened all accepted canons of taxation, and it was, moreover, extremely doubtful whether an additional duty on foreign cotton would secure higher prices for the Indian cotton grower since the prices of Indian cotton were governed by the prices payable for Indian cottons in the world markets. However, bearing in mind the very difficult position of the cotton grower this year, the Committee were inclined to agree to the imposition of an additional duty, not exceeding half an anna per pound on imported cotton of a staple length not exceeding 15/16 of an inch, entirely as a temporary measure applicable to the circumstances of this year. The Committee, at the same time, stressed the fact that, in the event of a very short Indian cotton crop or Indian cotton being completely out of parity with imported cotton, a duty of the type they had supported as a purely temporary measure would be a great handicap to the Indian cotton manufacturing industry.

It is not known how the proposal to impose an additional duty on imported cotton was received by the Government of India, but it is significant that the budget proposals of the Central Government introduced in the Assembly on 26th February did not make any provision for an increased duty.

APPOINTMENT OF LABOUR OFFICERS IN INDIVIDUAL MILLS.

The Chairman referred in his speech to the very great amount of time which is now being devoted to labour matters, and in view of the excellent results which followed from the appointment of a Labour Officer by the Association, we have recently been considering whether a further move forward should not be taken in this matter. A proposition for the appointment of a Labour Officer in every mill has been mooted, and I, for one, am strongly of the opinion that, provided the right type of men could be obtained, mills would be well-advised to add a Labour Officer to their establishment to assist the management in dealing with the multitude of labour and welfare problems which arise from day to day in every concern where large numbers of workmen are employed. Final decisions have not been taken in this matter, but already I hear that one or two mills have made such appointments, and I hope other mills will follow suit during 1938.

Gentlemen, I have pleasure in seconding the adoption of the Report.

In supporting the motion for the adoption of the Report, MR. S. D. SAKLATVALA, M.L.A., said :—

GENTLEMEN,

I have great pleasure in supporting the resolution moved by the Chairman and seconded by the Deputy Chairman. No doubt, the subject uppermost in the minds of most of us at the present time is the Interim Report of the Textile Labour Inquiry Committee, which contained recommendations for drastic increases in the wages of textile workers. The Chairman has already dealt at some length with this matter, but as I was an Associate Member of the Inquiry Committee, you will probably expect me to make a few observations. A good deal more can be said about the Report. For the present, I shall content myself by saying that the conclusions contained in the Report were hastily arrived at and were based on data insufficient for the purpose of determining such important questions. The Report itself makes this clear in a few places, although the Committee, towards the end of their Report, categorically assert that they had sufficient data for their purposes. In paragraph 10, the Committee make it clear that they based their Report not only on present conditions—a term which they interpreted in their own peculiar manner—but also on “such future trends as we can justifiably forecast.” Then, as stated in paragraph 93, they proceed to base their calculations “on the movements of cotton and cloth prices.” They admit in paragraph 96 that they have not sufficient information to enable them to determine the extent to which the mills had already made purchases of cotton; and then they make the amazing statement at the end of the paragraph that: “it is not necessary for our purpose, however, to enter into these details of purchases. For we base our calculations on the assumption that the level of cotton prices will continue to remain depressed during the whole of the current season!” They actually estimate that the price levels for Indian cotton this year will rule about 20 per cent. lower than in the previous year, and 15 per cent. lower in the case of foreign cotton. Similarly they make assumptions in regard to the future of cloth prices. It is on flimsy grounds like this that the Committee of Inquiry assessed the betterment of the industry and based their recommendations. Not only were they content to calculate the exact percentage of the betterment of the industry during 1938, but they refused to believe that the present improvement was of a temporary nature. We in the trade know that the last few months’ demand, improvement—call it what you will—has been due mainly to the Sino-Japanese War, and that no one can foretell how long this situation will continue.

The Committee also dealt at some length with the question of depreciation—a subject on which it will not be difficult to refute the arguments advanced; and this will be done at a later stage. All that I want to point out now is that the Committee have, in their second questionnaire—Question No. 61—included depreciation as one of the subjects to be inquired into; and yet in spite of this, they have come to most definite conclusions in their Interim Report—conclusions which are entirely at variance with the present practice—and have

gone so far as to embody these conclusions in the Report. Apparently the intention of the Committee appears to be to give judgment first and make inquiries and invite opinions afterwards !

In regard to wages, the Committee failed to distinguish between ' actual ' and ' real ' wages. In paragraph 59, they state : " We do not propose to make any estimates of the changes in the real wage position, mainly because we do not know in what manner the wage levels prior to the cuts were related to the cost of living." In my humble opinion, the Report, while abounding with high-sounding economic terms and phrases, is not of that practical nature which the Report of such an Inquiry Committee ought to be. The Report contains a Table on page 8 which shows that, as compared to 1926/27, the spindles and looms in 1936/37 decreased by about 18 per cent. in the City of Bombay ; and yet in spite of this, the Committee's conclusion is that the industry is in a position to bear further burdens.

I think I have stated enough to give you a general idea of the nature of this Interim Report, and I do not think that I need detain you longer. I have much pleasure in supporting the resolution.

MR. G. D. SOMANI then made the following observations in connection with the interim recommendations made by the Bombay Textile Labour Inquiry Committee and Government's resolution thereon :—

We have already given effect to the increase in wages as per Resolution of the Bombay Government on the Interim Recommendations of the Textile Labour Inquiry Committee. The question with which we are faced now is that this burden, already very serious in itself, is not going to end here but we find that the Government are determined to go ahead with their social legislation programme thereby further increasing the burden considerably. Admittedly the industry is doing better at present and we may not feel the pinch so much to-day but the question is—' What about the Future ' ? The main basis of the Committee's findings is that there is a general trade improvement throughout the world and that this improvement has been accompanied by a severe slump in cotton. The Committee may have found conditions temporarily brought about by the force of some extraordinary circumstances in which their holdings may be justified but what I am surprised to note is the fact that the Committee assumes that such conditions will continue for some length of time. In my humble opinion the two things—the general trade improvement and the cotton slump are factors opposed to one another and cannot in the ordinary course of events continue together for any length of time. The question is whether there is any general trade improvement throughout the world to-day. I think it will be more appropriate to call the present world trade conditions as pointing to just the reverse of what the Committee holds. As a matter of fact, the eminent Economists and Bankers of the West are to-day seriously considering whether the present all-round slump is only a passing phase or whether we are in the midst of another trade depression. America is generally regarded as the leader of the World Trade and Industry and American Stock Exchange may be regarded as the barometer of all American Trade and Industrial activities. I might recall here how the memorable crash on the New York Stock Exchange in October 1929 was followed by that world-wide severe trade depression which was so prolonged and so unprecedented. Similarly it will be interesting to examine the American Stock Exchange conditions to-day. On comparison of the present prices of the various scrips on the N. Y. Stock Exchange with those ruling about the middle of 1937, it will be quite clear that there has been a drastic and terrible crash in the quotations of almost all the shares.

Again the Committee has relied on I.L.O's review of the Textile Industry wherein it is stated that the signs of the upward trend are unmistakable and that this upward trend in the World Textile Industry will continue for some time. The review must have been written at a time when one would have felt justified in entertaining such high hopes but certainly the World Textile Industry's conditions to-day did not warrant the above extract to be quoted and if the Inquiry Committee has formulated its recommendations on the basis of such reviews, the less said the better. To give a concrete instance, the American Cotton Mills consumed something about 790 thousand bales of cotton in June 1937 whereas the said consumption has fallen to about 430 thousand bales during the recent months. How badly the American

Textile Mills have been affected by the recent slump is quite evident and to talk of world trade improvement in the face of the above factors is simply surprising. I feel that the Committee has completely ignored the latest disturbing factors in the world trade.

There is another matter to which I would like to draw particular attention. The question how in the matter of wages and other charges the Bombay and Ahmedabad Mills stand in relation to the Mills in other provinces is worth examining. I had recently an opportunity of comparing the standard of wages prevailing here with that ruling in some Mills in Bengal and I found that the scale of wages was already lower in Bengal even before the interim increase came into effect. The charges on power, coal and taxes, etc., were also all lower on that side. On the other hand, if we examine the realisation side, we find that Bombay and Ahmedabad Mills get less for their manufactured goods than the Mills in Bengal and elsewhere. The fact is that Bombay and Ahmedabad are the two main centres of the Cotton Textile Industry in this country and since the production of the two centres is far more than what the Bombay Presidency alone can consume, the cloth prices at these two centres have necessarily to remain in competition with other provinces. For instance, several of our mills sell goods to Calcutta and the prices they get must discount freight, insurance and other incidental charges for the carrying of the goods to destination whereas the Mills on that side get the benefit of full prices. The disadvantages, therefore, under which the Bombay Mills are working in comparison to the Mills in other centres are obvious, and certainly the Government would be well advised to consider seriously all aspects of the problem before imposing further burden on the industry. I feel that the Government will defeat the very object that they have in view if they persist in their present attitude of imposing heavy burdens without giving proper consideration as to how far the industry is capable of bearing them. The Government want to ameliorate the conditions of labour but the undue burdens imposed must ultimately result in the curtailment of industrial activities in this Presidency and expansion in the centres where more favourable factors exist. The only result will be more unemployment here and the Government will then discover that instead of helping the labour, they have indirectly hit their interests.

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

On the motion of MR. T. V. BADDELEY, seconded by MR. S. D. SAKLATVALA, M.L.A., 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 the usual remuneration hitherto paid to the Association's Auditors.”

SIR CHUNILAL V. MEHTA, K.C.S.I., proposing and MR. F. STONES, O.B.E., M.L.C., seconding, it was resolved :—

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

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

On the motion of SIR HORMASJI MODY, K.B.E., M.L.A., a vote of thanks was accorded to the outgoing Chairman and Committee for their very able conduct of the Association's affairs during the year.

Millobners' 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 1937.

FOREWORD.

EVER since the much discussed general depression which set in after the crash on the New York Stock Exchange in the autumn of 1929 followed by the heavy decline in prices of commodities, the world had been struggling hard to regain the lost economic position. Various measures were tried by various nations, but some of these very measures, instead of assisting nations to emerge from the depression, served to accentuate it, and it was not till 1936 that there were indications that the world was slowly but steadily emerging from the gloom. The improvement became more pronounced during the year which has just closed. There has been a revival of international trade and with a view to promote such trade, nations have shown their willingness to enter into trade agreements with one another. In a few countries there were even signs of prosperity. Had the political situation during the year been less tense, perhaps the economic recovery would have been even steadier and more wide-spread. On the other hand, the race for armaments, which has been the most salient feature of the year 1937, has contributed in its way to the prosperity of certain industries in the countries concerned. If economic stabilisation was not reached during this year, it was due, as stated above, to political reasons, for politics in modern times not only casts its shadows on the economic situation but gives shape and substance to it, and it is for this reason that it is touched on in this review relating to the Cotton Textile Industry.

The year 1937 in the British Empire will be remembered as the Coronation Year, but the outstanding political event was the aggressive attitude adopted by Japan towards China, and this had repercussions throughout the world and affected commerce and industries as much as politics. Hardly had the echoes of the conquest of Abyssinia died out when the League of Nations was confronted with another *fait accompli*, and in September 1937, Japan started large scale operations against China. The League of Nations, as in 1931 when Japan over-ran Manchuria, protested and condemned, appointed Committees and advised, issued reports and resolutions, but the conflict continued. Even the Nine Power Conference at Brussels early in November was powerless to achieve anything substantial, and collective security still remains a chimera. Such military activity naturally tended towards the curtailment of trade between Japan and other countries and the imports of Japanese piecegoods into India suffered a temporary check. This fact enabled Indian mills to increase their production mainly through night shift working.

In Africa, Italy consolidated her position, and it is said her intention is to grow as much cotton as possible in Abyssinia so that she may not have to depend so much on other countries for this raw material as at present. Another significant event was the conclusion of an 'anti-Comintern' pact between Italy, Germany and Japan on November 6th. Italy also supported in no uncertain voice the claim of Germany to Colonies that belonged to her previous to the Great War. This demand for Colonies is closely bound up with the supply of raw materials and affects the economic relations between countries.

The Civil War in Spain continued, and the efforts of the Non-Intervention Committee met with no success. A new policy of waging an undeclared war on neutral shipping by "submarines of unknown nationality" was adopted, but as this affected the trade and commerce of most nations, prompt action was taken, and Britain and France summoned a conference at Nyon and a patrol scheme was devised, Italy also joining in, which by the end of the year had nearly put an end to such piracy.

The willingness of nations to enter into trade agreements has already been mentioned as one of the features of the year. The most important phase of this tendency was the declaration by Mr. Chamberlain which indicated that an agreed basis for negotiations for such a treaty between Great Britain and the United States of America had been reached. Such an agreement when concluded will have far-reaching effects upon international trade and is likely to lead to similar bilateral agreements being concluded between other countries. There is no doubt that nations have awakened to the fact that the prosperity of every country depends upon the prosperity of the world as a whole. In this connection, reference might be made to Mr. Van Zeeland, the Belgian Premier's visit to several countries and his report advocating international collaboration and an international economic conference.

Turning now to political events in our own country, first place must be given to the introduction of the Government of India Act of 1935 from 1st April 1937 and the creation of autonomous Provinces. Bombay on the eve of being created an autonomous Province saw the separation of Sind from the Presidency. When the Act came into force, it was generally anticipated that the Congress Party which was the largest political organization in the country would come into power, but it was not till August that Congress Ministries were formed in the seven out of the eleven Provinces. A Congress Ministry was established in our Province also, and since then various measures for the amelioration of the masses have been brought before the legislature whilst many more are pending. The Bombay Ministry issued a *communiqué* on assuming office outlining its labour policy, but it is hoped that the Government in their zeal to improve the social and economic condition of the textile workers, will not impose burdens upon the industry which it might find impossible to bear. There is no doubt that the industry as a whole since the middle of 1937 is doing better than for the past seven or eight years, but, at the same time, it must not be forgotten that the present prosperity is mainly due to the Sino-Japanese situation which certainly cannot be looked upon as a permanent factor. The industry in Bombay on that account welcomed the setting up of an Inquiry Committee which is expected to go thoroughly into the condition of the industry and various questions affecting both the

industry and the workers employed in it. All that can be done in this brief review in this connection is to express the hope that the Committee will take into consideration the vicissitudes through which the Bombay industry has passed and the heavy losses it has incurred and which have led to a considerable reduction in the number of working mills in the City and Island of Bombay.

The negotiations which commenced on July 20th, 1936, between the representatives of the Governments of India and Japan continued their protracted course during the succeeding months and had to be broken off for some time to enable the Japanese Delegates to negotiate a new trade treaty with the new autonomous Province of Burma. These discussions resulted in the conclusion of an agreement between Burma and Japan towards the middle of February. With Burma out of the way, the ground was clear for the continuance of the Indo-Japanese negotiations, and discussions which were resumed on 19th February culminated in an agreement being reached on 12th April 1937. This agreement provided for the continuance of the old quota arrangements, which expired in March 1937, with minor alterations and will have effect until 31st March 1940.

The negotiations between the Government of India and His Majesty's Government in the United Kingdom, which took place in England during the year, unfortunately failed to produce any definite results. The Unofficial Advisers to the Government of India, who had been to England, returned to India towards the end of the year, but it is understood that the matter is now being pursued in the United Kingdom, with the Hon'ble Sir Muhammad Zafrulla Khan representing India.

We shall now examine in detail how our cotton, cloth and yarn markets reacted to the world's events and other factors described in the previous paragraphs.

Cotton.—At the commencement of the year, New York May 1937 stood at 12.18 cents and Liverpool May 1937 at 6.79d whilst Broach April/May 1937 was quoted at Rs. 229, Oomras December/January 1937 at Rs. 207 and Bengals December/January 1937 at Rs. 178. At that time stocks in Bombay were higher than in the previous year owing to heavy arrivals of cotton from Broach and Gujrat Districts as tenders against the July/August squeeze. Japan was a large buyer at the time in spite of restrictions on foreign exchange and freight difficulties on account of the sudden rise in the quotations of Sampin which in May 1936 stood at 190 yen per bale with Broach at Rs. 195, but which in January 1937 was quoted at 300 yen against Broach at Rs. 232. Prices, therefore, fluctuated within a narrow range in spite of the nervousness caused by the political situation and the release of loan cotton in U.S.A. The highest price in January for Broach was recorded on 12th January, viz., Rs. 233. Prices declined to Rs. 224 by 25th January, but improved again by Rs. 5 by the end of the month. New crop arrivals then continued freely and stocks increased from day to day during February whilst export demand fell and by middle of February Broach had declined to Rs. 220. Prices firmed up towards the first half of March owing to a rise in America. Inflation and the rearmaments programme all the world over appear to have been the cause of this rise and Broach touched Rs. 253 on 18th March when New

York quotation was 14.4 cents. The parity between Liverpool and Broach was at its widest at this time. The prices of African and Egyptian cottons also rose abnormally for this period of the year owing to a scarcity of desirable qualities and continued high till the new crops began to move in those countries. Indian cotton at that time was the cheapest cotton in the world. High prices were maintained all over the world during March and early April—14.70 cents for middling Americans and Rs. 253 for Broach. Later on prices began to decline on American Government Officials giving indirect hints to farmers to discourage the upward trend of prices and to produce more cotton in the coming season with a view to increasing the consumption of American cotton throughout the world. The New York Market continued to decline gradually during April and May. Finally the April/May 1937 contracts closed at Rs. 238 on 25th May and New York May position 12.67 cents. Markets continued more or less steady till early June but the downward tendency started again on reports from America of a larger acreage and a bigger crop with weather conditions at their very best.

There was at the time practically no fresh inquiry from Japan for Indian cotton owing to exchange and freight difficulties. Besides Japan had taken during 1936/37 season the largest quantity of Indian cotton on record, about 25 lakhs of bales, and so naturally she did not require more cotton just then. Still the prices kept steady around Rs. 225 July/August contract, during the latter part of June after which the markets continued steadily to decline here on account of big issues of tenders against July/August Broach contract on the very first day of tender, i.e. 1st of July. A large quantity of inferior Broach cotton along with good quality Surats and Navsaries was tendered. These inferior Broach qualities could not find ready buyers, and the premiums for Surats and Navsaries cotton were greatly affected. There were also reports of fresh Sino-Japanese tension, and hence the month of July recorded a gradual decline with a short-lived rise on the acreage report of U.S.A. on the 8th of July. In the beginning of August, there was a crash in the Japanese yarn markets owing to cancellation of yarn and cloth orders by China. The first U.S.A. Government estimate of the cotton crop was published on the 9th of August at 15,593,000 bales, as against the maximum expectation by the market of 14,000,000 bales. This upset all hopes of a revival in prices and on publication of the Bureau Report Broach July/August touched Rs. 187, while New April/May 1938 contract stood at Rs. 199 and New York October 10.36 cents and Liverpool October 5.75d. This estimate was based on a yield of 223.3 lbs. per acre, a record figure, though, even this record was destined to be broken soon after. The prices hovered round this level for some time with small reactions here and there. At this stage, the President of the U.S.A. was urged to give loans to farmers and also a guarantee of 12 cents for their cotton, but the President asked for crop control legislation before he would assist farmers in any way. This legislation has yet not taken its final shape. At this time the old Broach contract stood at Rs. 13-15 below the new and a demand from mills for ready staple cotton naturally followed.

Prices could not be maintained and continued to decline further until finally the July/August Broach closed at Rs. 181 on the 25th of August, while New April/May stood at Rs. 194. New Californians were offered at Rs. 120

on Broach, and consequently ready East African premiums which were as high as Rs. 220 over Broach contract also gave way considerably, New Kampala being offered at from Rs. 155 on to Rs. 125 on Broach. It seemed as though the U.S.A. policy was to regain her lost position as the biggest supplier of raw cotton in the world. The prices there were considered cheap and the parity between Indian and American which had been very broad before the slump gradually narrowed down. This resulted in considerable straddle business being carried on by buying Americans against sales in Broach, as it was considered that owing to complete lack of demand for Indian cotton from Japan and China, especially the former, prices here would not be maintained. Prices after the Bureau Report for the remaining period of August kept round Rs. 190, after which prices eased further as the U.S.A. announcement of 9 cents loan terms was considered bearish and encouraged the free throwing of cotton on the market.

A further decline of prices in New York to below the loan level followed and the fall was accentuated when the second crop estimate of 16,089,000 bales was published on 8th of September, the estimated yield per acre having been increased to 228.5 lbs. Owing to a temporary curtailment of imports of piecegoods from Japan, the Indian Textile Industry began to show greater activity and mills started buying all qualities of cotton for their requirements. Export demand, however, remained poor owing to the prices here ruling high in parity. Broach, which stood at Rs. 186 on the 8th September Bureau day, declined to Rs. 170 towards the end of September, while New York December fell to 8.15 cents. The first few days of October saw still lower prices and on the 8th of October, the third crop report at 17,573,000 bales brought down prices as low as Rs. 155 for Broach April/May and New York December at 7.60 cents. The yield per acre was estimated at 249.3 lbs. Prices improved the very next day owing to trade buying, lower grade cotton went into loan and the selling pressure became light. The lowest price for the year, Rs. 152, was touched on the 9th of October. The improvement continued and Broach recovered to Rs. 167 on the 18th of October, although it subsequently declined to Rs. 159 on the 25th of October. At the beginning of November, prices sagged further, Broach touching Rs. 154 and New York December 7.53 cents on the 5th.

The fourth U.S.A. crop report showed a still further increase in the estimate to 18,243,000 bales and 258.8 lbs. yield per acre. The markets by now had got used to big crop estimates and instead of declining further closed firm, round about Rs. 160.

Again when on the 8th of December, the 5th and final U.S.A. crop report was published, which showed the crop at 18,746,000 bales and yield at an unheard figure of 264.6 lbs. per acre, the report failed to produce any depressing effects on the markets; on the contrary, there occurred a steady rise since then. One of the reasons for this firmness was the report that Bombay had a very large "long" speculative interest in New York and Liverpool as well as here. In the local market the sentiment seemed to be that the U.S.A. Government would in the end do "something" for the farmer, whose vote is very valuable to them, and would not let the prices go below 7.50 cents. On the other hand, the fact remains that there are still

about $1\frac{1}{2}$ million bales of old loan cotton, whilst 5 to 6 million bales of the current crop are likely to be held as loan cotton. The steady tone continued till the end of the year, and after touching Rs. 174 on the 21st, closed as under :—

Broach April/May 1938 . .	Rs. 170 $\frac{1}{2}$	New York March . .	8.28 cents.
Oomra December/January ..	154	Liverpool ..	4.70 d.
Bengal	132		

The U.S.A. Government will be faced for some time to come with the problem of how to dispose of the loan cotton without affecting prices. This will not be easy to achieve when we consider that the total world supplies may reach 40 million bales against a total consumption round about 31 million bales.

The Indian crop according to reports so far received is not as large as expected and moreover it is late in some districts and owing to prices being unattractive the movement of the crop is slower than usual. As there had been greater activity in the textile trade with a consequent increased consumption of raw cotton in the country and exports to Japan had continued steady, the prospects for Indian cotton should have been bright indeed, but in spite of a healthy statistical position for Indian cotton the outlook for the producer at the present time is rather dismal. As a consequence of the policy adopted by the American administration, the world is now faced with a record supply of raw cotton, and this has led to the present low level of prices. It is likely that by the time our crop arrives in bulk many countries will have filled in their requirements by American cotton. Indeed, it is reported that there is a pronounced tendency in Europe to replace Indian cotton by American varieties. The future of the Indian cotton like cottons of other countries depends on the success or otherwise of the American programme which aims at curtailment of the next crop.

Cloth and Yarn.—The position in the cloth and yarn markets was affected by the imposition of quotas on Japanese goods in foreign markets, by the Japanese adventure in China and the pre-occupations of textile exporting countries with production for the army. These three factors helped Indian mills to secure considerable business for export, but for which the position of the industry would have been difficult. As matters stand, however, thanks to these factors, the industry not only increased its production by working more spindles and looms double shift, but has also disposed of this increased production, and for the first time in many years the industry worked without loss in the latter part of the year. As compared to the beginning of the year, Bombay mills increased their spinning and weaving activity by about 15 per cent. by the end of the year.

During the first three months of the year, in spite of the rapid rise in prices of cotton, cloth prices did not rise, but with greater confidence in prices offtake continued steady in cloths and yarns. Then followed a steady decline in cotton prices and offtake of cloths and yarns fell, but mills secured good orders for forward deliveries, as traders felt that with war scares in the air, future contracts were likely to give profits. By the time heavy declines

in cotton prices came, a fair amount of business was booked for export and this helped to keep the cloth and yarn markets steady. At the beginning of the year, with the Broach contract round Rs. 230, cloth contracts were entered into on the basis of $9\frac{1}{2}$ annas per lb. for calendered shirtings. Towards the close of the year, with Broach contract around Rs. 170, contracts were entered into on the basis of 9 annas a lb. for calendered shirtings. Fluctuations during the year were not heavy. The highest prices were realised in April when calendered shirtings were sold on the basis of 9 annas 7 pies, 30/40 dhoties on the basis of 15 annas, 24/32 dhoties on the basis of $12\frac{1}{2}$ annas and 40/40 shirtings on the basis of 15 annas. The one exception was rayon textiles for which the highest prices were secured during April and May. Towards the end of the year, sales were effected on the basis of 9 annas for calendered shirtings, $14\frac{1}{2}$ annas for 30/40 dhoties and $12\frac{1}{2}$ annas for 24/32 dhoties.

In the yarn markets, there were considerable rises in the prices of finer yarns owing to higher prices of Egyptian cotton, 60s selling at Rs. 1-2-0 per lb. and 80s combed at Rs. 1-8-0 in the month of March. Otherwise, the yarn markets were featureless during the year, the highest price for 20s being $7\frac{1}{2}$ annas a lb. and the lowest $6\frac{1}{2}$ annas, with prices ruling round 7 annas towards the close of the year.

Towards the end of the year, unsold cloth stocks stood at 12,000 bales and yarn stocks at 5,000 bales, the figures being the lowest for many years. The low point in cloth stocks was reached in November with total stocks of cloths at 58,000 bales, and in yarns in September when the total stocks stood at 8,000 bales only. A fair amount of forward business was also booked.

Towards the end of the year, export demand fell off, and if this does not revive, mills may once again find themselves in difficulties since, with the low prices ruling for all commodities, the purchasing power of the farmer has declined considerably, and offtake of cloths is not expected to be heavy so far as the Indian ryot is concerned. However, the continuance of the Sino-Japanese War has produced a certain confidence amongst the merchants who are still inclined to make forward purchases.

The year 1937 on the whole may be said to have closed with a better promise for the year 1938. Generally speaking, trade throughout the world has revived and economic conditions are improving. Nations also seem anxious to enter into trade agreements with one another, and this in the end may lead to a greater flow of international trade. It is only the uncertainty of the political situation that is still creating doubts and holding the economic recovery of the world in check. A further improvement in world conditions will lead to the betterment of the Indian Textile Industry, and let us hope no obstacles will be placed in the country itself to the gradual march of this most important industry towards prosperity.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1938.

The Annual Ballot for the office of the Chairman of the Association was held on the 10th January 1938, and resulted in the election of Mr. T. V. Baddeley, Managing Director of Messrs. Forbes, Forbes, Campbell & Co., Ltd., Managing Agents of the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1938.

The Annual Ballot for the election of the Deputy Chairman of the Association took place on the 17th January 1938 and resulted in the election of Mr. H. F. Milne, of Messrs. Killick, Nixon & Co., Ltd., Managing Agents of the Kohinoor Mills Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1938.

The Ballot for the election of the Committee was held on the 24th January 1938, and the following members were duly elected :—

Sir Ness Wadia, K.B.E., C.I.E.; Sir Chunilal V. Mehta, K.C.S.I.; Sir Hormasji Mody, K.B.E., M.L.A.; Sir Joseph Kay, Kt.; Mr. B. D. Benjamin; Mr. J. C. Burns; Mr. V. N. Chandavarkar; Mr. B. S. Dabke; Mr. R. L. Ferard; Mr. Dharamsey Mulraj Khatau; Mr. Hurgovandas Jamnadas Ramji; Mr. Krishnaraj M. D. Thackersey; Mr. A. M. Mehta; Mr. A. Pether; Mr. S. D. Saklatvala, M.L.A.; Mr. F. Stones, O.B.E., M.L.C.; Mr. C. P. Wadia; and Mr. Neville N. Wadia.

BOMBAY PORT TRUST.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. A. Geddis, the Association's representative on the Board of Trustees of the Port of Bombay expiring on 31st March 1937, the Association was called upon to elect a Trustee for a term of two years from 1st April 1937. A ballot held for the purpose early in March resulted in Mr. Geddis being returned unopposed. However, in view of his impending departure from India on leave, Mr. Geddis subsequently resigned his seat in June, and Mr. T. V. Baddeley was returned unopposed as the Association's representative on the Board of Trustees.

INDIAN CENTRAL COTTON COMMITTEE: TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Early in February, in response to an invitation from the Indian Central Cotton Committee, the Committee of the Association nominated

Mr. F. Stones and Mr. A. D. Walwyn for co-option as the Association's representatives on the Technological Research Sub-Committee of the Indian Central Cotton Committee for one year from the 1st April 1937.

EMPIRE COTTON GROWING CORPORATION.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Sir Cusrow Wadia, the joint representative of the Bombay and Ahmedabad Millowners' Associations on the Administrative Council of the Empire Cotton Growing Corporation expired on the 26th January, and early in the year, the Committee, in consultation with the Ahmedabad Millowners' Association, appointed Mr. H. H. Sawyer, of Messrs. David Sassoon & Co., Ltd., London, as the representative of the two bodies on the Corporation for the ensuing triennium.

G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Early in June, Mr. A. Geddis, the Association's representative on the G. I. P. Railway Local Advisory Committee, tendered the resignation of his seat, and the Association was called upon to nominate another member to represent it on the Advisory Committee. The Committee appointed Mr. F. Stones to fill the vacancy.

BOMBAY SMOKE NUISANCES COMMISSION.

ASSOCIATION'S REPRESENTATIVES.

The term of office of the existing Bombay Smoke Nuisances Commission expired on the 31st December, 1937, and the Association was requested to elect two members for appointment on the new Commission to be constituted for a further period of two years. The Committee re-appointed Mr. Mark Binnie and Mr. W. F. Webb to serve as the Association's representatives on the new Commission.

EXCISE ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of April, Mr. Bhagwandas Munmohandas Ramji, the Association's representative on the Excise Advisory Committee, tendered the resignation of his seat on that body owing to personal reasons, and the Committee appointed Mr. Neville N. Wadia to serve on the Advisory Committee for the remaining period of the triennium ending 31st March 1938.

**REPRESENTATION OF COMMERCIAL INTERESTS ON THE
RAILWAY RATES ADVISORY COMMITTEE.**

Early in August, the Committee were informed that the Railway Board proposed to publish a revised list of the gentlemen nominated by various chambers of commerce and trade associations to form a panel from which commercial representatives would be selected by the Government of India for the Railway Rates Advisory Committee, and were requested to intimate the changes, if any, which should be made in the list so far as the Association was concerned.

The Committee suggested the inclusion of the names of the following gentlemen as representatives of the Association in the revised list :—

<i>Name.</i>	<i>Address.</i>
(1) Sir H. P. Mody, K.B.E., M.L.A.	C/o Messrs. Tata Sons, Ltd., 24 Bruce St., Fort, Bombay.
(2) Mr. A. Geddis	C/o Messrs. James Finlay & Co., Ltd., Chartered Bank Building, Bombay.
(3) Mr. F. Stones, O.B.E., M.L.C. . .	C/o Messrs. E. D. Sassoon & Co., Ltd., Dougall Road, Ballard Estate, Bombay.
(4) Mr. S. D. Saklatvala, M.L.A. ..	C/o Messrs. Tata Sons, Ltd., 24 Bruce Street, Fort, Bombay.
(5) Mr. Krishnaraj M. D. Thackersey	C/o Messrs. Thackersey Mooljee & Co., Hamam House, Hamam Street, Fort, Bombay.

MEETING WITH THE HON'BLE SIR SULTAN AHMAD.

Early in August, the Committee met the Hon'ble Sir Sultan Ahmad, Commerce Member with the Government of India, during his brief visit to the City, and discussed certain matters which had formed the subject of correspondence between his Department and the Association.

VISIT OF MR. R. R. SAKSENA.

Towards the middle of March, Mr. R. R. Saksena, Indian Government Trade Commissioner for Japan, arrived in Bombay *en route* to Japan to take up his new duties as Trade Commissioner. At a meeting specially convened for the purpose, the Committee informally discussed with Mr. Saksena matters connected with Japan's trade with India, with special reference to the imports of textile goods from Japan to India.

APPOINTMENT OF INDIAN TRADE COMMISSIONERS.

The Committee have on several occasions during the last few years urged the need for the appointment of Indian Trade Commissioners in foreign countries to which Indian mill made goods are regularly exported, as suggested by the Indian Trade Mission of 1928. With a view to regulate the quota on Japanese cotton piecegoods, a suggestion was also made last year that quota certificates should be issued by an Indian Trade Commissioner or Indian Consular Official in Japan. Mr. R. R. Saksena was subsequently appointed as Indian Trade Commissioner for Japan early in 1937. It is understood that Mr. M. H. Ismail has since been appointed Indian Government Trade Commissioner at Mombasa with effect from the 1st January 1938.

MEMBERSHIP OF THE ASSOCIATION.

The total membership of the Association on 31st December 1937 was 105 as against 103 at the end of 1936.

The Satya Mill Ltd. and the Bombay Cotton Mfg. Co., Ltd., ceased to be members of the Association, but the undermentioned mills joined the Association during the year :—

1. The Ahmedabad Jupiter Spg., Wvg. & Mfg. Co., Ltd.
2. The Osmanshahi Mills, Ltd.
3. The Jam Mfg. Co., Ltd.
4. The Lyallpur Cotton Mills.

However, in view of the formation of the Employers' Association of Northern India, the following mills comprising the Cawnpore group of member mills notified their intention to terminate membership as from the 1st of January 1938 :—

1. The Atherton Mills.
2. The Cawnpore Cotton Mills Co.
3. The Cawnpore Woollen Mills.
4. The Elgin Mills Co., Ltd.
5. The New Egerton Woollen Mills.
6. The Muir Mills Co., Ltd.
7. The Swadeshi Cotton Mills Co., Ltd.

With effect from the same date, the David Mills Co., Ltd. (including the Bijli Mills) rejoined the Association and the Seksaria Cotton Mills, Ltd. (formerly the Currimbhoy and Mohammedbhoy Mills) were also elected members.

At the time of writing, therefore, the total membership stands at 102.

DOMESTIC AFFAIRS.

The Annual Dinner of the Association was held on Wednesday, the 10th March 1937 with His Excellency the Governor of Bombay as the principal Guest of Honour.

Mr. D. N. Sirur and Mr. Goculdas Naranji died early in the year and Mr. Madhavjee Damodhar Thackersey passed away early in September. The Committee placed on record their appreciation of the valuable services rendered to the Association, by these three gentlemen, in various capacities.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Wednesday, the 10th March, 1937, the following donations were sanctioned and paid out of the Association's funds :—

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

AUDITORS.

At the Annual General Meeting held on Wednesday, the 10th March 1937, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on the usual remuneration.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1936.

In accordance with the usual practice, a combined Balance Sheet and Profit and Loss Account of the Bombay Cotton Mill Industry was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The statement which covered the returns received from 64 mills disclosed a total loss on the year's working of Rs. 70,45,227 excluding a sum of Rs. 18,28,079 voluntarily given up by Managing Agents. The loss in 1935 for 64 mills amounted to Rs. 95,58,561 excluding a sum of Rs. 18,26,658 voluntarily given up by Managing Agents from their commission, interest and allowance.

EMPLOYERS' FEDERATION OF INDIA.

At the request of the President of the Employers' Federation of India, of which the Association is a member, the Committee agreed to undertake the secretarial work of the Federation, as a temporary measure, with effect from the 1st October 1937, until other arrangements could be made.

REGISTRATION OF TRADE MARKS.

Rule 6 of the Association's Rules for the Registration of Trade Marks lays down :—

“ 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.”

Early in the year, the attention of the Committee was drawn to a practice adopted by certain mills of applying for the registration of trade marks on classes of goods on which it was not intended to use them, and in certain cases, applications appeared to have been made for the registration of marks for use on a class of goods which the applying member was not in a position to manufacture.

In recommending all mills that applications should in future be strictly confined to the class or classes of goods on which the trade mark was intended to be used, the Committee pointed out that the right to a trade mark was derived from user and that the intention to use would not constitute actual user. An application for the registration of a trade mark under Rule 6 was ordinarily made when the trade mark was intended to be used on a certain class of goods, but the trade mark was not, under the provisions of Rule 14, entitled to be protected under the Association's Rules, if it had not been habitually used on the class or classes of goods for which registration had been obtained.

HABITUAL USE OF TRADE MARKS, TRADE NUMBERS AND TRADE NAMES.

(See also page 17 of Report for 1936.)

In the last report of the Association, reference was made to a recommendation made by the Committee, at the instance of the Trade Marks Sub-Committee, with the object of enabling the Association to carry out the intentions of Rule 14 of the Trade Marks Rules of the Association more satisfactorily than at present. It was then suggested that objections to a new trade mark should set forth in a specified form :—

- (a) the class or classes of goods on which the objecting mark had been used ; and
- (b) the date on which the objecting mark was last used on yarn and on piecegoods.

This recommendation was being complied with by members, but early in the year, it was suggested that proof of habitual use might also be insisted upon in the case of trade numbers and trade names. In other words, it was urged that no objection to the registration of a trade number or a trade name should be entertained if the objecting member's trade number or trade name had not been habitually used.

The question was examined by the Trade Marks Sub Committee, who felt that the procedure recommended and followed in the case of trade marks should also be adopted in the case of trade numbers and trade names submitted for registration. The General Committee endorsed this view, and a specimen form was forwarded to each member setting out the minimum details which must be furnished to the Association when filing objections to the registration of a trade number or trade name. (*Appendix 1.*)

REGISTRATION OF TRADE NUMBERS.

Dealers' Initials.

According to Rules 3 and 4 of the Association's Rules for the Registration of Trade Numbers, the following types of trade numbers are not capable of registration :

Rule 3.—(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.

Rule 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."

No special provision has been made for the registration of dealers' trade numbers which are registered in the same way as members' numbers.

Towards the middle of the year, the attention of the Trade Marks Sub-Committee of the Association was drawn to several applications for the registration of trade numbers consisting of simple letter combinations or letter number combinations, the letters in each case representing the initials of the dealer for whom the goods were made. In the case of simple letter combinations, it was found that these numbers were being stamped separately on the pieces, either above or below another registered number, as :—

1878

GS

or

JK

1600 .

whereas in the case of letter number combinations, the trade numbers were being stamped as :—

J1878K or JK1878.
G1600S or GS1600.

It was pointed out that registration of a dealer's initials in favour of a member mill would have no effect whatsoever since the dealer would be entitled to stamp his initials on goods purchased from other mills also.

On a careful examination of the position, the Sub-Committee recommended that registration of dealers' initials need not be insisted upon if they were stamped separately from the registered numbers of the mills. The Sub-Committee, however, recognized that, in certain cases, where the initials of the selling agent of one mill were more or less the same as the initials of another mill, confusion was bound to arise, but they felt that such cases might be met by affixing a satisfactory counter-indication on the goods. In the absence of special provisions for the registration of dealers' trade numbers, the Sub-Committee also recommended that letter-number combinations consisting partly of dealers' initials should continue to be registered as at present.

The suggestions made by the Sub-Committee were approved by the General Committee, and all members of the Association were advised accordingly.

PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADE MARKS IN INDIA.

(See also pages 63 and 304 of Report for 1928.)

The question of introducing legislation for the registration of trade marks in India has been considered by the Committee of the Association on several occasions. In 1928, on a reference from the Government of Bombay, at the instance of the Prothonotary and Registrar, Original Jurisdiction, Bombay High Court, regarding the desirability of moving the Government of India for the purpose of enacting legislation in India corresponding to the Trade Marks Act of 1925 in England, the Committee indicated that a review of the previous history of this question revealed that the Indian mercantile community and other premier industrial associations in India had consistently opposed the proposal on the following grounds :—

- (1) that the existing law in India being sufficiently comprehensive, the enactment of an Indian law on the lines of the English Act would involve certain positive disadvantages ;
- (2) the difficulty of finding an expert staff to scrutinise trade marks prior to registration and decide about their admissibility ; and
- (3) the expenditure involved in establishing a system of registration of trade marks with the necessary elaborate and cumbersome regulations and an unnecessarily expensive staff would be considerable.

It was thought that any attempt to ensure a system of scientific registration of trade marks in India would be generally welcomed by the commercial community of India as a whole, but, having regard to the difficulty presented by the complexity of cotton marks, it was held, such legislation would be difficult to introduce and the expense involved would not be commensurate with the benefits which such legislation might confer upon the industry. Since then, however, opinion in commercial circles appeared to have undergone considerable change, for the Committee were informed, towards the middle of March, that the Government of India had received numerous representations requesting them to undertake legislation for the registration of trade marks in India. At present no law exists in India for the registration of trade marks, and the protection which users of such trade marks enjoy under the provisions of the common law and existing statutes is extremely limited. It had been urged that in the absence of any system of registration of trade marks in this country, India could not participate in the International Convention for the protection of industrial property and that this circumstance affected prejudicially the interests of Indian inventors in foreign countries. Government, therefore, proposed that the matter should be pursued further, and requested the views of the Committee on a draft scheme embodying the broad outlines of the proposed legislation for India.

Briefly stated, it was suggested that the system of registration of trade marks which prevailed in England would be the most suitable for Indian conditions. Registration would be purely voluntary and would not supersede the rights accruing under the common law, on account of prior use. Every trade mark seeking registration would be subjected, before registration, to careful examination for registrability and for anticipation by other trade marks entered in the Trade Marks Register, and it was proposed that trade marks should be advertised after acceptance and an opportunity provided for any aggrieved person to oppose the registration of the mark. After registration, it was indicated, the mark might still be expunged from the Trade Marks Register on an application to the Registrar or to the Government of India by any aggrieved person.

The Committee welcomed the introduction of trade mark legislation in this country provided adequate arrangements could be made in regard to cotton marks. The position in regard to cotton marks was that for the last fifty years, the Association had been registering the trade marks used by its members, who owned about 50 per cent. of the spindles and looms installed in British India. The rules framed by the Association provided for circulation of all new marks to all members, and did not permit the registration of marks which would not be eligible for registration under the British Act, which was the basis proposed for the new legislation contemplated in India. It was further explained that, in addition to trade marks consisting of distinctive devices or designs, the Association had also been registering trade numbers since 1933 and trade names since 1935.

In so far as cotton marks were concerned, the Committee felt that the Government of India would be well advised to take advantage of the great experience which the Association had had in the matter of trade mark

registration and the various problems which arose in connection therewith, by associating at least one representative from the Association with the person or persons whom the Government of India might eventually appoint to draft the legislation which it was proposed to frame to deal with the problem of cotton marks.

The position in regard to the registration of future marks was one with which the Committee considered it should not be unduly difficult to cope. In regard to the much more complicated problem of dealing with existing marks, the Committee suggested that the difficulties, as far as cotton marks were concerned, would be very greatly reduced if advantage was taken of the data available with the Association in its trade mark registers. In this connection, it was pointed out:—

(a) that all trade marks habitually used for more than five years and registered with the Association should be automatically transferred to the Government Register on payment of a nominal fee, and that no objections against them should be entertained. It was added that the Association would have no objection to the entry into the Governmental Registers of any trade marks owned by non-members which it could be proved had been regularly used in India for more than five years;

(b) that trade marks registered with the Association during the last five years should be entered in a "Provisional" Register on payment of a nominal fee, but that they should be open to objection from non-members owning exactly similar marks which had been regularly used in India on cotton goods of the same description from an earlier date. In regard to the above marks, it was further suggested that registration and transfer to the Permanent Register should be automatic if no objections were received and/or proceedings instituted within a period of, say, three months.

The Committee stressed the importance which they attached to the foregoing suggestions, and expressed the hope that Government would be able to accept them in their entirety as the Association's final view-point would, to some extent, depend on Government's attitude on this particular issue. After legislation had been enacted, it would, it was presumed, be necessary for the Government of India to associate a Committee representing all sections of the cotton piecegoods and yarn trade with the officers appointed to administer the Act, to cope with the special problems arising from the transfer to the Government Register of existing cotton marks, and the Committee hoped that the Association would be accorded on this committee representation commensurate with its stake in the trade and the experience which it had had in matters connected with trade mark registration.

The Committee further suggested:—

(a) that the charges for registration should be fixed as low as possible and should not, in any event, exceed what was necessary to make the scheme self-supporting;

(b) that whatever scheme was finally adopted, it should make adequate provision for effective circulation of applications for registration and provide sufficient time for the receipt of objections. In the Association's scheme of registration, one calendar month was allowed for the receipt of objections, and reproductions of the trade mark for which application had been made were sent direct to every member. It was recognized that it might not be possible to adopt an exactly similar procedure in Governmental registration, as the field to be covered would be somewhat wider, and in these circumstances, it was thought that the time for submission of objections might be increased to three months ;

(c) that the Head Office of the registration authority should be located in Bombay so far as cotton marks were concerned, as Bombay was obviously the most convenient site for the headquarters of the registration authority for such marks, judged either from the point of view of importers or manufacturers ; and

(d) that every effort should be made so to devise the new legislation as to prevent a spate of unnecessary court actions for infringements.

As regards the procedure suggested for the registration of new marks, the Committee made the following observations :—

(1) It was suggested that a waiting period of not less than three months might be provided to enable objections to be lodged against any new registration. It was presumed that further details regarding the proposed bulletin, advertising new trade marks accepted for registration, etc., would be incorporated in the Bill, and it was indicated that these would be commented upon later.

(2) It was proposed that, as in the United Kingdom and elsewhere, the Register of Trade marks should be kept at the Patent Office, and should contain all registered trade marks with the names and addresses of their proprietors, notifications of assignments, and transmissions, disclaimers, conditions, limitations, and such other matters relating to such trade marks as might from time to time be prescribed. It was further indicated that if it was decided to keep the Register of Trade Marks at the Patent Office, it would be kept under the control and management of the Controller of Patents and Designs, who, for the purposes of the Trade Marks Registration Act, would be referred to as the Registrar. Provision would be made for the inspection of the Register and for the supply of certified copies of entries made in the Register.

If Government insisted on the Trade Mark Registry Office being maintained at the Patent Office, the Committee stressed the need for Sub-Registry Offices at Bombay and Madras, each under the charge of a Sub-Registrar, copies of *all* trade marks submitted for and securing registration being available for inspection at these offices. It was felt that it would be expecting too much of the manufacturers in, say, Bombay or Madras, to go to Calcutta to inspect the Register to find out whether a particular trade mark had already been registered. The Committee also suggested that the

registration staff at each centre should be associated with an expert committee of business men to decide all practical questions.

(3) Under the existing statute and common law in England, as well as under the case law in India, a trade mark cannot be assigned in gross and an assignment of a trade mark can be valid only if it is assigned along with the goodwill of the business in which the mark is used. This position was considered to be unsatisfactory and unsuited to modern business. The Goschen Committee in England had recommended that it should be relaxed in the interests of trade, and it was, therefore, suggested that the proposals made by the Goschen Committee on the question of assignment should form the basis of statute law in India, and that a registered trade mark should be assignable and transmissible in respect of any of the goods for which it was registered, either with or without the goodwill of the business in which it was being used, provided that there did not arise by reason of such assignment or transmission a right for more than one independent proprietor to use the mark for the same goods so as to be likely to cause confusion to the public.

The Committee agreed with this suggestion, and pointed out that the principle that ownership in a trade mark could be transferred independently of the goodwill of the firm had already been recognised in the Indian Partnership Act.

(4) It was proposed by Government that the first period of registration should be for seven years. This was in accordance with the recommendations of the Goschen Committee, and provision would, it was stated, be made for the "renewal" of registration for a period of fourteen years from the original expiration or of the last renewal of registration as the case might be. If registration was not duly renewed, the Registrar, after giving due notice to the registered proprietor, would remove the trade mark from the Register, subject to such conditions as to its restoration in the Register as might be prescribed.

The Committee held that the period proposed seemed too long, but suggested that the exact duration might be left open for discussion at a later stage.

(5) *Special trade marks* :—It was proposed that special provisions as in the United Kingdom Act would be made for the registration and assignment of "Certification Marks." As regards "Cotton Marks," it would be provided that letters and numerals would be ineligible for registration except on clear evidence of acquired distinctiveness, and that line headings would not be deemed to be distinctive in respect of such goods for purposes of registration.

The Committee were unable to endorse the suggestion that letters and numerals should be ineligible for registration except on clear evidence of acquired distinctiveness. They felt that, while it might be possible to establish distinctiveness in the case of long established trade numbers, and thus qualify for registration, they could not agree that the registration of trade numbers should be discouraged in future. Apart from other considerations,

it was felt that, with the difficulty which mills now experienced in securing registration of cotton marks, it was in the field of trade numbers that future efforts to secure distinctiveness should be made.

In conveying these views to Government, the Committee expressed the hope that the Association would be given another opportunity of examining the scheme when Government's proposals took more definite shape.

It is understood that Mr. R. K. Nehru, I.C.S., has been placed on special duty to examine the material collected by the Government of India in connection with the proposed legislation for the registration of trade marks and the amendment of the Indian Merchandise Marks Act. (Appendix 2.)

REGISTRATION OF DESIGNS UNDER THE INDIAN PATENTS AND DESIGNS ACT.

(See also pages 82 and 266 of Report for 1935.)

On page 82 of the Association's report for 1935, reference was made to the views expressed by the Committee on certain proposals for the amendment of the Indian Patents and Designs Act, 1911, so as to put an end to the import of goods bearing pirated designs. A suggestion was also put forward for giving greater publicity to the specifications of designs for which registration had been demanded, and greater opportunities to the trade for examining the actual specifications deposited with the Controller of Patents at the time of publication.

The unsatisfactory character of the existing procedure was once again brought to light towards the middle of the year in connection with a circular broadcast by a firm of piecegoods merchants in the Punjab reproducing four designs purporting to have been registered by them for use on cotton piecegoods. From the information at the disposal of the Association, it appeared that the designs in question were by no means original and that similar or identical designs had been regularly used by members for several years. Yet, registration under the Indian Patents and Designs Act would, *ipso facto*, confer on the firm in question an unassailable right to use the designs as against the other users. It was realised that in such cases the law provided a remedy to the aggrieved parties to secure cancellation of registration in certain instances, but the Committee felt that the position was very unsatisfactory, as it involved costly proceedings. Under the existing arrangements very little publicity was given to applications for registration of designs, and at any rate, in the absence of coloured reproductions of designs which were sought to be registered, it was impossible to ascertain precisely what was sought to be registered, or what had been actually registered, thus leading to :

- (a) inadvertent infringements of textile designs, and
- (b) registration of designs, which were the common property of the trade, as the exclusive property of one manufacturer when there were probably many manufacturers who had been using the same design for a longer period than the former,

The invocation of the penal provisions of the law on behalf of the registered proprietor of a design when there were other users as well would, it was felt, be unfair in the case of (a) and decidedly unjust in the case of (b).

The Committee strongly felt that there existed a very good case for thoroughly overhauling the procedure at present adopted in the registration of designs. The matter was, therefore, taken up with the Government of India, towards the middle of November, and it was urged that any effective scheme of registration of textile designs should provide for :—

- (i) wide publicity and advertisement of the designs submitted for registration, as in the case of the *Trade Marks Journal* issued by the Board of Trade of the United Kingdom ;
- (ii) reasonable facilities for inspection of designs by interested parties ;
- (iii) a reasonable interval between publicity and actual registration of the designs to facilitate the submission of objections ; and
- (iv) the institution of prompt and effective means of disposing of objections.

The Committee also indicated their willingness to go further into the question of evolving a system of registration of textile designs, if Government so desired. (*Appendix 3.*)

PROPOSED REVISION OF THE INDIAN MERCHANDISE MARKS ACT, 1889.

(*See also pages 60 and 283 of Report for 1928.*)

Towards the middle of March, the Committee were requested to express an opinion on the question of the proposed revision of the Indian Merchandise Marks Act, 1889, so as to make the marking of the country of origin on foreign goods imported into British India compulsory.

It would appear that the matter had been engaging the attention of the Government of India for some time, and that, after careful consideration, they were of opinion that a change in the law was essential. Their provisional conclusions were that legislation might be on the following main lines, namely :—

- (1) that the Governor-General in Council might be empowered to prescribe by notification in each case, after such inquiry as he might deem fit, that certain specific goods should at the time of import bear an indication of the country of origin. No such provision was to be made to cover goods at the time of sale ;

- (2) that where marking of goods was made compulsory, it might be prescribed that not only the goods, but also the parts of the goods imported as well as packages or containers should bear mark of origin, such marking being indelible where practicable ;
- (3) that no distinction should be made between goods produced or manufactured in the Indian States and goods produced or manufactured in British India and the regulations should apply only to goods made or produced beyond the limits of India ;
- (4) that the regulations should also apply, where necessary, to goods in transit through India to a foreign country ;
- (5) that in order to facilitate the identification of the country of origin in the counter-indication required by the proviso to section 18 (e) of the Sea Customs Act, 1879, the words "or, if such language and character are those used in any country outside Asia, in the English language" be added to proviso (2) ;
- (6) that the special privilege under the present Act whereby United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin might be withdrawn ; and
- (7) that to deal with the fraudulent practice now prevalent in the case of some articles which, by the affixation of loose transfers, are represented to be of an origin or manufacture different to their actual origin or manufacture, it might be made an offence to import, deal in or possess a transfer, label, etc., with the intention of applying the same or with reason to believe that the same is intended to be applied to substantive goods of which, when affixed thereto, it would constitute a false description.

The Committee were in agreement with the principle underlying the suggestion made by Government, namely, that the country of origin should be stamped on goods imported into India. Dealing with the specific conclusions reached by Government :—

- (1) The Committee agreed that it was not practicable to insist on the country of origin being stamped on *all* imported goods, but pointed out that, in the case of imported cotton yarn and cotton, silk, artificial silk and woollen piecegoods, the country of origin should be stamped in every case. They further agreed that powers might be given to the Governor-General in Council, as proposed by Government, to prescribe by notification the goods (excepting cotton yarn and cotton, silk, artificial silk and woollen piecegoods) which should bear the country of origin.

- (2) The Committee were in agreement with this suggestion. The safeguard proposed appeared to be very essential as it might otherwise be possible to pass off imported goods as indigenous manufactures, simply by changing the wrappers or by re-packing the imported goods in this country in new containers.
- (3) The Committee were strongly of opinion that the proposed legislation should be applicable to all goods manufactured outside the limits of British India, that is to say, imports from Indian States should also be required to be stamped with the name of the country of origin. It was felt that, with the rapid development of industry in Indian States in recent years, and the consequent increase in the extent of competition between manufacturers of British India and Indian States, it was very likely that the latter would be a potential source of danger to industries in British India in the immediate future if the proposed legislation was not extended to Indian States.
- (4) The Committee agreed with Government that the regulations should also apply to goods in transit through British India to a foreign country. They, further, suggested that the country of origin should be marked on goods imported directly into such ports as Okha, Mandvi, etc., to prevent the possibility of their being subsequently marketed in British India as manufactures of the respective Indian States.
- (5) The Committee agreed with the proposed amendment to section 18 (c) of the Sea Customs Act, 1879, but suggested the desirability of the counter-indication being stamped in English character in all cases where the letters in the name or trade mark were stamped in a language and character used in any country outside India. In these circumstances, they urged that the word "India" should be substituted for the word "Asia" in the proposed amendment.
- (6) The Committee agreed with Government that the special privilege under the present Act, whereby United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin, might be withdrawn. In this connection, Government's attention was drawn to the following tentative understanding reached between representatives of the Indian Cotton Textile Industry and United Kingdom textile interests in September 1933.
- "That for the purpose of preserving the integrity and reputation of the piecegoods trade, it is agreed that the name of the 'country of origin' of the goods should be stamped in clear and bold letters on the face of all cotton silk and artificial silk piecegoods manufactured by either country for sale in India."
- (7) This suggestion seemed to be the logical outcome of the previous suggestions, and the Committee had no objection to its adoption.

The main object underlying the suggested amendment of the Act was effectively to prevent passing off of foreign manufactures as Indian by requiring the country of origin to be stamped on such imports, and it was, therefore, desirable to provide at the same time satisfactory safeguards against all possible evasions of the law.

It is understood that Mr. R. K. Nehru, I.C.S., has been placed on special duty to frame concrete proposals for the amendment of the Merchandise Marks Act in the light of the views expressed by various bodies on the tentative proposals formulated by the Government of India. (*Appendix 4.*)

STAMPING OF INCORRECT TRADE DESCRIPTIONS.

(*See also page 21 of Report for 1936.*)

In the last report of the Association, it was stated that a circular letter was addressed by the Committee to all members of the Association drawing their attention to the provisions of the Indian Merchandise Marks Act and the penalties provided for applying fraudulent trade descriptions on cotton goods. A similar circular was also issued subsequently by the Ahmedabad Mill-owners' Association. The Committee, nevertheless, felt that the position was unsatisfactory, inasmuch as the action taken by the Bombay and Ahmedabad Millowners' Associations could not have any direct effect on those mills which were members of neither of these associations. In these circumstances, a suggestion was made to the Government of India early in May, that a press note might be issued referring to the provisions of the Indian Merchandise Marks Act and containing a warning to those who offended against these provisions. Copies of this note might, it was suggested, be sent to all chambers of commerce and associations with a request that it might be brought to the notice of such of their members as were interested in piecegoods and to all piecegoods merchants with whom their members had dealings. As an alternative to this procedure, it was urged that Government might investigate the possibility of devising more appropriate machinery for the purpose of ensuring that the provisions of the Merchandise Marks Act were carried out.

It is understood that the question is at present being considered by the Government of India in consultation with Provincial Governments.

(*Appendix 5.*)

ISSUE OF UNSTAMPED GOODS BY MILLS.

(*See also page 94 of Report for 1935.*)

On page 94 of the Association's report for 1935 reference was made to a recommendation made by the Committee to all members of the Association asking them to instruct their mill managers to ensure that no cloth pieces were delivered out of the mill premises without the name of the mill at

which they were manufactured and the trade marks and/or trade numbers under which they would eventually be marketed.

Early in the year, in view of renewed complaints of the prevalence of this malpractice, a further circular was addressed to all members drawing their attention to the instructions issued in 1935.

POWER COSTS.

(See pages 25 and 128 of Report for 1936.)

On page 25 of the last report of the Association, reference was made to a suggestion made by the Association that a joint test or tests should be made by the Engineers of Messrs. Tata Hydro-Electric Agencies Ltd., working in association and collaboration with experts from the Association's special Sub-Committee, with the object of finally settling the vexed question of the relative costs of Hydro-Electric power and of 'own power' plus process steam in each case. It was also indicated that the first test in the Coorla Mills would commence early in January.

On the conclusion of this test, the technical staff of the Association and of Messrs. Tata Hydro-Electric Agencies Ltd., tabulated the results and submitted an agreed Report, which was issued early in May. The testing apparatus was subsequently transferred to the Victoria Mill, where the second test was to be made. It is understood that this test was concluded early in September, but in view of the absence from India of one member who had actively associated himself with the tests, the final results have not yet been issued. Arrangements are being made to proceed with the third test in the Shree Ram Mills and on receipt of the final results of all the three tests, the position will again be reviewed by the Committee.

REVISION OF POWER CONTRACTS.

(See also pages 8 and 90 of Report for 1930.)

On page 10 of the Association's report for 1930, reference was made to a new simpler form of contract for power supply evolved as a result of negotiations between the Power Costs Sub-Committee of the Association and representatives of the Hydro-Electric Power Supply Companies.

Towards the middle of the year under review, the attention of the Committee was drawn to a revised form of contract framed by Messrs. Tata Hydro-Electric Agencies Ltd. The matter was once again taken up with the Power Companies, and certain modifications and suggestions were made :

Main Agreement :

Clause 1 : Form of Supply.—The revised Contract laid down that the supply to the Consumer shall be in the form of three-phase alternating current

at a frequency of approximately 50 cycles per second and a voltage of approximately . . . volts. It was suggested that the term "approximately 50 cycles per second" should be more specifically defined. The Power Companies agreed to provide for a normal frequency of 50 cycles per second subject to a maximum variation of plus or minus 1 per cent. during constant load, except by reason of *force majeure*.

Clause 4.—The Clause as revised read as under :

"Should the Consumer desire to increase his power requirements at any time during the term hereof the Consumer shall purchase the same from the Company on the terms and conditions set forth herein and the Company shall supply such additional requirements provided it has sufficient surplus then available at the corresponding point of supply."

It was suggested on behalf of the Association that the Power Companies should make it possible in certain instances for mills to use back pressure turbines for the generation of a proportion of their power, for instance, in cases where a very substantial quantity of process steam was required as in dyeing and bleaching departments. The Power Companies agreed to consider this suggestion after making a complete survey of all the mills involved.

Exhibit "B": Clause 18 (e).—"Riot and Civil Commotion" were added as reasons which might justify failure on the part of the Consumer to take up 50 per cent. of the supply contracted for.

Arbitration.—Clause 28 in the original Contract provided that in the event of any dispute or difference at any time arising between the Consumer and the Company in regard to the construction of the agreement or any matter arising out of or in connection with the agreement, such dispute or difference should be referred to arbitration. This provision was, however, deleted from the revised Contract. The representatives of the Association strongly pressed for the retention of this Clause, but the suggestion was not acceptable to the representatives of the Power Company. It was, however, agreed that matters of principle involving the mills or a class of them generally should be left for decision to the Court, while a matter involving no principle of law and being essentially a dispute between the Power Companies on the one hand and a particular mill on the other should be referred to arbitration.

The terms of the Power Contract, as finally revised, will be found reproduced in *Appendix 6*.

INDIAN FACTORIES ACT.

REGULAR EXAMINATION OF BELTS, ETC.

According to Rule 46 (ii) of the Rules framed by the Government of Bombay under the powers conferred on them by the Factories Act, 1934 :—

"All hoist ropes and claims shall be regularly examined by a competent person nominated by the Manager to ensure that they are in a safe condition. The Manager shall maintain a record of such examinations with dates and remarks under his signature in the inspection book maintained in accordance with rule 5."

The inspection book referred to in Rule 5 is the book maintained by every factory in which Inspectors of Factories and Certifying Surgeons record the results of their periodical inspection.

Early in the year, a serious accident occurred in a mill, which it was thought was possibly due to the snapping of the wire ropes attached to the mill's hoist. After the accident, it appeared from the inspection book that no record had been maintained as specified in Rule 46 (ii). This constituted an offence under the Act. A communication was, therefore, addressed to all member mills drawing their attention to the obligations imposed on them by Rule 46 (ii). It was suggested that a number of pages should be set aside at the end of the Factory Inspection Book in which the Manager might record the results of the Engineer's inspection of hoists, ropes and chains, and that such inspections should be made at fairly frequent intervals. (*Appendix 7.*)

PAYMENT OF WAGES ACT.

DEDUCTIONS FOR STRIKES.

(*See also pages 32 and 151 of Report for 1936.*)

In the last report of the Association, reference was made to the passage of the Payment of Wages Act through the Central Legislature. Early in the year under review, various measures which it was necessary for mills to adopt with the object of complying with the new obligations imposed by the Act and the Rules made thereunder, were considered by the Committee, and a comprehensive note on the principal provisions of the Act was prepared and furnished to all members of the Association. During the course of the discussions, the question arose as to the liability of an employer to pay wages to employees who indulged in what had come to be known as "stay-in strikes," where workers apparently refused to leave their places of employment. The Act permitted a deduction in wages if an employed person was absent from the *place* or *places* where, according to the terms of his employment, he was required to work, such absence being for the whole or any part of the period during which he was required to work. It appeared doubtful whether it would be legal for an employer, in the event of a "stay-in strike," to deduct an amount from a worker's earnings equivalent to the working time which the worker had lost during the duration of the "stay-in strike."

The Committee felt that it was not the intention of the framers of the Payment of Wages Act, or of the Legislative Assembly, to make employers pay wages to workers for the time they were on strike. The matter was, therefore, taken up with the Government of India early in March, and it was suggested that if there was any doubt about an employer's legal right to abstain from paying time-workers for the period of a strike, whether that strike was a "stay-in strike" or not, Section 9 (1) of the Act should be suitably and immediately amended. So far as piece-workers were concerned, there appeared to be no difficulty, since they were only paid for the amount of work they actually turned out.

The force of the contention advanced by the Committee was recognized by Government, and on the 30th March, the Hon'ble Sir Frank Noyce introduced in the Legislative Assembly a Bill to amend the Payment of Wages Act, 1936, which provided for the addition to Section 9 of the Act of the following Explanation :—

“Explanation.—For the purpose of this section, an employed person shall be deemed to be absent from the place where he is required to work if, although present in such place, he refuses to carry out his work.”

The Bill came up for consideration on the 3rd April, and was subjected to a certain amount of opposition from Members representing labour interests. The House ultimately adopted an agreed amendment, which modified the explanation as under :—

“Explanation.—For the purposes of this section, an employed person shall be deemed to be absent from the place where he is required to work if, although present in such a place he refuses in pursuance of a ‘stay-in-strike’ or for any other causes which is not reasonable under the circumstances, to carry out his work.”

(Appendix 8.)

EXTENSION OF THE PAYMENT OF WAGES ACT, 1936.

The Payment of Wages Act, which came into force on the 28th of March 1937, was applicable in the first instance to the wages paid to persons employed in any factory and to persons employed (otherwise than in a factory) upon any railway by a railway administration, or either directly or through a sub-contractor, by a person fulfilling a contract with a railway administration ; but the Local Government might, after giving three months' notice of its intention of so doing, by notification in the local Official Gazette, extend the provisions of the Act or any of them to the payment of wages to any class of persons employed in any industrial establishment or in any class or group of industrial establishments.

In virtue of this provision, the Government of Bombay by a notification issued on the 11th October 1937 declared their intention to extend, with effect from the first day of February 1938, the provisions of the Act to persons employed in any individual industrial establishment or class of industrial establishments which had been or might be declared to be “ factories ” under Section 5 of the Factories Act, 1934, for all or any of the purposes of that Act.

It may be pointed out that, according to Section 5 of the Factories Act, 1934, the Government of Bombay have declared the following classes of industrial establishments, among others, as “ factories ” for all purposes of that Act :—

“All premises wherein or within the precincts whereof cotton or waste is cleaned with the aid of power and wherein or within the precincts whereof ten or more workers are employed ;

All hand yarn dyeing premises wherein or within the precincts whereof lead compounds are used in the dyeing processes and wherein or within the precincts whereof ten or more workers are employed.”

BOMBAY MATERNITY BENEFITS ACT.

Early in the year, on the suggestion of the Government Labour Officer and the Chief Inspector of Factories, Bombay, the question of the possibility of adopting a simple form of notice on which women operatives could claim maternity benefit under the provisions of the Bombay Maternity Benefits Act, 1929, was referred to the Labour Advisory (Managers) Sub-Committee. It was generally agreed that it was most desirable that mills should encourage the payment of pre-maternity benefits in preference to the old system of lump sum payment after the production of a birth certificate. It was also felt that such facilities as were possible to ensure that notice, as prescribed in the Act, was given, should be provided freely by all member mills. Bearing these considerations in mind, the Sub-Committee drew up a standard form of notice, in consultation with the Chief Inspector of Factories, which was approved by the Committee and forwarded to all member mills for adoption. (*Appendix 9.*)

EXTENSION OF THE BOMBAY MATERNITY BENEFITS ACT, 1929.

The Bombay Maternity Benefits Act, 1929, which came into operation on 1st July 1929, was applicable in the first instance to the Bombay Suburban District and the Cities of Bombay, Ahmedabad, Viramgaum, Surat, Broach, Jalgaon, Sholapur, Belgaum, Amalner and Karachi, but Government were empowered by notification in the "Bombay Government Gazette" to extend the Act to such other places as they thought fit. Accordingly, the provisions of the Act were subsequently extended to the districts of East and West Khandesh, Sholapur, Dharwar, Thana and Kaira and to the City of Poona by a notification issued in May 1931.

By a further notification published in the "Bombay Government Gazette" on the 27th September 1937, the Act was extended to the districts of Ahmedabad, Poona, Bijapur and Kolaba with effect from 1st November 1937.

TEXTILE TRIPARTITE CONFERENCE, WASHINGTON.

Towards the end of January, the Committee were informed that a Tripartite Conference would be convened by the International Labour Office at Washington on the 2nd April 1937 for the examination of those aspects of the textile industry which directly or indirectly might have a bearing on the improvement of social conditions in that industry. It was understood that the term "textile industry" included all establishments engaged wholly or mainly in manufacturing articles from cotton, wool, silk, flax, hemp, jute, artificial silk or any other synthetic fibre or textile material. The Conference would not, it was pointed out, constitute a regular session of the International Labour Conference, and would take no final decisions, but its results would be available for the 23rd Session of the International Labour Conference to be held in June next. It further appeared that the Conference would be composed of delegations of countries in which textile production formed an important part of the national economy.

It would appear that the Government of India had under consideration the question of the representation of India by one delegate to represent Government and by one each for employers and workers in the textile industry. In view of the special position of cotton and jute textiles in the textile industry of the country, Government would, it was indicated, pay particular attention to the views of the chief organizations concerned with cotton and jute textiles, namely, the Millowners' Association, Bombay, the Indian Jute Mills' Association, Calcutta, and the Ahmedabad Millowners' Association. They, therefore, invited the Employers' Federation of India, which included in its membership the first two of the organizations referred to above, to recommend the name of a suitable delegate for nomination to the Conference. The Employers' Federation accordingly requested the views of the Committee on this matter.

The question was carefully considered by the Committee, and it was decided to support the nomination of Mr. B. M. Birla as the Indian Employers' representative to the proposed Conference. (*Appendix 10.*)

XXIII SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

(*See also page 40 of Report for 1936.*)

In the last report of the Association, reference was made to a suggestion made by the Association for the appointment of Sir Hormasji Mody as the Indian Employers' Delegate to the Twenty-third Session of the International Labour Conference. The suggestion was accepted by Government and according to a notification issued on 29th April, the Indian Delegation to the Conference comprised the following gentlemen :—

Government Delegates :

Sir Firoz Khan Noon, Kt., Bar-at-Law, High Commissioner for India,
London.

Sir Frank Noyce, K.C.S.I., C.B.E., I.C.S.

Advisers to the Government Delegates :

Mr. S. R. Zaman, I.C.S., Secretary to the High Commissioner for
India, London.

Mr. A. F. Morley, India Office, London.

Employers' Delegate :

Sir Hormasji P. Mody, K.B.E., Bombay.

Adviser to Employers' Delegate :

Mr. Gaganvihari L. Mehta, Calcutta.

Workers' Delegate :

Mr. Satis Chandra Sen, Calcutta.

Advisor to Workers' Delegate :

Mr. W. V. R. Naidu, Jamshedpur.

Mr. Zaman acted as Secretary to the Delegation.

**EMPLOYER'S DELEGATE TO THE TWENTY-FOURTH SESSION OF
THE INTERNATIONAL LABOUR CONFERENCE.**

Towards the middle of November, the Government of India invited suggestions relating to the nomination of non-Governmental Delegates and their Advisers to the forthcoming Session of the International Labour Conference to be held in Geneva in June 1938. The items on the Agenda of the Conference were :—

- (1) Regulation of Hours of Work and rest periods of professional drivers (and their assistants) of vehicles engaged in road transport ;
- (2) Technical and Vocational education and apprenticeship ;
- (3) Regulation of contracts of employment of indigenous workers ;
- (4) Recruiting, placing and conditions of labour (equality of treatment) of migrant workers ;
- (5) The generalisation of the reduction of hours of work, and
- (6) International standardization of statistics of wages and hours of work.

The Committee agreed with a suggestion made by the President of the Employers' Federation of India for the nomination of LALA SHRI RAM as the Indian Employers' Delegate to the Conference as they felt that his intimate knowledge of industrial labour in India would make LALA SHRI RAM a very admirable choice. The Committee also supported the nomination of Seth SHANTILAL MANGALDAS, Millowner of Ahmedabad, as Adviser to the Indian Employers' Delegate to the Conference. (*Appendix 11.*)

**PARTIAL REVISION OF THE MINIMUM AGE (INDUSTRY)
CONVENTION, 1919.**

One of the more important items on the agenda of the XXIII Session of the International Labour Conference was a proposal for a partial revision of the Minimum Age (Industry) Convention, 1919. The Convention provided :—

- (1) Children under the age of 14 years should not be employed otherwise than in undertakings in which only members of the same family were employed. This provision did not apply to work done by children in approved technical schools. A register of employed persons under 16 years of age had to be maintained.
- (2) The limitation as regards age did not apply to Japan where the following conditions applied :—
 - (a) Children over 12 years of age might be admitted to employment if they had finished the course in the elementary school.

(b) Transitional regulations might be made as regards children between the ages of 12 and 14 already employed.

(Note :—The then existing (1919) Japanese law admitting children under 12 to certain light and easy employment was to be repealed.)

(3) As regards India also, the limitation of age did not apply, and the following provisions were to have effect :—

Children under 12 years of age were not to be employed in factories, mines, quarries or in transport industries.

It was proposed :—

- (1) that children under the age of 15 years should not be employed other than in undertakings in which only members of the same family were employed, provided that the national laws might permit the issue of certificates in respect of children of not less than 14 years of age allowing them to be employed in cases in which an appropriate authority was satisfied that such employment, having due regard to the physical condition and to the prospective as well as to the immediate benefit of the child, would be beneficial to the child.
- (2) Every employer should be required to keep a register of persons under the age of 18 years employed by him.
- (3) National laws should prescribe a higher age than 15 years for admission of persons to employment which by its nature was dangerous to the life, health or morals of the persons employed in it.
- (4) In Japan children over 12 years of age might be admitted into employment if they had finished the course of the elementary school.
- (5) The provision with regard to age should not apply to India but:—
 - (a) Children under the age of 15 years should not be employed in mines, quarries and other works for the extraction of minerals from the earth.
 - (b) Children under the age of 12 years should not be employed ;
 - (i) in manufactories working with power and employing more than 10 persons ;
 - (ii) in the transport of passengers or goods, or mails, by rail, or in the handling of goods at docks, quays and wharves, but excluding transport by hand.

- (6) As regards China, children under the age of 15 years should not be employed on dangerous or unhealthy work as defined by national laws in any factory using machines driven by motor power and regularly employing thirty persons or more.

Children under the age of 14 years should not be employed in any factory using machines driven by motor power and regularly employing 30 persons or more.

The existing position in India, so far as factories were concerned, was that no child who had not completed his 12th year could be allowed to work in any factory. Children were permitted to work only a restricted number of hours. A person who had completed his 15th year, but not the 17th year, was termed an "adolescent," and he could not work as an adult unless he had obtained a certificate of fitness. As regards mines, children could not be employed unless they had completed the 15th year. Government had also accepted that children below 14 should not be employed in transport industries.

As regards the employment of children in Indian factories, the statistics of factories issued by the Government of India showed that during 1935 the percentage of children employed to the total number of persons employed in factories was only .96 as against 1.2 in 1934. Comparatively large decreases in employment of children were reported in Bengal and Assam, and the process of eliminating child labour from the jute and cotton mills in Bengal continued; only 278 children were employed in the jute industry during 1935 as compared with 26,500 ten years ago. In Bombay, the number of children employed was practically negligible.

Early in April, in inviting the views of the Committee on the proposed revision of the Convention, the Employers' Federation of India pointed out that the advantages which children in Western countries would derive from the raising of the minimum age would not accrue in India—not, at any rate, to anything like the same extent—and that any such raising of the age would only add to unemployment and throw an additional burden on families of which the children were earning members.

The Committee saw no objection to the Indian Employers' Delegate agreeing to the Draft Convention proposed for adoption, since the existing law in India went even further. They, however, thought it desirable to draw the attention of the Federation to the ambiguous manner in which the provision relating to Japan had been drafted, inasmuch as they did not specifically prohibit the employment of children under 12.

WORKING OF THE TRADE DISPUTES CONCILIATION ACT.

(See also page 37 of Report for 1936.)

In the last report of the Association, reference was made to certain recommendations issued by the Committee during the year 1936 with the

object of improving relations between employers and workmen and securing regularization of employment generally. The monthly reports submitted by the Association's Labour Officer were as before discussed by the Committee and suggestions necessitating action by mills were followed up by the Labour and Technical Advisory (Managers) Sub-Committee whose considered views were embodied in the form of draft recommendations for adoption by all mills. The more important measures taken during the year 1937 are summarized below :

(1) *Appointment of an Assistant to the Association's Labour Officer.*

At the outset, reference might be made to the appointment of an assistant to the Association's Labour Officer. Since the appointment of Mr. Dalal as the Labour Officer of the Association in November 1934, there had been a great increase in his work and responsibilities as a result of various measures recommended by the Committee in consultation with the Managers Sub-Committee, such as :—

- (i) the introduction and maintenance of the Jobbers' Record cards ;
- (ii) the introduction and running of the Badli control system ;
- (iii) the introduction of Service Certificates for retrenched workers ; and
- (iv) the introduction of the Ticket System for all Piece Workers.

Mr. Dalal's services were, moreover, called upon by a number of mills when schemes of rationalization were contemplated and put into force, and he was consulted by mills to a much greater extent than formerly regarding wage problems. In these circumstances, Mr. D. D. Kale, formerly employed in the Welfare Department of the E. D. Sassoon Group of Mills, was appointed as Assistant to the Association's Labour Officer with effect from the 1st April 1937.

(2) *Basis of Calculation of Time-workers' Wages.*

The question of the basis of calculation of time-workers' wages has engaged the attention of the Committee on several occasions during the last three years. When the minimum schedule of wages for time workers was adopted by the Association in 1934, it was decided that the rates of wages for this class of workers should be fixed on a 26-working day basis, and that, if the number of working days in a month was more or less than 26 days, the wages should be increased or decreased proportionately. Nearly two-thirds of the mills in Bombay had adopted this recommendation, while the remaining one-third paid the same wage for each month, irrespective of the number of working days in the month.

At an informal conference presided over by His Excellency the Governor in May 1935, the Government Labour Officer, Mr. Gilligan, suggested that the system of paying the same wage for each month, irrespective of the number of working days, was preferred by the workers, as they had no short months. The representatives of the Association had no objection to a flat monthly

rate system, but action was deferred as it was felt that the Payment of Wages Bill, which was then before the Legislative Assembly, might affect the system of payment to the workpeople. It would appear that there was actually very little difference in the total wage bill, whichever system of payment was adopted. The only real benefit of the 26 days' system was that it provided a constant deduction for each day's absence during the month, but such an arrangement was *ultra vires* in view of Section 9(2) of the Payment of Wages Act, which read :—

“The amount of such deduction (i.e., deduction for absence from duty) shall in no case bear to the wages payable to the employed person in respect of the wage period for which the deduction is made a larger proportion than the period for which he was absent bears to the total wage period within such wage period during which by the terms of his employment he was required to work.”

Early in the year, the position was considered by the Labour Advisory (Managers) Sub-Committee, and on their suggestion, the attention of mills was drawn to the fact that under the Act deduction for one day's absence in the case of a time worker should be 1/24th, 1/25th, 1/26th or 1/27th of the monthly wage figure according to whether there were 24, 25, 26 or 27 days in the month.

(3) *Extension of the list of Minimum Wages for time-work occupations.*

The question of extending the list of time-work occupations in Bombay cotton mills, for which minimum wages had been fixed by the Association early in July 1934, was considered by the Labour and Technical Advisory (Managers) Sub-Committee at the instance of the Government Labour Officer, and the following recommendations were made :—

(i) *Hand Folders* :—That a wage not lower than Rs. 22 per month be paid for this occupation.

(ii) *Biggaries* :—That a wage not lower than Rs. 19-8 be paid per month to departmental biggaries including bobbin carriers and weft carriers.

(iii) *Beam Carriers* :—That a wage not lower than Rs. 25 per month be paid to beam carriers.

(iv) *Piece Examiners* :—This designation was understood to have the same meaning as “Assistant Cut-Looker” for which a minimum wage of Rs. 32-4 had already been fixed.

(v) *Coal Coolies* :—That a wage not lower than Rs. 21-8 per month be paid for this occupation.

These recommendations were endorsed by the General Committee and all members paying wages lower than those specified above for the occupations named were recommended to raise them as from the 1st June 1937 to the figures mentioned. Mills paying higher wages than those indicated were, however, advised not to make any changes in their rates.

(4) *Issue of Pay Orders to Workmen on approved Leave.*

Mention was made in the last report of certain suggestions made by the Committee with the object of regularizing the grant of leave to mill workers. In view of the provisions of the Payment of Wages Act, the question as to whether "hawalla payments" arranged by mill agents to their operatives going on leave should continue to be made since interest on such payments is no longer permissible, was considered by the Labour and Technical Advisory (Managers) Sub-Committee at the instance of a member mill, and on the suggestion of the Sub-Committee, the following procedure was recommended for general adoption :—

- (i) That in the case of operatives going on *sanctioned leave* of more than two weeks' duration, the system of hawalla payment should be standardized as under :—
 - (a) If the operative proceeds on sanctioned leave before the pay-day, he should be given a "pay order" in respect of the whole of the previous month's earnings ;
 - (b) If the operative proceeding on sanctioned leave gave good reasons for being paid the whole of his earned wages for the previous month and *for the days worked in the current month*, his full earnings should be paid to him.
 - (c) If an operative proceeds on leave after the pay-day, a "pay order" should be issued to him *for the days worked in the month when leave was taken.*
- (ii) It was further recommended that "pay orders" should, as far as possible, be cashed by mills on the same or on the day following their issue and that they should be made payable to the worker himself except in very special cases. The practice of granting leave-pay-orders to Jobbers and other workmen should be discontinued.
- (iii) Mill companies should not charge any interest on "pay orders" in respect of sanctioned leave.

Workers leaving service without notice should, it was suggested, be made to attend personally to receive their dues on the next following pay-day, but, if an operative left service after due notice, Standing Order No. 18 would apply, and the wages due to such operative would have to be paid within two days from the expiration of the notice.

(5) *Basis of Payment of Weavers' Wages.*

Early in June, the attention of the Association was drawn to the fact that the practice of calculating weaving rates in most of the mills on "nominal" weight instead of "actual" weight was possibly illegal under the Payment of Wages Act, and it was suggested that matters would be set right by mills paying by the piece.

The suggestion was considered by the Labour and Technical Advisory (Managers) Sub-Committee, who felt that the system of payment per piece would be simpler than a per pound basis. The Sub-Committee were, however, not in favour of making a sudden change in the existing system, and therefore, suggested that mills paying on a per pound system might switch over to the per piece system, if, in their opinion, such a change was considered desirable.

With regard to the question as to whether payment on the basis of "nominal" weight was illegal under the Payment of Wages Act or under the Bombay Weights and Measures Act, the Sub-Committee held that the position could be set right by making it clear in the rates-board that the wage rates were for "nominal" weight of the piece. Mills paying on a piece basis should, it was further thought, make it clear that the dimensions of the piece were only "nominal."

The Committee agreed with the recommendations made by the Sub-Committee, and all members of the Association were advised to add the words "nominal weight" or "nominal measurement," as the case might be, on the rates-board posted in the weaving departments.

(6) *Leave Procedure.*

According to Order No. 8 of the Association's Standing Orders for Mill Operatives :

"any operative who desires to obtain leave of absence... must apply previously to the *Head of the Department or any Officer appointed by the Manager for the purpose...*"

The attention of the Committee was drawn to several complaints from workers arising out of oral leave granted by Jobbers or oral application for leave turned down by Jobbers, and it was suggested that all such complaints would disappear if a notice was posted in all departments pointing out that applications for leave must be submitted to departmental heads.

The Committee agreed that all member mills should put up notices inside the departments to the effect that workers going on leave must obtain a written leave pass signed by the head of the department, and that requests or applications for leave should be made direct to the heads of the departments who alone, under the Standing Order referred to above, were entitled to grant leave.

(7) *Notices to Operatives on Sanctioned Leave.*

According to Order No. 13 of the Standing Orders for Mill Operatives framed by the Association, a mill may "at any time or times, in the event of a fire, catastrophe, breakdown of machinery or stoppage of power supply, epidemic, civil commotion or other cause, whether of a like nature or not, beyond the control of the Company, stop any machine or machines or department or departments, wholly or partially, for any period or periods, without notice and without compensation in lieu of notice." The Order further provides that, in the event of a stoppage of any machine or department under

this Order during working hours, the operatives affected shall be informed as soon as practicable, when work will be resumed and whether they are to remain or leave the mill. Similarly, Order No. 14 empowers a mill, in the event of shortage of orders, or for any other trade reasons, to stop any machine or machines, or department or departments, wholly or partially, for a period not exceeding three consecutive days in any one week and not exceeding 12 days in the aggregate (excluding statutory holidays) in any one calendar month without notice and without compensation in lieu of notice.

At the instance of the Government Labour Officer, the question of notice to operatives who were on sanctioned leave, in the event of a closure of a mill under Orders 13 and 14, or a change in the conditions of employment by reason of the introduction of efficiency measures, was considered by the Association in conjunction with the Association's Solicitors. The points made and the legal opinion expressed by the Solicitors are reproduced below in juxtaposition :—

Questions.

1. Whether, in the event of a closure of the mill under Standing Order 13, it would be necessary :
 - (a) to send individual notices to the operatives who had gone on sanctioned leave ; and
 - (b) whether the question of compensation would arise in such cases since obviously if the man was on leave, he would not be in a position to work during the notice period, nor would he be able to obtain employment on the date on which he returned from sanctioned leave if the mill had not at that time re-started work.
2. What procedure should be followed in regard to operatives on sanctioned leave in the event of closure under Standing Order 14.
3. What procedure should be followed in regard to a man on sanctioned leave in the event of the introduction of an "efficiency" system in his particular department during the time he was on sanctioned leave. For example, a spinner is on leave. When he went away the mill was on the single-side system, and the

Solicitors' Opinion.

No ; Standing Order 13 actually deals with the stoppage of any machine or machines or department or departments, wholly or partially, and does not actually refer to the closing of the entire mill. If, however, Standing Order 13 does not apply, reference could, we think, be made to Standing Order 11, and no notice other than that specified in that Order need be given.

As, in our opinion, no notice need be given, we do not think that any question of compensation will arise.

Provision is made in Standing Order 14 that notice need not be given and that no compensation is payable in lieu of notice. This provision will, in our opinion, apply equally to men who are on sanctioned leave.

A permanent operative on sanctioned leave is entitled to the notice provided in Standing Order 17(a) in the event of the introduction of an efficiency system in his particular department during the time he is on sanctioned leave. If notice is not given to him while he is on sanctioned leave, notice must, we think, be given to him on his return to Bombay. If notice is given

Questions.

management then comes to a decision to introduce the double-side system, and a general notice is put up specifying that after..... (date) the two-sides system will be introduced and that the wages under the system will be Rs.....per month. Only those workers to the number required under the new system would be retained after the completion of the notice period. The operative on sanctioned leave would not be able to work during the notice period because he was on leave and would also be unable to obtain work when he returned since the mill would be working on the new system with a reduced number of hands.

Solicitors' Opinion.

to him while he is on leave, he can, if he wishes to do so, return to Bombay and earn wages for such period of his notice as may remain to him after arrival in Bombay. If he chooses to remain on sanctioned leave, while the period of his notice runs out, we do not think that he will be entitled to any compensation or to the payment of any wages.

In forwarding this opinion to all members of the Association in October, the Committee drew particular attention to the views expressed by the Solicitors that notice of a change in the conditions of employment or termination of service (for reasons other than those specified in Standing Orders 13 and 14) must be given to operatives on leave. It was indicated that compliance with this requirement would mean that mills should secure from their operatives proceeding on approved leave, their up-country addresses.

(8) Discharge Procedure.

Order No. 20 of the revised Standing Orders for mill operatives framed by the Association reads :—

“ Any operative who is adjudged by the Manager on examination of the man, if present, and of the facts to be guilty of misconduct is liable to be dismissed without notice, or, alternatively, to be suspended for a period not exceeding four days.”

According to this Order, an operative could only be dismissed or suspended by the Manager of the mill, after investigating the case personally and interrogating the man, if present. A discharge or a suspension pass should also be issued in all cases.

The attention of the Association having been drawn to several instances where workers were reported to have been suspended by the heads of departments,—in most cases, without any passes being issued,—the Committee addressed all members of the Association drawing pointed attention to the implications of the Order and the necessity of mills strictly complying with its requirements.

In the case of night-shift workers, it was suggested that any operative found guilty of an offence punishable with suspension or summary dismissal, should be given a chit asking him to present himself at the mill on the following working day between 4 and 5 in the evening so as to enable the Manager,

who alone has the power under the Standing Orders to suspend or dismiss a man, to inquire personally into the case and give a decision. It was further suggested that a carbon copy of such a chit should be maintained by the head of the department concerned.

(9) *Wages of "Badli" Workers.*

In the last report of the Association, reference was made to certain suggestions made by the Committee with the object of ensuring the success of the system of controlling the employment of *badli* workers in mills. It was also suggested that *badlis* for the posts of Doffer Jobbers and Line Jobbers should be paid the rates of wages paid to the permanent operatives in whose posts they were working.

Towards the end of the year, it appeared that in one or two mills, a system still existed under which *badlis* were paid lower rates of pay than the permanent operatives. The question of payment to *badli* workers generally was, therefore, taken up by the Committee in conjunction with the Labour and Technical Advisory (Managers) Sub-Committee, and it was recommended that *badli* workers should be paid the same rates as permanent operatives except in the case of supervisory occupations and occupations in which the wage paid was regulated according to personal skill, and/or experience and/or efficiency. According to this recommendation, a Doffer Boy who is promoted to a Tarwalla's post will be eligible for a Tarwalla's rate of pay, whereas a Line Jobber acting as *badli* for a Head Jobber need not necessarily be paid the wages paid to the permanent Head Jobber. In such cases, however, it was suggested that in view of the additional responsibility involved in his new occupation, the *badli* should be paid a rate higher than his pay as a Line Jobber but lower than the pay given to the permanent Head Jobber.

(10) *Wages of Doffer Boys in Mills where no Tarwallas are employed.*

At the instance of the Government Labour Officer, a suggestion for the fixation of a higher minimum wage than Rs. 16-4-0 for Doffer Boys in mills in which no Tarwallas are employed, was considered by the Committee; and after full discussion, it was resolved that a minimum of Rs. 17 per mensem should be paid. All Bombay member mills affected by this resolution were recommended to give retrospective effect to the new minimum rate as from the 1st of October 1937.

(11) *Weavers' Tally Boards.*

In the last report, reference was made to a suggestion made by the Committee that all mills should introduce a system of entering the rates paid and yardage or pounds expected per day from each loom on the Weaver's Tally Board. It appeared, during the course of conciliation proceedings which took place towards the end of the year, that certain mills had not given effect to the suggestion. The Chief Conciliator, however, agreed with the demand made by the workers that rates should be posted on the Tally Boards. The position was considered by the Committee in December, and it was decided to ask those mills who had not introduced the system to do so. It was also

suggested that Heads of Departments should maintain a strict watch on the efficiency of the individual weavers through the Tally Boards.

(12) *Standardization of Leave, etc.*

Early in the year, simultaneously with the revision of the Standing Orders for Mill Operatives, the Committee framed standard forms for :

- (a) the grant of leave,
- (b) discharges,
- (c) summary dismissals, suspensions, etc., and
- (d) fines.

The forms were approved by the Commissioner of Labour, the Chief Inspector of Factories and the Government Labour Officer, and all member mills in Bombay were recommended to introduce the standard forms. In order to avoid mistakes, and at the same time to enable workers to recognize at a glance what forms were being given to them, it was suggested that the leave form should be printed on white paper; the discharge form on pink paper; the summary dismissal/suspension forms on yellow paper and the fines form on green paper.

STANDING ORDERS FOR MILL OPERATIVES.

(See also pages 4 and 82 of Report for 1931 and pages 12 and 83 of Report for 1933.)

The Standing Orders for Mill Operatives, framed by the Association, were first introduced in mills in Bombay City and Island on the 1st. March 1931 and were amended in certain respects in the year 1933. The enactment of the Payment of wages Act in 1936, however, rendered a thorough overhaul of many of these Orders necessary. The matter was, in the first instance, carefully considered by the Managers' Sub-Committee who made detailed recommendations for the amendment of the Standing Orders so as to comply with the provisions of the Payment of Wages Act and Rules made thereunder. In addition, certain further amendments were also incorporated in the light of the experience gained during the last four years and in consequence of various recommendations made by the Committee from time to time. The conclusions reached by the Sub-Committee were subsequently discussed by the Labour Sub-Committee of the Association with the Commissioner of Labour, Chief Inspector of Factories and the Government Labour Officer at a series of informal conferences. As a result of these conferences, certain modifications of the Orders were agreed to, and the final Orders were endorsed by the General Committee and recommended for adoption by all member mills in Bombay as from the 1st March 1937, the date on which it was understood that the Payment of Wages Act would be brought into operation.

A reprint of the Standing Orders, as finally approved by the Committee, will be found in *Appendix 12*.

PROPOSED ESTABLISHMENT OF A RECREATION CLUB FOR BOMBAY MILL WORKERS.

Following a suggestion made by the Government Labour Officer, the Committee decided, early in the year under review, to proceed with the establishment of a Recreation Club for mill workers and a children's playground on two Government sites located at DeLisle Road in the midst of the Development Department Chawls, which it was understood Government were willing to lease at a nominal rental.

It was proposed that the Recreation Club should consist of a large pavilion equipped with a radio set, loud speakers, tables, seats and the more popular indoor games, newspapers and periodicals. The recreational facilities supplied for the men would be supervised by a small sub-committee drawn from the management and supervising staff of the mills contributing to the scheme, and such other voluntary social workers as might be co-opted. This committee would draw up programmes of entertainment, and would also consider the possibility of organizing first-aid classes, physical culture classes, picnics, wrestling competitions, etc. It was also intended to make suitable arrangements for obtaining tea and light refreshments in the vicinity.

The children's playground would be equipped with swings, see-saws and merry-go-rounds, and if adequate voluntary help could be obtained, Scout and Girl Guide Troops might be formed.

The matter was taken up with the mills located within a mile and a half of the sites and the requisite financial support both in respect of capital expenditure and recurring expenses was promised by the mills in the locality.

It was felt that the Association would not be justified in going on with a scheme such as that outlined above unless there were some degree of permanency in the lease, and it was, therefore, suggested that the lease might provide for continuance of the tenancy as long as the ground and buildings were utilized for the purposes set out in the scheme, and that provision should be made for adequate compensation if, at the end of the lease, the Association were asked to vacate the sites.

Towards the middle of the year, Government intimated their willingness to grant a lease of the two sites in question for a period of 50 years on a nominal ground rent of Re 1. per annum for each of the plots on certain conditions including the following in regard to the management of the activities of the Club :—

“ The Sports Club and other activities on the sites shall be controlled by a committee of which the Commissioner of Labour and the Labour Officer will be ex-officio members.”

The terms of the lease were on the whole acceptable to the Committee, but certain points arising therefrom were subsequently discussed by a special sub-committee with the Chief Secretary to the Government of Bombay, and a satisfactory arrangement was arrived at on these issues. However,

Government subsequently made an important modification in the condition relating to the management of the activities of the Club as shown below :

“ The Sports Club and other activities on the sites shall be controlled by a committee of which the Commissioner of Labour and the Labour Officer will be ex-officio members, and Government shall have the right to nominate two persons to represent the workers on the controlling committee in addition to these two officers.”

The Committee were unable to accept this condition. They felt that there was no justifiable ground for Government insisting on the right “ to nominate two persons to represent the workers on the Controlling Committee ”. Apart from the fact that such special representation was entirely unnecessary in an institution such as they had in mind, the Club would be financed by mills, and the Committee felt that they could not concede this demand. At the same time, they indicated that it was their intention, at a later stage, to associate a few active worker-members of the Club with its daily administration, the selection in each case being made by them.

In the circumstances, the idea of establishing the Club had to be dropped for the time being.

HOUSING OF MILL OPERATIVES.

LETTING OF WORLI CHAWLS TO MILLOWNERS.

Early in September, in continuation of certain conversations which the Secretary of the Association had with him previously, the Collector of Bombay offered to lease to millowners two chawls at Worli on the following terms :

- (1) The selection of the blocks would rest with millowners.
- (2) The monthly rental per block consisting of 80 rooms would be Rs. 306 per month.
- (3) Government would provide the electric installation, but all charges as regards maintenance should be paid by millowners.

It was pointed out that the above terms represented a substantial concession inasmuch as the monthly rent per room worked out at Rs. 3-12-0 instead of Rs. 4. As regards light, it was indicated that the charges on account of maintenance, according to the estimate furnished by the Electrical Department, was likely to be in the neighbourhood of Rs. 1,000 per annum, and on this basis the extra cost per room worked out at Rs. 1-2-0 per month. In other words, the monthly rental inclusive of electric lights amounted to Rs. 3-12-0 + Rs. 1-2-0 = Rs. 4-14-0.

The Collector's offer was carefully considered by the Committee of the Association, but it was thought that the terms were hardly attractive enough. In any event it was considered that it would be preferable to have all-inclusive-terms which would provide for a monthly rental including

electric lights, chowkidar's charges, etc., etc. not exceeding Rs. 4-8-0 per mensem. The Collector, however, regretted his inability to revise his terms, but one member of the Association subsequently came forward with an offer to take up one block from the 1st March 1938 on an year's lease with option to renew on the following conditions :—

- (a) Government should provide and fit up electric installation at once.
- (b) Government should see that the water and sanitary fittings are in order and guarantee an adequate supply of water on the upper floors including the top-most floor.
- (c) Government will look after and keep the chawls and compound clean by providing the necessary number of sweepers.
- (d) Government should undertake to maintain the chawls in proper state of repair and whitewash them once in a year.

In return, the member concerned undertook to take the responsibility of filling the chawls and bearing the losses arising from vacancies. This offer has since been passed on to the Collector of Bombay, and it is understood that the matter is receiving the attention of Government.

WAGES IN BOMBAY COTTON MILL INDUSTRY.

DEPARTMENTAL ENQUIRY BY THE LABOUR OFFICE.

Towards the end of September, the Committee were informed that the Commissioner of Labour, Bombay, had been directed by Government to collect up-to-date information regarding the wages paid in the cotton mill industry in the Bombay Presidency. The Commissioner, it was understood, proposed to undertake a statistical inquiry into the wage position in the industry, and desired to be furnished, as soon as possible, with copies of the Notices displayed by member mills under Rule 19 of the Payment of Wages Act. The wage rates shown in the Notice should, it was suggested, be those in operation during the month of July 1937.

The Committee agreed that member mills should co-operate in the enquiry and recommended all mills in the Bombay Presidency to comply with the request made by the Labour Office. (*Appendix 13.*)

TEXTILE LABOUR INQUIRY COMMITTEE.

In the course of a Press *communiqué* enunciating their policy with regard to the industrial worker, the Government of Bombay observed :—

“ With regard to industries and industrial centres which fail to provide a living wage to the employees, Government have decided to institute exhaustive enquiries with a view to determining how far wages in these cases fall short of the minimum budgetary needs of the workers, to discover what circumstances are responsible for the inadequacy and to ascertain the ways and means of improving wages to a satisfactory level.”

Accordingly, towards the middle of October, Government announced the appointment of a Committee of Inquiry to be known as the Textile Labour Inquiry Committee consisting of the following members, to investigate into the question of the adequacy of wages and kindred matters in connection with the textile industry in this Province :—

- (1) Jairamdas Daulatram, Esq., (*Chairman*),
- (2) Vaikunth L. Mehta, Esq.,
- (3) D. R. Gadgil, Esq.,
- (4) S. A. Brelvi, Esq.

It was pointed out that the Committee would be advised on technical matters by the following four Associate Members :—

- (1) Sakarlal Balabhai, Esq., M.L.A.,
- (2) S. D. Saklatvala, Esq., M.L.A.,
- (3) K. K. Desai, Esq., M.L.A.,
- (4) R. A. Khedgikar, Esq., M.L.A.,

and that Mr. S. R. Deshpande, Assistant Commissioner of Labour, Labour Office, Bombay, would act as Secretary to the Committee.

The terms of reference to the Committee were :—

“(1) To examine the wages paid to workers having regard to the hours, efficiency and conditions of work in the various centres of the textile industry in the Province and to enquire, in this regard, into the adequacy or inadequacy of the wages earned in relation to a living wage standard and, if they are found in any occupation, centre or unit of the industry to be inadequate, to enquire into and report upon the reasons therefor, and to make recommendations regarding :—

- (a) establishment of a minimum wage ,
- (b) the measures which the employers, the employees and the Government should take to improve the wage level ;
- (c) the remuneration of workers engaged on night-shift, and the regulation of night-shift work ;
- (d) standardization of wages and musters ; and
- (e) the methods of automatic adjustment of wages in future.

(2) To report whether in view of the present condition of the industry an immediate increase in wages can be given in any occupation, centre or unit of the industry, pending the conclusion of the Committee's work and the preparation of its Report and to make recommendations in this behalf.

- (3) To report on any matters germane to the above.”

Towards the close of the month, the Secretary to the Inquiry Committee requested the Association to furnish the Committee with preliminary memoranda on matters arising out of their terms of reference by the 7th of November 1937. The task of framing a memorandum to the Inquiry Committee was entrusted to a special sub-committee of the Association, and a preliminary statement embodying the general views of the Association on the broad issues arising out of the inquiry was presented to the Inquiry Committee by the date specified.

According to the second term of reference, the Inquiry Committee was required "to report whether, in view of the present condition of the industry, an immediate increase in wages can be given in any occupation, centre or unit of the industry, pending the conclusion of the Committee's work and the preparation of its report and to make recommendations in this behalf." An interim questionnaire was issued by the Inquiry Committee towards the middle of November, calling for detailed information from individual mills in the Presidency, in order to enable them to determine the present condition of the industry and the feasibility or otherwise of an immediate increase in wages in any occupation, centre or unit of the industry. A copy of this questionnaire was also forwarded to the Association for an expression of its opinion on the issues involved, and the Committee were invited to submit their answers on or before the 4th December. The questionnaire was carefully examined by the special Labour Sub-Committee of the Association, who framed general answers on behalf of the industry as a whole to the various points raised in the questionnaire. Copies of these answers, which were subsequently adopted by the Committee, and the answers submitted by individual member mills were forwarded to the Inquiry Committee on 4th December 1937. Oral evidence before the Inquiry Committee on the points raised in the interim questionnaire was tendered by :—Mr. Dharamsey Mulraj Khatau, (Chairman), Sir Chunilal V. Mehta, K.C.S.I., Sir Hormasji Mody, K.B.E., Mr. V. N. Chandavarkar, Mr. F. Stones, O.B.E., M.L.C., Mr. T. V. Baddeley, and Mr. T. Maloney, (Secretary).

It is understood that the interim report of the Inquiry Committee will be published early in 1938. In the meantime, a comprehensive questionnaire issued by the Inquiry Committee on their main terms of reference is being closely examined by the Labour Sub-Committee. (*Appendix 14.*)

SICK LEAVE WITH PAY TO INDUSTRIAL WORKERS.

Explaining their policy with regard to industrial labour, the Government of Bombay stated in the course of a Press *communiqué* issued towards the middle of August :—

"For the protection of the industrial population, Government visualize the development of a comprehensive system of social insurance. The requisite statistical and actuarial basis for the various forms of social insurance are totally lacking at present. Government have already set in motion the machinery of the Labour Department for the collection of material which within a reasonable distance of time should enable the Government to decide what can be done to frame sound and workable schemes conforming to Indian conditions. Government have under their consideration the feasibility of legislation for leave with pay during periods of sickness. It is hoped that the action taken in this direction would pave the way for a scheme of sickness insurance."

Towards the middle of October, the Committee were invited to express an opinion on a scheme for the provision of sick leave with pay for industrial workers.

Briefly stated, what Government proposed was that, subject to certain qualifications regarding length of service, every industrial worker should have a legal right to three to four weeks' sick leave with pay during each year, of which he might avail himself under certain easily enforceable conditions regarding certification. If there was any balance of leave left unutilized during the year, it was to be turned into cash, the calculation being based on certain average scale of wages, and the amount thus ascertained was to be handed over to a fund to be maintained by Government. The workers would be required to contribute ten days' wages to the fund every year. The amounts which might thus accumulate in the account of each individual worker would be drawn upon on his retirement from industry or on his attaining a certain age, and would be paid to him either in a lump sum or in instalments. The scheme would thus have some of the characteristics of sickness and retirement, old-age and death benefits, and, if successful, might, it was suggested, pave the way for specific schemes of social insurance on the lines of those to be found in the more advanced countries.

Government appeared to hold that the need for helping industrial workers in the Presidency on these lines was urgent, and they felt that an early start must be made. The scheme outlined above merely indicated one likely approach to the problem, but Government were fully aware that there might be many others possible. The Committee were, therefore, requested to examine the question carefully and sympathetically and to offer suggestions as regards what might be done in this direction.

While the Committee were in favour of doing what was feasible and practicable for the advancement of the social welfare of industrial workers, they strongly felt that the rate of advance must be dictated by the industry's capacity to finance their legitimate share of such schemes without imperilling competitive capacity. In their opinion, legislation in matters like sickness insurance, holidays with pay, old-age pensions and social benefits of a like character, should be of an all-India character; and in so far as sickness benefits and old-age pensions were concerned, the salutary principles followed in other countries, namely contribution towards the cost by the State in the case of sickness benefits and provision of the whole or greater part of the cost by the State in the case of old-age pensions, must be followed.

Even if the scheme proposed by Government fulfilled the essentials referred to above, it would not, in the opinion of the Committee, be possible for the Association to commit itself to accept it at the present time in view of the fact that this sickness benefit scheme apparently constituted only a small portion of Government's social programme and the total financial burden with which it was proposed to saddle the textile industry of the Province must naturally be known before a definite opinion could be expressed as to how far the industry could go in support of schemes of this nature. In this connection, reference was made to the comprehensive enquiry at present being made into the wages paid in the cotton textile industry of the Province, and it

was stated that if it could be demonstrated that the industry could afford to pay higher wages than were current, then the Committee might make proposals which would involve the industry in additional burdens which would naturally restrict its capacity to make advances in other directions.

The scheme set out by Government appeared to the Committee to have been formulated without due consideration of the expense and administrative difficulties involved. It was proposed that employers should contribute to a Central Fund an amount equivalent to one month's wages for every operative employed. This meant a burden of about Rs.40 lakhs per annum in the case of Bombay City and Island mills, and such a burden, in the opinion of the Committee, could certainly not be borne by an industry which for more than a decade had been making losses. If the cost could be passed on to the consumer by raising the prices of cloth and yarn, the position might be different, but it was felt that if an attempt were made to raise prices by an amount equivalent to the cost of Government's proposals, the production of Bombay mills would become unsaleable in competition with the manufactures of mills in other parts of India and with the productions of foreign manufacturers.

It was suggested by Government that Japan had adopted a scheme of sickness insurance, and that even China had a scheme under consideration. As far as the Committee were aware, the Chinese scheme existed only on paper, while in the case of Japan, where industries were certainly more prosperous than they were in India, the contribution payable by employers was less than 3 per cent. of the workers' pay as against 8-1/3 per cent. proposed in Bombay—the sickness insurance in Japan covering sickness, maternity and workmen's compensation—and the State also contributed substantially to the cost of the schemes. These figures were, in the opinion of the Committee, most significant when Government stated that this burden was only a beginning of the social legislation programme they had in view. The appropriate time for the introduction of schemes of sickness insurance, leave with pay and the like would, the Committee pointed out, be when the industry had definitely regained its profit-making capacity and after it had been established that the financial burden of these schemes was well within the industry's capacity to pay, but even then, it was indicated, the Association would deprecate action of a Provincial character, which would place an unfair handicap on the Bombay industry in competition with industries in other Provinces. It was also pointed out that the Association would similarly deprecate a scheme which envisaged contributions by employers and employees only and no contribution from the State. In these circumstances, the Committee regretted their inability to support the proposals put forward by Government.

It was felt that, until the industry had been definitely and permanently re-established on the road to permanent prosperity, the policy to be followed in regard to the sickness insurance scheme, holidays with pay and the like should be the encouragement of voluntary schemes by financially strong individual concerns, and these schemes should be extended and improved whenever circumstances permitted. Along these lines, it was indicated, the Association and its members were prepared to extend their full support to Government's desire for the advancement of the social welfare of industrial workers. (*Appendix 15.*)

HOLIDAYS WITH PAY.

(See also pages 33 and 159 of Report for 1935.)

In the Association's report for 1935, reference was made to the views expressed by the Committee on certain proposals regarding the grant of holidays with pay to industrial workers, which were to be placed before the following (XX) Session of the International Labour Conference, for preliminary discussion.

The Conference, it would appear, adopted a Convention and Recommendation, which applied to persons engaged in industrial and commercial establishments and undertakings. It was proposed that after one year's continuous service such persons should be accorded an annual holiday of at least six working days with pay at the usual rate or at a rate specified in collective agreements. The Convention also laid down the principle that the duration of the holiday should increase progressively with the length of service, and fixed the minimum annual holiday at twelve days in the case of persons below sixteen years of age including apprentices.

It would appear that the Government of India did not propose to ratify the Convention because they believed that the statutory application of its other provisions to all establishments specified in it was administratively impracticable in the existing circumstances. At the same time, they appeared to believe that the general principle of holidays with pay was a sound one. In India, they indicated, workers in most Government establishments and in some private ones received paid holidays on a scale which was ordinarily more generous than the minimum scale required by the Convention, and Government felt that the systems already in force should not be incapable of a wider extension or adaptation. Early in July, the Committee were, therefore, invited to express an opinion as to whether central legislation on this subject was desirable.

It was, at the same time, suggested that special consideration should be given to those workers in factories, who on account of being employed in continuous processes or for other reasons, had to be deprived by exemptions of the benefits of Section 35 of the Factories Act relating to the weekly holiday. Most Provinces, it was stated, in giving exemptions insisted on fortnightly holidays, but it was pointed out that even when this condition was imposed, the worker lost at least two rest days in every month. The Government of India were inclined to the view that a statutory provision in the Factories Act for a limited number of paid holidays in such cases would be reasonable and practicable; for this would, in their view, ensure to the worker an opportunity of recuperation which his more continuous work rendered necessary, and would afford, in a particularly appropriate form, compensation for the deprivation of the regular rest days.

When the question of annual holidays with pay was considered by the Committee in 1935, it was held that, although from a strictly humanitarian point of view, nothing could be said against the general proposition, it was, in view of the peculiar conditions obtaining in the Bombay cotton mill indus-

try, neither practicable nor desirable. The Committee reiterated this view, and further pointed out that, as had been realized by Government, the principle of a paid holiday in a year was receiving increased recognition from employers in this country, and that it might reasonably be assumed that whatever schemes had already been initiated would be extended by employers on their own initiative as and when the industry generally began to make profits.

As regards the application of the principle to workers exempted under the provisions of Section 35 of the Factories Act, the exemptions granted had not, so far as the Committee were aware, been availed of to any great extent by the cotton mills in the City and Island of Bombay; and it was, therefore, felt that the main justification for legislative action disappeared.

The Committee further observed that legislation on the lines suggested by Government would be unwarranted under existing conditions; the principle of a paid holiday was receiving increased recognition, and it was felt that Government should not endeavour to force the pace by legislative action in view of the unremunerative character of the trade, but should endeavour to secure, with the voluntary co-operation of employers, a gradual extension of existing systems. (*Appendix 16.*)

RECOGNITION OF LABOUR UNIONS.

In the course of a Press *communiqué* issued on the 17th August 1937, outlining their policy with regard to the industrial worker, the Government of Bombay stated:—

“While Government propose to do all that is practicable for the amelioration of the conditions of the working classes, they are convinced that no legislative programme can be a substitute for the organized strength of the working classes, and till organizations of workers, run on genuine trade union lines, grow up in the various fields of employment, no lasting good can accrue. Government are, therefore, anxious to assist in removing real hindrances in the way of the growth of labour organizations and to promote collective bargaining between employers and employees. Means will be devised to discourage victimization of workers for connection with a labour organization and participation in legitimate trade union activity.”

Towards the end of September, the Committee were informed that Government were considering the type of legislation that would be required to give effect to the ideas underlying this statement of policy. Government held that, with a few notable exceptions, the trade union movement in this Presidency had received neither the support of the workers nor of the employers and this fact, in their opinion, emphasized the necessity for a radical alteration in the existing conditions in order that the relations between employers and employed in this Presidency might be put on a proper footing, thus bringing Bombay into line with other industrial centres of the world in this matter of negotiation between employers and workers.

In these circumstances, the Committee were invited to express an opinion as to the conditions under which the Association would be prepared

to give recognition to trade unions of employees and what such recognition would connote. It was suggested that, quite apart from absolute freedom from victimization, that is to say, freedom to belong to any organization of workers without risk of dismissal or unfair discrimination, and grant of facilities for collective bargaining, recognition of trade unions might imply the granting of facilities for carrying out normal trade union work, namely:—

- (1) permission to collect trade union subscription at the time of payment of wages ;
- (2) latitude for communications between trade union officials and representatives or leaders of the workers inside the factory ;
- (3) circulating of notices of meetings of the union and notification of other important information on behalf of the union ;
- (4) acceptance of letters and answers thereto ;
- (5) granting interviews to union officials and representatives of the workers ;
- (6) joint investigation of complaints brought up by the unions or the representatives of the workers ; and
- (7) permission to hold meetings inside the mill compound during the interval of rest after previous intimation to the Manager.

In the event of members of the Association being unable to agree with the suggestions outlined above, the Committee were further desired to offer alternative suggestions of a constructive nature designed to carry out the policy laid down by Government.

The Committee agreed with Government as to the desirability of building up a responsible organization of employees, controlled by the workers themselves and run on genuine trade union lines, and indicated that, subject to the conditions set out below, they would be prepared, as they always had been in the past, to recognize and treat with such an organization. At the same time, they felt constrained to refer to their unfortunate experience in the past, and to make it clear that no satisfactory assurance from employers' organizations regarding trade union recognition and no steps to be taken by employers in assisting the building up of *bona fide* trade unions would be likely to achieve the end which Government and all well-wishers of the cotton textile industry had in view, namely, peace in the industry and a fair deal to both employees and employers, unless Government were prepared to take strong action against any person or persons or organizations which countenanced or encouraged class war, class hatred, revolution or strikes without notice, or other direct action.

Put very briefly, the Committee's general view on the subject of recognition was that an employers' organization should not be called upon to recognize any workers' organization which was not prepared to agree to

make strikes the last weapon in its armoury instead of the first ; in other words, the employers' organization should not be called upon to recognize a union which was not prepared to agree that no notice for a cessation of work, either in an individual concern or in the industry as a whole should be given until every avenue of negotiation, conciliation or arbitration which existed or which might be devised, by agreement between the employers and workers organizations, had been exhausted.

As regards the seven specific points suggested for the consideration of the Association, the Committee expressed themselves as under :—

- (1) *Permission to collect trade union subscription at the time of the payment of wages.*

The experience of the Association in this matter in the past had not been a happy one, and reference was directed to the comments made by the Pearson Committee of Inquiry in paragraph 70 of their Report on this subject. Government's attention was also drawn to the fact that in other countries collection of union subscriptions on employers' premises was not permitted. Collection of union subscriptions in the mills in the past had given rise to various abuses, and in Bombay mills, at any rate, had caused dislocation of work and led to subversion of internal discipline. In England and several other countries where strong *bona fide* trade unions existed, the practice of collecting union subscriptions on mill premises was neither encouraged by trade unions nor permitted by employers ; and for these reasons, the Committee regretted they could not agree to permission being given for the collection of trade union subscription on mill premises.

- (2) *Latitude for communications between trade union officials and representatives or leaders of the workers inside the factory.*

A latitude of this description might, in the view of the Committee, lead to an impossible state of affairs and seriously affect internal discipline. It was maintained that the type of contact suggested would appear to be unnecessary since the Union's representatives in a mill could and should discuss any grievances or other matters, which they desired to bring to the notice of the union's executive, with union officials at the union offices outside the working hours.

- (3) *Circulating of notices of meetings of the union and notification of other important information on behalf of the union.*

In the opinion of the Committee, this did not appear to be an employer's function, but it was pointed out that employers would agree to give reasonable facilities for the posting of notices of meetings of a *bona fide* recognized union, but that the Committee could not agree to recommend facilities being given for the circulation of notifications of other important information on behalf of the union.

- (4) *Acceptance of letters and answers thereto.*

The Committee agreed to recommend employers to accept the general principle and do their best to give effect to it.

(5) *Granting of interviews to union officials and representatives of the workers.*

In the view of the Committee, in so far as officials of a *bona fide* recognized union were concerned, recognition implied that interviews would be accorded at reasonable times and by previous appointment. In view, however, of past experience, it appeared necessary to impose some limitation regarding interviews to representatives of workers, as it was felt that it would obviously be impracticable to go back to the position which developed in 1928, when self-styled representatives of the workers and of unions considered they had a right to negotiate on behalf of the workers with the manager and departmental heads of mills. In this connection, the attention of Government was directed to paragraphs 37 and 38 of the Report of the 1929 Court of Enquiry.

(6) *Joint investigation of complaints brought up by the union or the representatives of the workers.*

Recognition, in the Committee's view, implied acceptance of the principle of joint investigation of complaints brought to the notice of employers by officials of a recognized union. It was, of course, assumed that a specified procedure would be followed by a recognized union in the matter of presentation of its grievances.

(7) *Permission to hold meetings inside the mill compounds during the interval of rest after previous intimation to the manager.*

It was pointed out that the Committee could not agree to give permission to hold meetings inside the mill compound during intervals of rest after previous intimation to the mill manager.

Dealing with the conditions which must be satisfied before a union could claim recognition, the Committee pointed out :—

(1) that the union should be registered under the Trade Unions Registration Act. It was realized that this Act was defective in many respects and the Committee made it clear that this was only *one* of the conditions to be satisfied before recognition was accorded. The attention of Government was drawn to the difficulties which might be created if the Association were called upon to recognize more than one union for any particular trade or occupation, or a union which did not include in its membership a very substantial proportion of the workers engaged in a particular trade or industry in a centre covered by the union's activities ;

(2) that the union should not encourage class war ;

(3) that peaceful and legitimate methods should be followed by the union in all its activities, and that the use of violence should not be advocated ;

(4) that the union should be run and controlled by actual workers. It was felt that, in the early stages of the union's existence, a limited amount of outside assistance on its executive might be necessary, but it was thought

that the ultimate aim should be an organization run and controlled entirely by the workers themselves. The Committee were, however, prepared to consider the grant of recognition to a union which had on its executive not more than 10 per cent. of outsiders;

(5) that no notice of a cessation of work should be given by the union unless the grievances of the workers had been submitted in writing to the employers and such processes of negotiation, conciliation or mediation, now in existence or which might be devised and mutually agreed to, had been gone through. The processes which the Committee had in mind would mean the submission of grievances by the individual worker to the management in accordance with the procedure laid down. Failing settlement, the matter would be one for negotiation between the management—and in appropriate cases the Millowners' Association—and the trade union concerned. If, even after this, the parties were still at issue, the Committee were disposed to favour the adoption of a method of arbitration binding on both sides. A condition precedent to the establishment of such a procedure would be that whatever trade union came into existence would be sufficiently strong and disciplined to implement any award and secure compliance with it in the same way as the Millowners' Association would be expected to abide by it. It was further indicated that the Committee had given considerable thought to the mediation machinery which would be best adapted to secure the remedy of grievances of employees and employers without dislocation of work, and the loss which inevitably accrued to both sides when a strike took place, and that they would be glad to submit detailed proposals in this connection at the proper time;

(6) that a strike should not be called unless a ballot had previously been taken and not less than two-thirds of the votes cast and not less than 50 per cent. of the workers involved had voted in favour of a cessation of work;

(7) that the union should not negotiate on behalf of workers who had struck work without the permission of the union until they had returned to work, and should not support an unauthorized strike;

(8) that the union should not support a strike called or brought about by an unauthorized union or unlawful association;

(9) that the union should give 14 days' notice of a strike in an individual mill and one month's notice of a general strike;

(10) that the union should agree to co-operate actively with the Government Labour Officer;

(11) that the union would neither directly nor indirectly encourage or countenance subversion of internal discipline in mills;

(12) that the members of the union should 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) that the membership of the union should be purely voluntary ;
- (14) that the accounts of the union should be audited by a Government Auditor at least once in a year ;
- (15) that the union should submit a Government Certificate regarding its membership when applying for recognition, such Certificate to contain particulars of the number of members who had paid their subscription continuously and regularly for the last three months ;
- (16) that the union should maintain records of every case taken up for settlement with employers, the stages through which the dispute had passed and the dates of those various stages, and should produce such records, if called upon to do so by the employers concerned or by the Millowners' Association, during any joint negotiations or in any conciliation or arbitration proceedings ; and
- (17) that the union should agree to send to the employers' association a copy of its rules and regulations and any amendments which might be made from time to time.

The Committee felt that, even with the active encouragement which Government and employers, individually and collectively, appeared prepared to give, considerable time would elapse before a strong and well disciplined union, working on sound trade union lines could be developed ; and during the time of union building, it was thought that if strikes were to be prevented, Government, employers and workmen should utilize to the fullest extent possible the machinery provided under the Bombay Trade Disputes Conciliation Act.

It is understood that the views expressed by the Association have been largely endorsed by other chambers of commerce and trade associations who were consulted by Government in this matter. (*Appendix 17.*)

BILL TO AMEND THE BOMBAY COTTON CONTRACTS ACT, 1932.

Towards the middle of September 1935, Sirdar Bhimbhai Naik introduced in the Bombay Legislative Council a " Bill to amend the Bombay Cotton Contracts Act, 1932 ". The object of the Bill, according to the Mover, was " to provide for unity of control in the cotton trade in Bombay in the better interests of that trade " and to avoid inordinate speculation. The Bill came up before the Council in May 1936, but the Mover agreed to the postponement of discussion since it was understood that negotiations were being carried on privately to bring the East India Cotton Association and the Shri Mahajan Association together.

The provisions of the Bill were carefully examined by the Committee in conjunction with representatives of the Bombay Chamber of Commerce. From a study of the detailed provisions of the Bill, it appeared that, as the only association " recognized " under the Act at present, such unitary control

would be concentrated in the hands of the East India Cotton Association. The Committees of the two organizations felt that the East India Cotton Association did not, as at present constituted, appear to be capable of discharging the responsibilities which would follow from unitary control to the satisfaction of all interests and sections of the trade ; and believed that unless certain major defects in the constitution and by-laws of the East India Cotton Association were set right, the powers which the Bill would confer on that Association might be utilized to the detriment of the *bona fide* trading interests. In these circumstances, the attention of the Board of the East India Cotton Association was drawn to certain matters which required rectification and at the same time a representation was sent to Government pointing out that, if the East India Cotton Association were unable to set matters right, it would be necessary for Government to appoint a committee of enquiry fully representative of the trade to examine the question of amending the constitution of the East India Cotton Association and its by-laws with a view that, while unitary control in the cotton trade of Bombay would be achieved under the constitution, the interests of all sections of the trade would also be safeguarded. In the meantime, it was suggested that consideration of Sirdar Bhimbhai Naik's Bill by the Legislative Council be postponed.

The issues dealt with in the joint communication referred to above were subsequently discussed with representatives of the East India Cotton Association, but the negotiations proved inconclusive and the Bill was also withdrawn by Sirdar Bhimbhai Naik.

COTTON BUYERS' ASSOCIATION.

The joint discussions with representatives of the Chamber clearly brought out the long-felt need for an organization which included in its membership the great majority of mills and exporters at present classified in the "Buyers' Panel" of the East India Cotton Association, in order to facilitate the formulation of united views by the buying side of the trade on such questions as Hedge Contracts, Surveys, By-laws and a host of minor problems. This matter was discussed at one or two informal meetings of certain representatives from the Buyers' Panel of the East India Cotton Association, and the Cotton Buyers' Association was established early in the year under review with Sir Joseph Kay as Chairman and Mr. J. R. Kay as Hon. Secretary.

NEW SURVEY BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

(See also pages 28 and 154 of Report for 1931.)

Dealing with the question of the existing system of surveys on cotton, the Cotton Contracts Act Committee, 1931, observed :—

" We recommend that a system of blind surveys with wholetime surveyors should be introduced forthwith. Under this system, the most conspicuously successful example of which is found in the Bremen Exchange, the surveyors are not made acquainted with the

names of the parties. The success of the system must rest entirely on the skill and independence of the surveyors ; and in order to ensure the retention of these qualities, it is essential that the surveyors shall be paid sufficiently to put them above temptation and suspicion ; and an additional qualification must be that they are not connected directly or indirectly with anybody in the cotton trade in India. The survey would be subject, as at present, to appeal to an Appeal Committee. It is further most desirable in order to retain the independence of these officers that they should feel that they are not dependent for their position on the goodwill or favour of any particular persons, and we recommend, therefore, that this should be assured by some means which will prevent their being lightly dismissed and which will also place them beyond the possibility of ill-natured or prejudiced attack."

This recommendation was accepted by the Committee. The Government of Bombay also accepted the recommendation, but left it to the East India Cotton Association to work out the exact details of the scheme. Accordingly, the East India Cotton Association evolved a new system of blind surveys and formulated certain new bye-laws to give effect to this scheme. The new system did not, however, fully carry out the intentions of the Wiles Committee recommendations, and was criticized in certain respects by the Cotton Buyers' Association.

The Committee of the Association generally endorsed the view put forward by the Cotton Buyers' Association, but the new bye-laws were sanctioned by Government for one year from 1st April 1937.

The Board of the East India Cotton Association subsequently notified the Trade that arbitrations and appeals on quality in respect of cotton tendered against hedge and delivery contracts after 30th September 1937, would be held under the new system of surveys and appeals. The following procedure was laid down for the submission of samples to the Survey Room for purposes of surveys :—

"The parties desiring arbitration should deliver samples and in the case of contracts on sealed samples such sealed samples to the staff of the Association at the Survey Room, Sewri, along with arbitration cards giving particulars of the cotton to be surveyed duly filled in and signed by both the parties, between 9-30 a.m. and 11-30 a.m. on the day on which surveys are to be held for which receipts will be issued in duplicate by the Association showing therein the registered number allotted to each sample. The samples should be submitted in the gunnies which would be supplied to members by the Association with its stamp thereon without any charge until further notice. Arbitration cards which can be had from the Survey Room shall be in different colours for the different contracts, viz., Yellow for Bengals, White for Broach, Blue for Oomras and Pink for others. The party, to whom a receipt for sample is issued, should hand over the duplicate receipt to the opposite party as the survey awards which will be notified on the Notice Board or on a black board at Sewri at intervals of about half an hour, will show their registered numbers only and no other particulars.

The Survey Certificates will be delivered to the parties as early as possible.

Appeals against survey awards will be held on the same identical samples used in surveys.

The survey samples would be returned to the parties concerned after the time for lodging appeals against the respective survey awards has expired or in the event of appeals being preferred after the appeals are disposed of, on their returning the receipts issued by the Association at the time of receiving the samples."

FIXATION OF SPOT AND FORWARD RATES FOR COTTON.

Towards the end of September, the attention of the Committee was drawn to a representation addressed by the Cotton Buyers' Association to the East India Cotton Association in connection with the method at present followed by the Daily Rates Committee of the East India Cotton Association in fixing spot and forward rates.

Briefly stated, the Cotton Buyers' Association put forward the following suggestions with a view to minimizing complaints made from time to time in regard to the rates fixed by the Daily Rates Committee :—

(1) That the East India Cotton Association should maintain a record of all appeals lodged by members under By-law 33 against the spot and forward rates fixed by the Daily Rates Committee and of the results thereof.

An official report of this character over a period of years would, it was felt, yield useful data which would afford invaluable assistance in tracing the precise nature of the complaints requiring to be remedied. The record might, it was further thought, be maintained, in the first instance, for one year, and that the position might thereafter be reviewed in the light of the facts revealed by the figures ;

(2) That the East India Cotton Association should examine the possibility of an honorarium being attached to the members of the Daily Rates Committee to ensure regular attendance.

(3) That the East India Cotton Association should make provision in the new Cotton Exchange Building at Kalbadevi Road for the maintenance of a separate *pucca* sample room with proper facilities where members of the Board might view and value, under natural lighting conditions, cotton samples submitted for their inspection. In the absence of adequate facilities for the proper examination of samples, it was felt that members of the Board had perforce to examine the samples under artificial lighting conditions. In many cases, the decisions given by the Board after inspection of samples under such artificial arrangements led to dissatisfaction to those members whose interests were adversely affected by such awards.

(4) That the fee of Rs. 50 prescribed under By-law 33 for each appeal lodged with the Board against the spot and forward rates fixed by the Daily Rates Committee should be reduced to Rs. 25. It was felt that the existing fee was rather on the high side and often acted as a deterrent on members from appealing to the Board.

The Cotton Buyers' Association themselves proposed to maintain a record of the nature indicated in item (1) above, and invited all their members to furnish them from time to time with reports of instances where the rates, as fixed by the Daily Rates Committee, differed from the rates actually ruling for those descriptions in the Market. The matter was considered by the Committee, and all members of the Association were asked to report to the Cotton Buyers' Association instances in which they felt aggrieved by the

official rates fixed by the Daily Rates Committee of the East India Cotton Association.

It would appear that the East India Cotton Association have since accepted the suggestion for the provision of a sample room in the New Exchange Building at Kalbadevi Road for the purpose of examining samples submitted to the Board in respect of appeals against the rates fixed by the Daily Rates Committee for invoicing back cotton. As regards the suggestion for the grant of an honorarium to members of the Daily Rates Committee in order to ensure regular attendance and requisite quorum of members of the Committee, the Board have agreed in principle that it would be desirable to grant an honorarium to members of the Committee. The Board did not, however, accept the suggestion for a reduction of the appeal fee from Rs. 50 to Rs. 25 in view of the fact that, under By-laws 33 and 35, the whole fee is refundable to the applicants in the event of an appeal against rates being successful. It is also understood that the East India Cotton Association maintain a register of appeals against rates fixed by the Daily Rates Committee. (*Appendix 18.*)

STAPLE LENGTH OF UGANDA COTTON.

(*See also pages 46 and 200 of Report for 1936.*)

On page 46 of the Association's report for 1936, it was stated that the Special Appeal Committee on African Cotton of the East India Cotton Association recommended that for the 1936-37 season crops "the average staple length of East African Cotton shall not be less than 1-1/16" *as ordinarily judged by the trade*". The Committee of the Association then suggested that the notice should be amended by substituting the words "U.S.A. Staple Standards" for the words "as ordinarily judged by the trade", the main reason for the suggestion being that the buyers' and sellers' ideas of a described staple length naturally differed. It was further suggested that, if it was not possible to adopt U.S.A. Staple Standards immediately, the trade might use them as a guide during the coming season and adopt them from the 1937-38 season. The East India Cotton Association subsequently obtained half a dozen U.S.A. Staple Standards each ranging from 3/4" to 1-1/16" duly certified by the United States Government.

Towards the end of August, the Board of Directors of the East India Cotton Association issued the following notification in regard to the staple length of Uganda cotton for 1937-38 season :

"That the average staple length of Uganda cotton shall not be less than 1-1/16" *as ordinarily judged by the trade.*

That no separate standards will be prepared for staple which shall be judged, as at present, by visual examination and hand test ;

That the staple length, as prescribed above, shall be applicable for the 1937-38 season crops."

It appeared that the question had already been discussed by the Cotton Buyers' Association who considered that no useful purpose would be served by pursuing the matter further for the time being. They, however, recommended that the East India Cotton Association might place the U.S.A. Staple Standards in their possession at the disposal of members of the Special Appeal Committee on African Cotton in the Survey or Appeal Rooms.

The Committee of the Association felt that the Cotton Buyers' Association should continue to press on the East India Cotton Association the desirability of adopting U.S.A. Staple Standards on every available opportunity.

The East India Cotton Association have since notified the trade that the U.S.A. Staple Standards would be made available to members of the Special Appeal Committee on African Cotton and/or Surveyors for their inspection, if so desired. It has, however, been made clear that, in deciding upon the actual staple length of any given lot of Uganda cotton, the deciding factor would be visual examination and hand test. (*Appendix 19.*)

CLASSIFICATION OF EAST AFRICAN COTTON.

(*See also pages 55 and 246 of Report for 1935.*)

In the Association's report for 1935, reference was made to a recommendation made by the Special Standards Committee of the East India Cotton Association "that steps be taken to abolish the distinction between the several varieties of African cotton dealt with in the market, and that one range of East African Cotton Standards should be adopted against which all the present varieties may be tendered." The Committee of the Association agreed with this recommendation provided boxes representing all the important grades of African cotton were established by the East India Cotton Association. They considered that it would be incorrect to judge cotton on geographical distinctions, and were of opinion that the consumers' interests should be adequately safeguarded if a range of not less than, say, six grades covering as many varieties of African cotton as possible were prepared and maintained by the East India Cotton Association. In view, however, of the sharp conflict of opinion amongst the trade on this issue, consideration of the question was subsequently postponed by the East India Cotton Association.

Towards the middle of June, the attention of the Committee was drawn to a notification issued by the East India Cotton Association in which it was indicated that the Board of that Association had accepted the following recommendations made by the Special Appeal Committee on African Cotton in regard to the classification of East African cotton :—

(1) That African Cotton grown in Uganda be classified into A. R. Kampala, A. R. Busoga, A. R. Bukedi and A. R. Jinja descriptions and that these expressions be defined as under :—

A. R. Kampala cotton means cotton booked from any port, pier or railway station in the Buganda Province.

A. R. Busoga cotton means cotton booked from any port, pier or railway station in the Busoga district of the Eastern Province.

A. R. Bukedi cotton means cotton booked from any port, pier or railway station in the Budama, Bugishu and Bugwere districts of the Eastern Province.

A. R. Jinja cotton means cotton booked from any port, pier or railway station from the rest of the Uganda Protectorate.

(2) That Stations, Ports and Piers in Uganda be classified under each description as follows :—

A. R. Kampala Cotton:—i.e., cotton booked from any port, pier or railway station in the Buganda Province.

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
BDL	.. Budali.
BGG or KLA	.. Bugungu.
BKT	.. Bukakata.
NTB	.. Entebbe
LBY	.. Lubanyi.
KLA	.. Kampala.
KTO or KTB	.. Katebo
KWO	.. Kawolo
KNA or KLA	.. Kibanga.
MKO or MKN	.. Mukono.
PBR, PBL or KLA.	.. Port Bell.

A. R. Busoga Cotton:—i.e., cotton booked from any port, pier or railway station in the Busoga District of the Eastern Province.

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
JJA	.. Jinja Pier.
JJS	.. Jinja Station.
KAL	.. Kaliro.
KML	.. Kamuli.
KGI	.. Kigingi.
MLI	.. Mbulamuti
NGM	.. Namaganda.
NSP	.. Namas Pier
NWD	.. Namwendwa.
NSS	.. Nsinze .
NGS or NSG	.. Namusagali.

A. R. Bukedi Cotton:—i.e., cotton booked from any port, pier or railway station in the Budama, Bugishu and Bugwere Districts of the Eastern Province.

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
BUK	.. Bukedea.
KCB	.. Kachumbala.
MDS	.. Magodes.
MJI or MAJ	.. Mjanji.
MFA	.. Manafwa.
MBL	.. Mbale.
NGG	.. Nagongera.
TOR	.. Tororo.

A. R. Jinja Cotton.—i.e., cotton booked from any port, pier or railway station from the rest of the Uganda Protectorate.

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
ARA or ATR	.. Atura.
BDO	.. Bugondo.
EKW	.. Edwera.
KIG	.. Kaohung.
KEL	.. Kelle.
KUM or KMI	.. Kumi.
LLI	.. Lale.
MSD	.. Masindi Town.
MDP	.. Masindi Port.
MUK	.. Mukura.
NAM	.. Namasale.
OGO	.. Okungulo.
PLG	.. Palango.
RNP	.. Rhino Camp.
SGN	.. Sangai.
SRI	.. Soroti.

(3) That cotton booked from stations, ports or piers other than those mentioned in the above classification might be accepted as a fair tender against a particular classification, provided that the seller satisfied the buyer that the cotton came from the areas mentioned above under the said classification. The burden of proving this would be left on the seller.

The above notification was examined by the Committee in consultation with the Cotton Buyers' Association, and in a communication addressed to the East India Cotton Association the desirability of further investigations being made into the possibility of abolishing the geographical distinction between the several varieties of African cotton traded in in the Bombay market was stressed. (*Appendix 20.*)

COTTON GINNING AND PRESSING FACTORIES (BOMBAY AMENDMENT) ACT, 1936.

(See also pages 42 and 188 of Report for 1936.)

It was indicated in the last report of the Association that the question of the application of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act, which was passed early in 1936, was engaging the attention of Government. The Act, which became law on the 16th March 1936, was applicable in the first instance to the Province of Sind, but Government were empowered, by notification, to extend the provisions of the Act to any other area in the Presidency. It would appear that, in view of the prevalence of the malpractice of mixing cotton waste, milly fly, etc., with good cotton in the East and West Khandesh Districts, and owing to the introduction of similar legislation in the Central Provinces, the Indian Central Cotton Committee in August 1936 recommended the application of the Act to these Districts as soon as possible.

Early in the year, the Committee were informed that the question of applying the provisions of the Act to other parts of the Bombay Presidency

was under consideration by the Local Sub-Committee of the Indian Central Cotton Committee. This Sub-Committee, it was indicated, had decided that, before any recommendation was made to the Bombay Government, the views of the trade bodies concerned and the Director of Agriculture, Bombay Presidency, should be obtained.

The Committee of the Association were strongly in favour of an early extension of the Act to the East and West Khandesh Districts, as recommended by the Indian Central Cotton Committee, but they stressed the fact that the malpractices which the Act was designed to prevent, were by no means confined to these two districts, but were common to all the major cotton growing tracts in the Presidency. This being the case, they suggested the application of the Act to selected tracts in the Coomptah and Broach cotton growing areas. As very large users of Bombay Presidency cottons, members of the Association, it was pointed out, were most anxious to see an end put to the malpractices which made the Bombay Amendment Act necessary, and the Committee, therefore, impressed on the Indian Central Cotton Committee the need for wider and speedier action on the part of Government. It was also indicated that it would be definitely in the interests of both the agriculturists and users of cotton to apply the Act to every area where malpractices were known to exist. (*Appendix 21.*)

EXCESSIVE MOISTURE IN EGYPTIAN COTTON IMPORTED INTO INDIA.

Certain complaints having been recently received by the Committee regarding excessive moisture in Egyptian cotton bales, the matter was investigated, but no conclusive evidence was forthcoming. Evidence of loss of weight after prolonged storage was available in one or two cases, but the loss could not, it was felt, be attributed to evaporation of excess moisture, as the cotton bales had not been weighed immediately on arrival at the mills. The Committee were, however, anxious to pursue the matter, and all member mills were asked to instruct their staff to record the correct weight of Egyptian cotton immediately on receipt at the mills. This weight should, it was suggested, be checked up against the actual weight of subsequent deliveries from mill godowns, and discrepancies, if any, should be carefully noted and reported to the Association.

REDUCTION OF HANDLING CHARGES ON COTTON.

Early in November, the Indian Central Cotton Committee requested the Association to express an opinion on the following proposals which had apparently been put forward in the interests of cotton growers :—

- (a) That an All-India Cotton Growers' Association should be started to safeguard the interests of cotton growers ; and
- (b) That before such a body was started, certified warehouses should be established to reduce handling charges on cotton.

In regard to the first suggestion, the Committee of the Association found it difficult to express an opinion unless a concrete scheme was produced defining the constitution and functions of such an Association. However, in view of the fact that the Indian Central Cotton Committee was an all-India organization whose main function was to advance the interests of the growers, they felt that a parallel institution with similar functions was hardly necessary. Perhaps, the smaller growers were not adequately represented on the Indian Central Cotton Committee, but this defect could, it was thought, be remedied if the Government of India could be persuaded to amend the constitution of the Indian Central Cotton Committee.

With regard to the proposal for the establishment of a certified godown, the Association's representative on the Cotton Contracts Act Committee had stated :—

“ Lastly, as regards certified warehouses, I have given this question careful consideration, and have come to the conclusion that the Committee have not heard enough evidence to warrant their recommendation regarding certified warehouses. The question requires much deeper and further consideration than we were able to give it. If certified warehouses are established, a tremendous reorganization of the trade will be necessary. I am, therefore, of opinion that the new East India Cotton Association when re-formed, should appoint a representative committee of the trade with one or two men from the Port authorities and a banker to examine this question *de novo* to find if the scheme recommended in our main report is feasible. Any hasty step will, in my opinion, lead to a great disorganization of the forward market with consequent ill effects not only on the Bombay trade, but the marketing of Indian cotton.”

The view expressed by the Association on this question was :—

“ Though the Association would welcome the introduction of a system of certified godowns or bonded warehouses, it would appear necessary to investigate fully the practical problems connected therewith before introducing them. It might be specified in the new Act that the East India Cotton Association should undertake such enquiries upon the result of which the exact regulations incidental to the introduction of a system of certified godowns etc., and the date of their institution would depend.”

In commenting on the decision of the Wiles Committee in connection with the establishment of certified warehouses, the Government of Bombay stated in their press *communiqué* dated the 9th June 1931 :—

“ Government interpret the recommendation of the majority to mean that not until one year after the introduction of a blind survey system, shall the East India Cotton Association introduce any scheme of certified godowns and that in the meantime its practicability shall be thoroughly explored and its relative advantages and disadvantages determined. Government accept this view, and will take steps to add this authority to the powers of the Board to make bye-laws.”

It appeared that the extra powers contemplated in the above extract had already been conferred on the East India Cotton Association, but it was understood that that Association considered that this matter should be proceeded with only after they had had some experience of the new system of surveys and appeals which had recently been instituted. In any event, the Committee considered that a detailed investigation, as suggested in Sir Ness Wadia's minute of dissent, should precede the establishment of a certified godown to ensure that the scheme was capable of adoption and did not lead to disorganisation of the forward market. (*Appendix 22.*)

**PROPOSED ESTABLISHMENT OF AN OVERSEAS ORGANIZATION
FOR REPORTING DEVELOPMENTS ABROAD REGARDING
INDIAN COTTON.**

Early in December, the Indian Central Cotton Committee, requested the co-operation of the Committee of the Association in drawing up a suitable scheme for an overseas organization which would, in the first instance, collect information regarding developments in the cotton trade in those countries which imported Indian cotton and from which finished goods were exported, and generally to watch the interests of Indian cotton abroad.

The Committee held that such an organization would necessarily have to depend on other local bodies for information, and if manufacturers were unwilling to supply such information, the organization would not be of much practical use from the point of view of the Indian Central Cotton Committee. It was, therefore, felt that efforts should be made, for the time being at any rate, to obtain the requisite information through Indian Trade Commissioners who might, if necessary, be assisted by technical experts.

As an alternative, the Committee suggested that the Houses or Firms who imported Indian cotton in other countries might be persuaded to act as Trade Correspondents. It was felt that in countries like Germany, Italy, France and Belgium, it would probably not be difficult for Cotton Houses to say for what purposes Indian cotton was being used and to give information of a general character which would be helpful to the Indian Central Cotton Committee. (*Appendix 23.*)

**COLLECTION OF STATISTICS OF ARRIVALS OF RAW COTTON
INTO BOMBAY BY ROAD.**

Towards the end of April, the Committee were requested to support a representation submitted by the Board of the East India Cotton Association to the Government of Bombay suggesting the need for the collection of statistics relating to the imports of cotton into Bombay by motor lorries. It would appear that a large number of bales of cotton were arriving in Bombay from upcountry (Khandeish, Berar, etc.), but the actual figures were not available to the trade. It was pointed out that, in the absence of these figures, it was not possible to arrive at a correct figure of imports of cotton into Bombay, by rail, sea and road, and consequently at a correct estimate of the stocks of cotton in Bombay. Moreover, the figures of daily arrivals of cotton into Bombay, published by the Chamber of Commerce in their "Daily Arrivals Return," which did not include arrivals of cotton by road, were rendered incomplete and misleading and lost much of their value and importance. As it was not practicable to obtain this information through any other source, the Board of the East India Cotton Association suggested that Government might issue instructions to the Excise Duty staff on the main arterial approaches to the City, namely, Sion and Mahim, to collect statistics of imports of cotton into Bombay by motor lorries.

The Committee associated themselves with the proposal made by the Board of the East India Cotton Association. It is understood that Government have since expressed their willingness to consider the question of entrusting the Tobacco Department with the duty of collecting statistics of cotton imported by road into Bombay, if as a result of their examination of the future of tobacco taxation, the Tobacco Department's duty of examining the road traffic was retained. (*Appendix 24.*)

IMPORT DUTY ON RAW COTTON.

(*See also pages 20 and 109 of Report for 1931.*)

Towards the end of November, the Committee were invited to express an opinion on a proposal to raise the import duty on those varieties of foreign cotton which competed with Indian cotton in India so as effectively to shut them out during the current year.

It would appear that the Government of Bombay viewed with concern the fall that had taken place in the price of cotton and were considering what steps might appropriately be taken by them to give relief to the cotton grower. One of the remedies which had been suggested to them in this connection was the imposition of an additional duty on those varieties of foreign cotton which competed with Indian cotton. Before considering whether the Government of India should be moved in the matter, however, they desired to know the views of the Association on the proposal.

The Committee had always been opposed to the penalisation of the essential raw materials of the industry, for, in their opinion, import duties on such materials went contrary to all accepted canons of taxation, and it was, moreover, extremely doubtful whether an additional duty on foreign cotton would secure higher prices for the Indian cotton grower, since the prices of Indian cotton were governed by the prices payable for Indian cotton in the world markets. However, bearing in mind the very difficult position of the cotton grower this year, the Committee were inclined to agree to the imposition of an additional duty not exceeding half an anna per pound on imported cotton of a staple length not exceeding 15/16ths of an inch, entirely as a temporary measure, applicable to the circumstances of this year. In the opinion of the Committee, the supplies of Indian cotton above 15/16" staple length were comparatively limited, and they were in steady demand at fair prices. There should, therefore, be no difficulty in disposing of this portion of the Indian cotton crop, and an additional duty was not necessary to protect its price. The Committee, however, stressed the fact that in the event of a very short Indian cotton crop or Indian cotton being completely out of parity with imported cotton, a duty of the type they had supported, as a purely temporary measure, would be a great handicap to the Indian cotton manufacturing industry. (*Appendix 25.*)

INSURANCE RATE FOR EAST AFRICAN COTTON IN
BOMBAY.

Towards the middle of February, the attention of the Committee was drawn to a distinction made by the Bombay Fire Insurance Companies in the rates of premia charged for East African cotton and Indian cotton. It would appear that the ruling insurance rate charged for East African cotton stored in Bombay godowns or Jaithas was higher than the insurance premium charged on Indian cotton by at least 25%, and that this higher rate applied not only to stocks held at Sewree, but also to stocks in mill godowns. Moreover, if in one godown there was a single bale of East African cotton and all the other bales were Indian cotton, the entire stock of Indian and East African cotton was assessed at the higher rate applicable to East African cotton. The matter had already been taken up by the Board of the East India Cotton Association with the Bombay Fire Insurance Association, and it was understood that :—

- (1) The Fire loss on East African cotton had been no greater than on Indian cotton.
- (2) No distinction between East African cotton and Indian cotton was made by steamers and/or railways who charged the same freight rate for both. Marine insurance and railway transit insurance rates were also the same for East African and Indian Cottons.
- (3) The higher rate of insurance was harmful from the millowners' and consumers' point of view inasmuch as they were obliged to store East African cotton in separate godowns or had to pay higher rate for all their stocks—Indian and East African—which were stored in one godown.

The Committee felt that there was no justification for a higher rate of premium on East African cotton. Neither the experience of members of the Association nor the conditions obtaining in mills in regard to the stacking and storage of these cottons indicated that the risk of fire was in any way greater than in the case of Indian and other types of cottons and an enquiry was, therefore, addressed to the Bombay Fire Insurance Association asking them to explain the precise circumstances under which a higher rate came to be imposed on East African cotton than on Indian cotton.

The Fire Insurance Association appeared to hold that the considerable difference in the density of bales of Indian as compared with East African cotton must be a guiding factor in fixing rates, and that, taking Indian bales as a standard, the risk of fire damage to East African bales was on that account clearly greater.

The matter was carefully examined by the Committee. It appeared that African cotton stored in non-fire-proof godowns situated within 100 feet of mill buildings was rated at 25% over the corresponding rate applicable to Indian cotton, whereas in the case of fire-proof godowns, the rate appli-

cable to African cotton was 50% more than for Indian cotton. A similar distinction had also been made in the case of African cotton stored in fire-proof godowns situated over 100 feet from mill buildings. It was understood that the extra rate applicable to African cotton stored in the Sewree cotton godowns was only 25%. In these circumstances, the Fire Insurance Association were urged to set matters right by reducing the extra rates applicable to African cotton stored in cotton mill godowns.

The Fire Insurance Association pointed out in reply that the extra premium for East African cotton did not constitute an anomaly, and that it was based on a percentage extra of 25 per cent., with a minimum of $1\frac{1}{2}$ annas per cent. It was further indicated that, under the old tariff, the extra was $2\frac{1}{2}$ annas per cent. and that this was reduced to $1\frac{1}{2}$ annas per cent. when the rates were made net.

The Committee felt that it was unreasonable to ask mills to pay the extra rate on Indian cotton stored in godowns containing only a very small proportion of American or African cotton. About 80 per cent. of the entire requirements of most mills were met from Indian cotton. According to the regulations of the Bombay Fire Insurance Association, Indian cotton stored with American or African cotton would be rated at the higher rate applicable to the latter, which meant that for the storage of even the very small quantities of American and African cotton required by mills, separate storage would have to be provided; it was thought that this was an impracticable proposition in most cases on account of the lack of stacking space in mill premises. In the circumstances, it was held that a case existed for reviewing the present position so as to permit of the storage of a limited quantity of American or African cotton in the same godowns as Indian cotton without the extra rate being made applicable to the latter. A further letter on these lines was addressed to the Bombay Fire Insurance Association towards the end of October, but no reply has so far been received. (*Appendix 26.*)

BOMBAY WEIGHTS AND MEASURES ACT.

EXEMPTION OF INTER-DEPARTMENTAL WEIGHTS AND SCALES FROM THE OPERATION OF SECTION 46.

(*See also pages 77 and 261 of Report for 1935 and pages 31 and 148 of Report for 1936.*)

It will be recalled that, in a representation submitted to the Director of Industries in September 1935, the Committee urged, among other things, that the weights and measures used for inter-departmental transactions in mills should be exempted from the provisions of the Weights and Measures Act. Government were, however, unable to comply with the Association's request for exemption, and it became necessary to get all inter-departmental weights and scales, etc. adjusted and repaired so as to comply with the provisions of the Act.

In view, however, of the heavy expenses involved in the maintenance contracts which mills found it necessary to enter into in order to keep their departmental weights and scales up to the standards laid down by the Act, the position was reviewed by the Committee early this year, and the matter was once again represented to Government. The Committee, at the outset, referred to the Bill to amend the Bombay Weights and Measures Act which was introduced by Government in the Bombay Legislative Council on the 25th November 1935. That Bill provided, '*inter alia*,' for the amendment of Section 46 of the Act, and it was proposed that the Governor-in-Council should also be empowered to exempt from the provisions of the Act "any class of weights or measures or of weighing or measuring instruments used or intended to be used for any purpose other than trade." It was further explained in the Statement of Objects and Reasons appended to the Bill:

"There are certain weighing or measuring appliances which are used only for household or other purposes. It is considered proper that such appliances should be exempted from the provisions of the Act..."

In supporting the first reading of the above Bill, the Association's representative in the Legislative Council, Mr. S. D. Saklatvala, stated:

"Sir, this is a very simple amending Bill, and I am sure the House will lose no time in passing it. Two of the Clauses, Clauses 2 and 3, are self-explanatory. The last Clause, Clause 4, is an important Clause, and no doubt is on the right lines. It exempts scales used for household purposes, or not used for trade purposes. I might here draw the attention of the House to the fact that in our mills we use many scales which are also not used for trade purposes; there are many scales which are used merely to weigh the stuff as it passes from one Department to another. As the Honourable House knows, the processes in our cotton mills are continuous, and we must know exactly what one Department passes on to the other. These scales are not used in our dealings with the work-people, and therefore do not affect the payment of wages; nor are these scales used either for delivering goods to traders or for receiving goods from them. These are merely used for inter-departmental purposes, and I take it that they will be exempted just in the same way as household scales are exempted."

Mr. Saklatvala's interpretation was not challenged in the Council by the official spokesman who followed him, and the Bill, as introduced, was finally passed into law. The Committee were, therefore, considerably surprised when they were informed in May 1936 that no exemption was contemplated by Government in respect of inter-departmental weights and measures. If Government really felt that the amending Bill did not contemplate an exemption in favour of inter-departmental weights and measures, the position should, it was thought, in fairness to Mr. Saklatvala and the Association, have been made clear in the Council when he gave his support to the Bill.

However, the Act had been in operation for more than a year in Bombay City, and for a lesser period in certain other centres in the Presidency, and from all accounts received by the Association, there seemed to be a strong desire that the powers conferred on Government under Section 46 of the Act should be exercised in respect of inter-departmental weights and measures. So far as the Committee could see, there was nothing in Section

46, as amended, to prevent Government from exercising their powers in respect of such weights and measures. The case for exemption was, briefly :

- (1) that such weights and measures must continue to be used in mills from the point of view of the necessity of keeping a close check on inter-departmental efficiency and administration ;
- (2) that such weights and measures were not used in dealings with outside parties, and their verification and stamping was, therefore, unnecessary ; and
- (3) that the cost of verification and stamping was considerable.

In these circumstances, the Committee strongly urged that Government might be pleased to exempt inter-departmental weights and measures from the operation of the Act. It was suggested that, if Government desired to impose any conditions in this connection, the terms might be discussed between representatives of the Government and of the Association at an early date. If, however, Government considered that Section 46 of the Act, as amended, did not specifically empower them to declare an exemption in favour of inter-departmental weights and measures, then the Committee suggested that the Act might be amended at the earliest opportunity so as to make the grant of this exemption possible.

The question was subsequently discussed by a special Sub-Committee of the Association with the Director of Industries. The Director of Industries personally appeared to agree that there was a case for exemption of inter-departmental weights and measures in mills if the administrative difficulties could be overcome, but he did not think that these difficulties could be overcome except at considerable expense to Government. At the same time, he made it clear that, as far as the actual fees for verification of inter-departmental weights and measures were concerned, they were comparatively insignificant. The real expense to mills was, in his opinion, the maintenance contracts which some of them had entered into with scale-makers, and in his view these contracts were unnecessary, since an ordinary mistry or fitter could be very easily trained up to do all that was necessary in adjusting scales and to make them conform with the Act. In this connection, the Director once again repeated an offer he made a year ago to train up mill mistries in scale correction.

The Sub-Committee of the Association appeared to be impressed with what the Director of Industries stated, and while reserving the right to press for an amendment of the Act, which would make exemption possible in favour of inter-departmental weights and measures, agreed to postpone taking up this subject until all mills had availed themselves of the Director's offer to train mill mistries to do the work now being done by Averys and other scale manufacturers. The Committee agreed with this view, and all member mills were, therefore, once again advised to depute one or two mistries or fitters for practical instructions in scale adjustments. It is understood that a number of mills have taken advantage of the offer made by the Director of Industries and deputed one or two members of their mill staff for training with the Warden of Weights and Measures and that all Government Inspectors of Weights and Measures have also been instructed to encourage the work of departmental maintenance of weights and scales everywhere in the Presidency. (*Appendix 27.*)

USE OF SECOND-HAND SPRINKLERS.

(See also pages 131 and 530 of Report for 1926.)

Towards the end of 1936, the Bombay Fire Insurance Association informed the Committee that certain reconditioned sprinklers were on the market which had undergone some cleaning process by means of acid to give them a new appearance. These sprinklers had, it would appear, been seriously damaged by the use of pickling acid, and were, in the opinion of the Fire Insurance Association, unfit for further service. Leakages must, it was pointed out, develop in course of time, and, in addition, the acid attack on the fusible solder would interfere with the correct opening of quite a big percentage of these sprinklers. The Fire Insurance Association, therefore, decided that the use of such sprinklers should be prohibited in installations which enjoyed any sprinkler allowance.

The Committee of the Association were unable to share the view which appeared to have been held by the Fire Insurance Association that all second-hand or re-conditioned sprinklers, whatever their efficiency under test conditions, should stand condemned. In this connection, attention was drawn to an assurance given by the Fire Insurance Association in April 1926 that "this Association (Bombay Fire Insurance Association) is fully agreeable to recognizing efficiency as being the test of sprinklers, in fact this principle has invariably been followed." This assurance was reiterated in 1933 by the Fire Insurance Association who, in a circular letter recognized that, while the re-erection of old sprinkler heads was to be strongly deprecated, "a definite prohibition of the practice could not be justified, but that if the heads were of an approved type and appeared to be in excellent condition, a certain number should be subjected to a hydraulic pressure test for leakage and to an oven test for opening."

The Committee maintained that the Fire Insurance Association was not entitled to depart from the spirit or letter of the arrangement made in 1926 and reiterated in 1933, and suggested that the best method of dealing with the problem of second-hand or re-conditioned sprinklers would be to insist upon an efficiency test being made of the heads if a mill now entitled to sprinkler discount proposed to install them. If the sprinklers failed under test, then their installation should not be permitted. They, therefore, indicated their willingness, subject to the Fire Insurance Association's agreement, to issue the necessary instructions to all members to ensure that no second-hand or re-conditioned sprinklers were installed until a proportion had been tested for efficiency by the Fire Insurance Association's Inspectors.

The Fire Insurance Association, in reply, maintained that their proposal related specifically to sprinklers which had been re-conditioned, and not to all second-hand sprinklers. This involved, in their opinion, no departure from any previous arrangement. They expressed their agreement with the efficiency test suggested by the Association, and indicated that sprinklers which were second-hand but not re-conditioned would continue to be so tested.

The Committee, however, felt that no case whatsoever had been made for treating re-conditioned sprinklers differently from second-hand sprinklers. There were probably cases in which, with a certain amount of cleaning and slight repairs, a second-hand sprinkler could be rendered more efficient. In this view of the case, they held that re-conditioning, which enhanced the efficiency of second-hand sprinklers as an effective weapon in dealing with an outbreak of fire, should not be penalized unless such re-conditioned sprinklers failed under test conditions. They, therefore, expressed the hope that the Fire Insurance Association would re-consider the matter.

The Committee were subsequently informed that the prohibition applied only to the use of second-hand sprinkler heads which had been subjected to a pickling process in acid for cleaning purposes, and that the use of other second-hand heads would be allowed provided samples, which should be submitted to the Fire Insurance Association, proved satisfactory on test. This explanation appeared to meet the needs of the case, and all members of the Association were advised of the exact position. (*Appendix 28.*)

FIRE INSURANCE RATES FOR CHEESE AND BEAM DYEING AND DRYING PLANTS.

Towards the middle of July, the Bombay Fire Insurance Association notified the following rates for insurance of cheese and beam dyeing and drying plants in Bombay Cotton Mills :—

	Buildings and/or Contents :	
	FIREPROOF. NON-FIREPROOF.	
	Not less per cent. per annum than :—	
	Annas.	Annas.
<i>Bombay and Salsette Cotton Mills Tariff ;</i>		
Buildings and/or compartments in which Beam and/or Cheese dyeing and drying are carried on with warranty that the drying machines are entirely enclosed with incombustible material	4	5
Without such warranty	9	12
<i>Bombay Mofussil Cotton Mills Tariff :</i>		
Buildings and/or compartments in which Beam and/or Cheese dyeing and drying are carried on with warranty that the drying machines are entirely enclosed with incombustible material	8	9½
Without such warranty	9	12

It appeared that the headings proposed were new entries in the Tariff, and that buildings in which beam and/or cheese dyeing and drying were carried on had hitherto been charged at the rate of Ans. 9 per cent. (Fire proof) and Ans. 12 per cent. (Non-Fire proof). The new rates, therefore, constituted a reduction in the rate for such mills as were doing beam and cheese dyeing and drying in one building inasmuch as they would henceforth be called upon to pay only Ans. 4 per cent. for Fireproof and Ans. 5 per cent. for Non-fireproof risks.

INSURANCE AGAINST WAR AND CIVIL WAR.

Towards the middle of January, the Bombay Fire Insurance Association informed the Committee that an agreement had been reached between the British Insurance Association—a body comprising practically all British Insurance Companies, Tariff and non-Tariff—and the Committee of Lloyds to discontinue granting insurance covering the risks on land of war and civil war. This agreement, it was emphasized, had not been entered into by any fear of an early outbreak of hostilities, but because it was felt that the risks of war and civil war were not, under modern conditions, proper subjects for insurance and this belief was fortified by recent events in Spain.

The immediate effect of the Agreement which had been made applicable to the Bombay Fire Insurance Association's area, was, it was stated, an amendment of the cover now granted under that Association's riot and civil commotion tariff, the wording to be applied in future being :—

“Loss or damage (by Fire only) (or) (including Fire loss or damage) directly caused by riots, strikers, locked-out workers and/or other persons taking part in labour disturbances.”

This new wording, it was further indicated, would be applicable to all new business and renewals forthwith.

The Committee held that the very great alteration in the extent of the cover given by the new wording would apparently justify a considerable reduction in the rates charged for riot and civil commotion risk as far as cotton mills in India were concerned, and they suggested that the application of the amended wording be deferred pending consideration by the Fire Insurance Association of the reduction in rates which would be justified by the reduction in the cover. It was felt that, even if it were admitted as reasonable to exclude war risks—civil or otherwise—it appeared unnecessary to exclude cover against or during a period of martial law which would ordinarily tend to reduce damage or loss caused by riots or strikers. The exact meaning and extent of the cover to be granted under the new wording, moreover, seemed open to various interpretations: taken at its widest, the extent of the cover seemed to merit a reduction in rates, and at its narrowest, it was doubtful whether it would be worth while for cotton mills to use this type of cover at all. In any case, it appeared to the Committee eminently desirable to postpone the introduction of the new wording until the exact position had been ascertained.

The Committee further suggested that the issue involved might, if necessary, be discussed at a joint meeting of representatives of the Fire Insurance Association and of the Association. No reply has yet been received to this communication from the Fire Insurance Association, who are understood to have the matter under consideration. (*Appendix 29.*)

INDO-JAPANESE TRADE AGREEMENT.

(See also pages 58 and 209 of Report for 1936.)

In the preliminary issue of the Association's report for the year 1936, it was indicated that the negotiations between the delegations of the Government of India and the Government of Japan for the conclusion of a new trade agreement between the two countries commenced on July 20th, but that no agreement had been reached. It would appear that, early in December, discussions commenced between Mr. Yonezawa, the Japanese Consul-General in India, and Mr. Booth-Gravely, Delegate from Burma, which resulted in the conclusion of a trade agreement between Burma and Japan in the middle of February in the year under review.

With Burma out of the way, the ground was clear for the continuance of the Indo-Japanese negotiations, and discussions were resumed on 19th February. The Unofficial Advisers of Government were consulted again and the negotiations eventually culminated in an agreement being reached on the 12th April 1937.

The following Press *communiqué* was issued by Government on the 15th April, setting out the principal modifications effected in the new Agreement :—

“The Protocol which was initialled by the delegates of the Government of India and the Government of Japan on the 12th instant will be formally concluded at London in due course and will have effect until 31st March 1940. It substantially reproduces the terms of the protocol which expired last month, but with the following modifications :—

- (1) Japan will be permitted a net import of 283 million yards of cotton piecegoods annually against purchases of Indian raw cotton of one million bales. Imports of piecegoods may be increased to a maximum of 358 million yards if purchases of raw cotton reach 1½ million bales.
- (2) Excess imports of cotton piecegoods in one year which may be adjusted against the quota of the following year is raised from 20 million to 25 million yards.
- (3) The coloured category of the old protocol is subdivided into (a) Coloured Printed Goods, and (b) Coloured Dyed or Woven Goods, and the total quota is allotted between categories in the following percentages :—

Plain Greys	..	..	..	..	40 per cent.
Bordered Greys	..	..	..	..	13 „ „
Bleached White Goods	..	..	..	..	10 „ „
Coloured Printed Goods	..	..	..	..	20 „ „
Coloured Dyed or Woven Goods	..	..	..	..	17 „ „

- (4) The quota is exclusive of cotton fents, but Japan undertakes to limit imports of cotton fents into India to 8.95 million yards annually. The Government of India agree that customs duties on cotton fents shall not exceed 35 per cent. *ad valorem*.

The notice of denunciation given on the 21st October last of the Convention regarding the Commercial Relations between India and Japan will be withdrawn, and it is agreed that

the necessary steps will be taken so that the Convention may not cease to be in force before the end of the period covered by the Protocol."

In the new Trade Agreement concluded between the Government of India and the Government of Japan, Japan undertook to limit the imports of cotton fents into India to 8.95 million yards annually, and the Government of India agreed that customs duties on cotton fents shall not exceed 35 per cent. *ad valorem*.

In order to regulate the imports of cotton fents from Japan, the following Notification was issued by the Government of India on the 1st May :—

"In exercise of the powers conferred by Section 19 of the Sea Customs Act, 1878 (VIII of 1878), the Governor-General in Council is pleased to prohibit the bringing into British India by sea or by land of goods liable to duty under item 41(1) (a) of the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), which were manufactured in Japan and were shipped from Japan on or after the 1st of April, 1937, unless they are covered by a certificate issued by or on behalf of the Department of Commerce and Industry, Japan, authorizing export to India."

IMPORT DUTIES ON ARTIFICIAL SILK PIECEGOODS AND FENTS.

(See also pages 62 and 215 of Report for 1936.)

The Committee of the Association have on several occasions in the past drawn the attention of the Government of India to the danger to the Indian Cotton Textile Industry arising from the non-inclusion of artificial silk piecegoods and fents in the piecegoods quota allotted to Japan and the inadequacy of the duties levied on these two classes of goods to check the rapidly growing imports, especially from Japan. An attempt made by Government in April last year to deal with the problem created by artificial silk fents unfortunately failed, as the proposals then made, with the exception of the reduction in the permissible length from 4 yards to 2½ yards, were not accepted by the Assembly. The question was, however, pressed on the attention of Government by the non-official Advisers to Government in connection with the recent Indo-Japanese Trade Negotiations, and the following two notifications were issued towards the end of March 1937 :—

(1) "In exercise of the powers conferred by Section 19 of the Sea Customs Act, 1878 (VIII of 1878), the Governor-General in Council is pleased to prohibit the bringing into British India by sea or by land of goods liable to duty under item No. 49 (1) (b) of the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934.)"

(2) "In exercise of the powers conferred by sub-section (1) of section 4 of the Indian Tariff Act, 1934 (XXXII of 1934), the Governor General in Council is pleased to increase the duty chargeable under the First Schedule to the said Act on the articles specified in the annexed table to the extent set forth therein.

TABLE.

Article, with number of entry in the First Schedule under which chargeable. 1	Present rate of duty chargeable under the Indian Tariff Act. 2	Increased rate of duty. 3
48 (1) Fabrics, not otherwise specified, containing more than 90 per cent. of artificial silk— (b) not of British manufacture.	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	50 per cent. <i>ad valorem</i> or 5 annas per square yard, whichever is higher.
49 (2) Fabrics, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk. (a) containing 50 per cent. or more cotton— (i) not of British manufacture (b) containing no cotton or containing less than 50 per cent. cotton— (ii) not of British manufacture.	50 per cent. <i>ad valorem</i> or 3½ annas per square yard whichever is higher. 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher. 50 per cent. <i>ad valorem</i> or 5 annas per square yard, whichever is higher.

The first notification prohibits the import into India of fents made of artificial silk or artificial silk mixtures, while the second raises the level of duties payable on perfect artificial silk piecegoods and on artificial silk mixture goods imported from foreign countries. The effect of these notifications is that, henceforward, artificial silk fents will pay import duty as artificial silk piecegoods. The new rates of duty on foreign artificial silk piecegoods will be As. 5 per square yard on piecegoods containing more than 50 per cent. artificial silk, and As. 4 per square yard on mixtures containing less than 50 per cent. artificial silk as against the previous rates As. 4 and As. 3½ per square yard respectively.

DUTIES ON ARTIFICIAL SILK PIECEGOODS IMPORTED INTO BURMA.

According to a notification issued by the Government of India, the specific duties on artificial silk piecegoods and artificial silk mixtures imported

into British India from foreign countries were increased by one anna and $\frac{3}{4}$ anna per square yard respectively with effect from the 1st April 1937.

Towards the middle of May, the Committee were informed that the increased duties had not been made applicable in Burma. An enquiry addressed to Government elicited the fact that, although the intention of the India and Burma (Trade Regulation) Order, 1937 which would, in the normal course, remain in force for three years from the 1st April 1937 was that the customs tariffs in India and Burma should depart from each other as little as possible during the currency of the Order, neither country was precluded from varying its tariff rates in individual cases without the other following suit. In such cases, however, provision had been made for the levy of duty equal to the difference by the country in which the duty leviable on such goods was higher than in the other country. The requisite notifications had, therefore, been issued with a view to ensure that the additional duties imposed on foreign artificial silk piecegoods and artificial silk mixtures in British India were collected when they were imported into British India from a Port in Burma.

The position is, therefore, that all foreign artificial silk piecegoods and artificial silk mixtures imported into British India pay duties at the rate of Ans. 5 and Ans. 4 per square yard respectively, while similar goods imported into Burma pay only Ans. 4 and Ans. $3\frac{1}{4}$ respectively. Foreign artificial silk piecegoods or artificial silk mixtures which are re-exported from Burma to British India are, however, assessed to duty at 1 anna and $\frac{3}{4}$ anna per square yard respectively, that is to say, the difference in the rates of duty applicable to these goods in the two countries.

DUTIES ON IMPORTED YARN.

(See also page 52 of Report for 1936.)

On page 53 of the last report of the Association, a brief summary was given of the steps taken from time to time, both by the Association and by individual members, during the last few years with the object of securing an increase in the duties on imported yarn as a measure of protection to the Indian Cotton Spinning Industry from foreign competition. The last occasion on which the matter was considered was early in August 1936 when, following a deputation to the Honourable the Commerce Member organized by the Association, a representation was submitted to Government by the Madura and other spinning mills requesting the appointment of a special Tariff Board to go fully into the question of the extent of the duties required by the Indian Spinning Industry.

Although no action was taken on this representation, it would appear that, early in the year, the Unofficial Advisers to the Government of India in connection with the Indo-Japanese Trade Negotiations emphasized, *inter alia*, the necessity of protecting the interests of minor industries in India which were adversely affected by Japanese competition. This subject was, however, excluded from the scope of the negotiations which resulted in the continuance of the Indo-Japanese Commercial Convention of 1934 and the

new Protocol dealing with the export of raw cotton to Japan and the import into India from that country of Cotton Piecegoods. Towards the middle of the year, Government proposed to place an Officer on special duty to examine the cases of these minor industries.

Shortly afterwards, a standard questionnaire was drawn up by Government calling for detailed particulars in regard to the minor industries affected by Japanese competition, and the Association was invited to submit as much information as possible on the lines laid down in the questionnaire in so far as the Cotton Spinning Industry was concerned. A special sub-committee composed of representatives connected with the spinning section of the industry was thereupon appointed to supervise the preparation and presentation of the case for assistance of the Cotton Yarn Industry. After a thorough examination of the position, this sub-committee put forward a well-reasoned case urging that, on counts below 50s, the existing specific duty be increased to $2\frac{7}{8}$ annas per lb. and that on counts over 50s, the duty levied should be 15 per cent. *ad valorem* or 4 annas per lb., whichever was higher.

It would appear that Mr. R. K. Nehru, who was placed on special duty to examine the cases of the minor industries, subsequently carried out a preliminary investigation, but early in November, Government announced the suspension of the enquiry in view of the unsettled conditions in the Far East since the commencement of the enquiry, and the steady rise in the prices of Japanese imports into India. In the opinion of Government, the need for special measures of assistance to Indian industries in view of Japanese competition, had, become less pressing and the present unstable conditions could not be suitably made the basis of tariff adjustments. It was, however, indicated that Government would continue to watch the situation carefully and that they would be prepared to give special attention to the needs of any industry that might be adversely affected.

IMPORT DUTY ON COTTON BLANKETS.

(See also pages 58 and 214 of Report for 1936.)

In the last report of the Association, reference was made to certain suggestions for modification of the Indo-Japanese Trade Agreement made by the Association to the Government of India. The Committee then stressed the desirability of restricting the imports of cotton blankets from Japan in order to prevent the objects of the piecegoods quota being frustrated. This point was followed up by a special representation submitted to Government later, in which it was pointed out that the unrestricted entry of Japanese cotton blankets into India at the existing rates of duty would lead to the complete closure of a number of cotton blanket and waste plants in this country unless steps were taken during the Indo-Japanese trade negotiations to ensure a satisfactory market for Indian cotton blankets by limiting the quantities importable from Japan and by raising the duty to the level of the duty imposed on foreign cotton piecegoods.

The Association's case was, it would appear, very strongly supported by the Unofficial Advisers to Government with the result that, towards the middle of June, the Government of India issued a Press *communiqué* in the course of which it was stated that the Unofficial Advisers to the Government of India in connection with the Indo-Japanese Trade negotiations had emphasized, *inter alia*, the necessity of protecting the interests of minor industries in India which were adversely affected by Japanese competition. This subject was, however, excluded from the scope of the negotiations which resulted in the continuance of the Indo-Japanese Commercial Convention of 1934 and the new Protocol dealing with the export of raw cotton to Japan and the import into India from that country of cotton piecegoods. The Government of India, therefore, proposed to place an officer on special duty to examine the case of these minor industries.

A detailed questionnaire was subsequently drawn up by Government calling for particulars in regard to the minor industries affected by Japanese competition, and the Association was invited to submit as much information as possible on the various points raised therein. The task of preparing and presenting a case for assistance to the Indian cotton blanket manufacturing industry against competition from Japan was entrusted to a special sub-committee appointed for the purpose, and a considered statement urging the need for the imposition of a duty of 5½ annas per lb. or 50 per cent., *ad valorem*, whichever was higher, in lieu of the existing 25 per cent., *ad valorem*, was submitted to Government early in August on behalf of the following member mills producing cotton blankets :—

- (1) The Bombay Dyeing & Mfg. Co., Ltd.
- (2) The Century Spg. & Mfg. Co., Ltd.
- (3) The E. D. Sassoon United Mills Co., Ltd.
- (4) The Sir Shapurji Broacha Mills, Ltd.
- (5) The Bengal Nagpur Cotton Mills, Ltd.
- (6) The Khandeish Spg. & Wvg. Mills Co., Ltd.
- (7) The Central India Spg. Wvg. & Mfg. Co., Ltd.
- (8) The Cawnpore Cotton Mills Co.

It is understood that Mr. R. K. Nehru, the officer who was placed on special duty to examine the cases of the minor industries, carried out a preliminary investigation, but early in November, Government announced the suspension of the enquiry owing to the unsettled conditions in the Far East and the steady rise in Japanese prices resulting in the need for special measures of assistance to Indian industries being less pressing. In their opinion, the present unstable conditions could not suitably be made the basis of tariff adjustments. An assurance was, however, conveyed that Government would continue to watch the situation carefully and would be prepared to give special attention to the needs of any industry that might be adversely affected.

IMPORT DUTIES ON INDIAN COTTON YARNS IN TURKEY.

(See also page 92 of Report for 1935.)

On page 92 of the Association's report for 1935, reference was made to the possibility of a closure of the Turkish market for Indian cotton yarn owing to the denunciation by Turkey, on account of exchange difficulties, of the Indo-Turkish *modus vivendi* which guaranteed to Indian exports to that market, most-favoured-nation treatment. It was also indicated that the problem of negotiating a fresh Treaty continuing most-favoured-nation treatment to Indian goods in that country had been rendered difficult by reason of the fact that the Turkish authorities insisted, as a condition precedent to any Treaty, on India purchasing from Turkey goods equal in value to the goods imported by her from India.

Towards the end of last year, the attention of the Committee was drawn to a notification published in the *Indian Trade Journal* to the effect that, owing to a shortage in the local production of cotton yarns, the Council of Ministers in Turkey had authorized reductions in duties on certain types of cotton yarns as under :—

	Percentage reduction in duties
Yarns up to and including No. 10 (English Count).. ..	..60
Yarns from No. 10 up to and including No. 20 .. ..	..25
Yarns over No. 20 .. .. .	..20

It appeared that the yarns concerned were those falling under tariff Nos. 366, 367, 368, 369 and 370, namely, unbleached, bleached, dyed, stamped, glazed or mercerized, and that yarns for retail sale or for nets were not included.

As the notification seemed to suggest that there might be opportunities for increasing the sales of Indian made cotton yarns, enquiries were made of the Director-General of Commercial Intelligence and Statistics, through whose courtesy, a note outlining the exact tariff position in regard to yarn and the quota and exchange control arrangements at present in force in Turkey was furnished to all members of the Association. (*Appendix 30.*)

IMPORT DUTIES ON INDIAN PIECEGOODS IN AUSTRALIA.

(See also pages 72 and 224 of Report for 1936.)

In the last report of the Association, reference was made to a representation made by the Committee urging the Government of India to take steps, without delay, to ascertain the reactions of His Majesty's Government of the Commonwealth of Australia, to a proposal to admit Indian cotton piecegoods exported to Australia at the preferential rates of duty applicable to United Kingdom goods.

Early in January, the question was taken up by Sir Hormasji Mody, the Association's representative in the Legislative Assembly, with the Central Board of Revenue, who, however, appeared to hold that the position was not then as favourable as it was some time ago owing to an understanding, which had apparently been reached between the Japanese and the Commonwealth Governments, permitting the importation of larger quantities of Japanese piecegoods into Australia. The Committee of the Association, nevertheless, felt that a move might advisably be made by the Government of India with the object of ascertaining from the Commonwealth Government whether they would be disposed to consider a lowering of the tariff on Indian goods, and accordingly again took up matters with Government, but up to the time of writing, no action has been taken by Government in the direction suggested. (*Appendix 31.*)

CEYLON MARKET FOR INDIAN MILL-MADE GOODS.

(*See also page 70 of Report for 1934.*)

On page 70 of the Association's report for 1934, reference was made to the imposition of quotas on Japanese textile goods imported into Ceylon and the opportunities which this step opened up for the Indian cotton mill industry to develop that market.

Towards the middle of the year under review, however, the quota limits were relaxed in certain directions, but according to a Note prepared by the Ceylon Trade Commissioner in India, the Indian producer would hardly be affected by the revision. The following extracts from the Note clearly bring out the objects of the quota, the manner in which it has actually operated, and the field which still lies for the Indian industry in the Ceylon market :

" Quotas were imposed on Japanese piecegoods entering Ceylon on July 31, 1934, with retrospective effect as from 7th May 1934 and were based on the average of importations during 1927 to 1931 which amounted to 11,683,000 yards. During that period importations from India reached 14,512,000 yards and from the United Kingdom 23,582,000 yards.

Japan had however continued to swamp the Ceylon market either by cutting down prices or by manufacturing cheaper cloth or by shortening widths. And in the first four months of 1934 she had sent out as many as 23 million yards compared to only 10 million yards in the corresponding months of 1933. The effect of this phenomenal push by Japan was a gradual but pronounced elimination of both India and the United Kingdom from the Ceylon markets.

The imposition of quotas enabled both India and Lancashire to recapture their lost markets. India's percentage rose from 14.8 in 1935 to 35.3 in 1936.

Of the four categories of cotton piecegoods, namely, bleached, dyed, grey and printed, India has benefited the most with regard to her dyed cloth and has made substantial headway with regard to bleached and greys. She has yet a large field before her for her printed piecegoods if she can only produce the stuff that is suitable for the Ceylon markets and if she can only reduce the average price from 22 cents (100 cents in a rupee) per yard to a more economic level. The year 1932 had seen the low water mark for bleached cloth from India: for a bare 21,000 yards in that year, she is now exporting about 2½ million yards. But dyed goods are India's speciality. Out of Ceylon's total consumption of 30 million yards, India now supplies nearly two-thirds valued at Rs. 44,00,000.

The recent relaxation of quotas will hardly affect the Indian producer. It is said that the Ceylon market will be 'open' hereafter for greys, but Ceylon's consumption of greys has after the quota years never exceeded three million yards and represents only six or seven per cent. of her total takings of cotton piecegoods. India even in the basic quinquennium had only supplied 3.7 per cent. of the total intake of greys by Ceylon, and if her foothold has been well established in this line, she has very little to fear. An increase of Japanese quotas in the other classes by fifty per cent. hardly affects the issue. Japan, for instance, has already a quota of 2,472,000 yards for dyed piecegoods. In the year 1936, she has supplied but 2,058,000 yards.

India has continued to keep her market low except in the case of printed goods. Thus the average valuation in customs declaration of a yard of Indian bleached material has fallen from 36 cents in 1931 to 15 cents in 1935 and 14 in 1936, and similarly her dyed cloth has fallen from 27 cents to 22. It is perhaps this factor that accounts for her ability to make such rapid progress in the Ceylon cloth market and if she continues to compete in this fashion with the cheap-made Japanese cloth, she need have no tremors on the score of Japanese competition. The lowest that Japan reached, for instance, with her greys, in which there will be no quota in future, was 13 cents per yard in 1932 and 11 cents in 1933, and India has already reached the low mark of 14½ cents. 1933 was a year of dumping by Japan of cheap and shoddily made articles—an experiment which can never be repeated. In the meanwhile, Ceylon consumers have begun to appreciate the better lasting qualities of Indian greys and would not grudge paying one or two cents more per yard for a better finished product.

The population of Ceylon to-day is 5,678,000. With her single spinning and weaving mill and with a domestic production of less than nine million yards, Ceylon must continue to consume annually more than sixty million yards, of which India, in spite of her proximity, hardly supplies one-third. The Indian producers have either not studied the Ceylon market properly or have not the necessary machinery to produce the type of cloth consumed in Ceylon."

PROPOSED ESTABLISHMENT OF A TESTING HOUSE IN BOMBAY.

(See also pages 103 and 276 of Report for 1936.)

In the last report of the Association, reference was made to certain suggestions made by a special Sub-Committee of the Association, with the object of improving the utility of the Technological Laboratory at Matunga from the point of view of the Cotton Trade. It was felt that the Indian Central Cotton Committee might once again consider the advisability of establishing a Testing House which would undertake tests similar to those now undertaken by the Chamber of Commerce Testing House at Manchester. Such a Testing House, it was thought, would undoubtedly keep the Technological Laboratory at Matunga in closer touch with the trade, and, in particular, with the technical men in the trade and should be capable of paving its way from the charges levied for such tests as it would be in a position to undertake.

It would appear that the suggestion made by the Association was subsequently approved by the Indian Central Cotton Committee, and the Association was invited to arrange for a small Sub-Committee consisting of representatives of the Bombay and Ahmedabad Millowners' Associations to put up definite proposals for the consideration of the Indian Central Cotton Committee.

Accordingly a joint Sub-Committee consisting of representatives of this Association and of the Ahmedabad Millowners' Association met early in May and recommended :—

1. That the establishment of a Commercial Testing House, limited, in the first instance, to tests of cotton, yarn and cloth was a practical proposition, and that such a Testing House would be appreciated and utilised by the cotton trade.

2. That, in the first instance, such a Testing House might be located at the Matunga Technological Laboratory, but that certain chemical tests might be carried out at the Department of Chemical Technology of the University of Bombay.

3. That the control of the Testing House might, in the first instance, be vested in an officer appointed by Dr. Nazir Ahmad from the existing staff of the Matunga Laboratory.

4. That certificates setting forth the results of tests should be issued in the name of the Testing House and not under the name of the Indian Central Cotton Committee.

5. That from the inception of the scheme, publicity and propaganda should be undertaken by the Indian Central Cotton Committee, the Millowners' Association, Bombay, the Ahmedabad Millowners' Association and other associations connected with the buying and selling of raw cotton and the manufacture and distribution of cotton yarn and piece-goods to popularise the Testing House, and that as and when the number of tests justified it, an entirely separate Testing House with its own buildings and equipment should be established.

6. That the tests mentioned in the appended list should be undertaken by the Testing House in the first instance, and that the charges made for each type of test should be as specified against each.

7. That the following additional equipment would be required at the Matunga Laboratory :—

	Approximate Cost.
	Rs.
(a) Cloth Testing Machine	2,400
(b) Stress Strain Attachment for the above	200
(c) Machine for testing fastness of colours to rubbing	800
(d) Wear and Tear Testing Machine	1,100
(e) Apparatus for Testing fastness to light	500
(f) Waterproof Testing Machine	1,000

The total cost of the above apparatus would, it was thought, amount to Rs. 6,000 in all, and the Sub-Committee considered that, in view of the smallness of the expenditure involved, the Indian Central Cotton Committee might agree to meet it from their funds.

8. That apart from one additional clerk, whose salary could be met from the receipts for tests, no additional staff would be required at the Matunga Laboratory at the outset. Additional staff would probably have to be employed as the work of the Laboratory became more popular, but the Sub-Committee anticipated that the cost of this additional staff could also be met from current receipts.

9. That arrangements could be made for the carrying out of certain chemical tests at the Department of Chemical Technology.

As regards the Rules under which the Testing House would work, the Sub-Committee suggested that these should be based on those of the

Manchester Chamber of Commerce Testing House which are reproduced below for ready reference :—

1. The Testing House is open for the reception of samples daily, from Mondays to Fridays, from 9-30 a.m. to 5-0 p.m. and on Saturdays from 9-30 a.m. to 11-30 a.m., except on holidays.

2. Payment of all charges must be made by the sender before the certificate of examination is issued, but deposit accounts may be opened by payment of a sum of not less than five pounds, in which case the charges are debited to the account, and a statement rendered monthly.

3. Every care is taken of goods and samples while in the Testing House and competent persons are appointed to make all tests, but the Chamber will not be responsible for loss or damage to goods and samples, and all tests are undertaken upon the condition that no responsibility attaches to the Chamber for the reports and findings given and embodied in the Certificates.

4. Interested parties, upon application to the Testing House Committee, will receive a written permission to be present during the testing of samples, and are invited to be present under these conditions.

5. All samples or goods must be delivered to and removed from the Testing House by the party ordering the test, but they may be forwarded by post at the sender's expense on his request.

6. The Manager may refuse any samples or goods for testing which in his opinion are unsuitable by reason of their size, weight, packing, or for any other reason that in his opinion might render the test unreliable.

7. Samples sent by post must be accompanied by payment of charges, together with one penny for postage of certificate.

8. Samples found to be too small to give a reliable result may be accepted for testing, but the certificate of examination will be endorsed "Sample below regulation size."

9. It is recommended that numbers or letters rather than names of firms, be attached to samples for purposes of distinction from each other.

GENERAL NOTES.

Size of Samples.—It is advisable to submit as large samples as possible, since far more reliable results can be obtained from large than from small samples of nearly every kind.

Samples drawn from Bulk.—Certificates issued by the Testing House refer only to the samples submitted, and NOT to the bulk from which the samples have been drawn unless so specified. If special instructions are given, the Testing House will undertake to draw samples from bulk at any place where it may be stored, and a Certificate will then be given referring to the whole of the bulk or consignment. An additional charge is made for this service, and the number of samples necessary to represent the bulk is to be decided by the Testing House.

Samples "Below Regulation Size."—Precisely the same charge is made whether the sample be small or full size, but in the former case the certificate is endorsed "Sample below regulation size."

Air-tight Vessels for Samples.—Moisture estimations on samples sent in paper parcels are of little or no value. Air-tight tin cases for the conveyance of samples to the Testing House may be obtained on application and will be lent free of charge.

Return of Samples.—Samples are not returned unless special request is made by the sender at the time of delivery to the Testing House.

Reference Patterns.—Reference patterns are kept of samples of cloth tested for counts of yarn when of full regulation size, but they will not be kept for more than three months. Other samples will only be kept when request is made on delivery to the Testing House. A small charge is made for this service, and the great advantage to merchants of having such patterns in the authoritative keeping of the Testing House may be pointed out.

Size of Samples to be Submitted.—The following list offers some indication as to the size of samples it is desirable should be submitted for testing. In certain cases, the sizes specified are such as to allow of suitable portions for Testing being selected by the Testing House, and the samples are returnable after the test portions have been taken. Smaller samples may be accepted for testing, but the sizes recommended are those which, in the experience of the Testing House, are likely to yield the most trustworthy results.

TEXTILE TESTS.

Moisture—

Raw Cotton	..	..	..	..	..	One to three pounds.
Bundle Yarn	..	..	..	..	..	One bundle.
Cops	..	..	..	..	..	One to two pounds.

Counts—

Bundle Yarn	..	..	..	..	..	One bundle.
Cops	..	..	..	..	..	One pound.
Cloth, Warp and Weft	..	..	..	..	..	Two square yards.
„ Weft only	..	..	..	..	..	Two square yards.
„ Warp only	..	..	..	..	..	One square yard.

Strength.—

Yarn, single thread test	}	..	..	..	..	One to two pounds ; or
„ Lea Test		..	..	..	..	One bundle in case of bundle yarn.
Cloth, Warp and Weft	..	..	..	..	..	One to two square yards.
„ Weft only	..	..	..	..	..	One to two square yards.
„ Warp only	..	..	..	..	..	One square yard.

When a strength test is required to apply to a quantity of cloth, it is desirable to submit about six $\frac{1}{2}$ yard samples out from different pieces ; these are reported upon as “one” sample.

CHEMICAL TESTS.

Analysis of size or finish	..	..	..	..	..	2 ozs.
Mildew and other special tests	..	..	..	..	..	According to instructions.

OUTLINE LIST OF TESTS AND THE SUGGESTED CHARGES THEREFOR.

RAW COTTON TESTS.

1. Percentage of Moisture in cotton Rs. 5 for the first sample ; Rs. 2-8 for each additional sample.
2. Percentage of waste in raw cotton Rs. 5.
3. Mean Fibre length, Fibre length irregularity .. Rs. 5.
4. Fibre weight per inch Rs. 5.
5. Fibre strength Rs. 7-8.
6. Fibre maturity Rs. 7-8.
7. Wax content Rs. 7-8 for the first sample ; Rs. 5 for each additional sample.

RAW COTTON TESTS—contd.

8. Examination for mechanical injury to fibre .. Rs. 10.
9. Spinning test including spinning test on carded cotton, and spinning test on combed cotton Carded Rs. 35 ; Combed Rs. 45.
10. Spinning test on carded or combed cotton using any specified high-draft system Rs. 5 per system.
11. Spinning test, after combing, on sliver supplied by a mill Rs. 25.

YARN TESTS.

1. Percentage of moisture Rs. 5 for first sample ; Rs. 2-8 for each additional sample.
2. Count of yarn including count of hosiery yarn. Rs. 5.
3. Strength of yarn, including lea test, single thread test and ballistic test Rs. 5 per sample per test.
4. Turns per inch Rs. 5.
5. Varieties of cotton composing yarn Rs. 25.
6. Percentage of cotton and other materials in mixed yarn Rs. 10.
7. Evenness of yarn Rs. 2-8.
8. Hank length Rs. 2-8.
9. General report on yarn for neppiness, colour, amount of stains, cleanliness, etc., etc. .. Rs. 5.
10. Percentage of size in warp yarns Rs. 5.
11. Percentage of mature fibres in yarn Rs. 10.
12. Elasticity of yarn Rs. 5.

TESTS ON CLOTH.

1. Dimensional tests—width, length and thickness Rs. 4.
2. Reed and Pick Rs. 3-8.
3. Count of warp and weft Rs. 5.
4. Strength of warp and weft Rs. 10.
5. Contraction in Weaving Rs. 2-8.
6. Percentage of moisture Rs. 5 for the first sample ; Rs. 2-8 for each additional sample.
7. Whiteness of bleached cloth Rs. 5.
8. Percentage of cotton and other materials in union fabrics. Rs. 10.
9. Test for strength Rs. 5.
10. Wearing capacity test Rs. 5.
11. Full comparative reports of two samples of cloth Rs. 20 per sample.
12. Waterproof test Rs. 5.
13. Fastness of dyes to rubbing Rs. 5.
14. Shrinkage Rs. 10.

CHEMICAL AND/OR MICROSCOPIC TESTS ON CLOTH TO ASCERTAIN.

1. Percentage of size	Rs. 5.
2. Percentage of China-clay and other weighting materials	Rs. 5.
3. Cause of tenderness	Rs. 15.
4. Cause of stains	Rs. 20.
5. Cause of mildew growth	Rs. 20.
6. Fastness of dyes	Rs. 7-8.
7. Class of dyes used	Rs. 10
8. Percentage of grease	Rs. 10.
9. Fastness of dyes to washing	Rs. 10.
10. Fastness of dyes to kierboiling	Rs. 10.
11. Fastness of dyes to peroxide or chlorine bleaching	Rs. 10.
12. Efficiency of a wetting re-agent	Rs. 25.
13. Efficiency of a textile auxiliary to disperse calcium soaps	Rs. 25.
14. Analysis of mill stores—	
(a) Soap	Rs. 25.
(b) Water	Rs. 25.
(c) Starches and flour	Rs. 15.
(d) Sizing mixture	Rs. 25.
(e) Desizing agents	Rs. 15.
(f) Antiseptics	Rs. 15-0.
(g) Dyes	Rs. 15.
(h) Vegetable and lubricating oils	Rs. 30.
(i) Coal (including calorific value)	Rs. 50.
(j) Acids and alkalis	Rs. 5.
(k) Bleaching agents.	Rs. 10.

The recommendations made by the joint Sub-Committee were approved at a meeting of the General Committee of the Association held on 28th June, and forwarded to the Indian Central Cotton Committee.

The proposals were considered by the Technological Research Sub-Committee of the Indian Central Cotton Committee early in August, and the following extract from their Report was approved by the full Committee of the Indian Central Cotton Committee at its meeting held on 9th August 1937 :—

“The proposals contained in the report of the Special Sub-Committee consisting of the representatives of the Bombay and Ahmedabad Millowners’ Associations for the establishment of a Testing House for Indian Cotton were considered. The Sub-Committee approved of starting a Testing House for the trade and the industry which will be housed in the Technological Laboratory in the first instance, sanctioned Rs. 6,000 from the capital grant for the necessary equipment and the employment of an additional clerk, if necessary, whose salary would be met out of the receipts and approved of the schedule of fees for the various tests and the provisional rules and regulations drawn up by the Special Sub-Committee.”

As far as the chemical tests referred to in the proposals framed by the Association are concerned, it may be pointed out that the Department of Chemical Technology of the Bombay University have since notified their

willingness to conduct the tests in question on the scale of fees suggested by the Association.

Towards the middle of November, Messrs. Courtaulds (India) Ltd., on behalf of the Bureau International Pour La Standardisation Des Fibres Artificielles (B. I. S. F. A.), requested the Association to support a proposal to the Indian Central Cotton Committee to allow their Technological Laboratory at Matunga to function as the official Testing House in India of the B. I. S. F. A.

It would appear that frequent misunderstandings occurred between mill companies and merchant suppliers on the question of short weight in deliveries of artificial silk yarn. These arose owing to the yarns supplied by manufacturers in Europe being packed and sold under rules governing moisture content, which were laid down by the B. I. S. F. A. The claims lodged on behalf of Indian mills were not, however, entertained unless supported by a certificate of test issued from a Laboratory officially recognised by the B. I. S. F. A. In order to put an end to the difficulties experienced by Indian mills, Messrs. Courtaulds requested the British and Continental manufacturers to sponsor a proposal for the appointment of an official B. I. S. F. A. Testing House in India. They further suggested that the Laboratory appointed should be the recognised official Testing House of the Millowners' Association, Bombay, namely, the Indian Central Cotton Committee's Technological Laboratory at Matunga. The proposal was agreed to by the B. I. S. F. A., and Messrs. Courtaulds accordingly requested the Association's support to the proposition.

The Committee agreed that the tests which Messrs. Courtaulds (India) Ltd., had in mind should be undertaken by the proposed Testing House at Matunga and commended the proposal for the consideration of the Indian Central Cotton Committee.

It is understood that the Indian Central Cotton Committee have since accepted the suggestion. The Technological Laboratory at Matunga will, therefore, henceforth function as the official Testing House in India for the Bureau International Pour La Standardisation Des Fibres Artificielles, Italy. (*Appendix 32.*)

FEES FOR TESTS CARRIED OUT AT THE TECHNOLOGICAL LABORATORY OF THE INDIAN CENTRAL COTTON COMMITTEE.

In order to popularize the tests carried out by the Technological Laboratory of the Indian Central Cotton Committee among the Indian Cotton Mill Industry and with the object of inducing mills to make still greater use of the manifold facilities afforded by the Laboratory, certain reductions were effected in May 1937 in the fee charged for many of these

tests. The modified schedule of fees is reproduced below for the information of members :—

								<i>New scale.</i>
								Rs. a.
(1)	Fibre or Yarn Test :—							
	(a)	Mean fibre-length	..	..	..	..	..	5 0
	(b)	Fibre-weight per inch	..	..	..	..	..	5 0
	(c)	Fibre-strength	..	..	..	..	..	7 8
	(d)	Lea test	..	..	..	..	..	5 0
	(e)	Ballistic test	..	..	..	..	..	5 0
	(f)	Single thread test	..	..	..	..	..	5 0
	(g)	Twist	..	..	..	..	..	5 0
(2)	Fibre and Blow-Room Test—							
	(a)	Fibre tests as for (a)-(c) above.						
	(b)	Blow-room only	..	..	..	..	..	10 0
(3)	Full Test :—							
	(a)	Fibre tests as for (a)-(c) above.						
	(b)	Spinning test on cotton	..	..	..	..	..	35 0
	(c)	Spinning test on sliver after combing it	..	..	..	..	..	25 0
	(d)	Spinning test on combed cotton	..	..	..	..	..	45 0
	(e)	Tests in addition to the ordinary 3-roller system (per system)	..					5 0
(4)	Variety of Cotton (Broad Classification)							25 0
(5)	Identification of fibre (Microscopic Test)							15 0
(6)	Percentage of size							5 0
(7)	Percentage of Grease							5 0
(8)	Percentage of Free Acid							10 0
(9)	Presence of Mildew in Cloth							5 0
(10)	Causes of Mildew Growth							30 0
(11)	Percentage of Immature fibres :—							
	(a)	in lint or kapas	..	..	..	..	..	7 8
	(b)	in yarn or cloth	..	..	..	..	..	10 0
(12)	Wax Content :—							
	(a)	1st sample..	..	..	..	..	..	7 8
	(b)	Each additional sample provided it is sent at the same time	..					5 0
(13)	Determination of Mechanical Injury to Fibre							10 0
(14)	Cloth Samples :—							
	(a)	Actual counts	..	..	..	..	..	5 0
	(b)	Actual Twist	..	..	..	..	..	10 0
	(c)	Single thread strength	..	..	..	..	..	10 0
(15)	Moisture Tests :—							
	(a)	1st Sample	..	..	..	..	..	5 0
	(b)	Each additional sample provided it is sent at the same time	..					2 8
(16)	Shirley Analyser Tests							5 0
(17)	Tests for Analysis of Union Fabric							10 0

TECHNOLOGICAL LABORATORY, MATUNGA.

(See also pages 104 and 276 of Report for 1936.)

In the last report of the Association, reference was made to certain suggestions formulated by a Special Sub-Committee of the Association with the object of increasing the utility of the Technological Laboratory from the point of view of the cotton trade. It was, among other things, pointed out:

- (1) that every cotton mill in India should receive several copies of each of the trade test bulletins published by the Laboratory and that these should be distributed by the mill agent to the technical heads of departments such as spinning masters, carding masters, and in certain instances, weaving masters; and
- (2) that, as far as Bombay was concerned, every bulletin of special importance should be discussed by an expert or experts from the Technological Laboratory with practical spinners and carders. It was suggested that meetings might be held for this purpose at the Technological Laboratory itself, and invitations sent to all spinners and carders, to whom copies of the Bulletin had been supplied, to attend the meeting; or if this was not feasible, a dozen or so technical men from the trade might be invited to meet the Laboratory Experts and frame a report of the discussions for circulation to other carders and spinners. At any such joint meetings, it was further pointed out, suggestions might be invited as to the subjects for future tests, and where possible, these suggestions should be acted upon.

The proposals made by the Association were subsequently placed by Mr. S. D. Saklatvala before the Indian Central Cotton Committee, and the Technological Research Sub-Committee agreed that cotton mills in India might be supplied with four copies of each trade test bulletin published by the Laboratory. The Sub-Committee also approved the suggestion for holding meetings between the experts of the Technological Laboratory and practical spinners and carders in order to discuss bulletins of special importance with the object of eliciting suggestions regarding future tests.

In regard to the first proposal, the Committee were informed early in May that it had been decided to supply every cotton mill in India with four copies of each trade test bulletin and one copy of each technological circular issued by the Technological Laboratory. The Committee were however, of the opinion that, in the case of the trade test bulletins, at least five copies should be forwarded to each mill for the use of the mill agent, the mill manager, the spinning master, the carding master and the weaving master; and that four copies of each technological circular might be furnished to each mill for the use of the manager, the spinning master, the carding master and the weaving master. This suggestion was substantially accepted by the Indian Central Cotton Committee, and the following extract from a Report of the

Technological Research Sub-Committee was adopted by the full Committee at its meeting held on the 9th August :—

“The Sub-Committee considered a suggestion of the Bombay Millowners’ Association, that five copies each of the Technological reports and 4 copies each of the technological circulars should be supplied to all mills instead of the present supply of 4 copies of the former and one copy of the latter. The Technological Research Sub-Committee recommended that four copies each of the reports and circulars should be supplied free to spinning mills only and that enquiries should be made whether they actually needed this number or whether a smaller number would suffice.”

As regards the second suggestion, the constitution of the special sub-committee of practical spinners and carders was considered by the Committee of the Association early in August, and the following names were suggested :—

<i>Name of Person.</i>	<i>Name and address of Mill from which drawn.</i>
1. Mr. G. Ashton	Bombay Dyeing & Mfg. Co., Ltd. (Spring Mill), Naigaum Road, Dadar, Bombay.
2. Mr. T. E. Harker	Messrs. E. D. Sassoon & Co., Ltd., Dougall Road, Ballard Estate, Bombay.
3. Mr. D. B. Katrak	The Khatau Makanji Spg. & Wvg. Co., Ltd., Haines Road, Byculla, Bombay.
4. Mr. J. A. Sutton	The Kohinoor Mills Co., Ltd., Naigaum Cross Road, Dadar, Bombay.
5. Mr. Rajubhai Parekhji ..	The Shree Niwas Cotton Mills, Ltd., DeLisle Road, Lower Parel, Bombay.
6. Mr. Dadabhai Hathiram ..	The New Kaiser-i-Hind Spg. & Wvg. Co., Ltd., Ghorupdeo Road, Chinchpokli, Bombay.
7. Mr. C. P. Sarkari	The Victoria Mills, Ltd., Gamdevi, Bombay 2.
8. Mr. Borker	The Western India Spg. & Mfg. Co., Ltd., Kalachowki Road, Chinchpokli, Bombay.
9. Mr. H. Hargreaves	The Dawn Mills Co., Ltd., Fergusson Road, Lower Parel, Bombay.
10. Mr. J. Clegg	The Sassoon Spg. & Wvg. Co., Ltd., Mount Estate, Mazagon.
11. Mr. A. D. Walwyn	The Colaba Land & Mill Co., Ltd., Royal Insurance Buildings, Churchgate Street, Fort, Bombay.
12. Mr. J. Hynes	The Century Spg. & Mfg. Co., Ltd., DeLisle Road, Worli Side, Parel, Bombay.
13. Mr. W. Taylor	The Finlay Mills, Ltd., Government Gate Road, Parel Bombay.
14. Mr. B. D. Kulkarni	The Modern Mills, Ltd., Elphinstone Road, Parel, Bombay.

It is understood that the first meeting of this special sub-committee and the senior staff of the Technological Laboratory was held on 30th September. (*Appendix 33.*)

BOMBAY YARN EXCHANGE, LIMITED.

Towards the middle of October, the attention of the Committee was drawn to the formation of the Bombay Yarn Exchange, Limited, with the object of promoting and protecting the interests of manufacturers, distributors and merchants carrying on business in yarn in Bombay and elsewhere

in India, to regulate their methods of business, etc. The Rules and Regulations of the Exchange provided for two classes of Members :—

- (1) Ordinary Members, who would be required to pay Rs. 200 as entrance fee and Rs. 50 as annual fee, and
- (2) Special Members, who would be required to pay Rs. 100 as entrance fee and Rs. 25 as annual fee.

It was pointed out that the membership subscription in respect of applications received after 3rd November 1937, would be raised to Rs. 500 and Rs. 250 respectively, the annual fees remaining the same. It was further pointed out that the Exchange would license Brokers, who would be required to pay Rs. 25 as entrance fee and Rs. 10 as annual fee.

As regards the conditions of tender in the case of Indian mill-made yarn, it was proposed to lay down the following terms :—

(a) Counts.	Variations.		
	lowest	6 highest	7 average.
6½s			
10½s	„ 10	„ 11	„
20½s	„ 19½	„ 21½	„
40s	„ 39	„ 41	„

(b) Packing.

6½s	in 13 knots per bundle in Red and White tie.		
10½s	21	„	„
20½s	20½	„	„
40s	40	„	in White tie.

(c) Approximate tests per one full lea.

6½/100 lbs. ; if 6s, 105 lbs., and if 7s, 95 lbs.
10½/ 85 lbs. ; if 10s, 90 lbs., and if 11s, 80 lbs.
20½/ 55 lbs. ; if 20s, 58 lbs., if 19½, 62 lbs., if 21s, 52 lbs., and if 21½s, 50 lbs.
40s/ 32 to 35 lbs. ; if 39s, 37 lbs. ; and if 41s., 29 lbs.

(d) Twist, colour, kitti and other particulars should be normal and with a reasonable variation.

N. B.—All Indian yarns should be in seven leas (plain reel) and not *cross reeled*. All Indian yarns should be in usual mill tickets. Yarns bearing any other than the usual mill tickets or bearing no tickets will not be tenderable.

Any Indian yarn conforming to the above description in respect of count, colour, kitti, etc., but having a higher strength per lea than stipulated above will be tenderable. (Bump yarn or all waste yarn shall not be tenderable.)

The Committee agreed that a properly constituted Yarn Exchange might be of considerable benefit to the yarn trade and to the mill industry of the City, and that mills might be advised to apply for membership provided the membership subscriptions were retained at the same figures as those which obtained for applications previous to 3rd November 1937.

As regards the variations in counts which would be permitted against each yarn contract, the Committee had no objections to the variations proposed for all contracts, provided that, in estimating the count of a consignment, the unit of test should be 20 separate leas per consignment, the leas taken for test being sufficiently well spread over the consignment, and that the count should be estimated in true condition, i.e., with $8\frac{1}{2}$ per cent. moisture content.

While the Committee approved the variations suggested in regard to the average count, they pointed out that these did not in the case of the $6\frac{1}{2}$ s Hedge Contract correspond to the provisions of the Merchandise Marks Act.

In regard to the packing conditions proposed by the Exchange, the Committee approved the suggestions made except that in the case of $20\frac{1}{2}$ s, it was thought that white tie should be permitted as $20\frac{1}{2}$ s was often sold in this tie when it was required for dyeing purposes.

As regards the strength tests suggested, the Committee agreed with the proposals made regarding the $6\frac{1}{2}$ s hedge contract, but considered that the $10\frac{1}{2}$ s hedge contract figures should be reduced as under :—

10s	..	..	80 lbs.
$10\frac{1}{2}$ s	..	..	75 lbs.
11s	..	..	70 lbs.

As regards the $20\frac{1}{2}$ s hedge contract strength test figures, it was felt that, in the case of $19\frac{1}{2}$ s, the strength test should be 60 lbs. instead of 62 lbs. The Committee agreed with the strength test figures for the 40s hedge contract.

The Committee also agreed with the suggestion that twist, colour, kitty and other particulars should be normal and with a reasonable variation.

The views put forward by the Committee were accepted by the Exchange, who have agreed to extend the time limit for receipt of membership applications at the old scales, namely, Rs. 200 entrance fee and Rs. 50 annual fee for Ordinary Members, and Rs. 100 entrance fee and Rs. 25 annual subscription for Special Members, until the 31st March 1938. (*Appendix 34.*)

INCOME TAX ENQUIRY REPORT, 1936.

Early in the year, the Committee were invited to express an opinion on the recommendations made in the Income-Tax Enquiry Report, 1936, submitted to the Government of India as a result of the examination of the Indian income-tax system conducted by Khan Bahadur J. B. Vachha, C.I.E., Commissioner of Income-tax, Bombay, and Messrs. C. W. Ayers and S. P. Chambers of the Board of Inland Revenue in the United Kingdom.

The Report was carefully examined by the Committee and their views on some of the more important recommendations made therein are summarized below :

Residents in British India: Income Arising Abroad.—It was proposed that foreign income of residents in British India should be dealt with on the basis of the whole income arising, instead of only to the extent to which it had been received in or brought into British India. While the Committee agreed that every legitimate step should be taken by the Government of India to prevent evasion of British Indian income-tax, they did not agree that there was a sufficiently strong case for altering the basis of taxation in the manner and to the extent suggested in the case of individuals. The new basis was, in their opinion, inequitable in the case of non-domiciled residents, and particularly in the case of non-domiciled foreign residents who would not be in a position to obtain double taxation relief.

In regard to companies, it was proposed to make the whole of a company's foreign income liable to tax if the company was controlled in British India at any time during the year in which the profits sought to be assessed arose. The Committee, while not objecting to the principle of this recommendation, considered that the definition of a "resident company" required modification and that the term "control in British India" should be defined. They, however, did not agree in the extreme case that control of the world activities of a company for a very short period in the year should make the whole of the world income of that company liable to tax, but they agreed that if control was ordinarily exercised from India, as where the head office of the company was located in India, the foreign income of the company should be liable to Indian income-tax. In other words, if the company was domiciled in India, it was considered equitable that the company's world income should be taxed.

Non-residents: Income arising in British India.—It was proposed that non-residents in whose behalf goods were regularly sold in British India should be made assessable in respect of the profits arising therefrom, whatever might be the type of the representation employed. It was also recommended that, in the case of trading in British India by a non-resident, where the profit arising when the goods were sold was attributable in part only to the operations of sale, only the profits attributable to the operations performed in British India should be assessed.

The Committee generally agreed with these recommendations.

Agricultural Income.—The report recommended that the agricultural income of an assessee should be taken into account in fixing the amount of tax payable on his other income. The Committee agreed with this recommendation.

Government Pensions and Leave Allowances.—The report recommended that pensions earned in British India and paid to non-residents should be subjected to British Indian taxation as such pensions were paid out of

British Indian revenues. It was recognized that, so far as certain Government pensions were concerned, exemption from taxation was already secured by Section 272 of the Government of India Act, 1935, but that there was no reason why other Government pensions and pensions paid by commercial concerns should not be liable to tax. The report suggested that liability should not depend upon the accident of the place at which the pension was made payable, but should extend to all pensions earned in British India, the tax due being deducted at source at the standard rate. The Enquiry Committee also recommended that leave allowance or salary paid outside British India should be subject to British Indian income-tax, tax being recovered in India by deduction at source by the authority remitting the payment.

The Committee held that pensions paid by commercial concerns should not be assessed to Indian income-tax so long as pensions paid by Government were exempt from tax. They agreed with the recommendation that leave allowances or leave salaries paid outside British India should be subject to Indian income-tax, and that tax should be recovered in India by deduction at source by the authority making the payments, if leave salaries of Government servants were also made liable to Indian income-tax.

Interest on Securities payable abroad charged on Indian Revenues or on Indian Income.—It was proposed that interest on securities payable outside British India by an assessee in British India should be taxed since such interest should be deemed to have arisen in British India.

The Committee were of opinion that the exemptions now in force should continue in the case of existing securities, irrespective of whether they were Governmental or commercial securities.

Basis of Charge: "Step" or "Slab" system.—The Enquiry Committee stated that the existing scale was defective in that the actual tax payable on various ranges of income was excessive as compared with incomes above and below it, and that the rate of taxation was relatively higher in the lower ranges of income immediately above Rs. 2,000. To remedy the defects of the existing scale, they recommended the adoption of a "step" or "slab" system and suggested the following specimen scale:—

A:—Individuals, Unregistered Firms and Hindu Undivided Families not falling under heading *B* below:—

	Rs.	Rate.
First	1,500	<i>Nil.</i>
Next	3,500	9 pies in the rupee.
"	5,000	1 anna 3 pies in the rupee.
"	5,000	2 annas in the rupee.
Balance of income		2 annas 6 pies in the rupee.

No tax payable on incomes not exceeding Rs. 2,000; and marginal relief of excess of tax over half the excess of income above Rs. 2,000.

B:—For Hindu Undivided Families with more than one adult married male member, as in *A* above but with double each "slab" of income.

C:—"Company" rate 2 annas 6 pies in the rupee.

SUPER-TAX.

A :—Assessees other than Companies and Hindu Undivided Families not falling under heading B below :—

	Rs.	Rate.
First	25,000	<i>Nil.</i>
Next	10,000	1 anna in the rupee.
”	20,000	2 annas in the rupee.
”	70,000	3 annas in the rupee.
”	75,000	4 annas in the rupee.
”	1,50,000	5 annas in the rupee.
”	1,50,000	6 annas in the rupee.
Balance of income		7 annas in the rupee.

B :—Hindu Undivided Families with more than one adult married male member, as in A above but with double each “slab” of income.

C :—Companies—No exemption.

Rate of tax	1 anna in the rupee of the whole income.
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The Committee agreed that a “step” or “slab” system would be preferable to the existing scale and also that provision should be made to afford relief in respect of incomes in the ranges immediately above the exemption limit. They were, however, unable to accept the specimen scale suggested, and did not agree with the recommendation that super-tax should become payable on Rs. 25,000 instead of the existing limit of Rs. 30,000. In the opinion of the Committee, the scale suggested did not equitably spread the burden of relief on small incomes over all classes of assessees. They felt that the correct method to follow would be to frame a scale which, while giving relief on small incomes and removing the obvious inequalities in the existing scale, would not disproportionately increase the tax payable on larger incomes on which the tax was already very high. This result could, in their opinion, be achieved by properly graduating the rate of tax on successive slabs of income of Rs. 5,000 each up to Rs. 30,000 instead of applying the same rate of tax on all incomes over Rs. 15,000 as suggested by the Enquiry Committee. The Committee were also of opinion that a more equitable gradation of taxation would be achieved by expressing the tax payable as a percentage for each slab of income.

Life Assurance Premiums, Provident Fund Contributions.—The Enquiry Committee recommended that, as far as life assurance premiums were concerned, the total amount of premiums eligible for exemption in the case of individuals should be limited to Rs. 6,000 or one-sixth of the total income, whichever was less. In order that the suggested relief might not generally exceed in terms of tax that given at present, the Enquiry Committee further recommended that one-half of the life assurance premium and contributions be deducted from the total income to arrive at the income assessable for income-tax only, since this would secure that the effective rate of relief corresponded roughly to the average rate of tax chargeable.

The Committee disagreed with this recommendation, for, according to their calculations, the assessee would invariably be penalized, and there appeared to be no difficulty in ascertaining the average rate of tax applicable to the taxable income and applying that rate. Moreover, the Enquiry Committee themselves recognized, when dealing with the subject of Provident Fund contributions, that the exemptions granted at present were in certain cases no exemptions at all, and that recognition of Provident Funds had involved assesseees in higher payments by way of tax than would have had to be made by the assesseees if the Fund had not been recognized and the assesseees had been taxed on the full amount of their provident fund as and when it was received. The case of over-taxation of provident fund was even more glaring in those cases where the addition of the provident fund annual accretion to an assessee's other incomes rendered him liable to super-tax, and the Committee strongly urged that the Government of India should go more fully into this matter, and devise means which would ensure the removal of the hardships mentioned, and would at the same time make provident fund exemptions more effective. The Committee further suggested for the consideration of Government, the possibility of permitting full exemption of life assurance premium payments regardless of whether the assessee had already received the full exemption now permissible in respect of his provident fund contributions.

The Committee agreed with the recommendation that, whether or not a slab system was adopted, provident fund interest credited, so far as it did not exceed 6 per cent. on the accumulated balance, should be deducted from the employee's total income in computing the income to be taxed, but did not consider that a case had been made out for limiting the amount of such exempted interest to one-third of an employee's annual salary.

Company Super-tax.—The report sought to establish that company super-tax was a levy in respect of the benefit of limited liability. The history of the tax, however, proved that it was not imposed as a tax on incorporation, but was intended as an addition to income-tax which would be applicable only to assesseees with substantial incomes. That it was in the nature of an additional tax on income was also borne out by the fact that it was treated as an income-tax for purposes of double taxation relief claims by companies. The Committee felt that the tax must be treated either as an addition to income-tax or as a corporation tax, and that it could not logically be a combination of the two. If it was decided to treat it as an addition to income tax, then it was felt :

- (1) that equally with income-tax, it should be treated as paid on behalf of shareholders, and should be taken into account in the computation of any refund due under Section 48 ;
- (2) where dividends were received by a company from another company which had itself paid super-tax on its profits, those dividends should not be again assessed to company super-tax in the hands of the recipient company ; in other words, the exemption which had been accorded to Investment Trust Companies would have to be extended to all companies.

If, on the other hand, it was decided that it must be treated as a corporation tax, then it followed :

Firstly, the surcharge imposed on it in 1931 should be entirely removed ;

Secondly, whatever the effect on provincial revenues, it must be allowed as a deduction in computing the assessable profits of a company for income-tax purposes ;

Thirdly, that the exemption accorded to Investment Trust Companies should be removed.

The Enquiry Committee recommended that, if the tax was recognized as a corporation profits tax, it became clear that the exemption limit of Rs. 50,000 was illogical and should be abolished. The Committee did not agree with this view for the reason that companies, irrespective of their income, already paid income-tax at the higher rate, and did not get the benefit of the sliding scale which existed for individuals.

Income of Wife and Minor Children.—The Enquiry Committee recommended :—

- (1) the incomes of a husband and wife should be deemed to be, for income-tax purposes, the income of the husband, but where the income of the wife was derived from her personal exertions, and was unconnected with any business of her husband, her income from her personal exertions up to a certain limit, say, Rs. 500, should not be included. An obvious objection to this method of assessment, it had been pointed out, was that it might result in throwing an undue proportion of the joint taxation burden upon one spouse or the other, and to meet this objection, it had been suggested that either spouse should have the right to claim separate assessment so that the tax chargeable on each shall be that proportion of the tax assessable on the joint income that the income of the spouse bore to the aggregate of the two incomes ;
- (2) the income of minor children should be deemed to be the income of the father :—
 - (a) if it arose from the benefits of partnership in a business in which the father was a partner, or
 - (b) if, being the income of a minor, other than a married daughter, it was derived from assets transferred directly or indirectly to the minor by his or her father or mother ; or
 - (c) if it was derived from assets apportioned to him in the partition of a Hindu Undivided Family.

While the Committee agreed as to the desirability of preventing the evasion of tax by the formation of nominal partnerships consisting of husband and wife and/or their minor children, they were unable to agree with the suggestion that the individual incomes of a husband and wife should, in all circumstances, be amalgamated for income-tax purposes if they were living together. They felt that the legislation passed by the Assembly earlier in the year appropriately met the needs of the situation, and that in cases where the income of a wife was essentially her's, it should not be amalgamated with the income of her husband for income-tax purposes.

Depreciation and Obsolescence and Carry Forward of Business Losses. Sections 10(2) (vi) and 11(2) (ii) provide that in the computation of profits of business, professions and vocations, allowance shall be made in respect of depreciation of buildings, machinery, plant and other assets of a percentage, prescribed by rule, of the "original cost" thereof to the assessee. Depreciation at the prescribed rates must be allowed each year when there are sufficient profits, and only the excess of the depreciation allowance over profits may be carried over from year to year until absorbed.

The Enquiry Committee felt that the system at present in operation made it a matter of great difficulty to keep track of the various items of plant purchased at different dates and of the years in which they should drop out of the depreciation computation by reason of the full 100 per cent. having already been made. They, therefore, recommended that the existing method of allocating depreciation should be changed to the "written down" value method, which, in their view, automatically secured that the aggregate allowance could never exceed 100 per cent. Moreover, the necessary calculations were simpler and more easily followed with a corresponding saving of time, even after allowing for the more detailed statements necessary in connection with an obsolescence claim.

In regard to the carry forward of business losses, they felt that it should be clearly laid down that, as was at present the case with depreciation, the loss in business in a year should be set off as far as possible against any other assessable income of that year, leaving only any balance of loss that had not been so allowed to be carried forward for allowance against the subsequent profits of the same business. The earliest losses of those which were within the prescribed time limit should be set off first, and other losses should follow in chronological order. The Enquiry Committee further suggested that the gradual introduction of the relief might best be effected by providing that losses of the first "previous year" to which the Act as amended applied be carried forward for one year; those of the second year for two years; those of the third year for three years; and so on until the losses were carried forward for six years.

The Committee were strongly opposed to the change proposed in the method of allocating depreciation. They maintained that it would be an unwarranted breach of faith on the part of Government to accept this recommendation, since the new proposal provided no adequate compensation to many manufacturing concerns which, during the last ten or twelve years, had been unable, owing to the severity of their losses, to set off more than a fraction of the depreciation to which they were statutorily entitled. The Enquiry Committee themselves apparently realized the injustice of their recommendation to some extent inasmuch as they suggested that carry forward of six years' unabsorbed depreciation should be allowed against profits of business otherwise assessable for the succeeding six years if and when carry forward of business losses recommendation was introduced. The following example clearly brought out the great injustice of the Enquiry Committee's proposal :

Mill "A" started early in 1926.

Value of Block : 10 lakhs of rupees.

The trading results of the period 1926—1937 were as follows:

Year.	Business Profit or Loss.	Depreciation at the usual rate allowed.	Arrears of Depreciation carried forward.
	Rs.	Rs.	Rs.
1926	Loss 20,000	40,000	40,000
1927	Loss 15,000	40,000	80,000
1928	Profit 10,000	40,000	110,000
1929	Profit 5,000	40,000	145,000
1930	Loss 30,000	40,000	185,000
1931	Loss 25,000	40,000	225,000
1932	Loss 20,000	40,000	265,000
1933	Profit 10,000	40,000	295,000
1934	Profit 10,000	40,000	325,000
1935	Loss 30,000	40,000	365,000
1936	Loss 25,000	40,000	405,000
1937	Loss 20,000	40,000	445,000

Assuming that the proposals of the Enquiry Committee were to be put into effect at the end of 1937, their effect would be that the depreciation permitted to be carried forward would be reduced from Rs. 4,45,000 to Rs. 2,20,000 that is, total calculated depreciation for the last six years less amount actually set off (Rs. 2,40,000 minus Rs. 20,000=Rs. 2,20,000), and if the written down value method of depreciation were also adopted, it would mean a very substantial reduction in the future allowances for depreciation which would be permitted to be set off. In these circumstances, the Committee maintained that the existing system of allocating depreciation should be continued and that Government should, in justice and equity, continue to honour the arrangement made by the Income-tax Act of 1922, which permitted the carry forward of unabsorbed depreciation for an unlimited period. Provided that past unabsorbed depreciation was allowed to be set off against future profits for an unlimited period, the Committee agreed that the Enquiry Committee's proposal for the gradual introduction of the setting off of business losses against future profits might be adopted, as they held that this would enable the Government of India to expedite the introduction of this very salutary principle.

Fixation of Rates.—The Enquiry Committee recommended that there should be a periodical revision, say every ten years, of the prescribed rates of depreciation allowance, with special attention to newly introduced types of plant and machinery.

The Committee held that the practical difficulties which the alteration in rates would involve would more than counter-balance the advantage which would accrue from the fixation of strictly accurate rates, and that the periodic revision would further complicate an assessee's depreciation records and the calculation of obsolescence allowance.

Investment Companies.—The Enquiry Committee considered that no case had been made out for allowing the expenses of management (other than banker's commission) in computing the profits of Investment Trust Companies. In their view, there was no reason why such companies should be given a privileged position *vis-a-vis* other companies having income from the business of buying or selling shares and receiving dividends.

The Committee did not agree with the conclusions reached by the Enquiry Committee. In their opinion, while it was true to say that an individual holding investments was not allowed any charges against his income in respect of what might be called general or office expenses in regard to the investment of capital, this could not be accepted as a reasonable ground for not allowing such expenses in the case of Investment Companies.

Interest Payable.—Under Section 9(1) (iv), in computing the income of an assessee from property which is subject to mortgage or other capital charge, interest payable in respect of such mortgage or charge is allowable as a business deduction. The Enquiry Committee pointed out that, under this provision, interest paid on money borrowed for private purposes would also become allowable if the loan was secured on real property. They, therefore, recommended that interest should be allowed only when it was paid in respect of a mortgage or other charge to which the property was subject when it was acquired by the assessee or in respect of money borrowed specially for the acquisition of the property or for its repair, renewal or reconstruction.

No sufficient reasons had been advanced by the Enquiry Committee for disallowing interest on any and every mortgage effected after the acquisition of a property, and in the Committee's opinion, the existing practice should be allowed to continue.

Interest Paid.—(a) *Interest (other than interest on securities) paid to "Residents"*.—Deduction of tax at source was not recommended, but the companies or persons paying the interest should, it was pointed out, submit to the Income-tax Officer a return showing the names and addresses of the resident-recipient with the amount of interest paid in the year. Section 20A prescribed such a return in respect of recipients of interest exceeding Rs. 1000 per year, and it was suggested that the minimum be reduced to Rs. 100 per annum.

(b) *Interest (other than interest on securities) paid to Non-Residents*—It was recommended that interest payable to a non-resident by a resident should be subject to a deduction of tax at source at the standard rate. It was further proposed that when the contract for the payment of interest by a resident to a non-resident was made outside British India so that the resident had no right of deduction of tax, such interest should not be allowable as a deduction in computing the profits.

With regard to (a), the Committee felt that the widening of the scope in regard to the limit prescribed in the manner suggested in the Report, would only cause considerable trouble to such payer without any potential benefit being derived by Government.

As regards (b), the Committee held that the recommendation should, in any event, only apply to contracts entered into after the commencement of the Amending Act. It was felt that the proposal would probably have the effect of stultifying the free transaction of business by banks in the matter of borrowing funds abroad, with a detrimental effect on business in India.

Dividends.—At present dividends are grossed up at the company rate for the year in which the dividend is paid. This takes no account of double taxation relief which the company enjoys, and thus the shareholder may get a refund in excess of what the company has finally borne. The Enquiry Committee, therefore, suggested that dividends should be grossed up at the company rate for the financial year in which the dividend was declared less the rate at which double taxation relief had been obtained (in respect of income-tax only) for the year preceding the year in which the dividend was declared. The “preceding year” basis was preferred to avoid delay of refund to the shareholder. It was pointed out that, where a part of a company’s revenue was derived from agricultural sources, or from tax-free securities, there was considerable delay in the grant of refund. This, it was suggested, should be avoided by taking the previous year ratio where more than 10 per cent. of the income was derived from tax-free securities. Where, however, the percentage was less than 10, the Enquiry Committee pointed out that the loss of revenue was small and should be ignored, that is to say, full refund should be allowed to the shareholder. It was further proposed that where a shareholder received dividends from a non-resident company which paid tax only on a part of its profits, the balance should be assessed in the hands of the shareholders.

The Committee agreed with the first portion of the Enquiry Committee’s recommendation, which proposed the adoption of the company’s rate of relief allowed for the year preceding the year in which the dividend was declared, such rate being required to be shown on the dividend certificate and being the rate by reference to which double taxation relief should be deemed to have been allowed to the shareholder. It was, however, felt that provision should be made to cover cases where a company had tax-free income and tax was deducted when making payments of dividends: in this case, the company would not be liable to tax on that portion of its income which was non-assessable; the shareholder had suffered tax on the full amount of his dividend. In such cases, it was thought that it would be necessary for a provision to be made so that the shareholder—if he was to be assessed on the gross amount of his dividend—should also in case of relief be allowed relief in respect of the full amount of tax deducted at source by the paying company, irrespective of whether the paying company had in fact accounted to the Taxation Authorities for taxation deducted from dividends. It was further suggested that the relief to be granted in the case of a refund to the shareholder in such circumstances should not be grossed up on the basis of the tax suffered by the company, but on the basis of the tax deducted from the dividend of the shareholder.

It was suggested in the Report that, although the foregoing recommendations dealt primarily with dividends received by a resident from a resident company, the same principles should be applied to dividends received

from a non-resident company that had paid British Indian tax on a portion of its profits, so that whilst the whole dividend was assessable, credit should be given for tax only on that proportion of the dividend corresponding to the proportion of the paying company's income that had borne British Indian tax. This appeared to the Committee to be a one-sided arrangement, whereby the Taxation Authorities on the one hand assessed the whole dividend in the hands of the shareholder because it was received by him in British India, but in a case where the shareholder was either not liable at all or assessable at a lower rate than that applicable to companies, he was only entitled to relief in respect of that proportion of the dividend corresponding to the proportion of the paying company's income that had borne British Indian income tax.

“*Salaries.*”—The Enquiry Committee considered two alternative methods of deducting tax from salaries, if the “slab” system of rates of tax was adopted :—

- (a) To deduct from each month's salary, one-twelfth of the estimated tax applicable to a year's salary ;
- (b) To treat the successive payments of salary as corresponding to the successive “slabs” of income to which different rates of tax were applied. Thus with a salary of Rs. 1,500 a month, by reference to the specimen scale suggested by the Enquiry Committee, the first month's salary corresponded to the tax free slab and no tax was deductible ; the second month's salary was treated as part of the second slab and tax was deductible at $\frac{3}{4}$ anna per rupee ; the third month's salary was treated as part of the second slab and tax deducted at $\frac{3}{4}$ anna per rupee ; the fourth as to Rs. 500 as part of the second slab taxable at $\frac{3}{4}$ anna per rupee and as to Rs. 1,000 as part of the third slab taxable at $1\frac{1}{4}$ annas per rupee, and the fifth was treated as part of the third slab taxable at $1\frac{1}{4}$ annas per rupee and so on.

The Enquiry Committee appeared to be in favour of adopting method (b) and recommended that super tax, wherever applicable, should also be deducted by the employer from salaries.

The Committee of the Association favoured method (a), since, in their opinion, method (b) would complicate matters from the point of view of the employer ; and moreover, from the point of view of the salary earner, it was thought that he would prefer a fixed deduction at the end of each month to a variable deduction which increased month by month. The Committee further felt that the employer should not be compelled to collect super-tax from employees. The employer was compelled under the Act to submit a return of salaries paid and the names of the recipients, and there appeared no reason why this return should not be utilized by the Income-tax Department in collecting super-tax from the employees direct. Moreover, taking into consideration the fact that it was proposed that every citizen who had assessable income must submit a return without being called upon to do so, no difficulty was likely to arise in collecting super-tax by direct assessment.

Double Taxation Relief.—The Enquiry Committee discussed the principles which should govern double taxation relief and gave detailed examples

of the method of calculating relief. The need for bringing the basis of computation of Indian relief into line with the new practice in the United Kingdom was stressed, and it was held that the amount upon which relief should be granted in India should be ascertained by deducting from the amount of the Indian assessment on any source of Income which was taxed both in India and in the United Kingdom, any expenditure or other deduction allowed from or in arriving at the United Kingdom assessment which was not or did not correspond to a deduction allowable in computing liability to Indian tax, and to allow relief either on the Indian assessment as so reduced, or on the amount on which relief had been given in the United Kingdom, whichever was the less. It was further recommended that the maximum rate of relief in India should not exceed one half of the Indian rate of tax.

The Committee considered the broad principles laid down in granting double taxation relief as, on the whole, on right lines, but deferred expressing an opinion on the issues raised until Government's tentative decisions in regard to the extent of double taxation relief to be afforded to assesseees paying tax in more than one country were available.

Non-distribution as Income of a Company's Profits.—Distribution in the form of Bonus Shares, etc.—The Enquiry Committee recommended that bonus shares distributed by a company should be deemed to be dividend for purposes of assessment, and suggested that the term "dividend" be defined as below:—

"A dividend shall include every dividend, profit, advantage or gain intended to be paid, credited to or distributed."

This definition was adopted from the Dividend Act of 1902 of Western Australia. The Committee of the Association failed to see why the Enquiry Committee should endeavour to apply the Act of Western Australia in this particular instance when there was sufficient material in the numerous decisions on English law, and drew attention to several decided cases in England, where it had been held that a bonus declared by a British Company out of its undivided profits made by the issue to its shareholders of shares and debenture stock of the company should not be deemed to be income for taxation purposes.

Non-distribution.—Section 23 (A) (2) lays down that "where the Income-Tax Officer is satisfied that a company is under the control of not more than five of its members and that its profits and gains are allowed to accumulate beyond its reasonable needs, existing and contingent, having regard to the maintenance and development of its business, without being distributed to the members, or that a reasonable part of its profits and gains, having regard to the said needs, has not been distributed to its members in such manner as to render the amount distributed liable to be included in their total income, and that such accumulation or failure to distribute is for the purpose of preventing the imposition of tax upon any of the members in respect of their shares in the profits and gains so accumulated or not distributed, the Income-Tax Officer may, with the previous approval of the Assistant Commissioner, pass an order that the sum payable as income-tax by

the company shall not be determined, and thereupon the proportionate share of each member in the profits and gains of the company, whether such profits and gains have been distributed to the members or not, shall be included in the total income of such member for the purpose of his assessment thereon."

The Enquiry Committee pointed out that this Section was virtually a dead letter inasmuch as it involved on the part of an Income-tax Officer not only an assessment of motives but also an estimation of the future possibilities of an individual business. In order to make the Section more effective, the Enquiry Committee suggested that it should apply only to cases where the profits distributed (grossed up to include income-tax) were less than 60 per cent. of the assessable income of the company, provided that where the reserves representing past profits which had not been the subject of an order under Section 23 (A) (2) exceeded the paid-up capital, the Section should apply if the profits distributed were less than the whole of the assessable income of the company. It was further recommended that an order under this sub-section should merely deem a member's proportionate share of the income of the company to be dividends and, therefore, part of his total income, leaving the company assessable in the ordinary way both to income-tax and company super-tax. It was further proposed that the provision should apply where a sufficient distribution had not been made within, say, six months of the date on which the accounts for the year in question had been presented to the shareholders in general meeting.

The Committee entirely disagreed with the suggestion made by the Report in regard to the non-distribution of profits, where the profits distributed grossed up to include income-tax were less than 60 per cent., of the assessable income of the company. In regard to the proviso that where reserve profits which had not been subject of an order under Section 23(A) (2) exceeded the paid-up capital, the Section should apply if the profits distributed were less than the whole of the assessable income of the company, the Committee were definitely opposed to the suggestion. Here again, they felt that it should be within the jurisdiction of the Directors to decide under what circumstances and to what extent reserves were necessary in the interest of the company's business.

Distribution by Companies in Liquidation.—The Report recommended that in the case of a company other than a company referred to in the proviso to Section 23 (A) (2), all distributions in a liquidation to the shareholders out of accumulated profits should be deemed to be dividends within the meaning of that word in Section 14 (2) (A).

The Committee were unable to agree with the suggestion and cited the case of *I. R. C. vs. Burrell C.A.T.C. 1927*, in which it was decided that undistributed profits divided at a liquidation should be treated as capital and not chargeable to super-tax.

The Enquiry Committee then made certain recommendations concerning the internal administration of the Income-tax Department. The Committee considered, in general, that most of these recommendations would tend to improve the efficiency with which the Act was administered and alleviate the grievances hitherto experienced by assesses.

In addition to the recommendations specifically made by the Enquiry Report, the Committee of the Association touched on certain minor matters connected with the administration of the Act; the inadequacy of the departmental instructions issued to Income-tax Officers and the difficulty of interpreting such instructions by different Income-tax Officials, resulting sometimes in unfair treatment of assessments; and the need for uniformity in the methods adopted by different Taxation Officers.

It is understood that the views expressed by various commercial and industrial organizations in the country on the Income-Tax Enquiry Report are at present being examined by the Government of India. (*Appendix 35.*)

INSURANCE BILL.

(*See also pages 61 and 411 of Report for 1925.*)

In the Association's Report for 1925, reference was made to certain criticisms advanced by the Committee on the provisions embodied in a Bill to consolidate, amend and extend the law relating to insurance companies, which was published by the Government of India in that year. The appointment in England, almost simultaneously, of a departmental Committee, presided over by Mr. A. C. Clauson, K. C., to report on the amendment of the Assurance Companies Act, 1909, on which the Indian Act VI of 1912, had been largely based, led the Government of India to postpone that Bill, and await legislation resulting from the Clauson enquiry. Although the enquiry was completed in 1927, it was not subsequently followed up by legislation in England. In 1935, the Government of India, therefore, decided to proceed with the reform of Indian law without waiting for the enactment of legislation in England. Mr. S. C. Sen was placed on special duty to examine the material which had been collected concerning the amendment of Company law in general, and insurance law in particular. In 1936, the Indian Companies (Amendment) Act was passed, and thereafter the project of revising the law of insurance was at once taken up. A small advisory committee of experts representing various interests was assembled in the autumn of 1936 to consider in detail the various recommendations contained in Mr. Sen's report. The proposals which Government decided to submit to the Legislature after consideration of Mr. Sen's recommendations and the opinions of the advisory Committee were embodied in a "Bill to consolidate and amend the Law relating to the business of Insurance," which was introduced in the Legislative Assembly on 26th January 1937, by the Hon'ble the Law Member, whose motion for reference of the Bill to a Select Committee of the Assembly was accepted by the House on 2nd February 1937. It was understood that the Select Committee would meet early in August, but, in the meantime, at the instance of the Government of India, the Secretary to the Government of Bombay, Finance Department, invited the Committee to express their views on the provisions of the Bill.

Broadly speaking, the Bill was divided into four main heads:—

- I. Provisions to prevent the growth of mushroom and bogus companies;

- II. Provisions to enforce working on sound principles, including provisions for Government control ;
- III. Provisions to prevent misapplication of funds, and to protect the assets of an insurance company ; and
- IV. Registration of foreign insurance companies operating in India.

In regard to I, it was provided :—

(i) That, after the commencement of the Act, all insurance companies should get themselves registered under the Act ; registration was compulsory ; it applied to companies already incorporated and also to companies which might be incorporated in the future. No exemption was made in case of insurance companies established outside India and doing business in India.

(ii) That assurance companies established after the commencement of the Act should not commence business unless they had secured a paid-up capital of at least Rs. 50,000 as working capital.

(iii) No assurance company should commence or continue to do business in India unless initial deposits on the scales prescribed below had been made with the Reserve Bank of India :—

<i>Class of Insurance.</i>	<i>Deposit.</i>
	Rs.
(a) Life	200,000
(b) Fire	150,000
(c) Marine	150,000
(d) Accident and Miscellaneous	100,000
(e) Life and any one of (b), (c) & (d)	300,000
(f) Life and any two of (b), (c) & (d)	400,000
(g) All Insurance	450,000

(Note.—The initial deposits might be paid by instalments.)

As regards II, it was laid down :—

(i) That, where an insurance company carried on more than one class of insurance business, it should :—

(a) maintain separate accounts of all receipts and expenses in respect of each class of business ;

(b) transfer the excess of income over expenditure in life assurance business to a separate fund called “ Life Insurance Fund,” such fund being absolutely the security of life policy-holders. This fund would not be available directly or indirectly for purposes other than those of life assurance.

(Note.—Separate assets were required to be maintained only for life assurance business, but separate income and expenditure accounts had to be maintained for each of the main classes of insurance referred to in the Bill.)

(ii) That an Indian insurance company should, in the case of all kinds of business done by it, and a foreign insurance company should, in the case of all kinds of insurance business done by it in India, submit to the prescribed authority every year within a prescribed time limit:—

- (a) a balance sheet showing “life” assets separately from other assets;
- (b) a profit and loss account in the prescribed form, and
- (c) an income and expenditure account for each class of insurance business carried on by it.

(iii) That the accounts of every insurance company should be audited annually by a qualified auditor.

(iv) That every insurance company doing “life” business in India should, at least once in five years, cause an actuarial investigation made by a qualified actuary into the financial condition of the “life” business carried on by it, and forward a certified copy of this report to the prescribed authority. (Note.—An actuarial valuation was unnecessary in the case of other kinds of insurance. The investigation in the case of a foreign company doing business in India would be confined to “life” business done in India.)

(v) That the authority empowered to receive audited accounts and reports of actuarial investigations would also be empowered to order, under certain circumstances, a re-valuation of the assets or investigation into the affairs of any insurance company, and also to apply, with the previous consent of the Governor-General in Council, to a Court for the winding up of an insurance company if, as a result of such investigation it appeared to him that winding up was necessary in the interests of the policy-holders.

(vi) That after the commencement of the Act, no insurance company would be allowed to appoint a managing agent for the conduct of its business. Managing agency agreements at present in force would terminate, without compensation in lieu of early termination, in three years after the commencement of the Act.

(vii) A special class of people known as “licensed agents” was proposed to be created for procuring insurance business or for collecting premia. No reward or remuneration by way of commission should be payable to any person except a licensed agent. The remuneration of an agent should not exceed, in the case of life assurance, 40 per cent. of the initial premium payable on any life policy effected by him and 5 per cent. on renewal premium; and in the case of other insurance business, 25 per cent. of the premium. Extra rebates on premium other than those specifically laid down in the prospectus were prohibited.

With reference to III, it was provided :—

(i) That the initial deposits made by an insurance company should not be susceptible of any assignment or charge or liable to attachment in execution of any decree except a decree obtained by a policy-holder in respect of an amount due to him under the policy. The deposits were intended to meet liabilities arising out of policies of insurance in the event of the insurance company going into liquidation.

(ii) That not less than 33½ per cent. of the assets of every insurance company incorporated in India should be held invested in Government of India securities. Every foreign insurance company doing insurance business in India should keep invested in Indian Government securities an amount not less than 33½ per cent. of the total premium income in respect of business transacted in India in each year.

(iii) Investments of the assets of an assurance company, otherwise than in the corporate name of the company was prohibited. Temporary advances or loans, except loans on life policies within their surrender value to any director, manager or other officer of an insurance company was prohibited.

As regards IV, it was proposed that the Governor-General in Council should be empowered to impose such restrictions or disabilities on foreign insurance companies operating in India as were placed on Indian insurance companies in their respective countries.

When the question was considered in 1925, the Committee concentrated their attention on certain broad issues arising out of the Bill then framed by Government as it was felt that the practical difficulties connected with the details could be more adequately ventilated by the insurance companies themselves. Various suggestions were put forward with a view to protect the general public to the fullest extent possible by introducing regulations to ensure the continued stability of existing companies, to encourage the growth of sound Indian concerns in preference to foreign companies and to prevent the flotation of new companies except on sound lines. All these suggestions appeared to have been incorporated in the Bill now drafted, which introduced certain new features, such as :—

- (1) Abolition of the managing agency system.
- (2) Introduction of licensing system for agents.
- (3) Fixation of maximum scale of agency commission and prohibition of extra rebates.
- (4) Prohibition of loans from the assets of any insurance company to any of its directors, managers, etc.
- (5) Powers sought to be conferred on the Governor-General in Council to enforce reciprocity in the treatment of Indian insurance companies abroad.

On a careful study of the provisions of the proposed legislation, in conjunction with the recommendations made by Mr. Sen, who was appointed to report on the question of the reform of Indian insurance law, the Committee considered that the Bill on the whole had been conceived on right lines and deserved support. There were, however, one or two matters arising from the broad principles underlying the Bill which they desired to comment upon. These were :—

Clause 24 of the Bill provided, *inter alia* :—

- (a) No insurer shall, after the commencement of this Act, appoint Managing Agents for the conduct of his business ; and
- (b) Where such Managing Agents, had been appointed before the commencement of the Act, they shall cease to hold office on the expiry of three years from the commencement of the Act and no compensation shall be payable to them in lieu of such termination.

The Committee had nothing to say in regard to (a), but as regards (b), they considered that no adequate case had been made out by Mr. Sen for dealing with existing managing agency agreements in the manner suggested in the Bill. An agreement between a managing agent and the Board of the company he managed, was a contract entered into in good faith between the parties at a time when such contracts were perfectly legal, and was, to a certain extent, a fitting recognition by the latter of the personal services and financial assistance rendered by the former in floating the company and guiding its affairs in the difficult initial stages. The remuneration of the promoter was the commission which would accrue from the managing agency being vested in him, and in view of the fact that most of the Indian Insurance companies were of very recent origin, it was probably true that their managing agents had been insufficiently compensated for their troubles on behalf of the companies. Apart from this consideration, it was felt that to determine the life of a validly executed contract without reasonable cause, without sufficient notice and without compensation therefor, would be introducing an undesirable precedent in our law of contracts inasmuch as it would re-act unfairly on one of the parties to the contract, in this case, the managing agents. However, bearing in mind the provisions of the Indian Companies Act (*vide* Section 87A), the Committee urged that the existing managing agency agreements should be allowed to run to the full period mentioned in the contract, or 20 years from the commencement of the Act, whichever was less, and that an agency agreement should not be terminated unless and until all moneys due from the company to the managing agent had been paid off and the managing agent had been absolved from all financial responsibilities undertaken by him on behalf of the company.

Clause 35 of the Bill proposed licensing of agents ; Clause 33(2) laid down that no insurer shall pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding, in the case of life insurance business, 40 per cent. of the initial premium payable on any policy or policies effected through him and 5 per cent. of a renewal premium ; or in the case of any other class 25 per cent. of the premium ; and Clause 34(1)

prohibited the payment of extra rebates. While the Committee agreed with these proposals, they foresaw administrative difficulties in giving practical effect to them. So far as they were aware, the term "agent" had not been defined in the Bill. Suppose, for instance, the insurance business of a company "ABC" incorporated in the United Kingdom was carried on in India by another company "XYZ." Life policies were issued by "XYZ" in the name of "ABC" as their agents. "XYZ" employed agents to canvass business. The Bill did not appear to make it clear whether the restrictions referred to in this paragraph applied to canvassers appointed by "XYZ" or to "XYZ" themselves or to both.

The Select Committee of the Assembly met early in August. As regards the term of managing agency agreements, they decided by a majority that a ten year limit should be imposed for the elimination of the managing agency system where it existed in connection with life insurance business. They contemplated that managing agents might be appointed or contracts expiring might be renewed during this period, but that at the end of the period, all managing agencies in connection with insurers doing life insurance business must disappear. At the same time, they considered that immediate action was necessary to curtail, in the interests of policy-holders, the excessive remuneration at present paid in some cases to existing managing agents. They held that this remuneration should not exceed in the aggregate a sum of Rs. 2,000 per month, or a salary of Rs. 1,000, and supplementary remuneration by way of office or other expenses, commission, or any other form of payment not exceeding one thousand rupees.

The Report of the Select Committee was taken up for consideration in the Legislative Assembly on 30th August, and the Bill was subjected to a considerable amount of criticism from all parts of the House. The debate dragged on for nearly twenty days, and several amendments were tabled and moved. In so far as the term of managing agents of life insurance companies was concerned, the House accepted an amendment reducing the ten year limit proposed by the Select Committee to a period of three years after the commencement of the Act. The Bill was eventually passed by the Assembly on 2nd October, with a number of amendments.

The Bill, as amended by the Assembly, was taken into consideration by the Council of State towards the middle of November, and was adopted by that House on 25th November 1937, with certain important amendments. It is understood that these amendments will be referred back to the Assembly early in the new year. (*Appendix 36.*)

**BILL TO AMEND THE LAW OF EVIDENCE WITH RESPECT
TO COMMERCIAL DOCUMENTS.**

*(See also pages 100 and 426 of Report for 1927 and
pages 39 and 257 of Report for 1929.)*

On page 100 of the report of the Association for the year 1927, reference was made to the support extended by the Committee to a proposal

made by the Government of India, at the instance of the Bombay High Court, to enact legislation which would empower law courts to accept without proof certain documents which were accepted as *prima facie* correct in commercial circles. In 1929, a list of the following documents was also recommended for inclusion in the schedule to the legislation which was then under consideration :—

- (1) Certificates of the Manchester Ship Canal, or of any similarly recognized authority in any British Colony, or in a foreign country, as to dates of receipt of goods ;
- (2) Lloyds Shipping Register, or other recognized Shipping Register of any British Colony, or of a Foreign Country ;
- (3) Lloyds Weekly Shipping Index, or any similarly recognized publication in any British Colony, or in a Foreign Country ;
- (4) Consular Certificates in respect of goods shipped or shut out ;
- (5) Survey Reports by Surveyors appointed by a Chamber of Commerce ;
- (6) General Average Statements.
- (7) Official Logs kept by British Ships.
- (8) Account Sales of a Foreign Agent ;
- (9) Arbitration awards made in Foreign countries according to the law for the time being in force in that country and endorsed by the British Consular authority present there ;
- (10) Certificates of the registration of Trade Marks and Trade Numbers registered by Chambers of Commerce and/or other commercial or industrial associations in accordance with the rules and regulations of such Chambers or Associations prescribed for such registration of Trade Marks or Trade Numbers.

Towards the end of March, the Hon'ble Sir Henry Craik, moved in the Legislative Assembly the circulation of a Bill to amend the Law of Evidence with respect to certain commercial documents. The Bill sought to provide that certain commercial documents which were accepted as '*prima facie*' correct in commercial circles might be admitted in evidence without formal proof, and the list of documents appended to the Bill had been drawn up in consultation with commercial opinion. The motion was adopted by the House, and early in June, the Committee were invited to express an opinion on the provisions of the Bill.

The schedule appended to the Bill included all the documents recommended by the Association in 1929, and the Committee, therefore, offered no criticisms on the Bill. (*Appendix 37.*)

**PROPOSED AMENDMENT OF THE WORKMEN'S
COMPENSATION ACT.**

Early in January, the Commissioner of Labour, Bombay, drew the attention of the Committee to certain proposals for the amendment of the Workmen's Compensation Act. It would appear that the Government of India had under consideration the question of a further amendment of the Act with a view to removing certain minor defects and difficulties which had been brought to light by the rulings of the High Courts in India or by experience of the working of the Act. These proposals were embodied in a draft Bill, on the provisions of which the Committee were invited to express an opinion.

Section 10 (1) of the Act read :—

“No proceedings for the recovery of compensation shall be maintainable before a Commissioner unless notice of the accident has been given, in the manner hereinafter provided, as soon as practicable after the happening thereof *and before the workman has voluntarily left the employment in which he was injured*, and unless the claim for compensation with respect to such accident has been instituted within six months of the occurrence of the accident or, in case of death, within six months from the date of death.”

Government appeared to hold that it was unnecessary and unreasonable for a workman to give notice before he left employment as he was required to give notice as soon as practicable and therefore proposed the deletion of the words “and before the workman had voluntarily left the employment in which he was injured.” It was understood that the Millowners' Mutual Insurance Association, who had carefully examined the provisions of the Bill, opposed the proposed deletion. They pointed out that it often happened that a workman left employment when his injuries were trivial and did not give notice of the accident till some time after he had left his employment or his injury had resulted in either prolonged temporary incapacity or even permanent partial incapacity. If the operative once left employment, it was extremely difficult for the employer to investigate the circumstances of the alleged injury with a view to satisfying himself that the accident occurred in the course of and out of his employment. It was also felt that if an operative was permitted to give notice of an accident even after he left his employment, it would preclude the employer from offering him effective medical treatment. It had been the experience of the Board of the “Mutual” that the denial to the employer of an opportunity to offer medical treatment, when a man had once left employment, had resulted in much heavier claims for compensation than would otherwise have been the case.

The Committee of the Association endorsed the criticisms advanced by the “Mutual,” and informed the Commissioner of Labour accordingly. (*Appendix 38.*)

**PROPOSED AMENDMENT OF SCHEDULE “H” TO THE CITY OF
BOMBAY MUNICIPAL ACT, 1888.**

Towards the end of September, the Committee were invited to express an opinion on certain proposals put forward to Government by His Worship the Mayor of Bombay for the amendment of Schedule ‘H’ to the City of Bombay Municipal Act regarding the Town Duties in the City.

Briefly stated, the Municipal Corporation proposed that the existing rates of Town Duty on wines and spirits and beer be increased and that certain other articles, as set out in the following table, be included in Schedule 'H', so as to yield an increased annual income of Rs. 13,84,610 from the Town Duties.

Commodity.	Rates proposed by the Corporation.	Estimated income or increase in income.	Existing rates.
	<i>Existing items :</i>	Rs.	
Wines and Spirits	6 annas per imperial gallon.	57,688	4 annas per imperial gallon.
Beer	2 annas per imperial gallon.	95,049	6 pies per imperial gallon.
	Total ..	1,52,737	
	<i>New items :</i>		
	Rs. a. p.		
Tea	0 0 6 per lb.	2,97,459	
Coal	0 7 0 ,, ton.	95,208	
Dates, dry	0 12 0 ,, cwt.	2,13,667	
Dates, wet	0 8 0 ,, cwt.		
Petrol	0 0 6 ,, gallon.	2,33,099	
Cement	1 0 0 ,, ton.	41,971	
Iron and Steel	2 8 0 ,, ton.	1,46,203	
Paper :—			
(a) Newsprinting	0 5 0 ,, cwt.	42,944	
(b) Paper for cards	1 0 3 ,, cwt.	1,47,420	
(c) Strawboards	0 3 0 ,, cwt.	13,902	
	Total ..	12,31,873	
	Grand Total ..	13,84,610	

Although the suggested amendments in the Schedule were not likely to affect the cotton mill industry to any great extent, the Committee, nevertheless, felt that there were certain practical considerations which must be taken into account. Firstly, it was, in their opinion, absolutely essential, to preserve Bombay's place as the premier importing and exporting centre in Western India, that no attempt should be made to place any impediment on the free flow of traffic in commodities. Secondly, from the point of view of the consumer, it was wrong in principle to levy tax on commodities which were already heavily taxed. Petrol, cement, iron and steel and paper came under this category. It would not be correct to say, for example, that a duty of half an anna on a gallon of petrol would have no appreciable effect on the consumer when he was already mulcted in taxes in other forms, e.g., import duty, excise, license fees and the like. Thirdly, it would also be wrong in principle to tax iron and steel and cement received in Bombay for the reason

that such materials were utilised in building construction which ultimately brought more revenue to the Municipality in the shape of general taxes. From all these points of view, the Committee opposed the proposed amendments in the Schedule. (*Appendix 39.*)

SIMPLIFICATION OF RAILWAY GOODS TARIFFS.

Early in March, the Chief Traffic Manager of the G. I. P. Railway invited the assistance of the Committee in effecting such changes as might be considered desirable in the Goods Tariffs issued by that Railway. The enquiry, it was pointed out, arose out of statements which appeared to have been made from time to time by spokesmen of the mercantile community that the Goods Tariffs issued by the Railways were unduly complicated and could not be understood by persons who had not received special training. These statements were, however, of a general nature, and in the absence of details of the difficulties experienced, the Railway authorities had not found it possible to ascertain the directions in which improvement might be effected. It was indicated that the enquiry referred only to the re-arrangement, re-wording or amplification of the matter included in the Tariffs and that it did not refer to the general structure of railway rates or to the policy followed in fixing rates, as these were matters in which the G. I. P. Railway was unable to take action by itself. It was, therefore, proposed, for the time being, that consideration be confined to the following Tariffs issued by the G. I. P. Railway :—

- (1) Goods Tariff Part IA which contained general rules applicable to traffic carried by goods train, the general classification of goods, lists of schedule rates and other information concerning good traffic.
- (2) Goods Tariff Part IB which contained all the station-to-station rates applicable over the G. I. P. Railway.
- (3) Coal Tariff which contained rules and rates relating to the conveyance of coal.

It was further suggested that improvements in these Tariffs might fall under one of the following classifications :—

- (a) re-arrangement of the matter now contained in the Tariff so that it might be easier to find information required ;
- (b) inclusion of further matter which would make the Tariffs more complete ;
- (c) re-wording of any rules etc., contained in the Tariff which might now be not quite clear.

Certain comments were also offered in respect of the general arrangement of each of the Tariffs and possible lines of improvement.

While the Committee had no particular views to offer in regard to the simplification of the existing Goods Tariffs on the lines indicated, they suggested the desirability of the Railway authorities publishing compact pamphlets, similar to the one recently issued in regard to raw cotton rates, showing the actual rates chargeable on some of the more important commodities largely carried by the G. I. P. and connected Railways. Such leaflets should, it was suggested, give at a glance the rates chargeable on the article dealt with for traffic from the principal stations on the G. I. P. system from which they were mainly booked to important stations to which they were destined. Similarly, information might also be given showing the rate payable on the same commodity when booked from important despatching stations on the G. I. P. Railway itself or from stations situated on foreign railways, to important stations on the G. I. P. Railway to which they were booked. It was felt that such a pamphlet in respect of cotton piecegoods would be of material assistance to the cotton trade. (*Appendix 40.*)

PROPOSED ESTABLISHMENT OF AN ORGANIZATION FOR ADVISING FIRMS OF CHANGES IN RAILWAY FREIGHT RATES.

Towards the middle of August, the Committee were informed that the Commercial Committee of the Indian Railway Conference Association had recently considered a proposal to establish an organization for advising firms of changes in goods rates of commodities in which they were particularly interested. It would appear that the usual procedure at present adopted by firms desiring to know accurate current rates was either (a) to ask the competent authority of the railway concerned to give quotations or (b) to ascertain the rates for these by reference to the published tariffs. Alterations in rates were, however, constantly being made to meet changing conditions. These changes were notified in rate circulars which were issued at regular intervals and were obtainable by the public on payment. It was recognized that an examination of these circulars was laborious, and that important details might be missed as they contained much information in which an individual firm might not be interested. With a view to simplify procedure, it was proposed to establish a central organization which would advise firms promptly whenever changes were effected in rates for commodities in which they were interested. Firms desiring to utilize the organization should, it was suggested, register their names, stating the commodity or commodities in which they were interested, and would then be advised as soon as changes in rates for these commodities were made on any railway in India or in particular areas. The proposal would, it was indicated, involve the setting up of a new organization entailing considerable additional expenditure by the railways, and it was, therefore, proposed to make a moderate charge for this special service. It was not possible to state definitely what charges would be reasonable until the scheme had been worked out in detail and it was known to what extent it might be utilized by the public, but it was thought that a charge of Rs. 15 per year per firm per commodity would be acceptable. Before any further steps were taken in the matter, however, it was considered desirable to ascertain the views of those likely to be interested, and the Committee

were, therefore, invited to express an opinion on the proposal generally and with particular reference to the following points :

- (a) whether such an organization was desired by the public ; and, if so,
- (b) to what extent would members of the Association make use of such organization, if set up.

The Committee fully agreed as to the desirability of bringing into being a system under which cotton mills in this country could be supplied with information regarding changes in rates for the commodities in which they were interested in all or in any particular area, but suggested for the consideration of the railways, that so far as the Association's own members were concerned, it might be advisable, and possibly cheaper, to disseminate the information through the office of the Millowners' Association. A charge of Rs. 15 per year per firm per commodity, as had been suggested, appeared to them to be excessive, particularly in the case of mills located outside Bombay, which would, it was felt, be interested in a much wider range of products than mills in Bombay. Mills in Bombay would probably only require information regarding the rates for cotton piecegoods, yarn, raw cotton and limited types of stores which were manufactured in India. Up-country mills, on the other hand, would require to be informed of changes in the rates of practically every class of mill stores which would cover a very wide range of goods.

As regards the charges which might be made by the central organization to the Association, it was pointed out that these would have to be fairly low to enable the Association to subscribe. It was, however, felt that the information should be sent to the Association, free of charge, considering that nowhere in the world did firms charge for quotations for their particular manufactures, and that it would be to the advantage of the Railway Companies to broadcast their rates. (*Appendix 41.*)

MIDDLE CLASS UNEMPLOYMENT.

Towards the middle of June, the attention of the Committee was drawn to certain proposals framed by the Government of India in connection with the question of collecting statistics bearing on middle-class unemployment. Government appeared to hold that, if comprehensive statistical material was to be secured, the most hopeful line was to collect statistics of employment rather than unemployment. It was felt that, if reliable material of this character could be collected, it would be of distinct value : in the first place, it would furnish a basis for estimating the needs of the various industries and commercial concerns for qualified men with different types of technical qualifications, with a view to better correlation of supply and demand. There was, it was suggested, a faulty application of educational resources, and injury was done to the professions in producing, for instance, 100 mining engineers where there was room for only 50, or 40 technologists in a specialized line where only 10 could find employment. In the second place, statistics would make it possible to form a general estimate of the potentialities of absorption offered by industry and commerce for educated young men, whether their

qualifications were technical or general, and thus to reach a position where the probable effects of different possible policies on unemployment could be gauged. In the third place, statistics would help to meet the public need and demand for statistical material bearing on this subject, and would enable the subject to be viewed in the light of facts rather than conjectures.

The Government of India considered that, in order to secure reliable statistics, legislation would be necessary. The simple type of legislation which they had in mind would enable prescribed authorities to require such employers as might be prescribed to furnish certain particulars regarding the qualifications, educational or technical, of persons or certain classes of persons employed or recently employed by them, and would provide a penalty for non-compliance. It was pointed out that the legislation would be in general terms, and that no large-scale simultaneous enquiry was contemplated. In the first instance, it was thought that it would probably be desirable to restrict the enquiry to organized industry (i.e., regulated factories, mines and railways) both because such industries presented less difficulty from the point of view of collection of information and also because the information obtained was likely to be of more value for the immediate purpose in view. Thus, employers in these establishments might be asked to state the number of posts in each establishment carrying more than a specified minimum pay, and to furnish certain particulars of the educational or other qualifications of the incumbents of these posts. If this enquiry yielded satisfactory results, it was thought that the investigations might thereafter be extended to various commercial occupations and possibly to less organized forms of employment.

The specific points on which the Association was requested to express an opinion were : (a) whether it was desirable to collect the statistics suggested, and (b) whether central legislation should be introduced for this purpose.

The Committee had no serious objections to urge against the proposal to introduce legislation on an all-India basis, but they definitely considered that the statistics, if collected, would serve no useful purpose. In their opinion, it was not theoretical qualification alone which determined suitability for employment ; very often, young men with practical experience in mills had been found to be more capable from the point of view of mills than people with theoretical experience only. So far as the collection of statistics from the cotton mill industry was concerned, it was pointed out that cotton mills were at present compelled to furnish more detailed information than any other industrial undertakings. The Committee, therefore, emphasized the desirability of any enquiry which might be undertaken by Government in future being made as simple as possible involving very little clerical work. (*Appendix 42.*)

ANTI-MALARIAL MEASURES IN BOMBAY MILLS.

(*See also pages 96 and 281 of Report for 1935.*)

On page 96 of the Association's report for 1935, reference was made to certain correspondence which had passed between the Association and the Executive Health Officer, Bombay Municipality, in connection with the treatment of roof gutters in mills for anti-malarial work.

Towards the end of September 1936, the Municipal Health Officer requested the Association to persuade individual mill authorities to make the inaccessible roof gutters of mills accessible, as, in his opinion, the roof gutters in mill premises were potential breeding places of the malaria carrying mosquito. Under instructions from the Committee, a special Sub-Committee of the Association subsequently met the Municipal Health Officer and his assistant, and as a result, it was agreed that action by the Municipality in respect of roof gutters would be deferred pending the results of certain experiments which were to be conducted in the E. D. Sassoon Group of mills in the ensuing monsoon. The experiment accordingly began in the Jacob Sassoon Mill, where roof gutters had been rendered accessible by means of openings or windows at suitable places. The Municipality on their part engaged the services of a *Kharwa* for their inspection. Inspections were carried on regularly for a period of two months, but only two instances of malarial mosquito breeding were detected.

After examining these figures, the Committee came to the conclusion that the tests had not proved the need for making roof gutters of all mills accessible. The Executive Health Officer appeared to contend that the comparative absence of *Anopheles* mosquitoes at the Jacob Sassoon Mill was due to the fact that the roof gutters had been suitably treated. It was thought that this conclusion could hardly be justified unless the Malaria Department were in a position to say that where roofs in the same locality had remained untreated, greater numbers of *Anopheles* mosquitoes had been detected. It was, therefore, suggested that experiments should be conducted for a further season, observations being taken in the same locality on treated and untreated roof gutters. It was understood that about 10 per cent. of the total roof gutters in Bombay mills were already accessible, and if this was the case, it was thought that such experiments could be conveniently arranged.

The Association was most anxious to do what was reasonable to reduce the incidence of malaria in Bombay, but the Committee did not feel that the Health Department were justified in asking mills to go to the extent of making all roof gutters accessible, unless it had been clearly proved that the treatment of roof gutters was an essential element in the anti-malarial campaign. (*Appendix 43.*)

AMPLIFICATION OF THE ACCOUNTS RELATING TO THE INLAND (RAIL AND RIVER-BORNE) TRADE OF INDIA.

Towards the end of July, the Association was informed that a committee had been appointed by the Government of India to consider the question of the amplification of the inland trade statistics. It had been suggested that the lists of commodities and of territorial blocks in the existing returns should be extended so as to correspond more or less with those included in the old Inland (Rail and River-borne) Trade Returns. Copies of the lists concerned were furnished to the Association, and the Committee were asked to express an opinion as to the directions in which they required modification. It was pointed out that the adoption of the lists of articles and blocks included

in the old returns would lead to a very substantial increase in the cost of collection and publication of these statistics, and that it would be necessary for Provincial Authorities to meet part of the additional cost involved. The cost of the existing statistics, on the basis of the present list of commodities and territorial blocks was nearly Rs. 2 lakhs per annum, and was borne entirely by the Central Government.

On a careful examination of the question, the Committee were of opinion that the area covered by each territorial block in the existing returns was very large and that a further sub-division of such blocks on the lines adopted in the old returns would yield more precise results than was possible at the present time. So far as the cotton textile industry was concerned, the Committee suggested the inclusion in the list of articles, of the following items :—

Cotton Blankets	..	..	..	{ Indian.
				{ Foreign.
Artificial Silk Yarn	..	..	..	Foreign.
Artificial Silk Piecegoods	..	..	..	{ Indian.
				{ Foreign.

(Appendix 44.)

PROPOSED INTER-MILL CRICKET COMPETITION.

Towards the middle of December, with a view to developing sport, Mr. F. Stones, O.B.E., M.L.C., offered on behalf of Sir Victor Sassoon, Bart., to donate a cup for inter-mill cricket competition composed of teams from individual mills in Bombay who were members of the Millowners' Association, Bombay. It was suggested that this could be run on the lines of the *Times of India* competition. Mr. Stones further indicated that the Sports Club of Messrs. E. D. Sassoon & Co., Ltd., would be prepared to run the competition on behalf of the Millowners' Association, Bombay, until another organization could be found for the purpose.

The Committee greatly appreciated the offer made by Mr. Stones, but from enquiries made, it was found that very few mills had Cricket Clubs or grounds of their own. They, therefore, regretted their inability to accept the offer, for the time being at any rate, as, in their opinion, a successful tournament could not be arranged unless a sufficiently representative number of entries was forthcoming.

RELIEF OF DISTRESS IN CHINA.

Towards the middle of October, the attention of the Committee was drawn to an appeal for funds issued by His Worship the Mayor of Bombay with the object of alleviating the distress and suffering caused by the War in China. Such a cause, it was pointed out, evoked the unstinted sympathy and support of the citizens of Bombay, and the Association was asked to contribute liberally to the Fund and also to request members to contribute their mite.

China had in the past been a very good customer for the manufactures of Indian mills, and there had recently been a considerable revival in Bombay mills' export trade with that country. Bombay's business relations with China had, moreover, always been of the happiest, and in these circumstances, a special appeal was made to all members of the Association which resulted in a sum of Rs. 2,351 being collected and forwarded to His Worship the Mayor.

DESIGN OF BUSINESS REPLY CARDS AND ENVELOPES.

Early in July, the Director-General of Posts and Telegraphs informed the Committee that, in the absence of any standard design for business reply cards and envelopes, there was a lack of uniformity in the stationery adopted for use by the business public in different postal circles; and that, in certain instances, sufficient prominence had not been given to the indications on such stationery, with the result that handling in transit was not so quick as it should be. It was, therefore, proposed to prescribe a standard design for business reply cards and envelopes. Specimens of the proposed form were furnished to the Association and the Committee were requested to express an opinion on the matter.

The Committee considered that the design proposed might be approved if the thick stripes which had been printed across the border were cut down. They further suggested that no restrictions should be imposed as regards the colour of the ink to be used in respect of printed matter on post pre-paid envelopes and cards.

CONTROL OF LEPROSY IN BOMBAY.

Early in July, in pursuance of a resolution adopted by the Corporation in this behalf, the Municipal Commissioner, Bombay, requested the Association to recommend the authorities of mills in the City to instruct their Medical Officers to notify to the Executive Health Officer of the Municipality cases of leprosy found amongst the millhands working in their mills. The control of lepers engaged in any trade or calling in the City is governed by the provisions of the Lepers Act of 1898. Section 9 of this Act provides that the Local Government may by notification prohibit lepers from following certain professions or occupations, and Section 11 prescribes the penalties for persons employing lepers in prohibited occupations. According to a notification subsequently issued by the Government of Bombay "work in cotton mills" was included in the list of professions in which the employment of lepers is prohibited. Under Section 421 of the Municipal Act, leprosy is one of the dangerous diseases which Medical Practitioners are required to notify to the Executive Health Officer, but this is apparently not being done in most mills. In these circumstances, a general circular letter was issued to all members requesting them to instruct their mill managers and medical officers to notify to the Executive Health Officer of the Municipality, cases of leprosy found amongst the mill-hands employed by them. (*Appendix 45.*)

SAFETY FIRST ASSOCIATION OF INDIA.

Early in January, the Safety First Association of India enquired whether mill companies, members of this Association, would consider enrolling the members of their Safety Committees or any one else responsible for the Safety Programme in their plants, as members of their Association, paying an annual subscription of Rs. 10 which, it was pointed out, would among other things entitle them to :

- (a) *Safety First News*.—The pioneer Safety Magazine, published monthly, devoted to the advancement of constructive and proved methods of industrial accident prevention, first protection, industrial health conservation, highway safety and allied subjects ;
- (b) *Industrial Safety Communiques*.—A monthly article containing safety information pertinent to industrial safety ;
- (c) Gallant Conduct Award.—Instituted by the Safety First Association in order to recognize conspicuous acts of industrial bravery ;
- (b) Periodical lectures on accident prevention methods of Safety Committees ;
- (e) Free consultation in regard to Safety problems, and
- (f) Safety Posters.

In view of the fact that efficient accident prevention work demanded the co-operation of an organized agency such as the Safety First Association of India, solely devoted to the conservation of life and property, it was suggested that members would find it advantageous to join that Association.

The Committee of the Association considered that the activities of the Safety First Association deserved all possible encouragement, and recommended that as many member mills as possible should enrol themselves as members of that Association. It was suggested that such membership might be vested in the name of the Mill Manager or Chief Engineer, as these Officers were ordinarily responsible for the safety measures in industrial establishments. (*Appendix 46.*)

BOMBAY UNIVERSITY.

DEPARTMENT OF CHEMICAL TECHNOLOGY.

(See also pages 105 and 278 of Report for 1936.)

On page 105 of the last issue of the report, an indication was given as to the nature of the types of investigations which the University Department of Chemical Technology were in a position to undertake on behalf of cotton mills.

Early in January, the Committee were informed that the Department was prepared to send copies of all published papers of the research work carried out by them to the mills in the Bombay Presidency, and that mills desirous of being supplied, from time to time, with such copies should forward a deposit of Rs. 5 to cover the cost of reprints and postage.

It was also indicated that the Department possessed a semi-scale plant for bleaching, dyeing and machine printing, in addition to well-equipped laboratories for chemical engineering and technical chemistry, and was desirous of co-operating with the mills in investigating any problems that might arise in the course of their work.

The Committee strongly recommended all member mills to open an imprest account with the Department so as to be in a position to take advantage of the facilities offered by them. (*Appendix 47.*)

VOCATIONAL TRAINING OF EDUCATED YOUTHS.

(*See also page 112 of Report for 1936.*)

In the last report of the Association, reference was made to a proposal which was then under consideration by the Government of Bombay for the vocational training of educated youths. Early in the year, the Committee were informed that Government had sanctioned the scheme, and that it was proposed to admit apprentices with effect from the beginning of June. In order to ensure the continued co-operation of industrial establishments, an Advisory Committee consisting of:—

The Director of Industries (*Chairman*),
 1 Representative of the Bombay Millowners' Association,
 1 Representative of the Bombay Engineering Industry,
 1 Representative of the Ahmedabad Millowners' Association,
 3 Experts, one of whom was to be the Principal, Victoria Jubilee
 Technical Institute, and
 The Deputy Director of Industries (Technical Education),
 (*Secretary*)

had also been constituted, in the first instance from January 1937, to advise on matters relating to:

- (1) Selection of boys for training,
- (2) Training of apprentices in factories,
- (3) Types and duration of courses of training and syllabuses of technical subjects in the evening classes,
- (4) Forms of indenture of apprentices, and
- (5) Absorption of trained apprentices by the various industrial establishments.

The Committee were accordingly invited to suggest the name of a representative for nomination on the proposed Advisory Committee, and Mr. V. N. Chandavarkar was appointed as the representative of the Association.

PIECEGOODS MARKET REPORTS.

Mr. N. Khaitan, of Messrs. Luchminarain Ramkisonadas, continued to keep the Association regularly posted with reports of the trend of prices and tendencies of the Piecegoods Market in Calcutta. These reports, and the monthly reports submitted by Mr. Jamshed N. Mody on the Bombay Piecegoods Market were, as usual, sent out regularly to all members of the Association and were greatly appreciated.

The Committee once again desire to place on record their appreciation of the valuable services rendered by these two gentlemen on behalf of the Association.

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1938 were fixed at a special meeting of the Committee held on Monday, the 29th November 1937 :—

	For Woollen Mills.	FOR COTTON MILLS.		
		Situated in Bombay City and Island (including Coorla).	Up- country.	For Gins and Presses.
	Rs. a.	Rs. a.	Rs. a.	Rs. a.
(a) For every 1,000 Mule Spindles or part thereof	12 0	7 0	5 0	..
For every 500 Ring Spindles or part thereof	12 0	7 0	5 0	..
For every 50 Looms or part thereof ..	9 0	16 0	12 8	..
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 0	2 0	2 0	..
<i>For other types of factories owned by members :—</i>				
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.

INTERNATIONAL COTTON LOOM STATISTICS.

Early in December, 1936, the International Federation of Master Cotton Spinners' and Manufacturers' Associations invited the co-operation of the Association in connection with the third International cotton loom census, which it was proposed to take as on the 31st December 1936. A circular letter was accordingly addressed to all cotton weaving mills in India, and the results of the enquiry were communicated to the Federation. The final results of the census, received from the Federation in July 1937, were communicated to all the mills concerned in the enquiry.

The following table summarizes the results of the census so far as India is concerned :

	Estimated number of looms. (Based on actual returns)	
	1933.	1936.
<i>India and Ceylon :—</i>		
Ordinary	185,617	197,363
Automatic	4,524	4,185
Automatic Attachments	75	..
Total Looms ..	190,216	201,548

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

QUANTITY OF RAW COTTON IN STOCK.

Date.	Cotton actually on hand in Mill Godowns.		Ready Cotton bought but delivery not taken.		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.)
28th February 1937 ..	219,462	114,359	61,145	31,658	280,607	146,017
31st August 1937 ..	243,385	126,354	42,828	22,083	286,213	148,437

These figures do not include the stocks of one working mill.

MILL HOLIDAYS AND PAY DAYS FOR THE YEAR 1938.

The following Mill Holidays and Pay Days which are in accordance with the provisions of the Indian Factories Act and the Payment of Wages Act, 1936, have been fixed by the Committee of the Millowners' Association, Bombay, for adoption by Bombay members of the Association during the year 1938 :—

MONTH.	DATE.	DAY.	FESTIVAL.	PAY DAY.	
				MILLS EMPLOYING 1,000 OR MORE OPERATIVES.	MILLS EMPLOYING LESS THAN 1,000 OPERATIVES.
JANUARY	1st	Saturday	<i>New Year Day</i>	} Sat. 8th	} Fri. 7th
	9th	SUNDAY			
	14th	Friday	<i>Makar Sankranti</i>		
	23rd	SUNDAY			
30th	SUNDAY				
FEBRUARY	6th	SUNDAY	<i>Maha Shivratri</i>	} Thu. 10th	} Mon. 7th
	13th	SUNDAY			
	20th	SUNDAY			
	28th	Monday			
MARCH	6th	SUNDAY	<i>Holi</i>	} Thu. 10th	} Mon. 7th
	16th	Wednesday			
	17th	Thursday			
	18th	Friday			
27th	SUNDAY				
APRIL	1st	Friday	<i>Gudi Padwa</i> <i>Ram Navami</i>	} Sat. 9th	} Thu. 7th
	8th	Friday			
	17th	SUNDAY			
	24th	SUNDAY			
MAY	1st	SUNDAY		} Tue. 10th	} Sat. 7th
	8th	SUNDAY			
	15th	SUNDAY			
	22nd	SUNDAY			
29th	SUNDAY				
JUNE	5th	SUNDAY		} Fri. 10th	} Tue. 7th
	12th	SUNDAY			
	19th	SUNDAY			
	26th	SUNDAY			
JULY	3rd	SUNDAY	<i>Ashadi Ekadashi</i> <i>Nag Panchami</i>	} Thu. 7th	} Thu. 7th
	8th	Friday			
	17th	SUNDAY			
	24th	SUNDAY			
	31st	SUNDAY			
AUGUST	10th	Wednesday	<i>Narali Purnima</i> <i>Gokul Ashtami</i> <i>Ganesh Chaturthi</i>	} Tues. 9th	} Sun. 7th
	14th	SUNDAY			
	19th	Friday			
	28th	SUNDAY			
SEPTEMBER	3rd	Saturday	<i>Gouri Visarjan</i> <i>Anant Chaturdashi</i> <i>Sarva Pitri Amvasa</i>	} Sat. 10th	} Wed. 7th
	8th	Thursday			
	18th	SUNDAY			
	23rd	Friday			
OCTOBER	4th	Tuesday	<i>Dasara</i> <i>Divali</i>	} Sat. 8th	} Fri. 7th
	9th	SUNDAY			
	16th	SUNDAY			
	23rd	SUNDAY			
	24th	Monday			
	25th	Tuesday			
30th	SUNDAY				
NOVEMBER	6th	SUNDAY		} Thu. 10th	} Mon. 7th
	13th	SUNDAY			
	20th	SUNDAY			
	27th	SUNDAY			
DECEMBER	4th	SUNDAY		} Sat. 10th	} Wed. 7th
	11th	SUNDAY			
	18th	SUNDAY			
	25th	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 during the year 1938), showing the rates of customs duties levied on goods imported into and exported from British India, together with tariff values assigned to certain articles for the purpose of assessment of customs duties during the twelve months January to December 1938, are reproduced in full in *Appendix 43*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1937.

LIABILITIES.		Rs.	a.	p.	Rs.	a.	p.	ASSETS.								
<i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights Fans, etc. unpaid</i>	Rs. 1,281 13 0							<i>Interest accrued on Association's Investments of General Fund upto 31st December 1937, but not received</i>	1,351	13	0					
<i>Salaries unpaid</i>	Rs. 77 14 8							<i>Outstandings due</i>	2,938	0	6	4,290	6	6		
<i>Subscriptions received in advance for 1938</i>		1,359	11	8				<i>Advance payments made on account of Books and Periodicals, Telephones, Salary of Clerk at Calcutta and other sundry items</i>						540	9	6
<i>Deposits : Arbitration—Contracts</i>		3,461	8	0				<i>Advances to staff</i>						465	0	0
<i>Recoveries from Mills in connection with Municipal Assessments</i>		240	0	0				ASSOCIATION'S INVESTMENTS AT COST :—								
<i>Balance of Association's Magazine Account</i>		943	5	0				Face value.								
<i>Balance of Amount appropriated for future propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills</i>		704	5	1	6,708	13	9	<i>3½ per cent. Government Promissory Notes 1854/55, 1865 and 1900/01</i>	Rs. 2,37,000	1,63,914	6	0				
ASSOCIATION'S GENERAL FUND—					30,156	8	1	<i>3½ per cent. Government Loan 1947/50</i>	Rs. 33,100	31,776	0	0				
<i>Balance as on 31st December 1936</i>		2,53,924	11	3				<i>4 per cent. Government Loan 1960/70</i>	Rs. 40,000	37,600	0	0				
<i>Add—Excess of Income over Expenditure during the year</i>		7,529	14	10				<i>5½ per cent. Government Promissory Notes 1938/40</i>	Rs. 35,600	37,813	0	0	2,81,290	14	0	
Total Rs.					2,61,454	10	1	<i>3 per cent. Government Loan 1951/54</i>	Rs. 10,000	10,187	8	0				
								Rs. 3,55,700								
								(Market value of the above is Rs. 3,59,725-12-0)								
								CASH :—								
								<i>With the Imperial Bank of India : General Account</i>	11,197	13	3					
								<i>With the Imperial Bank of India : Secretary's Account</i>	377	14	8					
								<i>On hand</i>	157	6	0	11,733	1	11		
Total Rs.					2,98,319	15	11	Total Rs.				2,98,319	15	11		

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Examined and found correct.

BOMBAY, 10th February 1938.

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

T. MALONEY,
Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

17

Income and Expenditure Account for the year ended on the 31st December 1937.

Dr.

Cr.

EXPENDITURE.	Rs. a. p.		Rs. a. p.	INCOME.	Rs. a. p.		Rs. a. p.
	Rs.	a. p.			Rs.	a. p.	
To Establishment	60,901	0 4		By Subscriptions for the year ended on the 31st December, 1937	89,949	4 0	
.. Conveyance Allowances to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer	3,720	0 0		.. Miscellaneous Receipts	1,979	1 6	
.. Preparation of Monthly Import and Export Statistics for 1937	2,433	0 0		.. Registration of Trade Numbers	3,568	0 0	
.. Preparation of Statistics for the Bombay Cotton Mill Industry for 1936	548	0 0		.. Registration of Trade Names	2,666	0 0	
.. Office Rent	4,200	0 0		.. Interest on Investments of General Fund, etc. (including interest accrued Rs. 1,351-13-0)	13,671	13 0	1,11,834 2 6
.. Printing Statistical Returns, Mill Statement for 1937 and Annual Report 1936 etc.	6,836	8 0					
.. Stationery	2,734	4 6					
.. Advertisements	131	0 0					
.. Books and Periodicals	852	8 5					
.. Auditors' Fees	200	0 0					
.. Telephones	712	6 0					
.. Electric Lights and Fans	432	5 6					
.. Law Charges	848	0 0					
.. Furniture and Fixtures	340	0 0					
.. Petty Charges, Sundry Expenses including Postage and Telegrams	2,972	8 5					
.. Cost of passage money for Secretary	1,494	13 0					
.. Association's Contribution to Provident Fund	4,896	8 0					
.. Membership subscriptions to Employers' Federation of India, Textile Institute and Royal Asiatic Society for 1937	1,287	14 6					
.. Income-tax on Interest on Securities for the year 1934, 1935 and 1936	2,837	12 0					
.. do 1937 (deducted at source)	753	10 0					
.. Provision for Income-tax on Interest	172	1 0	99,304 3 8				
.. ASSOCIATION'S CONTRIBUTIONS FOR THE YEAR TO :—							
.. The Victoria Jubilee Technical Institute	1,500	0 0					
.. The Police Comforts Fund	1,000	0 0					
.. The Bombay Textile and Engineering Association	200	0 0					
.. The Textile Technical School	700	0 0					
.. The Sir J. J. Hospital Nursing Association Fund	500	0 0					
.. The K. E. M. Hospital Poor Box Fund	400	0 0					
.. The Gokuldas Tejpal Hospital Nursing Association Fund	200	0 0					
.. The Naigaum Social Service Centre	350	0 0					
.. The Maharashtra High School	150	0 0					
.. Balance, being excess of income over expenditure carried to Balance Sheet			5,000 0 0				
			7,529 14 10				
Total .. Rs.	1,11,834 2 6	Total .. Rs.	1,11,834 2 6

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Examined and found correct.

BOMBAY, 10th February 1938.

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

T. MALONEY,
Secretary.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December 1937.

PROPERTY AT OPENING AND RECEIPTS.			Rs. a. p.			Rs. a. p.			PROPERTY AT CLOSING.			Rs. a. p.			Rs. a. p.				
By Amount of Funds as at the 1st January 1937 ..						1,02,358	8	11											
„ Subscriptions received from Members during the year 1937	4,896	8	0						To INVESTMENTS HELD AT COST :—										
„ Contribution from the Millowners' Association during the year 1937	4,896	8	0						„ 3½ per cent. Government Promissory Notes of 1842/43, 1854/55, 1865 and 1900/1	Rs. 48,700-0-0	39,813	6	0						
„ Interest (including interest accrued to date Rs. 1,008-11-8)									„ 3½ per cent. Government Loan of 1947/50 ..	Rs. 18,900-0-0	18,859	0	0						
Rs. 4,481-8-5									„ 4 per cent. Government Loan of 1960/70 ..	Rs. 54,500-0-0	52,149	6	0						
Less Bank charges .. Rs. 17-1-0	4,464	7	5						„ 3 per cent. Government Loan of 1951/54 ..	Rs. 4,000-0-0	4,045	0	0	1,14,866	12	0			
						14,257	7	5	Rs. 1,26,100-0-0										
									(Note.—The present worth of the above Securities is Rs. 1,33,930-1-0)										
„ Lapses and Forfeitures:—								1,16,616	0	4							1,008	11	8
Balance as per last Statement								3,944	0	11									
									„ Cash with the Imperial Bank of India on Current Account								4,684	9	7
Total Rs. ..								1,20,560	1	3	Total Rs. ..						1,20,560	1	3

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Examined and found correct.

BOMBAY, 10th February 1938.

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

T. MALONEY,
Secretary.

Report for the Year 1937.

Section III.

CORRESPONDENCE.

APPENDICES 1—48.

APPENDIX 1.

**HABITUAL USE OF TRADE MARKS, TRADE NUMBERS AND
TRADE NAMES.**

*Copy of letter No. 4/43P, dated the 24th April 1937, from Messrs. The Buckingham and
Carnatic Company, Ltd., to the Association.*

According to the Rules of the Association as at present constituted it appears that the right of a member to the exclusive use of a trade name depends absolutely on its registration in his name, provided only that the registration was initially in order, and that the question of regular user is immaterial. This is not in line with the position at law and it is probable that the proposed Registration Act will follow the latter in this respect.

May we suggest that the Rules be so amended that registered marks and names shall receive protection only if in regular use, and shall be removable at the instance of any member if regular user cannot be shown ?

*Copy of letter No. 2188/100, dated the 8th June 1937, from the Association to Messrs.
The Buckingham and Carnatic Co., Ltd.*

I am directed to acknowledge the receipt of your letter No. 4/43P dated the 24th April 1937, and to enclose herewith for your information a copy of my circular letter No. 2174/100 dated the 8th June 1937 addressed to all members of the Association, from which you will note that the suggestion made by you has been accepted by the Association.

The Committee of the Association are aware that an amendment of the Association's Rules for the Registration of Trade Numbers and Trade Names is necessary to give effect to the recommendation contained in the enclosed and the suggestion made in the last paragraph of your letter, but pending Government legislation in the matter of registration of trade marks, it is thought that no amendment be made in the Association's Rules at this stage.

*Copy of circular No. 2174/100, dated the 8th June 1937, from the
Association to all Members of the Association.*

In my circular letter No. 4878/166, dated the 24th November 1936, the attention of members was drawn to the fact that, under the provisions of Rule 14 of the Association's Rules for the Registration of Trade Marks, a valid objection to the registration of a trade mark could only be made if the objecting member's trade mark had been habitually used, and they were informed that objections to the registration of trade marks should, in future, be supported by proof of habitual use of the trade mark or trade marks which formed the basis of objection. This requirement is now being complied with by members, but it was recently suggested that proof of habitual use might also be insisted upon in the case of trade numbers and trade names. In other words, it was suggested that no objection to the registration of a trade number or trade name should be entertained if the objecting member's trade number or trade name had not been habitually used. The question was examined by the Trade Marks Sub-Committee of the Association, and they recommended that the procedure recommended and followed in the case of trade marks should also be adopted in the case of trade numbers and trade names submitted for registration. The General Committee of the Association agree with this recommendation, and consider that objections to the registration of new trade numbers and trade names must be supported by proof of use of the trade number or trade name, which forms the basis of objection. I enclose herewith for your information a specimen form setting out the minimum details which must be furnished to the Association when filing objections to the registration of a trade number or trade name.

SPECIMEN FORM FOR FILING OBJECTIONS.

THE SECRETARY,

MILLOWNERS' ASSOCIATION, BOMBAY.

Dear Sir,

With reference to the application from Messrs.....(1)
 for the registration of.....(2) please note that we
 desire to object to its registration for use on.....(3)
 on the ground that it is a colourable imitation of our.....(4)
 registered with the Association on.....(5)
 for use on.....(6).

We certify that our trade number or trade name is being habitually used. It was
 last used on.....(7).

Yours faithfully,

- Notes.*—Insert in (1) Name of the applicant member.
 (2) Trade Number or Trade Name of the applicant member.
 (3) Class of goods.
 (4) Trade Number or Trade Name of the objecting member.
 (5) Date of registration of the objecting member's trade number or trade name.
 (6) Class of goods.
 (7) Date on which the objecting member's trade number or trade name was last used.

*Copy of circular No. 4878/166, dated the 24th November 1936, from the Association to all
 Members of the Association.*

I circulate herewith, for the information of members, copy of a report dated 8th
 October 1936, submitted by the Trade Marks Sub-Committee, in connection with certain
 matters arising out of Rule 14 of the Association's Rules for the Registration of Trade Marks.

The General Committee agree with the recommendations made by the Trade Marks
 Sub-Committee, but consider that the requirement laid down in sub-paragraph (c) of paragraph
 1 might be deleted from the form in which members shall submit their objections under
 Rule 14 in future. Opportunity will be taken to give effect to the recommendations made
 by the Sub-Committee in paragraphs 2 and 3 of their report when the Trade Mark Rules of
 the Association are revised.

I enclose herewith for your information a specimen form setting forth the minimum
 details which must be furnished to the Association when filing objections to the registration
 of new trade marks.

SPECIMEN FORM FOR FILING OBJECTIONS.

THE SECRETARY,

MILLOWNERS' ASSOCIATION, BOMBAY.

Dear Sir,

Application from.....
 for the registration of.....
 trade mark for use on class/es.....

Please note that we desire to object to the registration of the above trade mark for
 use on class/es on the ground that it is a colourable imitation of our.....
 trade mark registered with the Association on.....for use on.....

We certify that our trade mark is being habitually used. It was last used on goods included in class 1 on....., on goods included in class 2 on....., and on goods included in class 3 on.....

Four copies of our trade mark are enclosed herewith for ready reference.

Yours faithfully,

Report of the Trade Marks Sub-Committee, dated the 8th October 1936.

Certain matters arising out of Rule 14 of the Association's Rules for the Registration of Trade Marks were brought to our notice by the Secretary in his note dated the 25th September 1936 (enclosed herewith) on the subject of "habitual" use of trade marks. After full consideration of the points made by the Secretary, we have arrived at the following decisions:—

1. It would be desirable to amend the Trade Mark Rules of the Association by providing that an objection to the registration of a new trade mark shall be submitted in a specified form, and that this form shall specify:

- (a) the class or classes of goods on which the objecting mark has been used (*vide* Rule 14);
- (b) the date on which the objecting mark was last used on yarn and on piecegoods; and
- (c) the number of bales specified in the last contract on which the objecting mark was used.

The adoption of a form of the above character is, in our opinion, necessary in view of the provisions of Rule 14 which, in effect, make it necessary for the objecting party to prove "habitual" use of his trade mark to make his objection valid.

2. As regards what constitutes habitual use, we consider it desirable that an additional rule or sub-rule to existing rule 14 should be incorporated in our Trade Mark Rules specifying that, unless special circumstances exist, the registered trade mark shall not be deemed to have been habitually used if it has not been used during the five years immediately preceding the date of submission of the objection or the date of any demand for information regarding the date of use of the particular registered trade mark concerned. The reason for this recommendation is that in England the registration of a trade mark would ordinarily appear to lapse if it had not been used for a period of five years.

3. For similar reasons, we recommend that a new rule should be added to our Trade Mark Rules providing that any trade mark which has not been "habitually" used as described in the previous para might be deleted from the Trade Mark Register after informing the parties concerned and giving them an opportunity for stating their case.

In the event of our third recommendation being accepted, we should like to make it clear that we do not propose that the Association should inform any one but the parties directly concerned if the registered trade marks are deleted from the Association's Registers under this rule.

We understand from the Secretary that a number of other minor modifications in the rules would be desirable and that specific proposals in this connection will shortly be placed before us. We do not, therefore, suggest that any immediate alteration in our rules should

be made to cover habitual use, but we do think it would be advisable to introduce the system advocated in our first recommendation immediately since this would enable us to carry out the intentions of Rule 14 more satisfactorily than at present.

(Sd.) V. N. CHANDAVARKAR.
 ” KRISHNARAJ M. D. THACKERSEY.
 ” R. L. FERARD.
 ” S. D. SAKLATVALA.
 ” NEVILLE N. WADIA.
 ” T. V. BADDELEY.
 ” HURGOVANDAS JAMNADAS RAMJI.
 ” T. MALONEY (*Secretary*).

(Accompaniment to the Trade Marks Sub-Committee Report, dated 8th October 1936.)

Note by Secretary :

Rule 14 of the Association's Rules for the Registration of Trade Marks reads as below:—

“ 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.”

In other words, the ingredients of a valid objection are :—

- (a) The trade mark of the objecting member is registered with the Association or is in the Suspense Register for use on a class or classes of goods for use on which the proposed trade mark is to be registered ; *and*
- (b) The objecting member's trade mark is being “ habitual ” used on the class or classes of goods on which the proposed trade mark is to be used.

It follows, therefore, that a valid objection should be supported by proof of registration with the Association and proof of “ habitual ” use. No statement is required in regard to the former, but some sort of a certificate would appear to be necessary to prove “ habitual ” usage. Up to the present no such certificate has been insisted upon, but latterly it has been pointed out when circulating new trade marks that objections should be accompanied by a statement showing when the objector's trade mark was last applied. Although this instruction has gone round to the mills with about fifty or more applications, only in one instance has an objection been accompanied by some sort of a certificate of “ habitual ” use.

It is somewhat doubtful whether, without proof of “ habitual ” use, a dispute could be referred to arbitration, but, in view of the custom which has up to now prevailed, proof of use has not been insisted upon before arbitration takes place. Another reason for this attitude is that nowhere in the Association's Trade Mark Rules is the term “ habitual ” use defined. I am not aware of any authoritative decision in India on this particular point, but under the English law it would appear that an application for the cancellation of a registered trade mark could validly be made to the Registrar if the trade mark in question has not been used for five years immediately preceding the date of application, unless such non-usage was shown to be due to special circumstances in the trade and not to any intention to abandon such trade mark. It has further been held that the term “ special circumstances in the trade ” does not mean “ special circumstances in the particular business.” This I take to mean that cancellation could not be objected to by the owner of a registered trade mark on the ground that he had been unable to sell that particular class of goods, if that particular class of goods had been sold by other parties in the trade.

Whatever the position under the English law, it would, in my view, be permissible for the Association to define what constitutes "habitual" use, and this could best be done by specifying that objections would not be entertained if the trade mark, which forms the basis of objection, has not been used on the class or classes of goods concerned *for a period of five years*. If such a definition were incorporated in our Rules, it would logically follow that registered trade marks could be expunged from the Association's Registers unless it could be proved that they had been used during the previous five years. If it was decided to recommend the incorporation of a definition regarding "habitual" use, it might be necessary to take legal opinion.

I should also like the Sub-Committee to consider the suggestion made by the Chairman the other day that objection to registration should be submitted on a special printed form incorporating a certificate signed by the objecting member specifying the date on which the trade mark of the objecting member had last been used on yarn and cloth.

It has been suggested on one occasion that it should be left to the arbitrators to decide whether a trade mark has been "habitually" used by the objecting member, but this hardly appears to be one of their duties. It is, I think, the duty of the Association to satisfy itself as far as reasonably possible that a particular trade mark has been "habitually" used by the objecting party before recognising the objection as valid. The arbitrators should not, in my opinion, be called upon to investigate the issue of "habitual" use. If this view is correct, it strengthens the case for the submission of a certificate such as that suggested by the Chairman when the objection is submitted.

APPENDIX 2.

PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADE MARKS IN INDIA.

Copy of circular No. 401(1)-Tr. (I. E. R.), dated the 25th February 1937, from the Government of India, Department of Commerce, to all Local Governments and Administrations.

I am directed to say that the Government of India have received numerous representations requesting them to undertake legislation whereby the registration of trade marks can be effected in India. At present no law exists in India for the registration of trade marks, and the protection which users of such marks enjoy under the provisions of the common law and existing statutes is extremely limited. It has been urged that in the absence of any system of registration of trade marks in this country India cannot participate in the International Convention for the Protection of Industrial Property and that this circumstance affects prejudicially the interests of Indian inventors in foreign countries. In the past when local Governments and commercial bodies were consulted in the matter the volume of opinion was against the introduction of any law on the lines of the English Statutes of 1875 and 1876. More recent communications received from commercial bodies indicate, however, that opinion on the matter in commercial circles has undergone considerable change, and the Government of India are of the opinion that the question of legislation for the registration of trade marks in India should now be actively pursued. The history of the case, the arguments advanced against and in favour of the proposal from time to time and the broad outlines of the proposed legislation are briefly explained in the accompanying memorandum and I am to say that the Government of India would be glad to be favoured with the views of the local Government/ administration on the proposal with reference to the various points referred to in the memorandum.

MEMORANDUM REGARDING THE PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADE MARKS IN INDIA.

PART I.—HISTORY.

The question of undertaking legislation for the registration of trade marks in India has, during the past sixty years, been considered at frequent intervals by the Government of India. In 1877 the Bombay Chamber of Commerce and the Millowners' Association suggested that legislation on the lines of the English Statutes of 1875 and 1876 should be undertaken to provide for the registration of trade marks in India. As a result of this suggestion a Bill was introduced by the Government of India in the Imperial Legislative Council in 1879-80 which was eventually withdrawn after both the Bombay Chamber of Commerce and the Millowners' Association had expressed the opinion, on reconsideration, that no legislation was necessary in this respect. This opinion was also endorsed by the Bengal and the Madras Chambers of Commerce and by the leading commercial associations in India, all of which considered that legitimate users of trade marks were adequately protected by the existing law and that the enactment of an Indian law on the lines of the English Statutes would involve certain positive disadvantages.

2. The question was again raised in 1884 and 1888 but the Government of India decided not to take any action. In 1891 they also consulted the local Governments and Chambers of Commerce and after considerable discussion it was decided that as the mercantile community was strongly opposed to the introduction in India of a system of registration analogous to that in force in the United Kingdom it would be inexpedient to introduce it in this country. The question was again referred to the local Governments in 1903-04 when commercial opinion was still found to be opposed to the proposal and the local Governments against its adoption.

3. In 1905, the Conference of the Indian and Ceylon Chambers of Commerce passed a resolution to the effect that a universal system of registration of trade marks in this country was neither practicable nor desirable. In the same year, in connection with a memorial from the Association of the Chambers of Commerce of the United Kingdom, the Government of India informed the Secretary of State that the strong and practically unanimous expression of disapproval on the part of local Governments and Indian Chambers of Commerce should be accepted as conclusive evidence that a system of trade marks registration was not required in the interests of India and should not be introduced. In 1908, the Association of Chambers of Commerce of the United Kingdom suggested that the opinion of the commercial community in India had undergone a change in favour of registration; and the Government of India again invited the views of the recognised representatives of the mercantile community. All the more important commercial bodies in the country expressed themselves as still opposed to the introduction of a system of registration; and the Government of India saw no reason to modify the views previously expressed that such a system was not required in the interests of India. In 1913, the question was revived by the Wine, Spirit and Beer Association, Calcutta, but after consulting the local Governments and the Bengal Chamber of Commerce the Government of India held that the existing law afforded reasonable protection against the infringement of trade marks and did not require any alteration. The question was considered yet again in 1917-19 in consultation with the local Governments and the various Chambers of Commerce and commercial associations. The consensus of opinion was against the adoption of any system for the registration of trade marks, the view commonly held by most of the representative commercial bodies in India being that the present laws afforded adequate protection to the user of trade marks.

4. By 1927, however, there was a very considerable change of opinion in commercial circles on this matter, and in that year the Indian Industrial and Commercial Congress adopted a resolution which ran as follows:—

“ This Congress recommends to the Government of India that it is desirable in the interests of Indian trade and industries to introduce at an early date legislation for the

registration of trade marks in India in the absence of which Indian merchants are put to considerable hardship both in India and abroad, and India is unable to join the International Convention for the protection of 'Industrial Property.' ”

The Federation of Indian Chambers of Commerce, which forwarded a copy of this resolution to the Government of India, was informed that the Government of India were not prepared to reopen the matter unless a statement was placed before them indicating clearly the reasons which were held to justify it, and in particular, indicating the extent of the disability from which India suffered owing to her non-adherence to the International Convention for the Protection of Industrial Property, and the advantages which it was believed would result from the introduction of registration of trade marks.

5. The Select Committee of the Legislative Assembly on the Indian Patents and Designs (Amendment) Bill of 1929 also stated in their report that there was a considerable volume of opinion in favour of introducing a system of registration of trade marks in this country, as the absence of such arrangements was one of the reasons which prevented India from participating in the International Convention for the Protection of Industrial Property, and India's non-participation affected prejudicially the interests of Indian inventors in foreign countries. Sir George Rainy, then Member for Commerce and Railways, referred in the Legislative Assembly to the correspondence which the Government of India had had with the Federation of Indian Chambers of Commerce with regard to the resolution passed by the Fifth Session of the Indian Industrial and Commercial Congress in 1927, and assured the House that any representation which might be made by the Federation indicating clearly why the question should be reopened would be most fully examined by the Government of India.

6. In 1930 the Federation of Indian Chambers of Commerce submitted a statement explaining the reasons underlying their recommendation. The Federation forwarded with their reply a précis of the opinions of the various commercial bodies whom they had consulted which showed that there was unanimity of opinion for legislation with the exception of the Bombay Millowners' Association, which, though unwilling to oppose any representation being made to Government in favour of the proposed legislation by such bodies as wished to do so, held nevertheless that there was no need for legislation since the owners of trade marks could obtain rapid and ample satisfaction under the provisions of the Merchandise Marks Act and under the common law by proving priority of use.

7. A Resolution in the following terms and moved by the Bombay Chamber of Commerce was also passed by the Associated Chambers of Commerce of India in 1933 :—

“ That in the opinion of this Association the commercial circumstances and conditions of the present time require the enactment of legislation to provide for the registration of trade marks in India in such manner as will give the registered user of any mark the right to an immediate injunction preventing the use of such marks or any colourable imitation thereof by others subject only to proof of prior usage by the defendant in any dispute.”

An important constituent Chamber—the Bengal Chamber of Commerce—was still sceptical as to the necessity for the proposed legislation but supported the Resolution.

8. Since then the Government of India have from time to time received communications from commercial bodies all of which have advocated legislation. The present position, therefore, is that nearly all important Indian and European Commercial Chambers are in favour of the establishment of a system of statutory registration of trade marks. In the presence of this unanimity of opinion in favour of such a system the Government have decided that the question should be actively pursued.

PART II.—ADVANTAGES AND DISADVANTAGES OF THE PROPOSAL.

The arguments against and for the proposed legislation, which have been received from time to time may be summarised as follows :—

1. Even in the absence of statutory registration trade marks are at present protected in India by the Common Law as well as by the Statute Law (the Indian Penal Code, the Sea Customs Act and the Indian Merchandise Marks Act). This protection is afforded by Sections 478 to 489 of the Indian Penal Code as amended by the Indian Merchandise Marks Act, 1889, and also by the supplementary provisions of Sections 18, clauses (d) and (e), 19-A, of the Sea Customs Act, 1878, as amended by the Indian Merchandise Marks Act, 1889, and by Sections 8 and 9 of the latter Act.

The Merchandise Marks Act and the Sea Customs Act contain, however, only penal provisions and do not provide any reliefs by way of injunctions, damages or accounts, which are considered to be the best safeguards for giving real and constant protection to the trade. Further, in the absence of a system of statutory registration it is necessary for the plaintiff in an action for infringement to prove the reputed association between his goods and the mark in question by calling a large number of witnesses and as the defendant is usually a man of no means it is often impossible for the plaintiff to recover the costs even if the claim is decided in his favour. Moreover, success in one suit carries with it no immunity from the obligation of again establishing title over another infringer if the defendant chooses to dispute it. The position as above stated is analogous to that which prevailed in England till the year 1875, and it was in order to remove the shortcomings of the law as it then stood that provision was made for the registration of trade marks by the Trade Marks Registration Act of that year. The existing law in India, therefore, would appear to be inadequate.

2. There are certain systems of registration already in vogue :—

(a) It is a common practice for owners of trade marks to register declarations of the ownership of such marks under the Indian Registration Act, 1908, such declaration being entered in a register maintained for the purpose by each Provincial Register of Deeds. The Register is, however, not open to public inspection and the same mark can be registered by more than one person inasmuch as no attempt is made to find out whether a declaration has already been registered in respect of the same mark. Moreover, the system of declaration of ownership of marks under the Indian Registration Act, 1908, does not confer on the registrant any title to the mark.

(b) Trade marks are also registered with certain Chambers of Commerce.

This system of voluntary registration of a mark, however, conveys no legal rights and is of value only as secondary evidence of the intention of the registrant to bring the mark into use. Such registration also cannot be regarded as the equivalent of statutory registration.

3. India is a large country with a vast population and it has been argued that the difficulties of satisfactory advertisement throughout the country, which would evidently be a necessary preliminary to registration to safeguard the interests of third parties, are likely to be insurmountable. It has also been contended that marks registered in one part of the country ought not to be enforced in another part.

The difficulties mentioned above are, however, not peculiar to India and have been successfully overcome in other large countries which have trade marks law. These difficulties may be overcome by publishing an official Trade Marks Journal in India, which would be a weekly publication as in other countries available to the public on payment of a nominal subscription. As in the case of patent specifications, the journal could be made available to the public for inspection at various centres in the country. The journal would contain particulars of the parties seeking registration, the mark sought to be registered, the class of goods in respect of which registration is sought, and also such information as would enable

third parties to protect their interests. It is also desirable that for the sake of uniformity marks registered in one part of the country should also be enforced in another part and that if it is decided to undertake any legislation there should be a central office to administer the law.

4. An expert staff not locally available, it is said, will be necessary to scrutinise marks prior to registration in order to decide as to their admissibility, and the expenditure involved in establishing the system would be considerable, the burden of which would fall on the commercial community.

The necessary staff, if not available in India, can however be recruited from abroad, and it is presumed that the commercial community, which has been pressing for the legislation, will bear the cost of the scheme. The expenses of the administration will have to be recouped by means of fees leviable for registration and it may be mentioned that with the fees prevalent in the United Kingdom the cost of such administration does not impose any appreciable burden on the commercial community.

5. Another objection raised is that if trade marks registered in the United Kingdom are deemed to be registered in India as well, there would be some difficulties as the same mark might be the property of one person in the United Kingdom and of another person in India. Further, if it were ruled that all marks, irrespective of their registration in the United Kingdom, were to be registered over again in this country it would involve great trouble and expense to the persons concerned and would also necessitate decisions on complicated questions regarding relative priority of the user. Moreover, there is likely to be a clash of interests of makers in the United Kingdom producing a particular brand and of sellers in India who have been selling it.

The first of these difficulties will not arise if the proposed legislation in India follows the United Kingdom Trade Marks Act, as there would be no question of regarding registration in the United Kingdom as equivalent to registration in India. If the United Kingdom law on the subject is followed there cannot be any question of compulsory registration. Registration under the proposed scheme will merely provide a better method of procedure in infringement suits and will not affect the rights of traders seeking relief under the common law or the statute law existing at present. Registration will be purely voluntary and if a trader does not desire to avail himself of this advantage and is content with the protection which is always available to him under the common law, he will not be required to put himself to the expense of registration, although that would be inconsiderable. Further, if any difficulty attendant on a new scheme does arise it may be overcome by adjustment with experience of a few years.

6. Objections have also been raised on account of the difficulties involved in the registration of textile marks of which quite a considerable number is prevalent in India.

The difficulties are not peculiar to India. The United Kingdom Trade Marks Act contains special provisions for the registration of cotton marks and in this connection the following recommendation made in a recent Report of the Board of Trade Departmental Committee on the law and practice relating to trade marks (1932) will be of interest :—

“ That the special provisions with regard to cotton marks should be extended to include all textile goods and clothing and amended so as to give applicants for the registration of trade marks for such goods the option of making their applications at the Patent Office in London or at the Manchester Branch ; that the consultative capacity of the Trade and Merchandise Marks Committee appointed by the Manchester Chamber of Commerce should be maintained with regard to special circumstances in the cotton trade ; and that duplicate sets of registered cotton marks and of marks in the list of refused cotton marks should be prepared and made available for the use of the public and of the official searchers at the London Office.”

7. Nearly all the important countries of the world have introduced trade-mark laws of their own and without a system of registration in this country Indian trade marks have no

protection in countries abroad. This consideration was not of importance to India when her export trade in manufactured goods was comparatively unimportant, but with the development of her industries it is desirable in the interests of her trade and commerce that provision for the registration of trade marks should be made.

8. The enactment of trade marks legislation would remove the chief difficulty in the way of India's adherence to the International Convention for the Protection of Industrial Property which not only deal with trade marks but also with Patents and Designs.

9. There is at present no method by which would-be proprietors of trade marks can ascertain what trade-mark rights are already in existence, the trade-mark rights of various parties being undefined. The absence of a registration Act is thus—

- (a) a serious handicap to honest traders desirous of placing goods upon the market under a new trade mark ;
- (b) a serious disadvantage to owners of established marks ; and
- (c) the basic cause of infringement of trade-mark rights.

The legislation proposed would—

- (a) secure the publication of marks which have been appropriated as trade marks ;
- (b) define the rights of proprietors of marks for the information of traders ; and
- (c) limit the classes of marks which are capable of being so appropriated.

10. The difficulties of import merchants are also great in the absence of a statutory registration in this country as they are not permitted to register their trade marks in some of the foreign countries from which they import goods. The result is that their marks have often to be registered in those countries in the name of the manufacturers. This places Indian importers not infrequently at the mercy of the foreign manufacturers.

11. A large number of trade marks in use in India are unsuitable as trade marks, and cannot be protected as they are descriptive of the goods or common to the trade. In the present state of industrial development legislative guidance in this matter, apart from statutory protection, will be a great advantage to the commercial community.

PART III—BROAD OUTLINES OF THE PROPOSED LEGISLATION.

System of Registration recommended for India.—A consideration of the various systems of trade-mark registration will show that the system of registration of Trade Marks which now prevails in England would be the most suitable for Indian conditions. According to this system, registration is purely voluntary and does not supersede the rights, accruing under common law, on account of prior user. Every trade mark seeking registration is subjected before registration to careful examination for registrability and for anticipation by other trade marks entered in the Trade Marks Register. The marks are advertised after acceptance and an opportunity is provided for any aggrieved person to oppose the registration of the mark. After registration the mark may still be expunged from the Trade Marks Register on an application made to the Registrar or to the Court by any aggrieved person. The British system of registration may be distinguished from other systems of registration obtaining in other parts of the world, such as the 'attributive system' according to which the rights are conferred solely by registration and not by user, and the 'deposit system' according to which registration is secured automatically (no examination being made before registration) and is nothing more than a means for giving notice to the public, of the adoption of the mark by the applicant for registration.

2. The following are the outlines of the proposed legislation, which is to be on the lines of the United Kingdom Trade Marks Acts, modified in accordance with the recommenda-

tions made in 1934 by the Board of Trade Departmental Committee on the Law and Practice relating to Trade Marks (known as the Goschen Committee) for amending the said Acts :—

(i) *Definitions.*—The terms 'Mark' and 'Trade Mark' will have to be carefully defined in the Act. The term 'mark' shall include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof. The term 'trade mark' shall mean a mark used or proposed to be used by the proprietor upon or in physical or other relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the proprietor of the mark and the goods.

(ii) *Register of Trade Marks.*—As in the United Kingdom and elsewhere, the Register of Trade Marks shall be kept at the Patent Office, and shall contain all registered trade marks with the names and addresses of their proprietors, notifications of assignments, and transmissions, disclaimers, conditions, limitations, and such other matters relating to such trade marks as may from time to time be prescribed. If it is decided to keep the Register of Trade Marks at the Patent Office it will be kept under the control and management of the Controller of Patents and Designs, who, for the purposes of the Trade Marks Registration Act, will be referred to as the Registrar. Provision will be made for the inspection of the Register and for the supply of certified copies of entries made in the Register.

(iii) *Registrable marks.*—All marks that satisfy the definition of a trade mark, shall not *ipso facto* become registrable. In order to entitle a trade mark to registration, the trade mark must be inherently distinctive. In other words, it must be adapted to distinguish the goods of the proprietor of the trade mark from those of other persons. A registrable trade mark must consist of at least one of the following essential particulars :—

- (1) The name of a company, individual, or firm represented in a special or particular manner.
- (2) The signature of the applicant for registration or some predecessor in his business.
- (3) A word or words having no direct reference to the character or quality of the goods and not being a geographical name or surname or Indian vernacular dictionary word or words.
- (4) An invented word or words.
- (5) An Indian vernacular dictionary word or words having no direct reference to the character, or quality of the article on which it is used, provided that such vernacular word or words is, or are used only in the vernacular.
- (6) Other distinctive marks.

A specific provision will be necessary for enabling any special or distinctive word or words, letter, numeral, or combination of letters or numerals which was used as a trade mark by the applicant or his predecessors in business before the date on which legislation will come into force and which has continued to be used (either in its original form or with additions or alterations not substantially affecting the identity of the same) down to the date of application for registration, to be registered under the last sub-head.

(iv) *Classes of goods.*—An application for registration of a trade mark shall be for particular goods or class of goods on which the applicant has been using or proposes to use the mark. Such a restriction will be necessary in the Act in order to prevent defensive registration and blocking of the Register which would hamper the freedom of traders in choosing their trade marks. The International Scheme of classification of goods approved at the recent London Conference of the International Union is recommended for the purposes of registration under the Indian Act.

(v) *Restrictions on registration.*—Certain restrictions on registration will be essential. For instance, words which are laudatory, or descriptive of the quality or character of the goods

shall be refused registration. No one person shall claim a monopoly of such words, as they may be legitimately required by other traders to describe their goods. Registration shall be refused of surnames of common occurrence, geographical names, words which are common to the trade, and other non-distinctive marks. A provision will also be necessary to refuse registration of marks which are contrary to law or morality or which consist of scandalous designs. Royal arms or other state emblems without sanction from properly constituted authority shall not be registered.

(vi) *Registration of Trade Marks.*—The following procedure may be adopted for registration of Trade Marks :—Before acceptance each application for registration of a trade mark shall be examined for distinctiveness, and a search shall be made in order to find out whether the mark is anticipated by other marks entered in the Trade Marks Register. The Registrar may refuse such application or may accept it absolutely or subject to conditions or limitations, and the order of the Registrar refusing the application or imposing conditions or limitations shall be subject to an appeal to the Governor General in Council or to the High Court. After acceptance the mark shall be advertised in the Trade Marks Journal and any aggrieved person may be permitted to enter an opposition to the registration of the mark. A Trade Mark shall be registered only when it has not been opposed, and the period for notice of opposition has expired, or having been opposed, the opposition has been decided in favour of the applicant. The decision of the Registrar in opposition proceedings will also be subject to an appeal to the Governor General in Council or the High Court. The mark shall be registered as of the date of the application for registration.

(vii) *Concurrent users.*—Except by order of the Court, no trade mark shall be registered in respect of any goods or class of goods which is identical with, or is a colourable imitation of a trade mark belonging to a different proprietor already on the Register with respect to such goods or class of goods.

In case of rival claims to the same or closely similar trade marks in respect of the same description of goods, the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by the Registrar. In case of honest concurrent user the Court may order the registration of the same or nearly identical marks to more than one proprietor, subject to any conditions and limitations as to the mode or place of user or otherwise as the Court may think it right to impose.

(viii) *Assignments.*—As a Trade Mark is a species of industrial property, provision will have to be made in the Trade Marks Act for assignment and transmission of trade mark rights. Under the existing statute and common law in England, as well as under the case law in India, a trade mark cannot be assigned in gross and an assignment of a trade mark can be valid only if it is assigned along with the goodwill of the business in which the mark is used. The requirement for the transfer of the goodwill of the business on the assignment of a trade mark has been felt to be unduly restrictive in the circumstances of modern business and the Goschen Committee in England have therefore recommended that this requirement should be relaxed in the interests of trade. The proposals made by this Committee on the question of assignment shall form the basis of statute law in India. A registered trade mark should be assignable and transmissible in respect of any of the goods for which it is registered, either with or without the goodwill of the business to which it is being used, provided that there does not arise by reason of such assignment or transmission a right for more than one independent proprietor to use the mark for the same goods so as to be likely to cause confusion to the public.

Another recommendation of the Goschen Committee is with regard to the provision of registration of users of registered Trade Marks. The Committee were of opinion "that the trend of modern commercial development requires some relaxation of the existing restrictions on the use of registered trade marks by persons other than the proprietor, and that provision should be made for the registration under proper safeguards of persons authorised by a proprietor to use his registered trade mark." Suitable provision will be made for this purpose also.

(ix) *Associated marks, etc.*—Provision will be made for the registration of associated marks, i.e., marks which so closely resemble a registered trade mark of the applicant as to cause deception or confusion if used by a person other than the applicant. Associated trade marks shall be assignable or transmissible only as a whole and not separately. Provision will also be made for the registration of combined trade marks and series of trade marks on the lines of Sections 25 and 26 of the English Act of 1905.

(x) *Duration and Renewal of registration.*—The first period of registration will be for 7 years. This is in accordance with the recommendations of the Goschen Committee, and provision will be made for the “renewal” of registration for a period of 14 years from the original expiration or of the last renewal of registration as the case may be. If registration is not duly renewed, the Registrar after giving due notice to the registered proprietor, will remove the trade mark from the Register, subject to such conditions as to its restoration in the Register, as may be prescribed.

(xi) *Correction, etc.*—Suitable provisions will be necessary for correction and rectification of the Register; for the amendment of the mark without substantially affecting its identity; for the registration of assignments, etc.; for the removal of the mark on the ground that it was registered without any *bona fide* intention to use the same or on the ground of non-user.

(xii) *Effect of registration.*—(a) Rights of the proprietor of a registered mark: The registration of a person as proprietor of a trade mark shall, if valid, entitle such person to the exclusive right to the use of such trade mark upon or in connection with such goods in respect of which it is registered. Where two or more persons having the right of concurrent user are registered as the proprietors of the same trade mark in respect of the same goods, such exclusive right to use the mark cannot be claimed by any of them as against any of the other concurrent users.

(b) Registration to be *prima facie* evidence of validity and ownership of the mark: In all legal proceedings relating to a registered trade mark the fact that a person has been registered in the Trade Marks Register as the proprietor of the trade mark shall be *prima facie* evidence of his title to the trade mark and of the validity of the original registration of such mark and of all subsequent assignments and transmission of the mark. After the expiration of five years from the date of original registration such evidence shall be conclusive. The exceptions to this general rule shall be (1) where the original registration was obtained by fraud, or (2) where the trade mark is likely to deceive, or (3) where the mark is otherwise disentitled to protection in a court, or (4) where the mark is contrary to law or morality, or (5) where the mark comprises any scandalous design.

(c) Rights of owners of unregistered trade marks: A suit for injunction and damages as provided under the Trade Marks Act shall not be instituted in respect of an unregistered trade mark unless such mark had already been in use at the time of the passing of the Act and has been refused registration under the Act. Provision may be made for the issue of certificates to this effect by the Registrar in the case of old marks.

Nothing in the Act shall be deemed to affect the existing rights of trade marks owners under the common law. The right to an action for passing off and the remedies in respect thereof under the common law shall not be affected by registration.

(xiii) *Special trade marks.*—Special provisions as in the United Kingdom Act will be made for the registration and assignment of “Certification marks.” As regards “Cotton marks,” it will be provided that letters and numerals shall be ineligible for registration except on clear evidence of acquired distinctiveness, and that line headings shall not be deemed to be distinctive in respect of such goods for purposes of registration.

(xiv) *Legal proceedings.*—Suitable provision will be made for granting certificates of validity in legal proceedings. Where such certificates have been granted, in any subsequent legal proceeding in which such validity comes into question, the proprietor of the said mark on obtaining a final order or judgment in his favour, shall have his full costs, charges, and

expenses as between solicitor and client, unless in such subsequent proceedings the Court certifies that he ought not to have the same.

(zv) *General.*—Suitable provisions will be made for defining the powers of the Registrar and the Governor General in Council; for payment of fees; for "Reciprocal arrangements" with other countries; for defining and dealing with offences under the Act and for prescribing Rules under the Act.

Copy of letter No. 2171/93, dated the 8th June 1937, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your endorsement No. 401(1)-Tr.(I.E.R.) with which was enclosed a copy of a letter No. 401(1)-Tr. (I.E.R.) dated the 25th February 1937, addressed by the Government of India to Local Governments and a memorandum on the subject of the proposed legislation for the registration of trade marks in India. The Committee of the Association have given their most careful consideration to the matter, and I am writing to inform you that the Association would welcome the introduction of trade mark legislation in this country provided that adequate arrangements can be made in regard to cotton marks. The position in regard to cotton marks is that for the last fifty years the Association has been registering the trade marks used by its members, who own about 50 per cent. of the spindles and looms installed in British India. A copy of the Trade Mark Rules at present in force is enclosed* with this letter, and it may be noted that they provide for circulation of all new marks to all members, and do not permit the registration of marks which would not be eligible for registration under the British Act, which is the basis proposed for the new legislation contemplated in India. In addition to trade marks consisting of distinctive devices, or designs, the Association has also been registering trade numbers since 1933 and trade names since 1935. Copies of these Rules* are also forwarded herewith for ready reference.

2. In so far as cotton marks are concerned, my Committee desire to suggest that the Government of India would be well advised to take advantage of the great experience which the Association has had in the matter of trade mark registration and the various problems which arise in connection therewith, by associating at least one representative from the Association with the person or persons whom the Government of India might eventually appoint to draft the legislation which it is proposed to frame to deal with the problem of cotton marks.

3. The position in regard to the registration of future marks is one with which my Committee consider it should not be unduly difficult to cope. In regard to the much more complicated problem of dealing with existing marks, my Committee wish to suggest that the difficulties as far as cotton marks are concerned would be very greatly reduced if advantage were taken of the data available with the Association in its Trade Mark Registers. In this connection, it is suggested:—

- (a) All trade marks habitually used for more than five years and registered with the Association should be automatically transferred to the Governmental Register on payment of a nominal fee, and no objections against them should be entertained. It may be added that the Association would have no objection to the entry into the Governmental Registers of any trade marks owned by non-members which it could be proved have been regularly used in India for more than five years.
- (b) It is also suggested, in regard to trade marks registered with the Association during the last five years, that they should be entered in a "Provisional" Register on payment of a nominal fee, but that these trade marks should be open to objection from non-members owning exactly similar marks which have been regularly used in India on cotton goods of the same description from

* Printed in Section VI of this Report.

an earlier date. In regard to the above marks, it is further suggested that registration and transfer to the Permanent Register should be automatic if no objections are received and/or proceedings instituted within a period of, say, three months.

My Committee wish me to stress the importance which they attach to the foregoing suggestions and to express the hope that Government will be able to accept them in their entirety as the Association's final view-point must, to some extent, depend on Government's attitude on this particular issue. After legislation has been enacted, it will, my Committee presume, be necessary for the Government of India to associate a committee representing all sections of the cotton piecegoods and yarn trade with the officers appointed to administer the Act, to cope with the special problems arising from the transfer to the Governmental Register of existing cotton marks, and my Committee trust that the Association will be accorded on this committee representation commensurate with its stake in the trade and the experience which it has had in matters connected with trade mark registrations.

4. Before dealing briefly with the detailed proposals made in Part III of Government's Memorandum, it remains for my Committee to add that :

(a) the charges for registration should be fixed as low as possible and they should not, in any event, exceed what is necessary to make the scheme self-supporting ;

(b) whatever scheme is finally adopted, it should make adequate provision for effective circulation of applications for registration and provide sufficient time for the receipt of objections. In the Association's scheme of registration, one calendar month is allowed for the receipt of objections, and reproductions of the trade mark for which application has been made are sent direct to every member. It may not be possible to adopt an exactly similar procedure in Governmental registration as the field to be covered will be somewhat wider, and in these circumstances, it is thought that the time for submission of objections might be increased to three months ;

(c) it is recommended that the Head Office of the registration authority should be located in Bombay so far as cotton marks are concerned as Bombay is obviously the most convenient side for the headquarters of the registration authority for such marks judged either from the point of view of importers or manufacturers ; and

(d) every effort should be made so to devise the new legislation as to prevent a spate of unnecessary court actions for infringements.

5. Turning to the detailed proposals made in Part III of Government's Memorandum, my Committee would like to make the following observations :—

Para 2 (i).—A waiting period of not less than three months may be provided to enable objections to be lodged against any new registrations. Further details regarding the proposed bulletin, advertising new trade marks accepted for registration, will probably be incorporated in the Bill and will be commented upon later.

Para 2 (ii).—If Government insist on the Trade Mark Registry Office being maintained at the Patent Office, we would like to stress the need for Sub-Registry Offices at Bombay and Madras each under the charge of a Sub-Registrar, copies of *all* trade marks submitted for and securing registration being available for inspection at these offices. It would certainly be too much to expect manufacturers in, say, Bombay or Madras to go to Calcutta to inspect the Register to find out whether a particular trade mark has already been registered.

Another suggestion which might be made in this connection is that the Registration Staff at each centre should be associated with an Expert Committee of business men to decide all practical questions. Attention is, in this connection, invited to para 6 of Part II of the Government Memorandum.

Para 2 (viii).—The principle that ownership in a trade mark can be transferred independently of the goodwill of the firm has been recognised in the Indian Partnership Act (*vide* Section 55).

Para 2 (x).—The period suggested seems to be too long, but my Committee would suggest that the exact duration be left open for discussion at a later stage.

Para 2 (xi).—No comments. Corrections should also be advertised.

Para 2 (xiii).—My Committee regret they cannot endorse the suggestion that letters and numerals shall be ineligible for registration except on clear evidence of acquired distinctiveness. They feel that, while it might be possible to establish distinctiveness in the case of long established trade numbers, and thus qualify for registration, they cannot agree that the registration of trade numbers should be discouraged in future. Apart from other considerations, they feel that, with the difficulty which mills now experience in securing registration of cotton marks, it is in the field of trade numbers that future efforts to secure distinctiveness must be made.

6. In the above paragraphs, my Committee have set forth their general reactions to the tentative suggestions made by Government in Part III of the Memorandum, and it is probable that when the Bill is finally drafted, there will be other matters which require attention. In these circumstances, I am to express the hope that the Association will be given another opportunity of examining the scheme when Government's proposals take more definite shape.

APPENDIX 3.

REGISTRATION OF DESIGNS UNDER THE INDIAN PATENTS AND DESIGNS ACT.

Copy of letter No. 4340/188, dated the 17th November 1937, from the Association to the Secretary to the Government of India, Department of Industries and Labour, New Delhi.

The attention of my Committee was recently drawn to the enclosed circular* issued by Messrs. Sham Dass Kapur & Co., Amritsar, in which are reproduced four designs recently registered by them in Calcutta under the Indian Patents and Designs Act apparently for use on cotton piecegoods. Copies of the circular have probably been sent to all mills in India with a warning that infringements will be dealt with as provided for by law. From the information at our disposal, it is clear that the designs registered are by no means original and in certain cases the same or identical designs have been regularly used by our members for several years prior to their registration by the firm referred to. Yet, registration under the Indian Patents and Designs Act *ipso facto* confers on Messrs. Sham Dass Kapur & Co. an unassailable right to use the designs as against the other users. My Committee are aware that in such cases the law provides a remedy to the aggrieved parties to secure cancellation of registration in certain instances, but the position is still very unsatisfactory, as it involves costly proceedings. As Government are aware, very little publicity is at present given to applications for registration of designs, and at any rate, in the absence of coloured reproductions of designs which were sought to be registered, it is impossible to ascertain precisely what is sought to be registered or what has been actually registered, thus leading to :

- (a) inadvertent infringements of textile designs ; and
- (b) registration of designs, which are the common property of the trade, as the exclusive property of one manufacturer when there are probably many manufacturers who have been using the same design for a longer period than the former.

* Not printed.

The invocation of the penal provisions of the law on behalf of the registered proprietor of a design when there are other users as well would be unfair in the case of (a) and decidedly unjust in the case of (b). This matter has been very carefully considered by my Committee, and they strongly feel that there exists a very good case for thoroughly overhauling the procedure at present adopted in the registration of designs. Any effective scheme of registration of textile designs should, in the opinion of my Committee, provide for :

- (i) wide publicity and advertisement of the designs submitted for registration. In this connection, attention is invited to the Trade Marks Journal issued by the Board of Trade, United Kingdom.
- (ii) reasonable facilities for inspection of designs by interested parties ;
- (iii) a reasonable interval between publicity and actual registration of the designs to facilitate the submission of objections ; and
- (iv) institution of prompt and effective means of disposing of objections.

The above proposals are, of course, in their broad outline, but my Committee would be very pleased to go further into the question of evolving a separate system of registration of textile designs if Government so desire.

Copy of letter No. 53(2)-Tr. (P. & D.)/38, dated the 2nd March 1938, from the Government of India, Department of Commerce, to the Association.

With reference to your letter No. 4340/188, dated the 17th November 1937, I am directed to observe that the representation made by the Millowners' Association, Bombay, appears to be based on a misapprehension, namely, that the designs referred to were registered under the Indian Patents and Designs Act, 1911. The Government of India understand that the registration number 1261 of 1937, quoted in the warning notice accompanying your letter under reference, does not relate to a design registered under the Indian Patents and Designs Act, but to a registration effected under the Indian Registration Act, 1908, with the Registrar of Assurances, Calcutta. In this connection, I am to remark that designs *per se* cannot be registered under the Indian Registration Act, which makes provision for the registration of documents only and does not vest in the registrant of such documents any copyright in respect of designs mentioned therein.

2. With regard to the Association's suggestion for overhauling the procedure at present adopted in the registration of designs, I am to observe that the procedure suggested by the Association is analogous to that which obtains in the United Kingdom for the registration of "trade marks," and not to that which obtains there for the registration of "designs." So far as the registration of designs is concerned, the existing provisions of the Indian Patents and Designs Act follow closely the provisions of the English Act on the subject. Neither of the Acts makes any provision for publishing a design before registration, and in these circumstances the Government of India do not consider that there exists a case for overhauling the present procedure for the registration of designs.

3. As regards the Association's observation that the remedy at present available to aggrieved parties for securing cancellation of registration in certain instances involves costly proceedings (*cf.* Section 51A of the Indian Patents and Designs Act), I am to say that the matter has been noted for consideration in connection with the amendment of the Act.

APPENDIX 4.

PROPOSED REVISION OF THE INDIAN MERCHANDISE MARKS ACT, 1889.

Copy of letter No. 1644/34-B, dated the 15th March 1937, from the Chief Secretary to the Government of Bombay, Political and Reforms Department, to the Association.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 1644/34-B,* dated the 15th March 1937, regarding the revision of the Indian Merchandise Marks Act 1889, and to request that you will be so good as to communicate to Government, at an early date, any observations (which may kindly be sent *in duplicate*) which your Association may desire to make in respect thereof.

Copy of circular No. 404(1)-Tr. (I. E. R.), dated the 19th February 1937, from the Government of India, Department of Commerce, to all Local Governments and Administrations.

I am directed to address you on the question of the revision of the Indian Merchandise Marks Act, 1889, so as to make the marking of the country of origin on foreign goods imported into British India compulsory. This matter has been engaging the attention of the Government of India for some time and after careful consideration they have arrived at the conclusion that a change in the law is essential. The past history of the case as well as the lines on which it is proposed to amend the law are explained in the Memorandum sent herewith.

2. I am to request that the Government of India may be furnished at an early date with the views of His Excellency the Governor in Council/your views upon the proposals contained in the Memorandum after consultation with such of the commercial interests as His Excellency deems/you deem desirable.

MEMORANDUM.

The Indian Merchandise Marks Act, 1889, which is based on the English Merchandise Marks Act of 1887, is directed to the suppression of false marking on goods and does not require a positive statement of their actual origin except in the case of goods which bear a false or misleading indication. The position thus is that the marking of the country of origin on imported goods is not generally compulsory under the Act. It is only compulsory when the trade mark or other mark on the goods or their trade description raises a supposition that such goods are the product of some country other than that in which they are actually made.

2. The question of amending the Act so as to make the marking of origin on foreign goods compulsory was mooted in 1916-17; the opinion of local Governments and commercial bodies was invited on it. The replies received showed that although opinion was divided, the more important commercial bodies and the maritime local Governments were in favour of a change in the law. In March 1917 the Conference of All-India Chambers of Commerce resolved that where practicable all foreign goods should bear a clear indication of origin and beyond that no alteration in the existing law was necessary. The Government of India after taking into consideration all shades of opinion, came to the conclusion that there were some disadvantages in the existing law which allowed foreign manufacturers the option of advertising the origin of their goods where it was to their advantage to do so, while at the same time giving them the opportunity, when it suited them, of concealing that origin. They decided, however, to postpone further consideration of the matter as His Majesty's Government in the U. K. were at the time considering the amendment of the corresponding law in the United Kingdom. The English Merchandise Marks Law was amended in 1926, and provision was made *inter alia* for the making, after due inquiry, of orders that certain imported goods should bear indication of origin, as prescribed, at the time of importation or when exposed for sale —cf. Section 2 of the Merchandise Marks Act, 1926.

* Not printed.

3. In India in the meanwhile the question had continued to receive some attention by the introduction of or declared intention to introduce unofficial Bills on the subject in the Legislative Assembly. In 1923 Mr. Manmohandas Ramji, a member of the Legislative Assembly, gave notice of his intention to introduce a Bill with the object of requiring the place and country of origin to be indicated in large and conspicuous letters on all goods imported into British India. The Bill was not introduced. Again in 1924 Sir Purshotamdas Thakurdas signified his intention of introducing a similar Bill but he did not proceed further. In 1926 Mr. Neogy came forward with a Bill which sought in substance to amend the Indian Merchandise Marks Act so as to empower the Governor General in Council to prescribe by notification the classes of goods brought into British India to which a trade description giving the place or country in which they were made or produced should be applied at the time of importation or sale. The Bill was introduced in the Legislative Assembly in February 1927 and was circulated for opinion in February 1928. The replies received were on the whole favourable to the proposal to authorise the Governor General in Council to notify the classes of goods which must, on importation, be marked with the name of the country of origin at the time of importation, but there was almost unanimous opposition to any provision for goods being so marked at the time of sale on the ground that it would be practically impossible to enforce such a provision. The Government of India also held the view that legislation to enforce marking at the time of sale would be largely infructuous. This view was later endorsed in 1930 by the Select Committee of the Legislative Assembly to which Mr. Neogy's Bill was referred. There is always a difficulty in this country when it is proposed to lay down elaborate regulations as to the conditions to be observed at the time of sale. It is easy enough to enforce any regulations that are thought suitable at the time of importation because the machinery of the Customs Administration can be utilised to give effect to them. But the practical difficulties attending the enforcement of any regulation requiring that goods should, at the time of sale, bear a mark showing the country in which they were manufactured are practically insuperable.

4. Mr. Neogy's Bill as it emerged from the Select Committee sought to authorise the Governor General in Council to notify classes of goods which must, at the time of importation, be marked with the name of the country of origin, this power being subject to the qualifications that no notification shall be made—

- (a) unless an application that it be made has been presented to the Governor General in Council by a person or association substantially interested in the manufacture or production in British India of the class of goods specified ;
- (b) until after such inquiry as the Governor General in Council may deem requisite ;
and
- (c) until a draft notification has been published and dealt with in the manner prescribed in Section 23 of the General Clauses Act, 1897, as if it were a rule to be made subject to previous publication.

5. In 1930, on the dissolution of the Legislative Assembly the Bill lapsed and no attempt has since been made to revive the Bill or to introduce any other non-official Bill on the subject in the Legislative Assembly. But the Government of India have from time to time been receiving representations from commercial interests, etc. on the subject of the amendment of the Indian Merchandise Marks law. The proposal received has generally been that all imported goods should compulsorily bear the mark of the country of origin. This seems to ignore the fact that apart from the very difficult task which such a requirement would impose on the Customs Administration it would interfere seriously with legitimate trade. There are classes of goods (for instance, sugar, salt, bulk oil, etc.) which do not permit of the marking of the country of origin, while the value of some goods, for example, jewellery, gold thread, silk dresses, etc. would be seriously affected if the marking of their country of origin was insisted upon. Again, there are classes of manufactured articles imported from abroad which are not manufactured in India and the marking of such articles would not afford any protection to the manufacturers or consumers in India—an object which the proposed legislation seeks to achieve. Some of the commercial bodies have also raised the question of withdrawal of certain privileges now enjoyed under the Indian Merchandise

Marks Act by goods imported from the United Kingdom. The existing law does not require the marking of the country of origin in respect of goods made or produced in the United Kingdom bearing the name or trade marks of British Indian traders or dealers—cf. Section 18(e) of the Sea Customs Act and Section 10 of the Indian Merchandise Marks Act.

6. The Government of India are of opinion that a change in the Merchandise Marks law of the country is necessary and that the question should now be actively pursued. Their provisional conclusions are that legislation might be on the following main lines, namely :—

- (i) That the Governor General in Council may be empowered to prescribe by notification in each case, after such enquiry as he may deem fit, that certain specific goods should at the time of import bear an indication of the country of origin. No such provision is to be made to cover goods at the time of sale.
- (ii) That where marking of goods is made compulsory it may be prescribed that not only the goods but also the parts of the goods imported as well as packages or containers should bear mark of origin, such marking being indelible where practicable.
- (iii) That no distinction should be made between goods produced or manufactured in the Indian States and goods produced or manufactured in British India and the regulations should apply only to goods made or produced beyond the limits of India.
- (iv) That the regulations should also apply, where necessary, to goods in transit through India to a foreign country.
- (v) That in order to facilitate the identification of the country of origin in the counter-indication required by the proviso to Section 18 (e) of the Sea Customs Act, 1879, the words 'or, if such language and character are those used in any country outside India, in the English language' be added to proviso (ii).
- (vi) That the special privilege under the present Act whereby United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin may be withdrawn.
- (vii) That, to deal with the fraudulent practice now prevalent in the case of some articles which, by the affixation of loose transfers, are represented to be of an origin or manufacture different to their actual origin or manufacture, it may be made an offence to import, deal in or possess a transfer, label, etc. with the intention of applying the same or with reason to believe that the same is intended to be applied to substantive goods of which, when affixed thereto, it will constitute a false description.

Copy of letter No. 1726/81, dated the 27th April 1937, from the Association to the Chief Secretary to the Government of Bombay, Political and Reforms Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 1644/B, dated the 15th March 1937, in which my Committee were requested to express an opinion on certain proposed amendments in the Indian Merchandise Marks Act. The specific points on which their views are desired are set forth in paragraph 6 of the Government of India memorandum which accompanied your communication referred to above.

The question has been very carefully considered by my Committee, and I am desired to say at the outset that they are in agreement with the principle underlying the suggestion

made by Government, namely, that the country of origin should be stamped on goods imported into India. Turning to the specific points raised by Government in para 6 of their memorandum, my Committee's considered views are set forth in the following paragraphs :—

6. (i).—In view of the practical considerations set forth in paragraph 5 of Government's memorandum, my Committee agree that it is not practicable to insist on the country of origin being stamped on *all* imported goods, but they desire to point out that in the case of imported cotton yarn and cotton, silk, artificial silk and woollen piecegoods, the country of origin must be stamped in every case. They agree that powers might be given to the Governor General in Council as proposed by Government to prescribe by notification the goods (excepting cotton yarn and cotton, silk, artificial silk and woollen piecegoods) which should bear the country of origin.

(ii).—My Committee are in agreement with this suggestion. The safeguard proposed appears to be very essential as it might otherwise be possible to pass off imported goods as indigenous manufactures, simply by changing the wrappers or by repacking the imported goods in this country in new containers.

(iii).—My Committee are strongly of opinion that the proposed legislation should be applicable to all goods manufactured outside the limits of British India, that is to say, imports from Indian States should also be required to be stamped with the name of the country of origin. With the rapid development of industry in Indian States in recent years, and the consequent increase in the extent of competition between manufacturers of British India and Indian States, it is very likely that the latter will be a potential source of danger to industries in British India in the immediate future if the proposed legislation is not extended to Indian States.

(iv).—My Committee agree with Government that the regulations should also apply to goods in transit through British India to a foreign country. In this connection they would also like to insist on the country of origin being marked on goods imported directly into such Ports as Okha, Mandvi, etc. to prevent the possibility of their being subsequently marketed in British India as manufactures of the respective Indian States.

(v).—My Committee agree with the proposed amendment to Section 18(e) of the Sea Customs Act, 1879, but would suggest the desirability of the counter-indication being stamped in English character in all cases where the letters in the name or trade mark are stamped in a language and character used in any country outside India. In these circumstances, they would like to insert the word "India" for the word "Asia" in the proposed amendment.

(vi).—My Committee agree with Government that the special privileges under the present Act, whereby United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin, may be withdrawn. In this connection, they desire to invite Government's attention to the following tentative understanding reached between the representatives of the Indian Cotton Textile Industry and the United Kingdom Textile interests in September 1933 :—

"That for the purpose of preserving the integrity and reputation of the piecegoods trade, it is agreed that the name of the "country of origin" of the goods should be stamped in clear and bold letters on the face of all cotton, silk and artificial silk piecegoods manufactured by either country for sale in India."

(vii).—This suggestion seems to be the logical outcome of the previous suggestions, and my Committee have no objection to its adoption. The main object underlying the suggested amendment of the Act is effectively to prevent passing off of foreign manufactures as Indian by requiring the country of origin to be stamped on such imports and it is, therefore, desirable to provide at the same time satisfactory safeguards against all possible evasions of the Law.

APPENDIX 5.

STAMPING OF INCORRECT TRADE DESCRIPTIONS.

Copy of letter No. 1954/150, dated the 19th May 1937, from the Association, to the Secretary to the Government of India, Department of Commerce, Simla.

The attention of the Association having been recently drawn to certain malpractices in the cotton piecegoods trade in this country, investigations were made with a view to ascertain their precise nature and, if possible, to devise means for their eradication in the interest of the trade, and my Committee feel they ought to acquaint the Government of India with the results of their enquiries so that such action as Government deem advisable might be taken in this matter.

2. The complaints referred to, so far as cotton piecegoods are concerned, originated in the first instance in the Bengal and United Provinces markets, and related chiefly to dhoties, and serious discrepancies were alleged between stamped dimensions and the real dimensions of the goods. The parties concerned were asked to forward representative samples drawn from different bales received by them, and these samples were measured under the direct supervision of this Association. I give below for the information of Government a statement showing the particulars of the samples received, the stamped and real widths being shown side by side :—

Mill.	Dimensions <i>As Stamped</i> (Actual Marks).	Real width as measured by a member mill. Inches.
A.	44 × 10 yards.	40 $\frac{3}{4}$
B.	44 × 10 yards.	42 $\frac{1}{4}$
C.	44 × 2 × 10 yds.	42 $\frac{1}{2}$
D.	44 × 2 × 10 yds.	43
E.	44 × 2 × 10 yds.	43
F.	44 × 10 yards.	42 $\frac{1}{4}$
G.	44 × 10 yards.	42
H.	44 × 10 yards.	42
I.	44 × 10 yards.	42 $\frac{1}{4}$
J.	44 × 10 yards.	42 $\frac{1}{4}$
K.	44 × 10 yards.	43
L.	44 × 10 yards.	43
M.	44 × 10 yards.	42 $\frac{1}{4}$
N.	44 × 10 yards.	41 $\frac{1}{2}$
O.	44 × 2 × 10 yds.	41 $\frac{3}{8}$
P.	44 × 2 × 10 yds.	42 $\frac{3}{4}$
Q.	44 × 10 yards.	41 $\frac{3}{4}$
R.	44 × 10 yards.	42 $\frac{5}{8}$
S.	44 × 10 yards.	37
T.	45 × 5 yards.	42
U.	44 × 12 yards.	40
V.	44 × 20 yards.	41
W.	44 × 2 × 10 yds.	41
X.	44 × 10 yards.	41

The figures in the last two columns of the above statement, read in conjunction with the scale of tolerances prescribed in Government Notification dated the 13th November 1891 as subsequently amended, clearly bring out the fact that in most cases included in the list, the trade descriptions attached to the pieces, so far as width is concerned, were materially "false."

3. Another type of malpractice was also brought to the notice of the Association. A mill stamped 45×5 yards on their fine saris. The actual width of the cloth was only about 42", and on matters being represented to them, the mills contended that the number "45" stamped on the piece was the Merchant's Number, and did not represent the width of the cloth as the figure "45" was not followed by the word "inches." On the very face of it such an argument was fallacious.

4. The position was carefully considered by my Committee, and was also discussed with some of the leading piecegoods merchants from the centres from which these complaints emanated. It was pointed out to my Committee in the course of these discussions that, firstly, whether false trade descriptions were applied by the mills on their own initiative, or at the instance of their dealers, their ultimate result from the point of view of the buyer was no longer in doubt, and secondly, such practices injure the reputation of Indian mill-made goods in consuming centres and do considerable damage to the trade of mills selling goods to the full dimensional particulars. My Committee were much impressed by the latter argument; dhoties constitute about one-third of the entire production of Indian mills, and the prospect of injury to this trade could not be contemplated with equanimity. It also transpired that besides the deliberate offender who applied or asked for fraudulent stampings, knowing that he was committing or becoming an accessory to an offence, there existed a class of manufacturers and/or dealers who were also stamping incorrect trade descriptions not knowing that an offence was being committed. In these circumstances, it appeared that, to a certain extent at any rate, matters might be set right if the parties concerned were made aware of the provisions of the Indian Merchandise Marks Act, and a circular letter as per copy enclosed* was addressed by my Association to all its members although the particular instances of incorrect trade descriptions to which my Committee's attention was drawn applied to non-members. The facts were placed before the Ahmedabad Millowners' Association, who were also good enough to issue circulars, as per copies enclosed* to their members.

5. The position, nevertheless, is still unsatisfactory because the action taken by the Bombay and Ahmedabad Associations could not have any direct effect on those mills which are members of neither Association. In these circumstances, my Committee feel that it would be of considerable assistance to the Industry if the Government of India issued a press note referring to the provisions of the Indian Merchandise Marks Act and containing a warning to those who offend against these provisions. Copies of this press note, it is suggested, might be sent to all Chambers of Commerce and Associations with the request that it might be brought to the notice of such of their members as were interested in piecegoods and to all piecegoods merchants with whom their members had dealings.

6. As an alternative to the above procedure, my Committee wish to suggest that the Government of India might investigate whether it is possible to devise more appropriate machinery for the purpose of ensuring that the provisions of the Merchandise Marks Act are carried out.

Copy of letter No. 403(11)-Tr. (I.E.R.), dated the 30th July 1937, from the Government of India, Department of Commerce, Simla, to the Association.

I am directed to refer to your letter No. 1954/150, dated the 19th May 1937, on the above subject, and to say that the Central Government are considering the matter in consultation with the Provincial Governments. The decision of the Central Government will be communicated to you in due course.

APPENDIX 6.

REVISION OF POWER CONTRACTS.

Articles of Agreement made the _____ day of _____ 193
 between the _____ Company, Limited, a Company
 registered under the Indian Companies Act and having its Registered Office at
 Bombay (hereinafter referred to as "the Company" which expression shall unless excluded
 by or repugnant to the context be deemed to include the _____
 Company, Limited and its successors and
 assigns) of the one part and _____
 a Company registered under the Indian Companies Act and having its Registered
 Office at Bombay (hereinafter referred to as "the Consumer" which expression shall unless
 excluded by or repugnant to the context be deemed to include _____
 and its successors and permitted assigns) of the other part : Whereas under and by virtue
 of a Licence granted by the Government of Bombay under the Indian Electricity Act
 dated the _____ day of _____ as subsequently amended and
 known as the _____ (Hydro-Electric) Licence, _____ (hereinafter
 referred to as "the Licence") the Company is empowered to supply electrical energy within
 the area of supply therein stated upon the terms and provisions therein mentioned and
 referred to, now it is hereby agreed and declared as follows :—

1. *Supply of Power.*—The Company shall furnish to the Consumer and the Consumer shall take from the Company all the electrical supply required by the Consumer for operating the Consumer's located at (hereinafter referred to as "the Factory") up to the total amount of kilowatts (hereinafter called "the Contract Demand").

Form of Supply.—Supply to the Consumer shall be in the form of three phase alternating current at a normal frequency of 50 cycles per second and a voltage of approximately _____ Volts.

2. *Point of Delivery.*—The point of delivery of the said electrical supply shall be at the Consumer's side of the isolating links on the Consumer's side of the Feeder Switches in the Consumer's sub-station which shall be at the above premises where service shall be metered at _____ Volts and the Consumer shall provide and afford to the Company free of charge in the said sub-station and elsewhere on the above premises all building and other space required by and suitable to the Company for the meters, switches and cables and if necessary for accommodation for transformers, motors and other apparatus and equipment as may be required in connection with the installation and all facilities therefor and for the supervision and maintenance of the same and all structural and other alterations and masonry work incidental to the installation shall be carried out at the cost of the Consumer.

3. *Company entitled to bring cables for other Consumers into the factory.*—The Company shall be at liberty to bring into such premises not only the direct cables from the Company's Receiving Station but also cables connecting other Consumers and the Company shall be at liberty with the consent of the Consumer (which shall not be unreasonably withheld) to provide all requisite switch gear and connections thereto on the above premises and to furnish a supply to other Consumers through the cables and terminals situated on the Consumer's premises.

4. *Consumer's increased requirements.*—Should the Consumer desire to increase his power requirements at any time during the term hereof the Consumer shall purchase the same from the Company on the terms and conditions set forth herein and the Company shall supply such additional requirements provided it has sufficient surplus then available at the corresponding point of supply.

Revision of Contract Demand.—The Contract Demand agreed upon in Clause I hereof shall be subject to revision periodically at intervals of two years dating from the commencement of supply under this Agreement, and in the event of a *bona fide* and permanent reduction in the electrical requirements of the Consumer, the Company may at any such interval require the Consumer to agree to a reduced Contract Demand corresponding to the maximum demand occurring during the twelve months immediately preceding the date of such revision. Such reduced Contract Demand will thereafter be considered the Contract Demand for the purposes of this Agreement.

5. *Payment for Supply.*—The Consumer shall pay each month to the Company for electrical energy furnished hereunder during the preceding month such amount as calculated and ascertained in accordance with Rate-Schedule set out in Exhibit "A" attached hereto and the conditions of such supply shall be in accordance with the General Conditions and Technical Regulations set out in Exhibit "B" attached hereto.

Exhibits "A" and "B" deemed part of the Contract.—The provisions of the said Exhibits "A" and "B" shall be deemed to be incorporated with and to form part of this Agreement between the Consumer and the Company and the contracting parties hereto shall abide and be bound thereby in like manner as if the contents of such Exhibits were herein set out at length.

6. *Period of Supply.*—The period of supply of electrical energy shall be years commencing on subject nevertheless to the Company's and the Consumer's right to terminate this Agreement under the provisions of the General Conditions and Technical Regulations set out in the said Exhibit "B."

7. *Assignment or Transfer of Agreement.*—The Consumer shall not without the previous consent in writing of the Company (which shall not be unreasonably withheld) assign, transfer or part with the benefit of this Agreement nor shall the Consumer in any manner part with or create any partial or separate interest thereunder.

8. *Agreement to be read with Licence and Electricity Act and Rules thereunder.*—This Agreement shall be read and construed in all respects in conformity with the Licence and with all the provisions of the Indian Electricity Act 1910 (hereinafter called "the Act") and the rules and regulations thereunder or of any amendments or modifications thereof and shall not be deemed to limit or affect the exercise of the rights of the Company thereunder. The Consumer shall be deemed to have full knowledge of the Licence and of all conditions made by the Company not inconsistent with the Act or the Licence.

In witness whereof the Common Seals of the Company Limited and have been hereunto respectively affixed the day and year first above written.

EXHIBIT "A"

Schedule T-3

PROCESS STEAM RATE

Application of Schedule.—This schedule is applicable only to Industrial Consumers using not less than 500,000 units per annum where steam is an essential element in the manufacturing process.

This schedule is not applicable for break-down, temporary or resale service, nor to consumers normally operating at a power factor of less than .85 lagging.

Description of Supply.—Electrical supply will be furnished under this schedule in accordance with the provisions of the General Conditions and Technical Regulations attached hereto (marked Exhibit " B ") for factory operation and incidental purposes.

Rate Schedule :—

DEMAND CHARGE :

Rs. 2-8-0 per month per KVA of Demand for the first 1000 KVA of Demand ;
 Rs. 1-8-0 per month per KVA of Demand for the next 1000 KVA of Demand ;
 Rs. 1-4-0 per month per KVA of Demand for the next 1000 KVA of Demand ;
 Re. 1-0-0 per month per KVA of Demand for all excess KVA of Demand ;

Plus

ENERGY CHARGE :

.325 anna per unit for the first 150 units per KVA of Demand used during the month ;
 .300 anna per unit for all additional units used per month.

KVA of Demand.—The "KVA of Demand " to be used for billing purposes shall be taken as the average KVA supplied during the fifteen (15) minute period of maximum use during the month.

The " KVA of Demand " determined shall be the product of the virtual value of the voltage by the virtual value of the current in the circuit or circuits at the point of supply.

Minimum Monthly Bill.—The minimum monthly bill will be the demand charge based upon the " KVA of Demand," which shall in no case be less than 65 per cent. of the KVA supplied during the fifteen (15) minute period of maximum use during the eleven preceding months.

Prompt-Payment Discount.—A cash discount of 2 per cent. will be allowed on the consumer's monthly bill if paid within 10 days from date of submission.

EXHIBIT " B "

GENERAL CONDITIONS AND TECHNICAL REGULATIONS.

1. **Form of Supply.**—Electrical energy supplied under this Agreement shall be three phase alternating current of normal frequency of 50 cycles per second subject to a maximum variation of plus or minus 1 per cent. during constant load, except by reason of *force majeure*, and of normal voltage of volts between phases. The variation of the latter shall not exceed the limits specified in the Indian Electricity Rules 1937 or any amendment or modification thereof except by reason of *force majeure*.

2. **Company's Power :—**

- (a) **Exclusive use of**—The Consumer shall not (except to the extent to which the Company may not be able to furnish) supply the power requirements of the Factory except with the power supplied by the Company under the Agreements: Provided however that this condition shall not exclude the use by the Consumer of any power-providing apparatus installed at the date of this Agreement.
- (b) **Limitations of use of**—No portion of the power supplied by the Company shall be used by the Consumer for purposes other than those specified in the Agreement, nor shall the Consumer sell or permit others to use power supplied here under.

3. *Company's Electrical Apparatus at the Factory.*—The Company shall at its own expense supply, fit up, maintain and keep in repair suitable cables and correct meters and other apparatus for conducting the electrical energy to the Factory up to the point of delivery and for measuring the energy consumed and the maximum demand during the term of this Agreement.

4. *Factory Equipments defined:—*

- (a) *Transforming Equipment.*—The transformers, switchgear, cables and other electrical apparatus and equipment required for conducting the electrical energy from the point of delivery to the Consumer's bus-bars on the outgoing side of the power transformers are hereinafter called "the transforming equipment."
- (b) *Motor Equipment.*—The motors, switchgear, cables and other electrical apparatus and equipment appurtenant to the installation of electrical energy in the Factory and required for connection with and conducting the electric current from the bus-bars on the outgoing side of the power transformers to the different motors of the different departments of the Factory are hereinafter called "the motor equipment."
- (c) *Electrical Equipment of the Factory.*—The transforming equipment and the motor equipment together are hereinafter called "the electrical equipment of the Factory."

5. *Consumer to Supply, Install, Maintain and Operate Factory Equipment:—*The Company shall not be under any obligation to supply, install, maintain or supervise the transforming or the motor equipment of the Factory or any part thereof which the Consumer shall at his own expense and cost supply, install, maintain and supervise unless otherwise agreed.

6. *Inspection and Approval of.*—The Consumer shall furnish to the Company full particulars accompanied by drawings showing the arrangement of all electrical plant and apparatus intended to be installed by the Consumer in connection with the use of the Company's supply and all such plant and apparatus shall in manufacture and construction be equal to British Standard Specification for such apparatus and shall be subject to the approval of the Company before the same be erected, fitted up or installed and all such plant and apparatus shall be of such design and operation that it shall not be calculated to interfere with or detrimentally affect the service supply of the Company or its supply to other Consumers. To that purpose the following regulations shall be observed—

- (1) The power factor of the plant and apparatus owned and operated by the Consumer at individual points of supply must not be less than 80 per cent. ; should the power factor be less than 80 per cent., it must be brought up to this figure by methods approved by the Company.
- (2) Squirrel-cage motors of more than 100 H.P. shall not be installed and the starting current of squirrel-cage motors shall not exceed 200 per cent. of the normal full load current without the previous consent in writing of the Company.
- (3) The starting of slip-ring motors shall be by means of suitable resistances so proportioned that the increase of current per step of resistance does not exceed $1\frac{1}{2}$ times the normal full load current.

7. *Connection When Given.*—No connection shall be made until all installations have been found by the Company to be in satisfactory working order and to have been carried out in accordance with the Indian Electricity Rules as amended and modified from time to time and the Company shall not be called upon to supply current to any installation containing temporary wires or fittings in any way incomplete.

8. *Changes in and Extension of Plant.*—The Consumer shall give all possible advance notice to the Company of any changes in or extension of his plant which may tend to increase his electrical requirements or possibly affect the regulation of the Company's power system. Such notice to the Company shall be accompanied by a description of any new installations or extensions of plant contemplated and of the electrical equipment to be installed.

9. (a) *Increase of Power Demand or Overloading of Plant.*—The Consumer shall not make any alteration in the machinery of the Factory either by way of addition or substitution or transfer which are liable to increase the obligation of the Company to supply electrical energy to the Factory in excess of the contract demand or to overload damage or otherwise prejudicially affect the Company's electrical equipment at the Factory or any part thereof and to avoid all doubt on the subject shall first notify the Company of the intended alterations and obtain its approval in writing which shall not be unreasonably withheld or delayed.

(b) *Right to Cut off Supply.*—When no such approval in writing is obtained the Company shall be entitled upon receipt of the report of the Officer of the Company appointed in that behalf to cut off the supply to the Factory until the excess demand or overload has been removed if in the opinion of that Officer

- (1) the obligation of the Company to supply electrical energy to the Factory is materially increased in excess of the contract demand, or
- (2) any part of the Company's electrical equipment of the Factory (including feeders and metering equipment) is overloaded or liable to be damaged or otherwise prejudicially affected.

10. *Alterations or Extension of Plant.*—All changes in or extension of the Company's electrical equipment of the Factory or any part thereof rendered necessary by the Consumer altering, adding, substituting, or transferring from one department to another the machinery of the Factory shall be carried out by the Company and the actual cost so incurred shall be paid by the Consumer provided the Company has given its written approval to such alteration, addition, substitution, or transfer of Factory machinery from one department to another.

11. *Increased Hours of Working.*—In the event of the Consumer desiring to increase the hours of working of the Factory he shall give to the Company prior notice in writing of such desire and in the event of power being available (as to which the Company shall be the sole judge) the Company shall furnish to the Consumer such increased supply as may be required by the Consumer or as the Company may be in a position safely to furnish.

12. *Installation and Maintenance of Meters :—*

- (a) *Installation.*—The Company will install and maintain such meter or meters as may be required to properly measure the electrical demand and energy consumed and will inspect and test its meters as to condition or accuracy at such intervals as it deems necessary to keep them in proper condition. The readings given by such meters shall be taken to be correct.

The Company shall forthwith adjust to prescribed accuracy any meter found to be inaccurate within the meaning of the Act or to have ceased registering or substitute therefor another meter of prescribed accuracy.

- (b) *Meter Tests and Adjustments.*—Should the Consumer doubt the accuracy of any meter the Consumer may on giving notice in writing have such meter tested by the Company (in the presence of himself or his representative if desired) and should the mean error be greater than that specified by and laid down in the "British Standard Specification for electricity meters No. 37 dated 1930" as provided in the Act the Company will deduct from or add to the account in dispute an amount equivalent to the error. If the meter is found to be accurate to within the above mentioned specification it shall be deemed to be correct and the Consumer shall pay the expenses incurred in testing not exceeding

Rupees Thirty. In the event of any meter ceasing to register, the actual consumption during the period of such cessation through the circuit on which such meter is installed shall be determined from the best information available and the charge shall be based upon said determination.

In the event of the Consumer refusing to accept any test or adjustment made by the Company in this respect the matter shall be referred to the Electrical Engineer to Government for adjudication as provided by the Act.

13. *Bills* :—

- (a) *How Made Up*.—All sums payable hereunder for electrical supply shall be ascertained and billed according to the meter readings, rates and conditions given in the Rate-Schedule Exhibit "A."
- (b) *When Due*.—Bills are due and payable within 10 days from the date of the rendering thereof and they shall be rendered as nearly as practical at monthly intervals.
- (c) *Discontinuance for Non-Payment*.—If the Consumer neglects to pay any charge for electrical supply due to the Company under this Agreement, the Company may exercise the powers conferred by the Act as to cutting off the supply but without prejudice to any other remedies of the Company.

14. *Interference with Company's Equipment*.—The Consumer shall not unseal or interfere with the meters or other apparatus belonging to the Company in any way and the Consumer shall be solely responsible and shall pay for any damage to the meters or other electrical apparatus and accessories belonging to the Company within the Factory premises caused maliciously or through culpable negligence or default on the part of the Consumer or any of his employees or arising from circumstances beyond the control of the Company.

15. *Right of Way*.—The Consumer shall at all times permit the Officers or servants of the Company to enter the Factory premises for the purpose of examining the electrical plant meters and apparatus and doing all things necessary or incidental to the proper carrying out of these presents and shall afford every facility therefor but this shall be during working hours or at other times after a notice in that behalf given during working hours to the Manager or other person in charge of the Factory.

16. *Attendance*.—Should the Company's Inspector be called out with reference to failure of supply on the Consumer's premises and the fault be found to be due to any cause other than a fault in the Company's apparatus the Consumer shall pay a fee of Rupees Twenty in respect of his attendance.

17. *Consumer's Delay in Taking Supply*.—If the Company is ready to furnish the supply under this Agreement but the Consumer is not ready to accept such supply from the date specified for commencement of supply whether by reason of his electric installation being incomplete or otherwise howsoever except by reason of *force majeure* then the Consumer shall as from that day pay the Company in every month Rs. 2-8-0 per month per kilowatt of the contract demand.

18. *Company's Remedies*.—If the Consumer shall at any time during the continuance of this Agreement—

- (a) make default in punctually making any payments herein provided for ;
- (b) be wound up by order of the Court or shall pass any resolution for winding-up save for the purpose of reconstruction or amalgamation ;
- (c) execute or create any mortgage, charge or other incumbrance in any way capable of affecting the Company's ownership of the electric meters, plant, apparatus and equipment in the Factory or any part thereof ;

- (d) commit any breach of or fail to observe and perform any of the agreements and conditions contained in this Agreement and on his part to be observed and performed ; or
- (e) fail to take 50 per cent. of the supply contracted for during any continuous period of one year unless prevented by reason of any of the following causes viz., labour strike, plague, famine, hurricane, tempest, riot and civil commotion, mutiny, war, earthquake or act of God *bona fide* interfering with the working of the Factory ;

then and in any such case it shall be lawful for the Company without prejudice to its rights against the Consumer at law in damages for breach of Agreement or any other rights and remedies of the Company under the Act or otherwise to put an end to this Agreement and the Consumer hereby authorises the Company, its servants and agents to enter upon the premises and to seize and take away all meters, plant, apparatus, equipment and other property of the Company in or upon the same. Provided always that if the right reserved to the Company by this clause accrues by reason of the happening of the event referred to in sub-clause (b) the Company shall not exercise such right if the payments herein provided for are punctually made and within one calendar month of the happening of such event there shall be furnished to the Company security required by the Company for the due performance and fulfilment of the conditions and obligations of the Consumer under this Agreement.

19. *Company's Property.*—It is hereby expressly agreed and declared that all the meters, plant, apparatus and equipment comprising the electrical installation belonging to the Company in the Factory notwithstanding that the same or any part thereof are or may be fixed or fastened to any part of the Factory premises or to the soil under or belonging to the same or otherwise are and shall at all times continue to be the sole and absolute property of and removable by the Company and shall not be subject to any mortgage or arrangement or composition with or assignment for the benefit of creditors or become subject to the Insolvency Laws nor shall they be in any way disturbed except by the authorised officials of the Company. And the Consumer hereby further agrees with the Company as follows :—

- (1) That the Company shall be at liberty to place its name plates or any marks or numbers on the said apparatus and equipment belonging to the Company and the Consumer shall not alter or remove such plates, marks or numbers.
- (2) That the said apparatus and equipment belonging to the Company shall be kept at the Factory free from distress execution or other legal process and shall not on any account be sold assigned or dealt with or the possession thereof parted with.
- (3) That the Consumer will not at any time during the period of this Agreement execute or create any mortgage, incumbrance or charge in any way capable of affecting the Company's ownership of the meters, plant, apparatus equipment and the other property of the Company in the Factory.
- (4) That the agreements in this clause contained are additional to the protection afforded to the Company by the Act.

20. *Equal Treatment.*—The Company shall not during the continuance of this Agreement in entering into any contract with a consumer falling within the class of consumers to whom the Rate-Schedule in Exhibit " A " is applicable, show undue preference to any such consumer in the rates of supply charged to him.

21. *Company's Guarantee and Indemnity to Consumer.*—The service of electrical energy to the Factory shall be carried out and maintained by the Company in accordance with the rules of the Indian Electricity Act or any amendment or modification thereof and the cables and other apparatus and equipment shall be of first class quality and serviceable for the satisfactory supply of electrical energy to the Factory.

Provided that no responsibility shall devolve upon the Company by reason of any breakdown in the Factory equipment or any stoppage thereby incurred so long as the supply of the Company at the point of delivery is in accordance with this Agreement. Provided also that the Company shall not be responsible for such damage or loss (if any) as the Consumer may sustain owing to the failure at any time of the electric current by reason of the cutting off of or damage to any wires or works during war, mutiny or riot or by reason of earthquake, hurricane lightning, or tempest or of any accident or cause of whatever nature beyond the control of the Company.

Subject to the above provisions the Company shall indemnify the Consumer to the extent hereinafter mentioned against loss shown to have arisen—

- (a) from failure on the part of the Company to supply energy in terms of this Agreement.
- (b) from stoppage or irregular or insufficient supply of current due to shortage of rainfall or due to causes within the control of the Company arising during the period of this Agreement.

Provided that the Company shall be at liberty to temporarily cut off the supply three times in each quarter for a period not exceeding fifty-five minutes for each stoppage and shall not be responsible for any claims or damages or deemed liable to indemnify in respect of such temporary interruption. The Company whenever possible shall give reasonable advance notice to the Consumer of such stoppage with the object of causing the minimum of inconvenience to the operations of the Consumer.

In case of Textile Mills—Such indemnity shall be reckoned as under :—

half anna per lb. of yarn, and
one anna per lb. of cloth ;

the quantities in each case to be ascertained upon the basis of the returns of the production of the Mill made to the Consumer for the three preceding full working days which returns shall for the purpose be open to the free inspection of the Company.

In ascertaining the production of the Mill for the purposes of this clause regard shall only be had to yarn and cloth as finished products ready to be delivered from the Mill and not to be retained in the Mill for any other or further process or processes.

Provided that the indemnity by this sub-clause agreed to be given by the Company shall be deemed to be and shall be exhaustive and that the Company shall not be liable to indemnify the Consumer against loss in production otherwise than in respect of yarn and cloth and that in the calculation of claims for indemnity under this sub-clause the following provisions shall have effect, namely (i) that in the case of Consumer who spins only indemnity shall be reckoned on the yarn basis ; (ii) that in the case of Consumer who both spins and weaves separately indemnity shall be reckoned on such proportion of restricted yarn production as is not utilised by the Consumer for making cloth ; (iii) that in the last mentioned case indemnity shall not be reckoned on yarn which is utilised by the Consumer for making cloth but on the finished cloth only ; (iv) that indemnity shall not be reckoned on intermediate processes but only on yarn or cloth as finished products ; and (v) that indemnity shall not be reckoned on separate processes such as bleaching, dyeing, banding, tape-making or the like. And provided further that none of the provisions in this sub-clause contained shall entitle the Consumer to claim any indemnity in the event of stoppage

or irregular or insufficient supply from any cause whatsoever during any time when the Mill may be working beyond the normal working hours of Cotton Mills in Bombay.

22. *Company Not Responsible Except for Culpable Negligence.*—The Company shall not be responsible for any loss or damage to person or property caused by electric current or otherwise unless the same is caused by culpable negligence on the part of the Company or any of its employees in the course of their employment.

23. *Partial or Total Destruction of Factory by Fire:—*

(a) *Temporary Suspension or Reduction of Operations.*—When the Consumer is obliged temporarily to suspend or reduce operations at any time due to the total or partial destruction of the Factory by fire the Consumer may procure a temporary reduction of the maximum demand charge by giving notice in writing to the Company within three calendar months of the date of such destruction, but any such temporary suspension of operations may at the option of the Company be added to the period of supply stated in the Agreement. On obtaining such a reduction of the maximum demand charge the minimum sums payable every month by the Consumer to the Company for the first year subsequent to the destruction of the Factory shall be calculated on the basis of one half and for the second and subsequent years on the basis of the whole of the monthly average maximum demand charges paid by the Consumer for the twelve months prior to such destruction if such destruction took place after the period of twelve months from the date of first supply. But if it took place within such period such calculations shall be based on the contract demand instead of the maximum demand. Provided that the Consumer shall with all ordinary diligence restore or repair the damage to the Factory so as to resume operation as soon as possible and that subsequent to such resumption the amount payable for energy supplied shall be ascertained and paid for according to Exhibit "A" as if the Factory had not been destroyed.

(b) *Cancellation of Contract.*—Where due to total destruction of the Factory by fire the Consumer decides or is forced entirely to suspend operations with the intention of permanently abandoning them he may procure a cancellation of the contract by giving to the Company three calendar months' notice in writing before the effective date of such proposed cancellation and by paying in cash such a sum as calculated on the basis of the whole of the monthly average maximum demand charge mentioned in sub-clause (a) aforesaid would represent the amount which would be payable to the Company for the period of one year from the date of destruction if such destruction took place after the period of twelve months from the date of first supply. But if it took place within such period such calculations shall be based on the contract demand instead of the maximum demand. Provided that it shall not be open to the Consumer to terminate this Agreement if the Factory is only partially destroyed by fire and it would be practicable with ordinary diligence to restore or repair the damage to the Factory and to resume operations within twelve calendar months from the date of destruction although so far as the payments are concerned he shall be entitled to the benefit provided by sub-clause (a) of this clause.

24. *Service of Notice.*—Any notice by the Company to the Consumer shall be deemed to be duly given if in writing addressed to the Consumer and left at or sent by registered post to the Factory or to the last known place of business of the Consumer in Bombay and any notice by the Consumer to the Company shall be deemed to be duly given if in writing addressed to the Company and left at or sent by registered post to the Registered Office of the Company and every notice shall be deemed to have been received by the party to whom it was addressed at the time when such notice if sent by registered post ought to have been delivered to the addressee in due course of post.

25. *Meaning of the Words "the Factory."*—In this Agreement the words "the Factory" shall mean and include when the context so requires or admits the Mill Factory Workshop or other place to which the energy applied for is supplied.

THE COMMON SEAL of THE
 COMPANY, LIMITED, was hereunto affixed
 pursuant to a Resolution of the Directors
 of the Company passed at a meeting of the
 Board held on the
 day of
 One thousand nine hundred and thirty
 in the presence of

} Directors.

THE COMMON SEAL of THE
 LIMITED
 was hereunto affixed pursuant to a Resolu-
 tion of the Directors of the Company passed
 at a meeting of the Board held on the
 day of One thousand
 nine hundred and thirty
 in the presence of

} Agents.

} Directors.

APPENDIX 7.

INDIAN FACTORIES ACT.

Copy of circular No. 230/36, dated the 13th January 1937, from the Association to all Member Mills within the Bombay Presidency and Upcountry Mills for information.

I should be glad if you would be good enough to issue the necessary instructions to ensure that the provisions of Rule 46(ii) of the Indian Factories Rules are hereafter complied with. Rule 46(ii) states that all hoists, ropes and chains shall be regularly examined by a competent person nominated by the Manager to ensure that they are in a safe condition. The Manager *shall* maintain a record of such examination with dates and remarks under his own signature in the inspection book maintained in accordance with Rule 5. The inspection book referred to in Rule 5 is the book maintained by every factory in which Inspectors of Factories and Certifying Surgeons record the results of their periodical inspection. A number of pages should, it is thought, be set aside at the end of the Factory Inspection Book in which the Manager might record the results of the Engineer's inspection of hoists, ropes and chains. Such inspections should be made at fairly frequent intervals.

The reason for this communication is that a rather serious accident occurred recently which was possibly due to the snapping of the wire ropes attached to a mill's hoist. After the accident, it appeared from the Inspection Book that no record had been maintained as specified in Rule 46(ii), and this constitutes an offence under the Act.

APPENDIX 8.

PAYMENT OF WAGES ACT.

Copy of letter No. 1063/187, dated the 5th March 1937, from the Association to the Secretary to the Government of India, Department of Industries and Labour, New Delhi.

The discussions which my Committee recently had on the Payment of Wages Act and the Draft Rules published by various Local Governments raised a very interesting point which may not yet have been brought to the notice of the Government of India.

As the Government of India are aware, in various parts of the world there has been of late a tendency to indulge in what has come to be known as "stay-in strikes." When a stay-in-strike occurs, the workers apparently refuse to leave their places of employment, and it is possible that the example set in other countries may, at some time or other, be followed by the workers in organized industries in India. This at once raises the question as to whether, in view of the provisions of Section 9(1) of the Payment of Wages Act, it would be legal for an employer, in the event of a stay-in strike, to deduct an amount from a worker's earnings equivalent to the working time which the worker had lost during the duration of the stay-in-strike. Section 9(1) of the Payment of Wages Act specifies that deductions may be made under clause (b) of sub-section (2) of Section 7 only on account of the absence of an employed person from the place or places where, by the terms of his employment, he is required to work, such absence being for the whole or any part of the period during which he is so required to work. My Committee contend that it was not the intention of the framers of the Payment of Wages Act or of the Legislative Assembly to make employers pay wages to workers for the time they were on strike, and if there is any doubt about the employers' legal rights to abstain from paying time-workers for the period of a strike, whether that strike is a stay-in-strike or not, my Committee maintain that Section 9(1) of the Payment of Wages Act should be suitably and immediately amended.

As far as piece-workers are concerned, there appears to be no difficulty since they are only paid for the amount of work they actually turn out.

The favour of a very early reply to this letter would be greatly appreciated.

Speech delivered by Sir H. P. Mody, K.B.E., M.L.A., during the course of the debate in the Legislative Assembly on the Payment of Wages (Amendment) Bill on the 3rd April 1937.

SIR H. P. MODY: Mr. President, after making a death-bed repentance, my Honourable friend, Mr. Joshi, characteristically put in an amendment. I must say that he has been true to type. He has disagreed with every single thing that my Honourable friend, Sir Frank Noyce, has done in the course of his career as a Member for Industries and Labour, and yet he says he has not had the slightest intention of annoying Sir Frank Noyce and that he fully appreciated all the great work that he had done. Well, Mr. Joshi has a very curious way of showing his appreciation. What is the Bill before the House? The Bill merely seeks to rectify a defect, a defect which I would almost say is one of drafting. Under Section 7 of the Payment of Wages Act, an employer is entitled to make certain deductions for absence from duty of his employees. Now, absence from duty has been defined as being absent from the place or places where the employee is expected to work. Obviously therefore, when it is

becoming a fashion to indulge in stay-in-strikes, the situation is altered ; and if the Act was left as it is, then the employer would not be enabled to make any deductions so long as the employee was on the premises, but was refusing to work. That has been sought to be set right by this very simple and innocent little measure. All that the Bill says is that if an employee is on the premises but refuses to work, it should be regarded as absence from duty. I should have thought that that was a very straightforward way of dealing with the issue. What do my friends want ? They think that some trade union principles are infringed by this Bill. What trade union principles ? Is it in consonance with trade union principles to go on sudden strikes ? Is it in consonance with those principles not to formulate grievances but to plunge the industry into disorder without the slightest notice ? What trade union principles are these that my friends are standing for, I ask ? And then, supposing you have a grievance,—is it reasonable to go to a factory, and squat there, refuse to work, and continue to stay there ? I should have thought that it would be more reasonable, if you had enforced leisure to go and spend your time at your own home with your wife and children. Why stop in a factory, in a foul atmosphere, and surrounded by machinery, when you can go home and spend your time with your family ? It is against trade union principles to say that you can go to a factory, refuse to work and still be entitled to wages, and it is against common sense and reason to say that when you have a grievance, you should go and squat in a factory and refuse to move. I do not see either reason or principle in the opposition of my friends, and I for one will certainly oppose the amendments both of my friends, Mr. Joshi and Prof. Ranga.

Sir, this is the last Bill for which my Honourable friend, Sir Frank Noyce, will be responsible, and I, with greater whole-heartedness and earnestness than my friends, Mr. Joshi, Prof. Ranga and Mr. Giri, can claim, say that the work which he has achieved in these last few years has been enduring and is one of which he may well feel proud. (*Applause.*) I think the greatest compliment to his work is that he has earned the goodwill of even those sections of the community whom his legislative measures have affected, I mean the employer classes, and I am sure it will be a source of great satisfaction to him that he carries with him in his retirement the good wishes of every single section of the community. I think an even greater compliment is this that my friends on my right, who are inclined to be somewhat outspoken in their comments and whose vocabulary is generally richer than mine, have never had in all these years a harsh word to say about Sir Frank Noyce, and I do not think that my friend can expect a greater compliment than that. Sir, I support the Bill as it stands and oppose the amendments.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act of the Indian Legislature received the assent of the Governor General on the 14th April 1937 and is hereby promulgated for general information :—

INDIA ACT No. XXII OF 1937.

An Act to amend the Payment of Wages Act, 1936, for a certain purpose.

WHEREAS it is expedient to amend the Payment of Wages Act, 1936, for the purpose hereinafter appearing ; It is hereby enacted as follows :—

1. *Short Title.*—This Act may be called the Payment of Wages (Amendment) Act, 1937.

2. *Amendment of Section 9, Act IV of 1936.*—To Section 9 of the Payment of Wages Act, 1936, the following *Explanation* shall be added, namely :—

“ *Explanation.* :—For the purposes of this section, an employed person shall be deemed to be absent from the place where he is required to work if, although present in

such place, he refuses, in pursuance of a stay-in-strike or for any other cause which is not reasonable in the circumstances, to carry out his work."

G. H. SPENCE,
Secretary to the Government of India.

APPENDIX 9.

BOMBAY MATERNITY BENEFITS ACT.

Copy of circular No. 1285/37, dated the 25th March 1937, from the Association to all Member Mills in Bombay, and Upcountry Members for information only.

During recent discussions we have had with the Government Labour Officer and the Chief Inspector of Factories on the subject of maternity benefits, the advisability of adopting a simple form of notice on which women operatives could claim the benefit has been under consideration. It was generally agreed by both sides that it was most desirable that mills should encourage the payment of pre-maternity benefits in preference to the old system of a lump sum payment after the production of the birth certificate. It was also common ground that such facilities as were possible to ensure that notice, as prescribed in the Act is given, should be provided freely by all member mills. The Labour Advisory (Managers) Sub-Committee were accordingly asked by the Chairman to devise a form which might be used by all member mills and I am now sending you as an enclosure to this letter a copy of the form framed by the Sub-Committee and approved by the Chief Inspector of Factories.

Where mills already have suitable forms of their own which definitely encourage the payment of pre-maternity benefits they may continue to use them. Where mills have less suitable forms or no forms at all, it is suggested that the new form might be made available free of charge to women operatives who wish to go on maternity leave.

NOTICE TO BE GIVEN BY WOMEN OPERATIVES GOING ON MATERNITY LEAVE AS REQUIRED UNDER THE BOMBAY MATERNITY BENEFITS ACT.

Date.....

THE MANAGER,

.....**MILL.**

Dear Sir,

I beg to state that I expect to be confined within one month. I, therefore, request you to grant me leave for two months.

(1) I beg to claim four weeks' pre-maternity benefits, and the necessary medical certificate for this purpose is sub-joined below. I shall claim the remainder of the maternity benefit, to which I am entitled under the Act, after I have obtained a birth certificate.

or

(2) I request that the whole of the benefits I am entitled to under the Maternity Benefits Act may be made available to me when I produce the birth certificate of my child.

I undertake not to work anywhere else during the period for which I receive maternity benefit.

I am, Sir,
Your most obedient servant,
(Name).....
Dept.....T. No.....

Certified that the woman is likely to be confined within the next four weeks.

.....
(Mill Doctor) or
(Any Registered Medical Practitioner).
Date.....

APPENDIX 10.

TEXTILE TRIPARTITE CONFERENCE, WASHINGTON.

Copy of letter No. L1816, dated the 27th January 1937, from the Government of India, Department of Industries and Labour, to the Association.

I am directed to enclose a copy of this Department's letter No. L1816, which was addressed to the Employers' Federation of India, Bombay, on the 20th January 1937. You will doubtless get in touch with the Federation at once and if necessary send a copy of the views which you finally submit to the Federation to this Department for information.

Copy of letter No. L1816, dated the 20th January 1937, from the Deputy Secretary to the Government of India, Department of Industries and Labour, to the Secretary, Employers' Federation of India.

I am directed to say that the Government of India have been informed that a Tripartite Conference will be convened by the International Labour Office at Washington on the 2nd April 1937, for the examination of those aspects of the textile industry which directly or indirectly may have a bearing on the improvement of social conditions in that industry. It is understood that the term "textile industry" includes all establishments engaged wholly or mainly in manufacturing articles from cotton, wool, silk, flax, hemp, jute, artificial silk or any other synthetic fibre or textile material. The Conference will not constitute a regular session of the International Labour Conference and will take no final decision, but its results will be available for the 23rd session of the International Labour Conference to be held in June next.

2. The Conference will be composed of delegations of countries in which textile production forms an important part of their national economy. It has been left to each Government to decide whether they consider their country is one in which textile production forms an important part of the national economy and whether they should send a delegation.

3. The Government of India have at present under consideration the question of the representation of India at the Conference and would be disposed to consider the representation of India by one delegate to represent Government and by one each for employers and workers in the textile industry. In view of shortness of time and for financial reasons, the possibility of sending an employers' delegate would be increased if your Federation could nominate a suitable representative who would proceed to the Conference from Europe.

4. The Government of India would be glad to have the recommendation of your Federation for the nomination of a delegate for the Conference. In view of the special position of cotton and jute textiles in the textile industry of the country, they will pay particular attention to the views of the chief organisations concerned with cotton and jute textiles viz., the Millowners' Association, Bombay, the Indian Jute Mills Association, Calcutta, and the Ahmedabad Millowners' Association. I am to request that the views of the first two Associations which are included in your Federation may be specially included in your reply.

5. The Government of India will be prepared to pay to any delegates who may be nominated travelling expenses and allowances on the scale admissible to non-official delegates to the International Labour Conference.

6. In view of the short time that is left to make arrangements, I am to request that your reply may be sent by the end of this month.

Copy of letter No. 629/64, dated the 3rd February 1937, from the Association to the Deputy Secretary to the Government of India, Department of Industries and Labour, New Delhi.

I am directed to acknowledge the receipt of your letter No. L1816, dated the 27th January 1937, and to enclose herewith for your information copy of a letter dated the 3rd February 1937 addressed by this Association to the Employers' Federation of India on the above subject.

Copy of letter No. 628/64, dated the 3rd February 1937, from the Association to the Secretary, Employers' Federation of India, Bombay.

Through the courtesy of the Secretary to the Government of India, Department of Industries and Labour, my Committee have been furnished with a copy of Government's letter No. L1816, dated the 20th January 1937, addressed to your Federation in connection with the appointment of a representative of Employers in India to the Textile Tripartite Conference to be held at Washington in April 1937. My Committee have also been asked to communicate their views in this connection to your Federation.

The matter has been carefully considered by my Committee, and I am instructed to inform you that the Association would be prepared to support the nomination of Mr. B. M. Birla as the Employers' Representative.

A copy of this communication is being forwarded to Government as desired by them.

APPENDIX 11.

EMPLOYERS' DELEGATE TO THE TWENTY-FOURTH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Copy of letter No. 4628, dated the 23rd November 1937, from the Commissioner of Labour, Secretariat, Bombay, to the Association.

I have the honour to forward herewith for the information of your Association a copy of the Press *communiqué* issued by the Government of India in the Department of Labour on the above subject.

2. I should like to draw your attention to para 3 of the *communiqué* and to point out that all suggestions should be communicated to the Government of India direct and *not* to this office.

Copy of Government of India Press communiqué, dated New Delhi, the 12th November 1937.

In the normal course the 24th Session of the International Labour Conference will be held at Geneva in June 1938. According to present information, the Conference will discuss :—

1. Regulation of hours of work and rest periods in road transport.
2. Technical and vocational education and apprenticeship.
3. Regulation of contracts of employment of indigenous workers.
4. Recruiting, placing, and conditions of labour (equality of treatment) of migrant workers.

2. The delegates representing each Member State at the Conference include two Government Delegates, one Employers' Delegate and one Workers' Delegate. Advisers can be appointed for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with the Government of India who, under the terms of the Treaty of Versailles, have undertaken "to nominate non-Government Delegates and Advisers chosen in agreement with the industrial organisations if such organisations exist which are most representative of employers or work-people as the case may be." An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (e.g. regulating conditions of employment).

3. All suggestions relating to the nomination of non-Government Delegates and their Advisers should reach the Secretary to the Government of India in the Department of Labour as early as possible and, in any case, not later than the 15th January 1938.

4. Allowances (on a scale which can be ascertained by application to the Department of Labour) will be granted by Government to defray the expenses of the Delegates and Advisers finally nominated.

Copy of letter No. 4875/232, dated the 20th December 1937, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

The attention of the Association has been drawn to Government Press *communiqué* dated the 12th November 1937, regarding the nomination of the Employers' Delegate to the next Session of the International Labour Conference. My Committee have great pleasure in suggesting the appointment of Lala Shri Ram, the Agent of the Delhi Cloth and General Mills Co., Ltd., Delhi, as the Employers' Delegate to the next Session of the Conference. In view of his intimate knowledge of industrial labour in India, we are sure that Lala Shri Ram would make a very admirable representative of Indian Employers' interests.

Copy of letter No. 273, dated the 17th January 1938, from the Commissioner of Labour, Secretariat, Bombay, to the Association.

In continuation of this office letter No. 4628, dated the 26th November 1937, I have the honour to forward herewith for the information of your Association a copy of a Press *communiqué* dated the 28th December 1937, issued by the Government of India in the Department of Labour, on the above subject.

Copy of Government of India Press communique, dated New Delhi, the 25th December 1937.

In a Press communique, dated the 12th November 1937, it was announced that the following subjects would comprise the agenda of the 24th Session of the International Labour Conference to be held at Geneva in 1938 :—

1. Regulation of hours of work and rest periods in road transport.
2. Technical and vocational education and apprenticeship.
3. Regulation of contracts of employment of indigenous workers.
4. Recruiting, placing, and conditions of labour (equality of treatment) of migrant workers.

The Government of India now understand that the wording of the first item will be 'Regulation of hours of work and rest periods of professional drivers (and their assistants) of vehicles engaged in road transport,' and that the Conference will also consider the following items :—

The generalisation of the reduction of hours of work, and

International standardisation of statistics of wages and hours of work.

2. The Session will begin on 2nd June 1938.

Copy of letter No. 481/232, dated the 2nd February 1938, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

Further to my letter No. 4875/232, dated the 20th December 1937, I am directed to inform you that my Committee have much pleasure in supporting the nomination of Mr. Shantilal Mangaldas as Adviser to the Indian Employers' Delegate to the forthcoming Session of the International Labour Conference to be held in Geneva in June 1938.

APPENDIX 12.

STANDING ORDERS FOR MILL OPERATIVES.

1. These Orders shall come into force as and from 1st March 1937.
 2. In these Orders, unless there is anything repugnant in the subject or context :
 - (a) "Operatives" mean all work-people male or female employed in the Mill and includes Jobbers and Overseers ;
 - (b) "The Company" means.....Mills Co., Ltd. ; and
 - (c) "The Manager" means the Company's Manager, or Acting Manager for the time being.
 - (d) The masculine includes the feminine.
 3. Operatives will be classed as (1) Permanent Operatives ; (2) Probationers ; and (3) Badlis.
- A "permanent" operative is one whose name has been entered in the Muster Roll and has been given a permanent ticket and has completed a probationary period of two months in the same or another occupation in the Mill.

A "probationer" is one who is provisionally employed to fill a permanent vacancy, and has not completed two months' service on that post. If a permanent operative is employed as a probationer in a new post, he may, at any time during the probationary period of two months, be reverted to his old permanent post.

A "badli" is one who is employed on the post of a permanent operative or probationer, who is temporarily absent.

4. The decision of the Manager upon any question arising out of, in connection with, or incidental to these Orders, shall be final subject, however, to appeal to the Managing Agents and without prejudice to any right of an operative aggrieved by his or their decision to resort to legal proceedings in a Court of Law.

5. The Mill will work each day for such number of hours as the Manager may from time to time fix in accordance with the Indian Factories Act, and the periods of work for all classes of operatives will be posted up on the Notice Board at the Timekeeper's Office as required by the Indian Factories Act, 1934. If a shift system is being worked in the Mills, operatives may be transferred from one shift to another.

6. Every permanent and probationary operative without exception will be provided with a departmental ticket showing his number, and on attendance each day, shall deliver up the ticket at the place provided.

Every 'Badli' will be provided with a 'Badli' Card, which shall be surrendered if he obtains permanent or probationary employment.

7. Operatives attending late are liable to be shut out and treated as absent.

Any operative who after presenting his ticket is found absent from his proper place or places of work during working hours without permission or other sufficient reason, is liable to be treated as absent for the period of his absence.

8. Any operative who desires to obtain leave of absence, except for a temporary purpose within the mill premises, must apply previously to the Head of his Department or any officer appointed by the Manager for the purpose who, if he thinks fit, may grant him leave for a period not exceeding two months. If the leave granted exceeds two days, the officer granting it shall keep a record of its grant and give the operative a written and signed certificate as to the period of leave granted to him. In special cases, the Manager may grant leave for a period exceeding two months. In the event of an operative remaining absent in excess of the period granted, he shall lose the lien on his appointment, unless he has previously secured written permission to extend the leave originally granted and returns to work on the first working day following the period covered by any such extension. If, however, on his return to work he gives a satisfactory explanation to the Head of the Department, or such other person as may have been appointed for the purpose, for his omission to apply for such an extension, his case for reinstatement when a suitable vacancy occurs shall be considered.

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

9. No operative shall enter or leave the mill premises except by the gate appointed for the purpose.

10. All male operatives are liable on leaving the mill premises to be searched by the gateman, and all female operatives are liable to be detained by the gateman for search by the female searcher, if acting without malice he suspects that any operative so detained or searched has wrongful possession of property belonging to the Company.

Provided that no search shall be made except in the presence of two other persons of the same sex as the suspected employee.

11. Notices specifying (a) the days on which the Mill will be closed, and (b) the days on which wages will be paid will be posted as required by the Indian Factories Act and the Payment of Wages Act respectively.

12. Notices specifying the rates of wages payable to all classes of workers and for all classes of work will be displayed in a conspicuous position in the Departments in which the operatives concerned are actually working. No alterations in the rates of wages will be made without giving 14 days' notice by means of a general Notice specifying the nature of the changes proposed.

13. The Company may, at any time or times, in the event of a fire; catastrophe, breakdown of machinery or stoppage of the power supply, epidemic, civil commotion or other cause, whether of a like nature or not, beyond the control of the company, stop any machine or machines or department or departments, wholly or partially for any period or periods, without notice and without compensation in lieu of notice.

In the event of a stoppage of any machine or department under this Order during working hours, the operatives affected shall be informed, as soon as practicable, when work will be resumed and whether they are to remain or leave the Mill. The period of detention in the Mill shall not ordinarily exceed one hour after the commencement of the stoppage. If the period of detention does not exceed one hour, operatives so detained shall not be paid for the period of detention. If the period of detention in the Mill exceeds one hour, operatives so detained shall be entitled to receive wages for the whole of the time during which they are detained in the Mill as a result of the stoppage. In the case of pieceworkers, the average daily earnings for the previous month shall be taken to be the daily wages.

14. The Company may, at any time or times, in the event of shortage of orders or for any other trade reason, stop any machine or machines, or department or departments, wholly or partially, for a period not exceeding three consecutive days in any one week and not exceeding twelve days in the aggregate (excluding statutory holidays) in any one calendar month without notice and without compensation in lieu of notice. If an employee is played off under this rule for a period of twelve days in the aggregate in any one calendar month, he may leave the company's service on intimation of his intention to do so without any further notice.

15. Any employee played off under Order 13 or Order 14 will not be considered as dismissed from service, but as temporarily unemployed, and will not be entitled to wages during such unemployment except to the extent mentioned in Order 13. All operatives played off will be given prior rights to reinstatement on the resumption of normal work, provided they present themselves for work when normal working is resumed.

16. The Company may, in the event of a strike affecting either wholly, or partially, any one or more department or departments of the Mill, close down, either wholly or partially, such department or departments, and any other department or departments affected by such closing down, and for any period or periods, and without notice or payment of compensation in lieu of notice to the operative employed in such department or departments.

17. (a) The employment of any permanent operative may be terminated without assigning any reason by fourteen days' notice or by payment of 13 days' wages in lieu of notice. If he draws wages on a piece-rate basis, the 13 days' wages shall be computed on the average daily earnings of such operative for the days actually worked during the previous wage period.

(b) Probationary operatives other than those transferred from permanent posts in the Mill and 'Badlis' may leave, or be discharged from service without notice by an officer not below the rank of the Head of a Department.

(c) Where the employment of any person is terminated by or on behalf of the Mill, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment was terminated.

18. Any permanent operative desirous of leaving the Company's service shall give 14 days' notice to the Head of the Department concerned. The wages due to such an operative must, if possible, be paid on the day the notice expires and in any case within two days after the expiry of the notice.

If any permanent operative leaves service without notice, he shall be liable to be sued for damages.

If ten or more employed persons, acting in concert, absent themselves from work without due notice as required in this Order, and without reasonable cause, they will, at the discretion of the Manager and in accordance with the Payment of Wages Act, be liable to a deduction from their earned wages of an amount not exceeding eight days' earnings in each case.

19. Any wages due to an operative but not paid on the usual pay-day on account of their being unclaimed will be paid by the Company on the unclaimed wages pay-day succeeding the date on which a substantiated claim was presented by the operative or on his behalf by his legal representative, provided that such claim is submitted within three years.

20. Any operative who is adjudged by the Manager on examination of the man, if present, and of the facts to be guilty of misconduct is liable to be dismissed without notice or, alternatively, to be suspended for a period not exceeding four days.

The following acts or omissions will be treated as misconduct :—

- (a) Wilful insubordination or disobedience whether alone or in combination with another or others to any lawful and reasonable order of a superior.
- (b) Striking work either singly or with other operatives without giving 14 days' previous notice.
- (c) Inciting whilst on the premises any operative to strike work without giving 14 days' previous notice.
- (d) Theft, fraud or dishonesty in connection with the Company's business or property.
- (e) Taking or giving bribes or any illegal gratification whatsoever.
- (f) Habitual absence without leave or absence without leave for more than six consecutive days without sufficient cause.
- (g) Habitual late attendance.
- (h) Habitual breach of any Standing Orders.
- (i) Collection of any moneys within the mill premises for purposes not sanctioned by the Manager.
- (j) Drunkenness or riotous or disorderly behaviour during working hours or any act subversive of discipline or efficiency.
- (k) Habitual negligence or neglect of work.
- (l) Habitual breach of any rules, or instructions for the maintenance and running of any Department or maintaining its cleanliness, and any other serious act of misconduct.

An operative suspended under this Order will not be permitted to work in the Mills for the period of suspension and no remuneration will be paid or be due to him for this period.

21. Operatives may be fined for any of the underquoted offences, but the offence if repeated, or in any gross case, may be treated as misconduct under Order 20. Fines will be imposed in accordance with the provisions of the Payment of Wages Act for the following

offences, or at the discretion of the Manager for acts of misconduct specified in Order 20 as an alternative to dismissal or suspension :—

- (a) Absence without leave without sufficient cause.
- (b) Negligence in work or neglect of work.
- (c) Smoking on the Mill premises except in places where smoking is permitted.
- (d) Entering or leaving, or attempting to enter or leave the Mill premises except by the gate provided for the purpose.
- (e) Absence without leave or without sufficient cause from appointed work in the Mill.
- (f) Breach of any rules or instructions for the maintenance and running of any department and maintaining its cleanliness.
- (g) Damage to work in process or to any other property of the Company.
- (h) Interference with any safety devices installed in the Mills.
- (i) Distributing or exhibiting inside the Mill premises handbills, pamphlets or posters without the previous sanction of the Manager.

No fine shall be imposed except by the Officers authorised under the Payment of Wages Rules and until the operative concerned has been given an opportunity of being heard.

22. All fines imposed on operatives and realised will be credited to a special fines fund which will be utilised for such purposes as may be approved in this behalf by the Local Government in accordance with the provisions of the Payment of Wages Act.

23. When any probationary or permanent operative is summarily dismissed, suspended, or discharged, or leaves the services of the Company, or is granted leave of absence, he will, except in cases of general retrenchment, closing down of departments, strike or lock-out, be given a written order in the form prescribed by the Millowners' Association from time to time.

24. Each Overseer, Jobber or Mucadam will be personally held responsible for the proper and faithful observance of the Standing Orders and of the special rules made under the Factories Act and posted in the Mill, particularly regarding the employment and working of women and children under him.

25. A copy of these Orders in English and Marathi will be posted near the Timekeeper's Office and in all departments and in such other places on the Mill premises as the management may decide, and shall be kept in a legible condition.

An abstract of these Standing Orders will be supplied to every permanent operative and every probationer engaged after the 1st March 1937.

26. Except to the extent of making by-laws or rules not inconsistent with these Standing Orders for the maintenance or running of any departments, maintaining cleanliness or other similar matters of internal administration, the Company will not rescind, add to or otherwise alter these Standing Orders without the previous written consent of the Millowners' Association, Bombay.

27. Notwithstanding anything to the contrary contained in these Standing Orders, it shall be lawful for the Company by a resolution of its Board of Directors that circumstances require or justify that such action shall be taken and with the previous written consent of the Millowners' Association, Bombay, and after giving not less than fourteen days' notice to its operatives of its intention to do so, to substitute for the then existing system of employment of its labour a system of day-to-day employment. Upon the introduction of a system of day-to-day employment, such of these Standing Orders as are inconsistent with a system of day-to-day employment shall cease to apply, and the employment of an operative shall be determinable by either the Company or the operative at twenty-four hours' notice.

When considering applications from mills under this Order, the Millowners' Association shall not give permission to work on a day-to-day system for a period of more than three months in respect of any one application.

APPENDIX 13.

WAGES IN BOMBAY COTTON MILL INDUSTRY.

Copy of letter No. 2875, dated the 23rd September 1937, from the Commissioner of Labour, Secretariat, Bombay, to the Association

I have been directed by Government to collect up-to-date information regarding the wages paid in the cotton mill industry in the Bombay Presidency. I shall shortly be addressing you a letter in connection with a statistical enquiry which I propose to make into the wage position in the industry. In the meanwhile, however, if there is no objection, I shall be glad if you will kindly request the member mills of your Association to furnish me as soon as possible with copies of the notices displayed by them under Rule 19 of the Payment of Wages Act. The wage rates shown in the notices should be those in operation during the month of July 1937.

Copy of letter No. 3605/184, dated the 28th September 1937, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. 2875, dated the 23rd September 1937, in which you request this Association to instruct member mills to furnish you as soon as possible with copies of wage notices displayed by them under Rule 19 of the Payment of Wages Act. Your request was considered at a meeting of the Committee held yesterday afternoon, and I am directed to inform you that instructions have been issued to all member mills in Bombay to forward to this Association two copies of the wage notices referred to above : one for submission to your office and the other for the use of this Association.

Copies of the wage notices received from members will be forwarded to you as and when received.

Copy of circular No. 3606/184, dated the 28th September 1937, from the Association to all Member Mills in the Bombay Presidency.

Your attention has probably been drawn to the reports which have recently appeared in the Press in connection with the appointment of a Committee of Enquiry to investigate the wage position and kindred matters relating to the Textile Industry in the Presidency. This enquiry, it is understood, will be preceded by a Departmental Enquiry by the Labour Office of the Government of Bombay for the purpose of collecting up-to-date information regarding the wages paid in the Cotton Mill Industry in the Presidency, and the Association's assistance has been requested in obtaining from individual members a copy of the wage notices displayed by them under Rule 19 of the Payment of Wages Act. For ready reference Rule 19 of the Payment of Wages Act is reproduced below :

“ 19. *Display of rates of wages.*—In every cotton spinning and weaving factory, a notice shall be displayed in each department of the factory, specifying the rates of wages payable to all persons employed in such factory other than those who are employed in positions of supervision or management or those who are employed in a confidential position in accordance with the provisions of the Bombay Factories Rules, 1935.”

The Committee recommend that the request made by the Labour Office should be complied with and that *two* copies each of the notices displayed by mills under Rule 19 of the Payment of Wages Act *should be sent in to the Association* as early as possible, one for submission to the Labour Office and the other for the use of the Association. The Labour Office point out that the wage rates shown in the notices should be those in operation *during the month of July 1937.*

Copy of letter No. 3194, dated the 8th October 1937, from the Commissioner of Labour, Secretariat, Bombay, to the Association.

In continuation of my letter No. 2875, dated 23rd September 1937, I have the honour to inform you that representatives of this office will shortly call at the mills belonging to your Association for extracting wages data from the mill musters for the month of July 1937. A questionnaire will also be issued to the mills after the enquiry has been in progress for some time and the replies given by the managements to the questions in the questionnaire will be discussed personally by an Officer of this office before the mills return it to this office. I shall be glad, therefore, if you will kindly request the member mills of your Association to afford the necessary facilities to the representatives of this office when they call either for extracting the data from the muster rolls or for discussing the questionnaire.

Copy of letter No. 3503, dated the 18th October 1937, from the Commissioner of Labour, Secretariat, Bombay, to the Association.

I have the honour to inform you that with a view to supplying the Textile Labour Inquiry Committee with up-to-date and comparable data regarding cotton mill wages in the Bombay Presidency, I have been instructed by Government to conduct special enquiries to obtain the data. So far as the wages of time workers are concerned, the information contained in the copies of notices exhibited by the mills under Section 19 of the Payment of Wages Act, which your Association has been good enough to advise the member mills to supply to the Labour Office, will be tabulated and submitted to the Committee. As regards piece-workers' wages, it is proposed that representatives of the Labour Office should call at the individual mills and extract the data from the musters. In order, however, to enable the Committee to ascertain the extent to which the data so compiled are strictly comparable, it is proposed to issue a questionnaire to the mills. The form* to be used for extracting the data from the musters as also a copy of the questionnaire* are enclosed herewith for the information of your Association. I shall be grateful if you will kindly let me know, at your very early convenience, whether your Association has any objection to (1) the representatives of the Labour Office calling at the mills to extract piece-workers' wages from the musters, and (2) the questionnaire being sent to the mills' agents with a request that they should complete it and return it to the Labour Office as early as possible. In case your Association has no objection, I shall be grateful if you will kindly request the member mills of your Association to afford the necessary facilities to the representatives of this office to make the necessary enquiries.

Copy of letter No. 3926/184, dated the 20th October 1937, from the Association, to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. 3503, dated the 18/19th October 1937, and in reply to say that my Committee have no objections to raise in regard

* Not printed.

to the forms to be used for the extraction of data from the piece-work musters except that provision might be made for recording total wages instead of 'net' wages.

As regards the questionnaire, I have had copies made and sent out in order to expedite the reception of opinion from individual members of my Committee, and I hope to be able to let you have a considered reply in about a week's time. In the meantime, I should be glad if Mr. Deshpande would call and discuss the matter with Mr. Dalal and the undersigned.

Copy of letter No. 4024/184, dated the 27th October 1937, from the Association to the Commissioner of Labour, Bombay.

In continuation of my letter No. 3926/184, dated the 20th October 1936, I have seen and discussed with Mr. Deshpande the questionnaire forwarded with your letter No. 3503, dated the 18th October, and have since received copy of the questionnaire, amended in the light of the discussion we had on the subject. The amended questionnaire has been approved by my Committee, and the Association will be pleased to assist the Labour Office in securing the answers to the questionnaire from member mills in the Presidency.

To facilitate the work of this Association, it is suggested that a supply of forms and questionnaire, sufficient to furnish each mill with a duplicate set, be forwarded to this Association with copies of instructions to mills if any. The completed returns, it is suggested, might be forwarded to the Association by mills for subsequent transmission to the Labour Office.

Copy of circular No. 4103/184, dated the 1st November 1937, from the Association to all Member Mills in the Bombay Presidency.

In my circular letter No. 3606/184 dated 28th September 1937, I informed you that the Committee of Enquiry appointed by the Government of Bombay would be preceded by a Departmental Inquiry into wages by the Labour Office, Bombay. For the purpose of this inquiry, you were asked to submit copies of the wage rate schedules posted in your mills in accordance with the provisions of the Payment of Wages Act. The information contained in these schedules, in so far as piece-workers are concerned, does not enable the Labour Office to estimate either the daily or the monthly earnings; and, as in the 1934 enquiry, the Labour Office will be sending round Officers to extract wages data from the *Piece-work Musters*. The form in which this information is to be collected has been approved by the Committee of the Association, and I am now writing to ask you to give every facility required when the Officers of the Labour Office visit your mills for the specific purpose of taking out piece-work earnings.

The Association has also approved a simple questionnaire the purpose of which is to supplement the information in the wage rate schedules and the information in regard to piece-work earnings taken from your Piece-work Musters. I am now enclosing three copies of this questionnaire,* and shall be glad if you will arrange to fill in the information desired: One copy of the questionnaire and your answers should be retained for your own reference; and the other two should be sent to the Association, one for transmission to the Labour Office for the purpose of their enquiry and one for the use of the Association.

The Committee of the Association trust that you will supply the information required in the questionnaire as early as possible, and *in any case, not later than Tuesday, the 9th instant.*

* Not printed.

APPENDIX 14.**TEXTILE LABOUR INQUIRY COMMITTEE.**

Copy of letter No. 3802, dated the 27th October 1937, from the Secretary, Textile Labour Inquiry Committee, Secretariat, Bombay, to the Association.

I have the honour to enclose herewith a copy of the terms of reference of the Textile Labour Inquiry Committee and to inform you that I am directed by the Committee to request you to be so good as to furnish them with preliminary memoranda on matters arising out of their terms of reference. These memoranda may kindly be sent so as to reach me by 7th November 1937 at the latest together with nine extra copies.

APPOINTMENT OF THE TEXTILE LABOUR INQUIRY COMMITTEE.

The Governor of Bombay is pleased to appoint a Committee of Inquiry to be known as the Textile Labour Inquiry Committee consisting of the following members to investigate into the question of the adequacy of wages and kindred matters in connection with the textile industry in this Province :—

- (1) JAIRAMDAS DAULATRAM, Esq., *Chairman.*
- (2) VAIKUNTH L. MEHTA, Esq.
- (3) D. R. GADGIL, Esq.
- (4) S. A. BRELVI, Esq.

The Committee will be advised on technical matters by the following four Associate Members :—

- (1) SAKARLAL BALABHAI, Esq., M.L.A.
- (2) S. D. SAKLATVALA, Esq., M.L.A.
- (3) K. K. DESAI, Esq., M.L.A.
- (4) R. A. KHEDGIKAR, Esq., M.L.A.

Mr. S. R. Deshpande, Assistant Commissioner of Labour, Labour Office, Bombay, will act as Secretary to the Committee.

The terms of reference which the Committee will be asked to consider are :—

(1) To examine the wages paid to workers having regard to the hours, efficiency and conditions of work in the various centres of the textile industry in the Province and to enquire, in this regard, into the adequacy or inadequacy of the wages earned in relation to a living wage standard and, if they are found in any occupation, centre or unit of the industry to be inadequate, to enquire into and report upon the reasons therefor, and to make recommendations regarding :—

- (a) the establishment of a minimum wage
- (b) the measures which the employers, the employees and the Government should take to improve the wage level,

- (c) the remuneration of workers engaged on night-shift, and the regulation of night-shift work,
- (d) standardisation of wages and musters, and
- (e) the methods of automatic adjustment of wages in future.

(2) To report whether in view of the present condition of the industry an immediate increase in wages can be given in any occupation, centre or unit of the industry, pending the conclusion of the Committee's work and the preparation of its Report and to make recommendations in this behalf.

(3) To report on any matters germane to the above.

The Committee will be requested to submit its report to Government as soon as possible.

Copy of letter No. 4122/184, dated the 6th November 1937, from the Association to the Secretary, The Textile Labour Inquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 3802, dated the 27th October, 1937, enclosing a copy of the terms of reference to the Textile Labour Inquiry Committee and requesting my Association to furnish the Committee with preliminary memoranda on matters arising out of the terms of reference before the 7th of November. At the outset, I am desired to state that the memorandum, which is now being submitted, is essentially of a preliminary character, as, in the short time at our disposal before the 7th, it would obviously be impossible to do more than outline the Association's general views on the issues to be dealt with by the Committee, but it is hoped that this preliminary statement will prove of material assistance to the Committee in framing their questionnaire. In our written replies to the questionnaire and the oral evidence before the Committee, the Association's case will be expanded and developed with the object of assisting the Committee to arrive at conclusions on every issue before them.

2. The Committee will recognize that the collection of data from individual member mills located all over the Presidency will take some considerable time, and that, in these circumstances, it will be necessary to give the Association ample time in which to submit its written replies to the questionnaire. Though the Association will be in a position to state a case on behalf of its members outside Bombay on matters affecting general policy, it would appear to be essential for the Committee to take oral evidence at all centres of the Industry in the Bombay Presidency to ascertain facts relating to local conditions.

3. The Association has already been in consultation with the Labour Office regarding the Departmental Inquiry which they are conducting into wages, and has advised its members to extend the fullest co-operation to the staff of the Labour Office during the conduct of their inquiry. It is realized, however, that the very wide scope of the Committee's terms of reference will necessitate the submission of still further data of a technical character, and I am to assure the Committee that the Association's advice and co-operation will be freely available when deciding on the form and method by which such technical data should be collected.

Memorandum of the Millowners' Association, Bombay.

By their terms of reference, the Committee have been called on to examine the wages paid to workers having regard to the hours, efficiency and conditions of work in the various centres of the Textile Industry of the Province.

WAGE LEVELS AND HOURS OF WORK.

In January, 1918, the Association took concerted action in the direction of increasing wages in all cotton mills in the City and Island of Bombay to compensate for the high cost of living caused by the War, when a dear food allowance of 15 per cent. was granted to all workers. Previous to this, individual action had been taken by mills, and between 1913 and 1917, basic rates had been substantially increased in all mills. Between January 1918 and November, 1920, this dear food allowance had been increased to 70 per cent. in the case of time workers, winders and reelers and to 80 per cent. in the case of other pieceworkers. During this interval, hours of work were also reduced from 12 to 10 per day. The net effect of these increases in wage rates was that in 1921, textile workers in Bombay were being paid 100 per cent. more for a 10-hour day than they had been earning in 1914 for a 12-hour day. It may be noted that the general increases authorized by the Association were not incorporated in the basic rate, and were given specifically to compensate for the increased cost of living, the index number for which, according to the Bombay Labour Office, had risen from 100 in July 1914 to 190 in July 1920. Although the financial position of the Bombay Mill Industry deteriorated from 1923 onwards, and although the working class cost of living index fell steadily, wages were maintained until 1933. In 1925, a cut of 11½ per cent., which had been proposed by the Association, was voluntarily given up on the removal of the cotton excise duty. In 1928, an effort was made to introduce standardization of rates of wages as recommended by the first Tariff Board. The standardization scheme which was then framed included an average reduction of 7½ per cent. in weavers' earnings. This scheme was examined by the Fawcett Enquiry Committee in 1928-29, and the proposed reduction in weavers' earnings was held to be fair and reasonable. The Association, as advised by the Fawcett Committee, agreed, however, to waive the proposed reduction in weavers' earnings with the object of obtaining the full co-operation of labour leaders in working the scheme. A series of meetings were held early in 1929 with labour leaders of that time, but it soon became apparent that the extremist leaders were not prepared to offer any real co-operation, and even while negotiations were going on, plans were being made to bring about a general strike, with the result that the standardization scheme had to be dropped.

The general strike which was being engineered by the communist leaders broke out in April 1929, and this strike following the disastrous strike of the previous year further crippled the Industry, whose financial position had already been considerably weakened by severe competition.

From 1929 onwards, the position of the Industry in the City and Island of Bombay deteriorated still further, and the cost of living index continued to fall. A large number of mills were forced into liquidation or out of existence, and it became apparent that if the Industry was to continue at all, in addition to other economies, substantial reductions in wages would have to be made. In these circumstances, the Association temporarily departed from the policy followed since 1918, and permitted individual mills to make such reductions in their wages as appeared to be necessary. By the middle of 1934, practically all mills had effected wage reductions warranted by their circumstances, and at this stage the Association once more took concerted action, and fixed minimum wages for all the main time work occupations and a minimum dear food allowance for all piece-workers. Such member mills as had reduced their time work wages below the minimum fixed, or were paying dear food allowances below 35 per cent. agreed to raise the time work wages and dear food allowances to the levels fixed by the Association. It was, at the same time, decided that, when the 9-hour day came into operation, the consolidated time work wages then in force should continue to be paid and that the minimum dear food allowance for piece-workers should be raised to 40 per cent. from 1st January 1935 to enable piece-workers to obtain the same earning on a 9-hour day as they previously earned on a 10-hour day at the end of 1934.

The decisions of the Association, referred to in the previous paragraphs, only affected workers in "unrationalized" occupations, but later in the same year, regulations were adopted covering "rationalized" occupations.

Early in 1934, the Government of Bombay caused a Departmental Inquiry to be made into the extent of the reductions which had been made, or were contemplated, and

whether the working class cost of living index had fallen during this period, and, if so, to what extent. The result of this inquiry showed that the reductions in wages, which had been effected, were not unreasonable, considering the fall in the cost of living index since 1926.

From the date on which consolidated minimum wages for time workers were fixed in July 1934, a definite policy has been followed by the Association in regard to wages. Briefly stated, this policy has been to ensure that earnings of all classes of workers should be maintained, and that a fair day's wage should be paid for a fair day's work. On the passage into law of the Bombay Trade Disputes Conciliation Act, the Association appointed its own Labour Officer to deal with labour problems and to collaborate with the Government Labour Officer in the settlement of all classes of grievances. In addition, the Association has maintained the closest touch with Government and has kept them informed of what is being done towards implementing the Association's wage policy.

In regard to time workers, no great difficulties have been experienced, and average earnings have increased owing to the introduction of efficiency schemes on a wider scale. In the case of piece-workers, average earnings have been minutely examined from month to month, and wherever they were found to be low, the mills concerned have been persuaded to make upward revisions of their basic rates and dear food allowances with the result that to-day average individual earnings have been materially increased, and are higher than they were at the end of 1934 when a 10-hour day was being worked. These adjustments of piece-workers' wages, which have been taking place, have incidentally limited the significance of any particular rate of dear food allowance, and the time would seem to have arrived for considering a consolidation of piece-work rates in the same manner as time work rates were consolidated by the Association three years ago.

As regards member mills in other centres outside Bombay City and Island, the Association has not at present on its records the same detailed information as it has for Bombay mills, but the position in regard to wage levels in those mills has been set out in the various departmental enquiry reports compiled by the Labour Office up to 1934 and this information will be supplemented during the course of the inquiry.

Ever since the publication of the Report of the first Tariff Board of 1926, the Association has recognized the desirability of pursuing a forward policy in regard to the introduction of efficiency schemes with the dual object of decreasing production costs and increasing workers' individual earnings. Progress has, however, been very much hampered by the opposition of workers, and certain of their leaders. At the same time, it is now more or less generally recognized by the workers themselves, particularly the workers on the spinning side of the Industry, that such efficiency schemes as have been introduced have been of material benefit to them, and in the view of the Association, the most effective means of materially improving individual workers' earnings would be a gradual extension of such rationalization. What the Association asks for is recognition by the workers of the urgent need for a gradual extension of efficiency systems similar to those which have been introduced in certain mills as a means of raising wage levels and maintaining the competitive position of the Industry. To quote the Fawcett Committee: "We are of opinion that there is an obligation on the Labour representatives to use their best influence with the workers to co-operate with the Millowners in the gradual introduction of efficiency methods for the progress of the Industry on which not only the employment of spinners and weavers depends, but with which the welfare of the whole community in Bombay is so largely bound up....."

In any investigation of a general character relating to wages, it will be essential for the Committee to have information regarding the Industry's financial position in each centre under investigation. It has been the practice of the Association to prepare a consolidated Balance Sheet and Profit and Loss Account for Bombay City and Island Mills. I sub-join a tabular statement, originally prepared for the use of the Fawcett Committee and extended up to 1934 at the request of various Tariff Boards, and brought up to 1935 for the information of the Committee. The figures for 1936, which also include the Balance Sheets of mills whose financial year ends in March 1937, are in course of preparation, and these will be sent to the Committee in the course of the next few days. The statement provides eloquent testimony as to the financial position of the Industry and the vicissitudes through which it has passed.

FINANCIAL POSITION OF THE BOMBAY COTTON MILL INDUSTRY.

Year.	Capital Paid-up.	Reserves including carry forward.	Original Cost of Land, Buildings and Machinery.	Land, Buildings and Machinery (after actual depreciation).	Statutory Depreciation on Buildings at 2½ per cent and Machinery at 5 per cent. on Original Cost.	Net Profit or Loss after providing for full depreciation.	Dividend.	Percentage of Dividends to Original cost of Land, Buildings and Machinery.	Reserves.	Losses Carried Forward.	Number of Mills.
1	2	3	4	5	6	7	8	9	10	11	12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	
1924 ..	19,28,15,936	12,13,10,342	46,76,48,463	30,15,88,391	1,83,54,013	2,42,77,108	60,84,686	1.3	63,67,302	2,39,94,490	79
1925 ..	19,20,96,278	10,45,82,674	46,72,00,686	29,63,59,044	1,85,86,851	2,87,64,573	43,11,006	0.9	63,41,589	2,67,33,990	79
1926 ..	18,95,57,153	8,81,15,695	45,74,05,797	28,30,45,008	1,81,79,333	1,92,94,273	42,84,184	0.9	68,45,916	1,67,32,541	77
1927 ..	18,06,33,386	8,16,97,896	44,22,77,410	27,17,07,297	1,76,05,438	11,53,028	61,28,636	1.3	10,90,403	83,72,067	75
1928 ..	17,15,44,838	8,53,32,874	42,99,68,245	25,81,26,209	1,69,46,478	2,95,44,441	28,98,675	0.7	54,22,248	2,70,20,868	73
1929 ..	13,72,43,563	7,08,90,662	42,87,53,877	22,98,00,527	1,68,87,234	2,29,79,396	23,41,940	0.5	91,06,299	1,51,89,210	76
1930 ..	13,43,90,895	5,99,18,374	35,91,45,030	22,08,90,668	1,45,34,978	2,37,01,010	19,14,950	0.5	30,73,706	2,25,42,254	71
1931 ..	13,18,17,548	5,28,65,968	36,25,01,213	22,08,92,085	1,47,13,072	1,06,40,548	18,05,450	0.5	34,40,324	90,05,674	68
1932 ..	13,63,63,713	4,96,42,104	37,03,63,114	22,15,83,240	1,50,87,470	1,61,53,820	18,56,639	0.5	16,47,021	1,63,63,438	71
1933 ..	11,06,08,920	4,73,00,222	30,71,54,544	17,95,00,227	1,24,27,646	1,30,68,207	12,68,950	0.4	14,45,497	1,28,91,660	57
1934 ..	11,32,50,812	4,18,29,080	31,18,74,172	18,56,15,690	1,26,17,322	69,94,626	21,14,030	0.6	10,39,664	80,68,992	61
1935 ..	11,77,64,337	4,23,58,333	31,28,48,124	17,96,91,935	1,27,10,853	92,14,091	20,97,950	0.6	1,46,904	1,11,65,137	64

Note.—The figures in bold types indicate :—

Column 7 : Net Loss.

Column 10 : Withdrawals from Reserves.

Column 11 : Balance Loss carried forward.

The foregoing statement showing the losses made by the Industry does not, however, set out the whole story. In giving evidence before the 1932 Tariff Board, the sacrifices made by Managing Agents on behalf of the concerns which they controlled were examined, and it was found that the position was :

	Rs
(1) Amount of commission given up by Managing Agents from 1926 to 1931 (inclusive)	28,68,718
(2) Amount of interest on loans to mills given up by Managing Agents during this period	31,20,526
(3) Amount of loans advanced by Managing Agents and converted into capital during this period	1,78,92,950
(4) Losses incurred by Managing Agents through guaranteeing loans to mills from Banks	69,49,228

In the following four years, that is, up to and including 1935, the following additional sacrifices were made by Managing Agents :

	Rs.
(1) Amount of commission given up by Managing Agents from 1932 to 1935 (inclusive)	25,02,554
(2) Amount of interest on loans to mills given up by Managing Agents during this period	78,47,447
(3) Amount of loans advanced by Managing Agents and converted into capital during this period	1,01,85,800
(4) Losses incurred by Managing Agents through guaranteeing loans to mills from Banks	5,50,000

In addition, the shareholders had to bear enormous losses owing to mills being forced into liquidation or owing to capital re-construction. Full particulars will be supplied to the Committee, if this is deemed necessary. The Committee may note at this stage that in 1924, Bombay had 80 working mills, and to-day that number has been reduced to 68.

As to the adequacy or inadequacy of the wages at present earned in relation to a living wage standard, my Association emphatically maintains that it would be fundamentally unsound to attempt to regulate wages in one industry alone, or in one centre of that industry, by such a method. When considering the question of adequacy of wages, regard must be paid to a variety of considerations, and, in particular, to the capacity of the Industry to pay, judged by its financial position and its position in relation to its competitors in other countries and in other parts of India. Other important considerations are the efficiency of the worker, the nature of the work done and the manual and technical ability required, and the wage levels in the same industry and in other industries or occupations involving a similar amount of labour and skill.

In this connection, it is pertinent to refer to the findings of the Royal Commission on Labour in India, who, in 1929/30, reported on the condition of Labour in industrial undertakings in British India and on the health, efficiency and standard of living of the workers. The Commission, on page 34 of their report, stated : " the production of the average operative is at present low and the loss caused by this inefficiency falls mainly on the operative himself. If the standard of living is to be substantially raised, the operative must produce more, i.e., fewer men must be employed for a given production than is the case at present."

In regard to the points on which the Inquiry Committee have been asked to make recommendations, the Association has the following observations to make :

(a) *The establishment of a minimum wage* :—In the Association's view, it would be impracticable and highly injudicious for a variety of reasons to establish a minimum wage in the Cotton Textile Industry of the Bombay Presidency or in any individual centre in that Presidency, linked to a theoretical figure supposed to represent the cost of living. At the same time, the Association wishes to point out that it has already laid down a fair scale of wages for a number of occupations, taking into consideration the nature of the work done, the manual and technical skill involved and the capacity of the Industry to pay, which, in

the view of the Association, is the only logical and practical way of fixing wage rates for such a wide variety of occupations as exist in the manufacture of yarn and cloth. It is perfectly true that lower rates have been fixed for certain classes of occupations than for others, but except in the case of women operatives like Winders and Reelers, the lower paid occupations are not "blind-alley" occupations; they must be regarded merely as stepping stones to more highly paid occupations, and there is no bar to promotion as and when the requisite degree of proficiency and experience has been gained. Taking the example of a Doffer Boy, which is the starting point for a wide range of more highly paid jobs on the spinning side of the Industry, the first step in the promotion ladder for the Doffer Boy is to a Tarwalla's post, which increases his earnings by about Rs. 4 per month. From the post of a Tarwalla, he has ready access to the occupation of a Ring Sider; he may become a Single Sider in the first instance, which should increase his earning by about Rs. 4 a month, and thereafter he could become a Double Sider, which would still further increase his pay by about Rs. 7 to Rs. 8 per month. Even here, the promotion does not end. More efficient men may be promoted to Doffer Jobbers' posts and even higher paid posts.

(b) *The measures which the employers, the employees and the Government should take to improve the wage level*.—As regards the measures which the employers, the employees and the Government should take to improve the wage level, further progress in rationalization seems to be the chief avenue of advance, and while employers must provide the conditions necessary for such advance, employees and Government could assist materially by according their support to reasonable efficiency schemes. It is difficult to say what would be the limit to the increases in individual earnings which might be effected by rationalization using the word in the fullest sense of the term, but further progress can undoubtedly be achieved by more effective utilization of the efficiency schemes developed in other countries, and the attention of the Committee is drawn in this connection to the high wage levels attained in Bombay mills which have been able to achieve a substantial amount of rationalization.

(c) *The remuneration of workers engaged on night shift and the regulation of night shift work*.—As regards night shift work, there is a great deal to be said in favour of a change-over system where the night shift work is more or less a permanent state of affairs. At the same time, we should like to point out that there are very great practical difficulties in the way of introducing a change-over system in certain instances. In the first place, it is usually found that the old permanent day shift workers refuse to work on night shift. Even if this difficulty could be overcome, there are difficulties arising from the fact that the Indian Factories Act does not permit the employment of women at night, and if a change-over system were adopted, it would in many cases mean the dismissal of all women employees and their replacement by male operatives. Another objection to a change-over system is that for some time after the change-over has taken place efficiency is adversely affected. There is not this disturbance to efficiency levels where the same operatives are permanently employed on the night shift. Another important reason which militates against the adoption of a change-over system is that, in many instances, only certain departments or sections of departments are required to work during the night.

As regards remuneration, it is the general rule in Bombay to pay the same rate for both the day and night shift workers, and this practice would appear to be justified in view of the fact that the earnings of the night shift workers are approximately the same as the earnings of the same classes of piece-workers on the day shift in mills where night shift has become more or less stabilized.

(d) *Standardization of Wages and Musters*.—The Association has devoted a great deal of time and study to the very important question of standardization of wages and musters. In 1929 a complete scheme of standardization was devised, intended for application to mills in Bombay City and Island. With certain modifications that scheme of standardization could possibly be adopted to suit the present day needs of the Industry, but it can hardly be too strongly stressed that no scheme of standardization can be of a permanent character. New inventions, new processes and mechanical improvements are constantly being introduced, and what may be considered suitable standards to-day might be completely out of date after a while.

In any event, standardization of either wages or musters would not, it is thought, be possible on a Provincial or All-India basis owing to widely varying conditions. As far as wages are concerned, the policy of the Association has been briefly explained earlier in this memorandum, but it is perhaps necessary to indicate that, in so far as piece-work occupations are concerned, the ideas of the Association have recently undergone a change as a result of an examination of the 1929 scheme, and the Association is no longer attempting to achieve absolute uniformity in piece-work rates, but has been revising rates in individual mills so as to ensure fair average earnings per month, taking into consideration the actual conditions in the mills concerned and the classes of work being done. The idea behind this has been that, no matter where employed, an efficient piece-worker should be able to earn a reasonable wage.

(c) *The methods of automatic adjustment of wages in future* :—The Association is unable to suggest any method by which automatic adjustments of wages can be made in the future. What should be paid by the Industry in any particular centre would always mainly depend on the financial position and future prospects of the Industry in that centre, and even this method of measurement would give rise to enormous difficulties ; for example, the Industry in a particular centre might at a particular time in a year be making profits ; the same Industry might be making losses or lesser profits later in the year. In the circumstances, it would hardly be possible to adjust wages automatically. Considerable difficulties would also be experienced if wages had to be adjusted according to the profits disclosed at the end of the mills' financial year. In the first place, mills make up their accounts at different times, and it would hardly be a practical proposition to raise or lower wages in one mill and not in others. Even if a uniform accounting period could be introduced, difficulties would arise in view of the fact that the position in one year would differ from that of the succeeding year. For instance, even if the profits of a completed year justified an increase, it might happen that these higher wages would have to be paid at a time when the Industry in that centre was losing money and *vice versa*. Automatic adjustments based on factors other than profits would, in the view of the Association, be absolutely unfair and impracticable. Any idea of automatic adjustments of wages, in the view of the Association, while desirable in theory, would be impracticable, since past experience has shown that employees would be unwilling to accept any downward revisions which the circumstances of the Industry necessitated, while employers, on the other hand, would be compelled to make upward revisions if the circumstances warranted. In other words, automatic adjustments of wages could only be achieved in times of prosperity. Revisions in a downward direction would be resisted by the workers, no matter what the circumstances of the Industry were. A fair solution of the wage problem lies not so much in automatic adjustments as in the building up of an adequate system of negotiations and collective bargaining between employers and employees or their respective organizations, and the substitution of a policy of direct action by a policy of active and sympathetic co-operation on the part of workers and their organizations with the employers and their organizations.

(2) To report whether in view of the present condition of the Industry an immediate increase in wages can be given in any occupation, centre or unit of the Industry, pending the conclusion of the Committee's work and the preparation of its Report and to make recommendations in this behalf.

The Association considers that an interim report of the nature suggested is neither feasible nor desirable. The Committee could not arrive at conclusions warranted by the facts of the case until the whole of their investigation had been completed. In any event, the question as to whether any immediate adjustment of wages can be made in any occupation, centre or unit of the Industry would ordinarily seem to be a matter for the parties directly concerned, and consideration would necessarily have to be given to many other sections of Government's labour policy which might involve employers in substantial additional expenditure.

It appears to the Association essential that the Committee, in framing their Report, should take into consideration the full implications of the Bombay Government's labour policy *vis-a-vis* the labour policies of other Provincial Governments and Indian States, and qualify their recommendations accordingly.

Copy of letter No. 4635/184, dated the 4th December 1937, from the Association to the Secretary, Textile Labour Inquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 431,* dated the 18th November 1937, and to enclose herewith copies of the replies to the Interim Questionnaire so far received from member mills in the Presidency. A list* of member mills from whom returns have been received is enclosed herewith for ready reference.

The attention of the Committee is drawn to the confidential nature of the information supplied by individual mills and the necessity of ensuring that individual mills' figures are not utilised for any purposes other than the Inquiry Committee's deliberations.

Copy of Questionnaire relating to Interim Recommendations and Answers submitted by Millowners' Association, Bombay.

Question (1):—What is the profit of your concern exclusive of depreciation for the first 6 months of the current year? Please also state, what commission has been calculated in arriving at this figure? Please bring up these figures, if possible, up to the end of September 1937.

Answer:—This question is essentially one for individual mills, but during the oral examination, the Association will refer to the position of the Industry as a whole.

Question (2):—What would be the depreciation on the income tax basis for the same period?

Answer:—The Association has no comments to make on the answers submitted by individual mills.

Question (3):—Please supply annual statements of profits and depreciation and agents' commissions from 1933 to 1936.

Answer:—The only comment which the Association wishes to make is that unless otherwise stated in the answers submitted by individual mills, the profit figure represents the profit after the deduction of Managing Agents' commission, but is exclusive of any allowance for depreciation.

Question (4):—Please state the average daily number of persons employed, the total wages bills and the total production of cloth and yarn during six monthly periods from January 1933 to June 1937. If possible, please bring up the figures to end of September 1937.

Answer:—The Committee of Inquiry will note that in the Association's instructions to members, they were asked to submit combined figures for day and night shift. The attention of the Committee is also drawn to the fact that in 1934 production was adversely affected owing to a strike which extended over a period commencing from about the third week in April to the end of June.

Question (5):—Has your financial position improved during this year? If so, what are the factors which have brought about the improvement?

Answer:—The financial position of the Industry as a whole has remained unchanged during the present year. If, however, at the end of the year, profits are found to be sufficiently high, it might be found possible in certain cases to improve the financial position of such units by utilising a proportion of the profits made to the redemption of debenture loans and loans from Banks, Managing Agents and other sources. It is not, however, anticipated that any adjustment of the financial position will be possible except in isolated instances.

* Not printed.

An examination of the trading results for 1937, submitted to the Inquiry Committee by individual mills, will show that, in a number of instances, the profits made have been insufficient to cover even statutory depreciation. In addition, there are very heavy arrears of depreciation to be wiped off from future profits, before any substantial strengthening of the Industry's financial position can be achieved.

Question (6) :—Do you think that the cotton textile industry has been benefited or is likely to benefit as a result of the present position of the cotton and cloth markets? If so, to what extent?

Answer :—The Cotton Textile Industry has, during the last few months, been benefited as a result of the increased production it has been able to sell owing to the temporary difficulties which Japan has had in supplying India and her other export markets with goods at the same prices and in the same quantities as in the past. Against this must be set off the handicap of higher prices which Indian mills are now paying for all classes of imported stores, increased cost of coal and oil fuel and the greatly increased prices of all classes of textile machinery.

Japan's difficulties are of a purely temporary character, and her need for foreign exchange to provide her with purchasing power abroad is bound to result in her selling her cotton piecegoods stocks at cut prices. In this connection, it is interesting to note that the import duty on cotton is to be refunded on all cotton manufactures exported from Japan in order to enable her manufacturers to maintain their markets abroad. That the period of low imports of piecegoods from Japan to India is rapidly coming to an end is evidenced by the fact that in October the imports from that country into Bombay were three times as great as in September and greater than in the previous three months put together, and organised action is being taken by the Japanese Government to preserve the export trade in yarn and piecegoods at all costs. In addition, prices of Japanese goods have recently fallen considerably, and these lower prices will certainly reduce the prices which Indian mills will be able to obtain for their production both in the Indian and overseas markets. Japan's temporary incapacity to maintain her exports at the old levels had provided Bombay mills with an opportunity of increasing their overseas trade, but the progress which was evident until September was not maintained in October, and it is not unlikely that further ground will be lost from now on. In certain instances, where mills have followed a hand to mouth policy in their purchases of cotton, a gradual fall in the price of that commodity during the last few months has improved mill margins, but in other instances and particularly in the case of mills whose financial position permitted them to purchase the bulk of their requirements at the commencement of the year, the recent fall in cotton has been of little or no benefit. It is, of course, admitted that, during the last few months, the margins between cotton and cloth prices have been greater than in the earlier months of the year, but there is very little likelihood of this position continuing for any length of time, or of the mills reaping any material or permanent gains from it.

Taken over a long period, a low level of cotton prices handicaps rather than assists the Indian Cotton Mill Industry since low prices of raw materials reduce the purchasing power of a large section of the population and, at the same time, increase the competitive capacity of foreign suppliers in all classes of goods on which import duty is of an *ad valorem* character.

Question (7) :—Please state in detail what cuts in wage rates, bonuses, allowances, etc., were effected in your mill or in your centre since 1st January 1933 and the reasons therefor.

Answer :—The Committee of Inquiry will note that individual mills have in all cases specified the cuts in wage rates effected in their mills, but in a number of instances mills do not appear to have made any reference to the increases which have been effected in implementing the Association's wage policy.

Question (8) :—In what direction and to what extent have the conditions which may be held to have justified these wage cuts changed to-day?

Answer :—The reductions in wages which were effected by the Bombay Mill Industry in 1933 and 1934 were, in the view of the Association, amply justified (a) by its desperate financial position, brought about by the severe foreign competition which the Industry had to face and the trade depression which had persisted for a number of years which, in the City and Island of Bombay, had been accentuated by a series of disastrous strikes, and (b) by the heavy fall in the cost of living index which had taken place since the last increases in rates had been given. The Departmental Enquiry made by the Labour Office into wages and unemployment in the Bombay Cotton Textile Industry in 1934 definitely showed that real wages of Bombay mill workers after the cuts were higher than at the time of the previous wage census in 1926. If the nominal wages of to-day are compared with the wages in October 1934, the date of the last wage census, it will be found that to-day's average earnings in the Industry are as high or even higher despite the fact that in the interim the hours of work have been reduced from 10 to 9 per day. There has been a slight increase in the cost of living index number between 1933 and 1937, but even taking this into consideration, real wages to-day are higher than they were in 1926. It has been admitted that in the last few months owing to purely adventitious circumstances, the position of the Industry has improved, but a temporary improvement of this character which is not likely to last does not justify a change in the general level of wages, and in any event, so far as the Industry as a whole is concerned, such profits must be utilised to wipe off some small part of the capital losses and depreciation arrears and for the provision of new machinery. Unless such a policy is pursued, Bombay will soon lose her position as an important centre of the Cotton Textile Industry and become unable to find employment for anything like the 150,000 to 160,000 persons who obtain a livelihood from the mills to-day, and a setback in competitive capacity might reproduce the unemployment conditions which prevailed a few years ago.

Question (9) :—Are you of the opinion that in view of the present condition of the industry an immediate increase can be given in any occupation, centre or unit of the industry? If so, what should be the extent of the increase? Please state the factors which you would take into consideration in calculating the increase.

Answer :—An immediate general increase in wages would only be justified if the profits of the Industry were more substantial and were maintained over a sufficiently long period, and judged by the conditions of the Industry in 1937 as a whole and its future prospects, to which a reference has been made in the Association's answers to other questions and in its preliminary memorandum to the Inquiry Committee, an increase in wages would react most unfavourably on the Industry. Speaking for the Bombay mills, the Association submits that under present conditions an increase in wages can only come about through greater efficiency. On the general issue of wage increases in future in the event of the position of the Industry improving, it is pertinent to point out in this place that decisions cannot be arrived at until more is known as to the total cost of the burdens which may be imposed on the Industry by the social legislation which Government are understood to have under contemplation.

APPENDIX 15.

SICK LEAVE WITH PAY FOR INDUSTRIAL WORKERS.

Copy of letter No. 3578 dated the 19th October 1937, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to refer to the *communiqué* dated the 17th August 1937, issued by the Government of Bombay, explaining their policy in respect of the industrial worker and to observe as follows :—

2. In para 4 of the *communiqué* it was stated that for the protection of the industrial population Government visualized the development of a comprehensive system of social insurance. In the absence of the requisite statistical and actuarial material for the

purpose, however, Government were considering the feasibility of enacting legislation for leave with pay during periods of sickness and they hoped that the action taken in this direction would pave the way for a scheme of sickness insurance.

3. The problem of granting relief to Indian workers during periods of sickness is not a new one. It engaged the attention of the Royal Commission on Indian Labour who observed that if the question had not been previously raised by Government it would have been forced on their attention by what they had seen in every industrial centre. They pointed out that sickness was an immediate contributory cause of indebtedness and stated that the situation called for the exploration of all methods that might lead to the alleviation of the existing hardships. "Of the great need of the workers for something of this kind," they observed, "there can be no doubt." In view of the above remarks of the Whitley Commission the question of granting relief to Indian workers during periods of sickness does not require any special pleading or justification. In fact, the principle has already been adopted to some extent in this country. Most Government employees are entitled to sick leave with pay for a specified period every year, while the Municipalities, the Port Trust, and the Railways have liberal schemes of sick leave with pay for their employees. Some private employers too have schemes of leave with pay for certain classes of their employees.

4. In Western countries the first steps in this direction were taken as early as the eighties of the last century when Germany established a scheme of sickness insurance for industrial workers. Her example has been largely followed by other countries and the position to-day is that no fewer than 38 countries of the world have schemes of sickness insurance, either compulsory or voluntary, affording relief to workers during periods of disability. The two important industrial countries in the East are India and Japan. The latter has already adopted a comprehensive scheme of sickness insurance, apart from the extensive social services which she maintains for her industrial population. Even China, which is industrially a comparatively undeveloped country, is reported to have a sickness insurance scheme under consideration.

5. Apart from the provision of sickness insurance, a large number of workers in Western countries also enjoy the benefit of an annual holiday with pay. In his annual report the Director of the International Labour Office points out that by the year 1937 not less than 22 countries had established, by law, the right of wage earners to paid holidays every year. In addition partial legislation providing paid holidays for particular classes of workers were in force in 16 other countries, while in others the practice was widely adopted by collective agreements.

6. Government while having no doubt as to the ultimate goal to be aimed at realise that conditions do not exist at present in the Presidency for the successful operation of a scheme of sickness insurance as it is understood and worked in the United Kingdom and other foreign countries. At the same time, they feel that a beginning ought to be made in that direction and in their opinion the best method of approach would be to combine sick leave with holidays with pay for industrial workers. In this connection, I am to request you to let me have your views at an early date on the rough scheme which is outlined below.

7. Subject to certain qualifications regarding length of service, every industrial worker will have a legal right to three to four weeks' sick leave with pay during each year, of which he may avail himself under certain easily enforceable conditions regarding certification. If there is any balance of leave left unutilised during the year, it is to be turned into cash—the calculation being based on certain average scale of wages—and the amount thus ascertained is to be handed over to a fund to be maintained by Government. The worker will be required to contribute 10 days' wages to the fund every year. The amounts which may thus accumulate in the account of each individual worker will be drawn upon on his retirement from industry or on his attaining a certain age and will be paid to him either in a lump sum or in instalments. The scheme would thus have some of the characteristics of sickness and retirement, old-age and death benefits and if successful may pave the way for specific schemes of social insurance on the lines of those to be found in the more advanced countries.

8. As the need for helping industrial workers in the Presidency on these lines is urgent, Government feel that an early start must be made. In the scheme outlined above, Government have merely indicated one likely approach to the problem, but they are fully aware that there may be many others possible. They would, therefore, be glad if your Association would examine the question carefully and sympathetically and favour them with your suggestions as regards what may be done in this direction at your very early convenience.

Copy of letter No. 4540/211, dated the 29th November 1937, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. 3578, dated the 19th October 1937, in which my Association were asked to examine a proposal for the introduction of a system of sick leave with pay combined with retirement, old age and death benefits, and were also asked to favour Government with suggestions as regards what might be done in this direction. The scheme suggested for the Association's consideration is that, subject to certain qualifications regarding length of service, every industrial worker would have a legal right to three to four weeks' sick leave with pay during each year of which he might avail himself in certain easily enforceable conditions regarding certification. If there is any balance of leave left unutilised during the year, it is to be turned into cash, the calculation being based on the average scale of wages, and the amount thus ascertained is to be handed over to a fund to be maintained by Government. The worker would be required to contribute ten days' wages to the fund every year. The amount which might thus accumulate in the account of each individual worker would be drawn upon on his retirement from industry or on his attaining a certain age and would be paid to him either in a lump sum or in instalments.

While at the outset my Association wish to make it clear that they are in favour of doing what is feasible and practicable for the advancement of the social welfare of industrial workers, they wish to make it clear that the rate of advance must be dictated by the Industry's capacity to finance their legitimate share of such schemes without imperilling competitive capacity.

Legislation in matters like sickness insurance, holidays with pay, old-age pensions and social benefits of a like character must, in the view of my Association, be of an all-India character, and in so far as sickness benefits and old-age pensions are concerned, the salutary principles followed in other countries, namely, contribution towards the cost by the State in the case of sickness benefits and provision of the whole or greater part of the cost by the State in the case of old-age pensions, must be followed.

Even if the scheme set out in Government's letter fulfilled the essentials set out above, it would not be possible for the Association to commit themselves to accept it at the present time in view of the fact that sickness benefit scheme apparently constitutes only a small portion of Government's social programme and the total financial burden with which it is proposed to saddle the Textile Industry of the Province must naturally be known before a definite opinion could be expressed as to how far the Industry could go in support of schemes of this nature. In this connection, I am to refer to the fact that a comprehensive enquiry is at present being made into the wages paid in the Cotton Textile Industry of the Province, and if it can be demonstrated that the Industry can afford to pay higher wages than are now current, then the Committee might make proposals which would involve the Industry in additional burdens which would naturally restrict its capacity to make advances in other directions.

Turning to the proposals put forward in Government's letter, the scheme set out would seem to have been formulated without due consideration of the expense and administrative difficulties involved. It is proposed that employers should contribute to a Central Fund an amount equivalent to one month's wages for every operative employed. This would mean a burden of about Rs. 40 lakhs per annum in the case of Bombay City and Island mills, and such a burden could certainly not be borne by an Industry which for more than a

decade has been making losses. If the cost could be passed on to the consumer by raising the prices of cloth and yarn, the position might be different, but if an attempt were made to raise prices by an amount equivalent to the cost of Government's proposals, the production of Bombay Mills would become unsaleable in competition with the manufactures of mills in other parts of India and with the productions of foreign manufacturers.

Reference has been made in Government's *communiqué* to the effect that Japan had adopted a scheme of sickness insurance and that even China had a scheme under consideration. It is pertinent to point out that the Chinese scheme, so far as my Association is aware, exists only on paper, and that in the case of Japan, where industries are certainly more prosperous than they are in India, the contribution payable by employers is less than 3 per cent. of the workers' pay as against 8½ per cent. proposed in Bombay, the sickness insurance in Japan covering sickness, maternity and workmen's compensation, and that the State also contributes substantially to the cost of the scheme. These figures are most significant when Government state that this burden is only a beginning of the social legislation programme they have in view. The appropriate time for the introduction of schemes of sickness insurance, leave with pay and the like would be when the Industry had definitely regained its profit-making capacity and after it had been established that the financial burden of these schemes were well within the Industry's capacity to pay, but even then, the Association would deprecate action of a Provincial character which would place an unfair handicap on the Bombay Industry in competition with Industries in other Provinces, and they would similarly deprecate a scheme which envisaged contributions by employers and employees only and no contributions from the State. In these circumstances, my Association regrets its inability to support the proposals put forward by Government. It is felt that until the Industry has been definitely and permanently re-established on the road to permanent prosperity, the policy to be followed in regard to the sickness insurance scheme, holidays with pay and the like should be the encouragement of voluntary schemes by financially strong individual concerns, and these schemes should be extended and improved whenever circumstances permit. Along these lines my Association and its members are prepared to extend their full support to Government's desire for the advancement of the social welfare of industrial workers.

APPENDIX 16.

HOLIDAYS WITH PAY.

Copy of letter No. 1746, dated the 1st July 1937, from the Commissioner of Labour, Bombay, to the Association.

I am directed by Government to forward for your information a copy of the Government of India, Department of Industries and Labour, letter No. L-1831, dated the 14th June 1937, together with enclosures on the above subject and to request you to furnish me with your views on the points discussed in paragraphs 3 and 4 of the Government of India letter. I shall also be obliged if you will kindly let me have your suggestions as to the conditions under which holidays with pay should be given, their minimum duration and such other points referred to in the various articles of the Convention as you desire to deal with. I should be glad to have your views on these points irrespective of your views on the general question whether or not holidays with pay should be given.

2. I am to request that your reply may please be sent so as to reach this office by 15th August 1937 at the latest.

Copy of circular No. L-1831, dated the 14th June 1937, from the Government of India, Department of Industries and Labour, Simla, to all Provincial Governments and Administrations.

I am directed to forward a copy of the Draft Convention and of the Recommendation concerning annual holidays with pay which were adopted by the International Labour Conference at its Twentieth Session in June 1936. The Government of India, who have the support of the Indian Legislature in this course, do not propose to ratify the Convention, because they believe that the statutory application of its other provisions to all the establishments mentioned in Article I is administratively impracticable in present circumstances.

2. The grant of annual holidays with pay formed the subject of correspondence between the Government of India and Provincial Governments/you in 1935 in connection with the first discussion of the question at the Nineteenth Session of the International Labour Conference and I am to invite attention to the reply of the Provincial Government/your reply to this Department's letter No. L-1831, dated the 1st April 1935. The majority of the Provincial Governments were at that time opposed to statutory holidays with pay in industry, while those who favoured the principle only contemplated advance by very cautious steps.

3. Although they are satisfied that no comprehensive measure can be considered in present circumstances, the Government of India believe that the general principle of holidays with pay is a sound one, and it is securing increasing recognition in labour legislation in other countries. In India workers in most Government establishments and in some private ones receive paid holidays on a scale which is ordinarily more generous than the minimum scale required by Article 2 of the Convention, and the systems already in force should not be incapable of a wider extension or adaptation. I am, therefore, to request that the subject may receive the consideration of the Provincial Government/your consideration and to suggest that the interests mainly concerned might be consulted. The Government of India would be glad to know if the Provincial Government/you consider that any central legislation on this subject is desirable.

4. In this connection I am to suggest that special consideration should be given to the case of those workers in factories who, on account of being employed on continuous processes or for other reasons, have to be deprived by exemptions of the benefits of Section 35 of the Factories Act relating to the weekly holiday. Most provinces in giving such exemptions insist on fortnightly holidays but even when this condition is imposed, the worker loses at least two rest-days in every month. The Government of India are inclined to the view that a statutory provision in the Factories Act for a limited number of pay holidays in such cases would be reasonable and practicable. This would ensure to the worker the opportunity of recuperation which his more continuous work renders necessary, and would afford, in a particularly appropriate form, compensation for the deprivation of the regular rest-day.

5. I am to request that a reply to this letter may be sent so as to reach the Government of India by the 1st November 1937.

DRAFT CONVENTION CONCERNING ANNUAL HOLIDAYS WITH PAY.

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Twentieth Session on 4th June 1936, and

Having decided upon the adoption of certain proposals with regard to annual holidays with pay which is the second item on the Agenda of the Session, and

Having determined that these proposals shall take the form of a Draft International Convention,

adopts, this twenty-fourth day of June of the year one thousand nine hundred and thirty-six, the following Draft Convention which may be cited as the Holidays with Pay Convention, 1936 :

Article 1 (1).—This Convention applies to all persons employed in any of the following undertakings or establishments, whether public or private :—

- (a) undertakings in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed, including undertakings engaged in shipbuilding or in the generation, transformation or transmission of electricity or motive power of any kind ;
- (b) undertakings engaged wholly or mainly in the construction, reconstruction, maintenance, repair, alteration or demolition of any one or more of the following :—buildings, railways, tramways, airports, harbours, docks, piers, works of protection against floods or coast erosion, canals, works for the purpose of inland, maritime or aerial navigation, roads, tunnels, bridges, viaducts, sewers, drains, wells, irrigation or drainage works, telecommunication installations, works for the production or distribution of electricity or gas, pipe-lines, waterworks, and undertakings engaged in other similar work or in the preparation for or laying the foundation of any such work or structure ;
- (c) undertakings engaged in the transport of passengers or goods by road, rail, inland waterway or air, including the handling of goods at docks, quays, wharves, warehouses or airports ;
- (d) mines, quarries and other works for the extraction of minerals from the earth ;
- (e) commercial or trading establishments, including postal and telecommunication services ;
- (f) establishments and administrative services in which the persons employed are mainly engaged in clerical work ;
- (g) newspaper undertakings ;
- (h) establishments for the treatment and care of the sick, infirm, destitute or mentally unfit ;
- (i) hotels, restaurants, boarding-houses, clubs, cafes and other refreshment houses ;
- (j) theatres and places of public amusements ;
- (k) mixed commercial and industrial establishments not falling wholly within any of the foregoing categories.

2. The competent authority in each country shall, after consultation with the principal organisations of employers and workers concerned where such exist, define the line which separates the undertakings and establishments specified in the preceding paragraph from those to which this Convention does not apply.

3. The competent authority in each country may exempt from the application of this Convention :—

- (a) persons employed in undertakings or establishments in which only members of the employer's family are employed ;
- (b) persons employed in public services whose conditions of service entitle them to an annual holiday with pay at least equal in duration to that prescribed by this Convention.

Article 2 (1).—Every person to whom this Convention applies shall be entitled after one year of continuous service to an annual holiday with pay of at least six working days.

2. Persons, including apprentices, under sixteen years of age shall be entitled after one year of continuous service to an annual holiday with pay of at least twelve working days.

3. The following shall not be included in the annual holiday with pay :—

- (a) public and customary holidays ;
- (b) interruptions of attendance at work due to sickness,

4. National laws or regulations may authorise in special circumstances the division into parts of any part of the annual holiday with pay which exceeds the minimum duration prescribed by this Article.

5. The duration of the annual holiday with pay shall increase with the length of service under conditions to be prescribed by national laws or regulations.

Article 3.—Every person taking a holiday in virtue of Article 2 of this Convention shall receive in respect of the full period of the holiday either :—

- (a) his usual remuneration, calculated in a manner which shall be prescribed by national laws or regulations, including the cash equivalent of his remuneration in kind, if any ; or
- (b) the remuneration determined by collective agreement.

Article 4.—Any agreement to relinquish the right to an annual holiday with pay, or to forego such a holiday, shall be void.

Article 5.—National laws or regulations may provide that a person who engages in paid employment during the course of his annual holiday may be deprived of his right to payment in respect of the period of the holiday.

Article 6.—A person dismissed for a reason imputable to the employer before he has taken a holiday due to him shall receive in respect of every day of holiday due to him in virtue of this Convention the remuneration provided for in Article 3.

Article 7.—In order to facilitate the effective enforcement of the provisions of this Convention, every employer shall be required to keep, in a form approved by the competent authority, a record showing :—

- (a) the date of entry into his service of each person employed by him and the duration of the annual holiday with pay to which each such person is entitled ;
- (b) the dates at which the annual holiday with pay is taken by each person ;
- (c) the remuneration received by each person in respect of the period of his annual holiday with pay.

Article 8.—Each Member which ratifies this Convention shall establish a system of sanctions to ensure the application of its provisions.

Article 9.—Nothing in this Convention shall affect any law, award, custom or agreement between employers and workers which ensures more favourable conditions than those provided by this Convention.

Article 10.—The formal ratifications of this Convention shall be communicated to the Secretary-General of the League of Nations for registration.

Article 11 (1).—This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Secretary-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Secretary-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 12.—As soon as the ratifications of two Members of the International Labour Organisation have been registered, the Secretary-General of the League of Nations shall so notify all the Members of the International Labour Organisation. He shall likewise notify them of the registration of ratifications which may be communicated subsequently by other Members of the Organisation.

Article 13 (1).—A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Secretary-General of the League of Nations for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 14.—At the expiration of each period of ten years after the coming into force of this Convention, the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall consider the desirability of placing on the Agenda of the Conference the question of its revision in whole or in part.

Article 15 (1) Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides,

(a) the ratification by a Member of the new revising Convention shall *ipso jure* involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 13 above, if and when the new revising Convention shall have come into force;

(b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

(2) This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 16.—The French and English texts of this Convention shall both be authentic.

RECOMMENDATION CONCERNING ANNUAL HOLIDAYS WITH PAY.

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Twentieth Session on 4th June 1936, and

Having decided upon the adoption of certain proposals with regard to annual holidays with pay which is the second item on the Agenda of the Session, and

Having determined that these proposals shall take the form of a Recommendation,

adopts, this twenty-fourth day of June of the year one thousand nine hundred and thirty-six, the following Recommendation which may be cited as the Holidays with Pay Recommendation, 1936:—

The Conference,

Having adopted a Draft Convention concerning annual holidays with pay for employed persons,

Considering that the purpose of such holidays is to secure to employed persons opportunities for rest, recreation and the development of their faculties,

Considering that the conditions laid down by the Draft Convention constitute the minimum standard to which any system of holidays with pay should conform.

Considering that it is desirable to deal in greater detail with the methods of applying the system.

Recommends that each Member should take the following suggestions into consideration :—

1. (1) The continuity of service required in order to become entitled to a holiday should not be affected by interruptions occasioned by sickness or accident, family events, military service, the exercise of civic rights, changes in the management of the undertaking in which the employed person is employed, or intermittent involuntary unemployment if the duration of the unemployment does not exceed a prescribed limit and if the person concerned resumes employment.

(2) In employments in which work is not carried on regularly throughout the year the condition of continuity of employment should be regarded as satisfied by the working of a prescribed number of days during a prescribed period.

(3) The holiday should be earned after one year's work, regardless whether this period has been spent in the employment of the same or of several employers. Each Government should take effective steps to ensure that the cost arising from the granting of the holidays shall not fall entirely upon the last employer.

2. Although it may be desirable that provision should be made in special cases for holidays to be divided, care should be exercised to ensure that such special arrangements do not run counter to the purpose of the holiday, which is to enable the employed person to make good the loss of physical and mental forces during the course of the year. In other cases division of the holiday should be restricted save in quite exceptional circumstances, to division into not more than two parts, one of which should not be less than the prescribed minimum.

3. It would be desirable that the increase in the length of the holiday with the duration of service should begin to operate as soon as possible and should be effected by regular stages so that a prescribed minimum will be attained after a prescribed number of years, for example, twelve working days after seven years of service.

4. The fairest method of calculating the remuneration of a person paid in whole or in part on an output or piece-work basis would be to calculate the average earnings over a fairly long period so as to nullify as far as possible the effect of fluctuations in earnings.

5. It would be desirable that the Members should consider whether a more advantageous system should not be established for young persons and apprentices under 18 years of age in order to ease the transition from school to industrial life during a period of physical development.

Copy of letter No. 2964/141, dated the 10th August 1937, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 1746, dated the 1st July 1937, in which you request my Committee to express an opinion as to whether legislation is necessary to bring about a wider extension or adaptation in this country of the general principle of holidays with pay. In the fourth paragraph of the Government of India's letter which accompanied your letter, it is suggested that special consideration should be given to the case of those workers in factories who, on account of being employed on continuous processes or

for other reasons, have to be deprived by exemptions of the benefits of Section 35 of the Indian Factories Act relating to the weekly holiday. In the opinion of Government, a statutory provision in the Factories Act for a limited number of pay holidays in such cases would be reasonable and practicable as these would ensure to the worker the opportunity of recuperation which his more continuous work renders necessary, and would afford, in a particularly appropriate form, compensation for the deprivation of the regular rest day.

In my letter No. 1968/111, dated the 15th August 1935* (copy enclosed), my Committee pointed out that though from a strictly humanitarian point of view, nothing could be said against the general proposition, it was, for reasons set forth in the letter, neither practicable nor desirable from the point of view of the peculiar conditions obtaining in the Bombay Cotton Mill Industry. My Committee do not resile from this view. As Government point out, the principle of a paid holiday in a year is receiving increased recognition from employers in this country, and it may reasonably be assumed that whatever schemes have already been initiated will be extended by employers on their own initiative as and when the Industry generally begins to make profits.

With regard to the point made in the fourth paragraph of the Government of India's communication, my Committee would point out that, so far as they are aware, the exemption granted from the provisions of Section 35 of the Factories Act has not been availed of to any great extent by cotton mills in the City and Island of Bombay, and it is, therefore, felt that the main justification for legislative action disappears.

In conclusion, my Committee would once again like to point out that legislation on the lines suggested by Government would be unwarranted under the present conditions; the principle of a paid holiday is receiving increased recognition, and it is felt that Government should not endeavour to force the pace by legislative action in view of the unremunerative character of the trade, but should endeavour to secure, with the voluntary co-operation of employers, a gradual extension of existing schemes.

APPENDIX 17.

RECOGNITION OF LABOUR UNIONS.

Copy of letter No. 2775, dated the 20th September 1937, from the Commissioner of Labour, Bombay, to the Association.

In the Government *communiqué* of the 17th August it was stated that " while Government propose to do all that is practicable for the amelioration of the conditions of the working classes, they are convinced that no legislative programme can be a substitute for the organised strength of the working class and, till organisations of workers, run on genuine trade union lines, grow up in the various fields of employment, no lasting good can accrue. Government are therefore anxious to assist in removing real hindrances in the way of the growth of labour organisations and to promote collective bargaining between the employers and the employees. Means will be devised to discourage victimisation of workers for connection with a labour organisation and participation in legitimate trade union activity." Government are now considering the type of legislation that would be required to give effect to the ideas underlying this statement of policy. They agree with the Royal Commission on Indian Labour that no legislation can ensure that full and free co-operation and discussion between employers and employed, which is so desirable in the interests of the industry and all those who depend upon it. They are also aware that in those countries where negotiations between employers and workpeople have reached their highest development, no legislation of the type contemplated in this Presidency exists, because both parties have realised that (a) full recognition should be given to *bona fide* trade unions as the appropriate and established machinery in the

discussion and negotiation of all questions of working conditions, including wages and hours, and other matters of common interest in the trade and industry concerned, (b) that negotiations between employers and workmen are facilitated by workmen being members of *bona fide* trade unions and by employers likewise being organized and (c) that industry benefits enormously from such negotiations. But in other countries such as France and the United States of America these principles have been embodied in legislative enactments, so necessary are they to the welfare of an industrial State.

The Government of Bombay fully realise that, with a few notable exceptions, the trade union movement in this Presidency has received neither the support of the workers, nor of the employers. It is not necessary to discuss the reasons why, but the fact only emphasises the necessity for a radical alteration in the existing conditions in order that the relations between employers and employed in this Presidency may be put on a proper footing and thus bring Bombay into line with other industrial centres of the world in this matter of negotiation between employers and workers.

I am therefore instructed to invite the attention of your Association to the policy of Government as outlined above and to enquire from you the conditions under which you would be prepared to give recognition to trade unions of employees and what such recognition would connote. I am to suggest for your consideration that, quite apart from absolute freedom from victimisation, that is to say, freedom to belong to any organisation of workers without risk of dismissal or unfair discrimination, and grant of facilities for collective bargaining, recognition of trade unions might imply the granting of facilities for carrying out normal trade union work, including :—

1. Permission to collect trade union subscriptions at the time of the payment of wages.
2. Latitude for communications between trade union officials and representatives or leaders of the workers inside the factory.
3. Circulating of notices of meetings of the union and notification of other important information on behalf of the union.
4. Acceptance of letters and answers thereto.
5. Granting interviews to union officials and representatives of the workers.
6. Joint investigations of complaints brought up by the union or the representatives of the workers.
7. Permission to hold meetings inside the mill compound during the interval of rest after previous intimation to the manager.

As it is the intention of Government to give the earliest possible effect to their policy of assisting in removing hindrances in the way of the growth of labour organisations in order that Government may most effectively discharge its responsibility for the welfare of the workers and the peace of industry, I am to ask that a reply be given to this letter by October 5th. I am also to ask that if the members of your Association are unable to agree with the suggestions outlined above, they should offer alternative suggestions of a constructive nature designed to carry out the policy that has been laid down by Government.

Copy of letter No. 3879/137, dated the 15th October 1937, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 2775, dated the 20th September 1937, dealing with the subject of trade unions and setting out briefly Government's policy in regard thereto and enquiring as to the conditions under which the Association would be prepared to give recognition to *bona fide* trade unions of employees, and what such recognition would connote. At the outset, I am to thank Government for having extended the time in which the Association's reply could be submitted, which has given my Committee

an opportunity of discussing the issues arising from your letter in great detail with representatives of the Bombay Chamber of Commerce, the Indian Merchants' Chamber and the Ahmedabad Millowners' Association.

My Committee note that Government are anxious to encourage the building up of an employees' organization run on genuine trade union lines in order to promote collective bargaining between employees and employers. My Committee agree with Government as to the desirability of building up a responsible organization of employees, controlled by the workers themselves and run on genuine trade union lines, and subject to the conditions set out in the ensuing paragraphs of this letter, would be prepared and have in the past always been prepared to recognize and treat with such an organization. At the same time, my Committee feel constrained to refer to their unfortunate experiences in the past, and to make it clear to Government that no satisfactory assurances from employers' organization regarding trade union recognition and no steps to be taken by employers in assisting the building up of *bona fide* trade unions would be likely to achieve the end which Government and all well-wishers of the Cotton Textile Industry have in view, namely, peace in the industry and a fair deal to both employees and employers unless Government are prepared to take strong action against any person or persons or organizations which countenance or encourage class war, class hatred, revolution or strikes without notice or other direct action.

Put very briefly, my Committee's general view on the subject of recognition is that an employers' organization should not be called upon to recognize any workers' organization which is not prepared to agree to make strikes the last weapon in its armoury instead of the first; in other words, the employers' organization should not be called upon to recognize a union which is not prepared to agree that no notice for a cessation of work either in an individual concern or in the Industry as a whole should be given until every avenue of negotiation, conciliation or arbitration which exists or which may be devised by agreement between employers' and workers' organizations concerned has been exhausted.

In Government's letter seven specific points have been suggested for our consideration, and before going on to deal with the conditions which my Committee consider should be fulfilled by a union precedent to recognition, it is proposed to reply to each of these points :

VIEWS OF THE ASSOCIATION ON THE SEVEN POINTS MADE IN GOVERNMENT'S
LETTER.

1. *Permission to collect trade union subscriptions at the time of the payment of wages.*

The experience of the Association in this matter in the past has not been a happy one, and reference is directed to the comments made by the Pearson Committee of Enquiry in paragraph 70 of their Report on this subject. Government's attention is also directed to the fact that in other countries collection of union subscription on employers' premises is not permitted. Collection of union subscription in the mills in the past has given rise to various abuses, and in Bombay mills, at any rate, has caused dislocation of work and led to subversion of internal discipline. In England and several other countries where strong *bona fide* trade unions exist, the practice of collecting union subscriptions on mill premises is neither encouraged by trade unions nor permitted by employers, and for these reasons, my Committee regret they cannot agree to permission being given for the collection of trade union subscription on mill premises.

2. *Latitude for communications between trade union officials and representatives or leaders of the workers inside the factory.*

A latitude of this description might, in the view of my Committee, lead to an impossible state of affairs and seriously affect internal discipline. My Committee maintain that the type of contact suggested would appear to be unnecessary since the union's representatives in a mill could and should discuss any grievances or other matters, which they desire to bring to the notice of the union's executive, with union officials at the union offices outside the working hours.

3. *Circulating of notices of meetings of the union and notification of other important information on behalf of the union.*

This does not appear to be an employer's function, but employers would agree to give reasonable facilities for the posting of notices of meetings of a *bona fide* recognised union, but they cannot agree to recommend facilities being given for the circulation of notifications of other important information on behalf of the union.

4. *Acceptance of letters and answers thereto.*

My Committee agree to recommend employers to accept the general principle and do their best to give effect to it.

5. *Granting interviews to union officials and representatives of the workers.*

In so far as officials of a *bona fide* recognized union is concerned, recognition implies that interviews would be accorded at reasonable times and by previous appointment. In view, however, of past experience, it would appear to be necessary to impose some limitation regarding interviews to representatives of workers, as it would obviously be impracticable to go back to the position which developed in 1928 when self-styled representatives of the workers and of unions considered they had a right to negotiate on behalf of the workers with the Manager and Departmental Heads of mills. In this connection, the attention of Government is directed to paragraphs 37 and 38 of the Report of the 1929 Court of Inquiry.

6. *Joint investigations of complaints brought up by the union or the representatives of the workers.*

Recognition, in my Committee's view, implies acceptance of the principle of joint investigations of complaints brought to the notice of employers by officials of a recognized union. My Committee, of course, assume that a specified procedure would be followed by a recognized union in the matter of presentation of its grievances.

7. *Permission to hold meetings inside the mill compound during the interval of rest after previous intimation to the manager.*

My Committee cannot agree to give permission to hold meetings inside the mill compound during intervals of rest after previous intimation to mill manager.

Having dealt with the seven points made in Government's letter, I set out below for the information of Government what, in my Committee's view, should be the conditions to be satisfied precedent to recognition.

Conditions Precedent to Recognition.

1. The union shall be registered under the Trade Union Registration Act.

My Committee realise that this Act is defective in many respects and wish to make it clear that this is only *one* of the conditions to be satisfied before recognition is accorded. They also desire to bring to the notice of Government the difficulties which might be created if the Association were called upon to recognize more than one union for any particular trade or occupation, or a union which did not include in its membership a very substantial proportion of the workers engaged in a particular trade or industry in a centre covered by the union's activities.

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 not be advocated.

4. The union shall be run and controlled by actual mill workers.

In the early stages of the union's existence, it is felt that a limited amount of outside assistance on its executive might be necessary, but my Committee feel that the ultimate aim should be an organization run and controlled entirely by the workers themselves. They would, however, be prepared to consider the grant of recognition to a union which has on its executive not more than 10 per cent. of outsiders.

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.

The process of negotiation which my Committee have in mind would mean the submission of grievances by the individual worker to the management in accordance with the procedure laid down. Failing settlement, the matter would be one of negotiation between the management—and in appropriate cases, the Millowners' Association—and the trade union concerned. If even after this the parties are still at issue, my Committee would be disposed to favour the adoption of a method of arbitration binding on both sides. A condition precedent to the establishment of such a procedure would be that whatever trade union came into existence would be sufficiently strong and disciplined to implement any award and secure compliance with it in the same way as the Millowners' Association would be expected to abide by it. My Committee have been giving considerable thought to the mediation machinery which would be best adapted to secure the remedy of grievances of employees and employers without dislocation of work and the losses which inevitably accrue to both sides when a strike takes place, and they would be glad to submit detailed proposals in this connection at the proper time.

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 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 an unauthorized strike.

8. The union shall not support a strike called or brought about by an unauthorized union or unlawful association.

9. The union shall give 14 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.

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 by a Government Auditor at least once in a year.

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 Millowners' Association, during any joint negotiations or in any conciliation or arbitration proceedings.

17. The union shall agree to send to the employers' association a copy of its rules and regulations and any amendments which may be made from time to time thereto.

My Committee feel that, even with the active encouragement which Government and employers individually and collectively appear to be prepared to give, considerable time will elapse before a strong and well-disciplined union working on sound trade union lines can be developed, and during the time of union building, my Committee feel that if strikes are to be prevented, Government, employers and workmen must utilise to the fullest extent possible the machinery provided under the Bombay Trade Disputes Conciliation Act.

In conclusion, I am to say that if there are any points in this letter which, in Government's opinion, require further elucidation, clarification or explanation, my Committee would greatly appreciate being given an opportunity of discussing them.

APPENDIX 18.

FIXATION OF SPOT AND FORWARD RATES FOR COTTON.

Copy of letter dated the 27th September 1937, from the Cotton Buyers' Association to the Association.

I am directed to enclose herewith for your information a copy of letter, dated the 23rd instant, addressed by my Association to the Secretary, East India Cotton Association, Limited, on the subject of fixation of Spot and Forward Rates of cotton by the Daily Rates Committee of that Association.

The subject was separately dealt with by a Sub-Committee of this Association specially appointed for the purpose of examining the method in vogue adopted by the Daily Rates Committee in fixing these rates and the enclosed letter is the outcome of their recommendations.

Simultaneously, members of our Association have also been circularised to submit to this Association reports of instances where they feel that the rates as fixed by the Daily Rates Committee in future, differ from rates actually ruling for those descriptions in the market.

The response received from members to the above request, my Committee hope, would enable my Association to establish conclusively, instances of dissatisfaction experienced by members of the trade in relation to the official rates fixed by the E. I. C. Association for Spot and Forward transactions.

Copy of letter dated the 23rd September 1937, from the Cotton Buyers' Association to the East India Cotton Association, Limited, Bombay.

In view of the many complaints which are made from time to time against the rates fixed by the Daily Rates Committee of your Association in accordance with By-law 31 for Spot and Forward Contracts, the Committee of my Association have recently been engaged in examining the method at present followed with a view to finding out ways and means of

eradicating, or at any rate, minimising the causes of complaints against the official rates fixed by your Association.

My Committee are of the opinion that the procedure adopted at the present time by the Daily Rates Committee in fixing Spot and Forward Rates is, in the main, sound and unobjectionable ; and that it is rather in the practical application of the system that the causes of dissatisfaction experienced by members mainly rest. They feel it necessary, therefore, to place for the consideration of your Board, certain suggestions, the adoption of which would, in their view, go a long way to meet the criticisms which are often made against the official rates fixed by the Daily Rates Committee.

At the outset, my Committee hold that it would be desirable for your Association to maintain a record of all the appeals lodged by members under By-law 33 against the Spot and Forward Rates fixed by the Daily Rates Committee and of the results thereof. An official record of this character over a period of years would, in their opinion, yield useful data which would afford invaluable assistance in tracing the precise nature of the complaints which require to be remedied. It is felt that the record might in the first instance be maintained for one year, and that the position might thereafter be reviewed in the light of the facts revealed by the figures.

Another point to which my Committee desire to draw attention is the difficulty which is apparently experienced by the Rates Committee in securing the requisite quorum owing to the lack of interest among the members forming the various panels of that Committee. My Committee hope you will agree that the functions of the Daily Rates Committee render it imperative that all the members forming that Committee should take an active interest in the work of the Committee ; be in real touch with the market ; and be regular in their attendance. As a means of ensuring regularity of attendance on the part of members forming the Daily Rates Committee, my Committee would suggest the desirability of your Board examining the possibility of an honorarium being attached to the office of members of the Daily Rates Committee.

A further drawback which, in the opinion of my Committee, appears to call for immediate rectification is the lack of an adequate Sample Room where members of the Board might examine cotton samples placed before them for purposes of inspection and valuation where appeals are lodged against the rates fixed by the Daily Rates Committee for invoicing back cotton bought or sold on the basis of types or sealed samples. In the absence of adequate facilities for the proper examination of samples, members of the Board have perforce to examine the samples, as at present, under artificial lighting conditions. In many cases the decisions given by the Board after inspection of samples under such artificial arrangements lead to dissatisfaction to those members whose interests are adversely affected by such awards.

My Committee understand that the offices of your Association would shortly be removed to the New Cotton Exchange Building at Kalbadevi Road. In these circumstances they would like to stress the desirability of your Association making adequate provision in the new premises for the maintenance of a separate ' puoca ' Sample Room with proper facilities where members of the Board might view and value, under natural lighting conditions, cotton samples submitted for their inspection.

The Committee of my Association would also like to take this opportunity of drawing your attention to By-law 33 which lays down a fee of Rs. 50 for each appeal lodged with the Board against the Spot and Forward Rates fixed by the Daily Rates Committee. My Committee feel that, in the existing conditions, the amount of the fee is rather on the high side, and often acts as a deterrent to members from appealing to the Board. It is, therefore, suggested that the appeal fee be reduced to Rs. 25.

In conclusion, my Committee desire me to express the sincere hope that your Board would see their way to accept the suggestions made in the foregoing paragraphs, which in their opinion are calculated materially to reduce the grounds of complaints against the official rates fixed for Spot and Forward transactions.

Copy of circular dated the 27th September 1937, from the Cotton Buyers' Association, to all Members of their Association.

In view of the several complaints made from time to time against the rates as fixed by the Daily Rates Committee of the East India Cotton Association, Limited, for Spot and Forward Contracts, I am directed to inform you that the Committee of this Association recently examined the method at present followed by the Daily Rates Committee in fixing the Spot and Forward Rates with a view to finding out ways and means of eradicating, or at any rate minimising, the causes of complaints made against the official rates as fixed by the Association.

Whilst the Committee agreed that the procedure adopted by the Daily Rates Committee at the present time is in the main sound and unobjectionable, it was felt that the grounds for complaints lay in the practical application of the system and that in order to meet the criticisms levelled at the rates fixed by the Daily Rates Committee, it was essential to make certain proposals to the Board calculated to materially reduce the grounds for such complaints.

My Committee have accordingly addressed a representation to the East India Cotton Association embodying certain proposals requesting that body, *inter alia*, to maintain a record of all the appeals lodged by members under By-law 33 against the Spot and Forward Rates fixed by the Daily Rates Committee and of the results thereof, as it was felt that such a record over a period of years, would yield useful data which would afford invaluable assistance in checking the precise nature of complaints made by members against the official rates.

Simultaneously, it was felt necessary that the members of our Association be also requested to report to the Association all cases where it is felt that the Spot and Forward rates as fixed by the Daily Rates Committee are not in accordance with the actual rates prevailing for those descriptions in the market, with a view to checking such complaints at the end of each year with the record of appeals lodged against the same, and which it is hoped, will be maintained by the East India Cotton Association.

I am to invite your co-operation in the maintenance of such a record and to request you to be so good as to keep this Association posted from time to time of any instances of the nature indicated above, where it is felt that the rates as quoted by the Daily Rates Committee for the various descriptions of cottons tenderable under the Hedge and Delivery Contracts, differ from rates actually ruling therefor in the market to enable my Committee conclusively to establish instances of inconsistencies and the consequent dissatisfaction experienced by members in relation to the official rates thus fixed for Spot and Forward cottons.

A copy of the representation addressed to the East India Cotton Association, Limited, is enclosed herewith for your information.

Copy of circular No. 3857/153, dated the 15th October 1937, from the Association to all Members.

I am directed to draw your attention to the enclosed communication addressed by the Honorary Secretary of the Cotton Buyers' Association to their members in connection with the method at present followed by the Daily Rates Committee of the East India Cotton Association in fixing spot and forward rates. It would appear that the Cotton Buyers' Association have received certain complaints against the official rates fixed by the East India Cotton Association, and this question has already formed the subject matter of a representation to the East India Cotton Association.

The Cotton Buyers' Association have now in view the maintenance of a record of all the appeals lodged by members under By-law 33 against the spot and forward rates fixed by the Daily Rates Committee and of the results thereof, since it is felt that such a record over a period of years would yield useful data which would afford invaluable assistance in tracing

the precise nature of complaints made against the official rates ; and the co-operation of this Association and its members has been requested in connection with the compilation of such a Register.

The whole question was considered by the Committee of the Association at a meeting held on the 11th instant, when it was decided that members of the Association should co-operate, as far as possible, with the Cotton Buyers' Association by posting them from time to time with a list of the instances in which it is felt that the rates as fixed by the Daily Rates Committee for the various descriptions of cotton tenderable under hedge and delivery contracts differ from the rates actually ruling therefor in the Market, so that the whole position may subsequently be taken, if necessary, by the Cotton Buyers' Association with the East India Cotton Association.

Copy of letter dated the 20th October 1937, from the Cotton Buyers' Association, to the Association.

In continuation of this office letter, dated the 27th September 1937, I am directed to enclose herewith for your information a copy of letter No. 721, dated the 18th October 1937, received from the Secretary, the East India Cotton Association, Ltd., in reply to the representation, dated 23rd September 1937, addressed by my Association on the above subject.

Copy of letter No. 721, dated the 18th October 1937, from the East India Cotton Association, Limited, to the Cotton Buyers' Association, Bombay.

I am directed to inform you that the Board of Directors of my Association have considered your letter, dated 23rd September 1937, on the above subject and to say that they have accepted the suggestion made therein for provision of a sample room in the Administrative Offices of the Association in the New Exchange Building, Kalbadevi Road, for the purpose of examining samples that may be submitted to the Board in respect of appeals against the rates fixed by the Daily Rates Committee for invoicing back cottons.

With regard to the suggestion for the grant of an honorarium to members of the Daily Rates Committee in order to ensure regular attendance and requisite quorum of members of the Committee, the Board have agreed in principle that it would be desirable to grant an honorarium to members of the Committee.

In view of the fact that under By-law 33 and 55, the whole fee is refundable to applicants in the event of an appeal against rates being successful, the Board did not accept your suggestion for a reduction of the appeal fee from Rs. 50 to Rs. 25.

I am to add for your information that this Association maintains a register of appeals against rates fixed by the Daily Rates Committee.

APPENDIX 19.

STAPLE LENGTH OF UGANDA COTTON.

Copy of letter No. 6221/A/75, dated the 27th August 1937, from the East India Cotton Association, Limited, to the Association.

I am directed to forward herewith, for your information, a copy of Notice No. 741/A/75, of the 26th instant, issued by the Board recommending an average staple length of Uganda Cotton for the season 1937-38 crops.

Copy of notice No. 741/A/75, dated the 26th August 1937, from the East India Cotton Association, Limited, to the Association.

In modification of Notice No. 732, dated 13th August 1936, it is hereby notified for the information of members of this Association and especially those members who deal in Uganda Cotton that the Board of Directors, on the recommendations made by the Special Appeal Committee on African Cotton, have resolved that the following average staple length of Uganda Cotton be recommended to the Trade for the season 1937-38 :—

“That the average staple length of Uganda Cotton shall not be less than 1-1/16” as ordinarily judged by the Trade.

“That no separate standards shall be prepared for staple which shall be judged, as at present, by visual examination and hand test.

“That the staple length as prescribed above shall be applicable for the 1937-38 season crops.”

Members are therefore requested to adopt the above basis in entering into contracts for Uganda Cotton to be made subject to and in accordance with the By-laws of the East India Cotton Association for the season 1937-38 crops.

Copy of letter No. 3229/146, dated the 30th August 1937, from the Association to the Cotton Buyers' Association, Bombay.

The attention of the Association has been drawn to a Notification, No. 741/A/75, dated the 26th August 1937, issued by the East India Cotton Association setting forth a recommendation concerning the staple length of Uganda Cotton for the 1937-38 season's crop.

The Notice, referred to above, does not appear to give effect to the suggestion recently made by your Association for the establishment of American 1-1/16” staple standard as the basis of staple length for East African Cotton.

I am, therefore, directed to enquire whether your Association have as yet considered the recent Notification issued by the East India Cotton Association ; and if so, what action has been taken, or is being contemplated, by your Association in this connection.

An early reply will be appreciated.

Copy of letter dated the 31st August 1937, from the Cotton Buyers' Association, Bombay, to the Association.

With reference to your letter No. 3229/146, dated the 30th instant, I am directed to inform you that the Committee of my Association have considered the notification issued by the East India Cotton Association with regard to staple lengths of Uganda Cotton for the 1937/38 season's crop and have decided that as no useful purpose would be served by the Association in further pursuing the matter with the East India Cotton Association at this stage, the question be dropped for the time being.

My Committee have, however, resolved to address the East India Cotton Association requesting them to place at the disposal of individuals of the Special Appeal Committee on African Cotton the U.S.A. Universal Staple Standards in their possession in the Survey and/or Appeal rooms and make the same available to members for inspection as and when they feel inclined to do so in the course of their duties in conducting surveys and appeals on East African Cotton.

Copy of letter dated the 2nd September 1937, from the Cotton Buyers' Association, Bombay, to the Association.

In continuation of this office letter dated the 31st August 1937, I beg to enclose herewith for your information copy of a letter of date addressed to the Secretary, East India Cotton Association, Ltd., on the subject of Staple Lengths of African Cotton.

Copy of letter dated the 2nd September 1937, from the Cotton Buyers' Association to the East India Cotton Association.

I am directed to acknowledge receipt of your letter No. 6219/A/75, dated the 27th August 1937, enclosing copy of a Notice No. 741/A/75, dated the 26th August, issued by the Board of your Association recommending an average staple length of Uganda Cotton for the season 1937-38 crops.

My Committee regret to note that the Board of your Association have not seen fit to accept the suggestion made in their letter dated the 29th June last for the institution of U.S.A. Universal Staple Standard 1.1/16", as the basis of staple length of African Cotton. They sincerely hope, however, that in the interests of the trade as a whole, and in order to do away with the existing indeterminate stipulation with regard to staple length of African Cotton, your Board will see their way to reconsider the position, and adopt the suggestion made by them, at any rate in so far as the 1938-39 and subsequent season crops are concerned.

It is understood that your Association have recently secured a representative range of certified American Universal Staple Standards. If this is so, then my Committee would like to take this opportunity of commending for your consideration, the extreme desirability of your Association making these standards available in the Survey and/or Appeal Rooms for use by those members of the Special Appeal Committee on African Cotton who may wish to refer to them in the course of their duties in conducting Surveys and Appeals on African Cotton.

Copy of letter No. 3614/146, dated the 28th September 1937, from the Association to the Cotton Buyers' Association, Bombay.

I am directed to acknowledge the receipt of your letters dated the 31st August and 2nd September 1937, the latter giving cover to a letter addressed by your Association to the East India Cotton Association in connection with a Notification No. 741/A/75, dated the 26th August, issued by the Board of that Association recommending an average staple length of Uganda Cotton for the season 1937-38. My Committee note that your Association has decided that, as no useful purpose would be served in pursuing the matter further with the East India Cotton Association, the question should be dropped for the time being. They also note that a suggestion has been made to the East India Cotton Association requesting the latter to place at the disposal of individuals of the Special Appeal Committee on African Cotton the U.S.A. Universal Staple Standards in their possession in the Survey and/or Appeal rooms and make the same available to members for inspection as and when they feel inclined to do so in the course of their duties in conducting surveys and appeals on East African Cotton.

The attention of my Committee has since been drawn to a further Notification No. 30/A/75, dated the 23rd September 1937, issued by the Board of the East India Cotton Association from which it would appear that the second suggestion made by your Association has been accepted, though it has been made clear that in deciding upon the actual staple length of any given lot of Uganda Cotton, the deciding factor would be visual examination and hand test.

The question has been very carefully considered by my Committee and they feel that your Association should continue to press on the East India Cotton Association Limited the desirability of adopting Universal Staple Standards at every available opportunity.

Copy of notice No. 30/A/75, dated the 23rd September 1937, from the East India Cotton Association, Limited, to the Association.

In continuation of Notice No. 741/A/75, dated 26th August 1937, it is hereby notified that the U.S.A. Staple Standards would be made available to members of the Special Appeal Committee on African Cotton and/or Surveyors for their inspection if they so desire. It should, however, be noted that in deciding upon the actual staple length of any given lot of Uganda cotton the deciding factor would be visual examination and hand test as stated in the notice referred to above.

APPENDIX 20.

CLASSIFICATION OF EAST AFRICAN COTTON.

Copy of notice No. 562/A/542, dated the 11th June 1937, issued by the East India Cotton Association.

It is hereby notified for the information of members of the Association that the Board have accepted the following recommendations made by the Special Appeal Committee on African Cotton :—

(1) That African cotton grown in Uganda be classified into A.R. Kampala, A.R. Busoga, A.R. Bukedi and A.R. Jinja descriptions and that these expressions be defined as under :—

A.R. Kampala cotton means cotton booked from any port, pier or railway station in the Buganda Province.

A.R. Busoga cotton means cotton booked from any port, pier or railway station in the Busoga district of the Eastern Province.

A.R. Bukedi cotton means cotton booked from any port, pier or railway station in the Budama, Bugishu and Bugwere districts of the Eastern Province.

A.R. Jinja cotton means cotton booked from any port, pier or railway station from the rest of the Uganda Protectorate.

(2) That stations, ports and piers in Uganda be classified under each description as follows :—

A.R. Kampala cotton, i.e., cotton booked from any port, pier or railway station in the Buganda Province :—

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
BDL	Budali.
BGG or KLA	Bugungu.
BKT	Bukakata.
NTB	Entebbe.
LBY	Lubanyi
KLA	Kampala.
KTO or KTB	Katebo.
KWO	Kawolo
KNA or KLA	Kibanga.
MKO or MKN	Mukono.
PBR, PBL or KLA	Port Bell.

A.R. Busoga cotton, i.e., cotton booked from any port, pier or railway station in the Busoga district of the Eastern Province :—

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
JJA	Jinja Pier.
JJS	Jinja Station.
KAL	Kaliro.
KML	Kamuli.
KGI	Kigingi.
MLI	Mbulamuti.
NGM	Namaganda.
NSP	Namas Pier.
NWD	Namwendwa.
NSS	Nsinze.
NGS or NSG	Namusagali.

A.R. Bukedi cotton, i.e., cotton booked from any port, pier or railway station in the Budama, Bugishu and Bugwere districts of the Eastern Province :—

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
BUK	Bukedea.
KCB	Kachumbala.
MDS	Magodes.
MJI or MAJ	Mjanji.
MFA	Manafwa.
MBL	Mbale.
NGG	Nagongera.
TOR	Tororo.

A.R. Jinja cotton, i.e., cotton booked from any port, pier or railway station from the rest of the Uganda Protectorate :—

<i>Station Marks.</i>	<i>Names of Station, Port or Pier.</i>
ARA or ATR	Atura.
BDO	Bugondo.
EKW	Ekwera.
KIG	Kachung.
KEL	Kelle.
KUM or KMI	Kumi.
LLI	Lale.
MSD	Masindi Town.
MDP	Masindi Port.
MUK	Mukura.
NAM	Namasale.
OGO	Okungulo.
PLG	Palango.
RNP	Rhino Camp.
SGN	Sangai.
SRI	Soroti.

(3) That cotton booked from stations, ports or piers other than those mentioned in the above classification might be accepted as a fair tender against a particular classification, provided that the seller satisfied the buyer that the cotton came from the areas mentioned above under the said classification. The burden of proving this would be left on the seller.

The above classification does not make any departure from the custom prevailing in the trade at present and the definitions and classifications are made with the object of acquainting sellers and buyers dealing in African cotton,

Copy of letter No. 2683/146, dated the 20th July 1937, from the Association to the East India Cotton Association, Ltd.

I am directed to acknowledge the receipt of a copy of Notice No. 562/A-542, dated the 11th June 1937, issued by your Association which refers to certain recommendations made by the Special Appeal Committee on East African Cotton in regard to the classification of cotton grown in Uganda. In this connection, my Committee desire to draw your attention to their letter No. 2086/178A, dated the 27th August 1935, in which they expressed themselves in favour of the abolition of geographical distinctions between the various types of cotton grown in East Africa. While my Committee have no objection to the classifications referred to in your notice, dated the 11th June 1937, they desire to point out that your Association should continue to investigate the possibility of giving effect to the suggestions made in this Association's letter referred to above.

Copy of letter No. 5699/A/542, dated the 2nd August 1937, from the East India Cotton Association, Ltd., to the Association.

I am directed to acknowledge the receipt of your letter No. 2683/146, dated 20th July 1937, and to inform you that the Special Appeal Committee on African cotton would watch for some time how their recommendations regarding the classification of African cotton grown in Uganda work in actual practice after which the Committee would be requested to review the question when the suggestion made by your Committee for abolition of geographical distinctions between the various types of cotton grown in East Africa and for adoption of a range of not less than 6 grades of standards covering as many varieties of African cotton as possible, would also be considered by them.

APPENDIX 21.

COTTON GINNING AND PRESSING FACTORIES (BOMBAY AMENDMENT) ACT, 1936.

Copy of letter No. 2780, dated the 28th January 1937, from the Indian Central Cotton Committee to the Association.

I have the honour to state that the Indian Central Cotton Committee at its meeting held in August last considered the question of the application of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act to parts of the Bombay Presidency and expressed the view that the Act should be extended to the districts of East and West Khandesh particularly in view of the fact that the Central Provinces Government had also recently passed similar legislation. Another reason for recommending the extension of the Act to the Khandesh Districts was the prevalence in those districts of the malpractice of mixing cotton waste, milly fly, etc., with good cotton. In compliance with the decision of the Committee the Government of Bombay were addressed and requested to apply the Cotton Ginning and Pressing Factories (Bombay Amendment) Act to the East and West Khandesh Districts as soon as possible.

2. The question of applying the provisions of the Act to other parts of the Bombay Presidency was taken up for consideration by my Local Sub-Committee at its meeting held on the 8th January 1937 and it was decided that before any recommendation was made to the Bombay Government, the views of trade bodies concerned and the Director of Agriculture, Bombay Presidency, should first be obtained. As the Cotton Ginning and Pressing Factories (Bombay Amendment) Act was passed primarily with the object of suppressing malpractices in cotton ginning and pressing factories, the guiding principle in arriving at a decision regarding the further areas to which the Act should be applied should

be the prevalence of malpractices to an appreciable degree in those areas. A copy of the Act* in question is enclosed herewith for ready reference. I am now to request you kindly to forward to my Committee, at an early date, the views of your Association on the above subject.

Copy of letter No. 908/74, dated the 25th February 1937, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 2780, dated the 28th January 1937, in which you have requested my Committee to submit their views regarding the areas to which the provisions of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act might advisably be applied. My Committee note that the Indian Central Cotton Committee at its meeting held in August last expressed the view that the Act should be extended to the districts of East and West Khandesh taking into consideration the prevalence of malpractices in those areas and their proximity to the Central Provinces cotton growing area to which the C. P. legislation applies.

My Committee are very strongly in favour of an early extension of the Act to the East and West Khandesh as recommended by the Indian Central Cotton Committee, but at the same time wish to stress the fact that the malpractices, which it is the purpose of the Act to prevent, are by no means confined to East and West Khandesh, and are in fact common to all the major cotton growing tracts in the Presidency. This being the case, my Committee would welcome the application of the Act to selected tracts in the Coomptah and Broach cotton growing areas. In any event, as very large users of Bombay Presidency cottons, the members of my Association are most anxious to see an end put to the malpractices which made the Bombay Amendment Act necessary, and would like to impress on the Indian Central Cotton Committee to stress the need for wider and speedier action on the part of Government. They also desire me to point out that, in their view, it would be definitely in the interests of both the agriculturists and users of cotton to apply the Act to every area where malpractices are known to exist.

APPENDIX 22.

REDUCTION OF HANDLING CHARGES ON COTTON.

Copy of letter No. 1497, dated the 9th November 1937, from the Secretary, Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to forward a copy of the enclosed note on the above subject, which was considered by my Local Sub-Committee at its meeting on the 29th October 1937 and to say that it was decided that your Association should be requested to examine the matter fully and communicate its views. I am accordingly to request, if there is no objection, that you will be so good as to place this subject before your Association as early as possible and favour me with its views in due course.

Copy of Note on reference from the Bombay Government on the subject of Reduction of Handling Charges by the Local Sub-Committee of the Indian Central Cotton Committee.

The attached letter together with its enclosures received from the Bombay Government is for consideration.

2. As will be seen from the extract from the *Bombay Chronicle* of the 26th March 1937, the following two recommendations have been made in the interests of cotton growers :—

- (a) That an All-India Cotton Growers' Association must be started to safeguard the interests of cotton growers, and
- (b) That before such a body is started bonded warehouses must be established to reduce handling charges on cotton.

For reasons stated in his letter to the Bombay Government, the Director of Agriculture, Bombay Presidency, does not favour either of the above recommendations.

3. As regards recommendation (a), it may be mentioned that the primary concern of the Indian Central Cotton Committee is the interest of the cotton grower and the formation of another body for the same purpose is superfluous. With regard to recommendation (b), viz., the establishment of bonded warehouses to effect reduction in handling charges on cotton, the Cotton Contracts Act Committee in paragraphs 26 and 27 of their Report of December 1930 recommended as under :—

“ 26 (1). That the East India Cotton Association should take power to establish bonded warehouses for storage of cotton tendered against hedge contracts.

27. We recommend that the scheme of certified godowns as broadly indicated above should be introduced one year after the system of blind surveys has been started. We propose this postponement of its introduction in order to permit the vested interests at stake to adjust their business to the new system, and also to give time for the system of blind surveys to be firmly established

The East India Cotton Association have intimated in their letter of the 6th August 1937 that the Board of the Association have decided that the question of establishing bonded warehouses for the Bombay Cotton Market will be considered after they have had some experience of the new system of surveys and appeals.

Copy of letter No. 5789/9299-D, dated the 22nd June 1937, from the Assistant Secretary to the Government of Bombay, Finance Department, Bombay, to the Secretary, Indian Central Cotton Committee, Bombay.

I am directed to forward herewith copies of an extract from the *Bombay Chronicle*, dated 26th March 1937, and letter No. 876, dated 10th June 1937 from the Director of Agriculture on the above subject and to request that this Department may kindly be furnished with your views and comments on the proposal, if any.

COTTON-GROWERS' INTERESTS.

The Government have issued a Notification in connection with the draft survey and appeal by-laws of the East India Cotton Association. It must be borne in mind that cotton prices in Bombay have been unduly low for the past two years and cotton-growers' losses have reached a colossal figure, which may be said to be about Rs. 3 crores in the last two years. The proposed change of blind survey will, no doubt, be found beneficial, but the Government must try their best to reduce the cost of handling cotton in Bombay. These carry-over charges on cotton, tendered

through the Clearing House, are indirectly borne by cotton holders and to this extent values of cotton in Bombay are keeping lower as compared with those of foreign cotton. Neither the East India Cotton Association nor the different panels have done anything in this respect. Various groups and panels under the East India Cotton Association are looking to their interests and the interests of cotton-growers remain neglected. The nominated representatives of cotton-growers have, so far, not done anything in this direction. The Central Cotton Committee is doing research and improvement work, but so far as the income of the cotton-grower is concerned, nobody seems anxious to say a word. The Cotton Buyers' Association, a newly started body, has expressed its view regarding the proposed by-laws and has watched the interest of buyers.

In such circumstances it becomes the duty of the Government to safeguard the interest of thousands of cotton-growers. An All-India Cotton-Growers' Association must be started without any loss of time and its representatives must have a share in the management of the East India Cotton Association. Before such a body is started the Government must see their way to reduce handling charges by establishing bonded warehouses for the storage of raw cotton. The survey certificates must be considered valid till 25th May every year, when what is commonly known as the monsoon period begins. The Survey Certificate along with the bonded house receipt, must be considered a valid tender and there should be no necessity to survey cotton during all delivery months. Oomra cotton surveyed in December/January must remain a valid survey in March and May delivery months. This validity will do away with weighing and carrying, piling and other charges every month and to this extent the price of Indian cotton will improve on its own merit. In no part of the world does there exist such a crude system of taking and giving delivery of cotton and the Government must look into this vital question. The question of survey is not a matter between buyers and sellers, but it has much to do with the cotton-grower. The Government recognise by-laws of the East India Cotton Association and now it becomes their duty to see that the bonded warehouse system which is the system that exists in Europe and U.S.A., is established here also.

Copy of letter No. 876, dated the 10th June 1937, from the Director of Agriculture, Bombay Presidency, Poona, to the Secretary to Government of Bombay, Finance Department, Bombay.

I have the honour to acknowledge receipt of your Memo. Finance Department, No. 5789/4857-D, dated 9th April, 1937, with accompanying extract from the *Bombay Chronicle* dated 26th March 1937, on the above-noted subject and to state that handling charges on cotton in Bombay are undoubtedly high, varying from Rs. 7 to Rs. 11-4 per *khandy*, and compare unfavourably with similar charges in other large terminal cotton markets, e.g., Liverpool, New York, etc. I cannot see, however, that the establishment of bonded warehouses or the extension of the validity of survey certificates will bring any relief to the cotton-growers in this connection. There are already large godowns at the Cotton Green, Sewri, which serve the purpose of such warehouses and I do not think the introduction of Government bonded warehouses would result in a reduction in handling charges but merely in spreading these over a longer period of time. Any possible saving which might be effected by the extension of the validity of certificates of survey will certainly not return to the cotton-growers. I am not in favour of the formation of an all-India Cotton Growers' Association. The Indian Central Cotton Committee performs many of the functions of such a body and this matter might profitably be referred to that Committee for opinion.

Copy of letter No. 4917/225, dated the 23rd December 1937, from the Association to the Secretary, Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 1497, dated the 9th November 1937 in which you request my Committee to express an opinion on (a) a proposal to esta-

lish a Central Organisation representing cotton growers, and (b) the institution of a Certified Warehouse as recommended by the Wiles Committee.

With reference to the first proposition, my Committee consider that it would be difficult to express an opinion thereon unless a concrete scheme is produced defining the constitution and functions of such an Association. However, in view of the fact that the Indian Central Cotton Committee is an all-India Organisation whose main function is to advance the interests of the growers, a parallel institution with similar functions hardly appears to be necessary. Perhaps, the smaller growers are not adequately represented on the Indian Central Cotton Committee, but it is thought that this defect can be remedied if the Government of India could be persuaded to amend the constitution of the Indian Central Cotton Committee.

With regard to the proposal for the establishment of a Certified Godown, as your Committee are aware, the Association's representative on the Wiles Committee stated :—

“ Lastly, as regards Certified Warehouses, I have given this question careful consideration, and have come to the conclusion that the Committee have not heard enough evidence to warrant their recommendation regarding Certified Warehouses. The question requires much deeper and further consideration than we were able to give it. If Certified Warehouses are established, a tremendous reorganisation of the trade will be necessary. I am, therefore, of opinion that the new East India Cotton Association when reformed, should appoint a representative committee of the trade with one or two men from the Port authorities and a Banker to examine this question *de novo* to find if the scheme recommended in our main Report is feasible. Any hasty step will in my opinion lead to a great disorganisation of the Forward market with consequent ill effects not only on the Bombay trade but the marketing of Indian cotton.”

The attitude of the Association on this question is :

“ Though the Association would welcome the introduction of a system of certified godowns or bonded warehouses, it would appear necessary to investigate fully the practical problems connected therewith before introducing them. It might be specified in the new Act that the East India Cotton Association should undertake such enquiries upon the result of which the exact regulations incidental to the introduction of a system of Certified godowns, etc., and the date of their institution would depend.”

In commenting on the decision of the Wiles Committee in connection with the establishment of Certified Warehouses, the Government of Bombay stated in their Press *communiqué* dated the 9th June 1931 :—

“ Government interpret the recommendation of the majority to mean that not until one year after the introduction of a blind survey system, shall the East India Cotton Association introduce any scheme of certified godowns and that in the meantime its practicability shall be thoroughly explored and its relative advantages and disadvantages determined. Government accept this view, and will take steps to add this authority to the powers of the Board to make bye-laws.”

The extra powers contemplated in the above extract have, we understand, already been conferred on the East India Cotton Association, but it is understood that that Association consider that this matter should be proceeded with only after they have had some experience of the new system of Surveys and Appeals which has recently been instituted. In any event, my Committee consider that a detailed investigation, as suggested in Sir Ness Wadia's minute of dissent, should precede the establishment of a Certified Godown to ensure that the scheme is capable of adoption and does not lead to disorganisation of the Forward Market.

APPENDIX 23.

PROPOSED ESTABLISHMENT OF AN OVERSEAS ORGANISATION FOR REPORTING DEVELOPMENTS ABROAD REGARDING INDIAN COTTON.

Copy of letter No. 1695, dated the 15th November 1937, from the Indian Central Cotton Committee to the Association.

I have the honour to say that my Committee at its meeting held in August last, while considering the question of finding a wider market for Indian cotton, observed that there was at present no organisation to supply information as to the developments in overseas markets, and approved that a suitable scheme for an overseas organisation might be drawn up in co-operation with trade organisations and put up for consideration of the Committee. The object of such an organisation, in the first instance, will be to collect information regarding developments in cotton trade in those countries which import Indian cotton and from which finished goods are exported and generally to watch the interests of Indian cotton abroad.

2. I am therefore to inquire accordingly if you would be so good as to communicate to me the views of your Association regarding the constitution, functions and method of working of such an Overseas Organisation. Any suggestions that you may make in this respect will be greatly appreciated.

3. Your reply before the 15th December 1937 is requested as the subject has to be placed before my Standing Finance Sub-Committee for consideration at its December meeting.

Copy of letter No. 4916/228, dated the 23rd December 1937, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 1695, dated the 15th November 1937, in which you request my Committee to express an opinion in connection with a scheme for the establishment of an overseas organisation, the object of which will be, in the first instance, to collect information regarding developments in cotton trade in those countries which import Indian cotton and from which finished goods are exported and generally to watch the interests of Indian cotton abroad. There is no indication in your letter as to where such an Organisation would be located and how it would work. In any event, my Committee consider that such an Organisation would necessarily have to depend on other local bodies for information, and if manufacturers are unwilling to supply such information, the Organisation would not be of much practical use from the point of view of the Indian Central Cotton Committee. In the circumstances, it is felt that efforts should be made for the time being at any rate to obtain the requisite information through the Indian Trade Commissioners who might, if necessary, be assisted by technical experts.

Another suggestion which has been made to my Committee is that instead of an Organisation such as your Committee have in mind, the Houses or Firms who import Indian cotton in other countries might be persuaded to act as Trade Correspondents. In countries like Germany, Italy, France, England and Belgium, it would probably not be difficult for Cotton Houses to say for what purposes Indian cotton is being used and to give information of a general character which would be helpful to the Indian Central Cotton Committee.

Copy of letter No. 4714, dated the 17th February 1938, from the Indian Central Cotton Committee to the Association.

I have the honour to acknowledge, with thanks, the receipt of your letter No. 4916/228, dated the 23rd December 1937, on the above subject, and to say that the Indian Central Cotton Committee at its meeting held on the 26th January 1938 decided not to proceed further with this matter for the present.

APPENDIX 24.

COLLECTION OF STATISTICS OF ARRIVALS OF RAW COTTON INTO BOMBAY BY ROAD.

Copy of letter No. 846/CH/37, dated the 28th April 1937, from the East India Cotton Association, Limited, to the Association.

I am directed by my Board of Directors to send you a copy of the enclosed representation made by them to the Government of Bombay regarding the importation of cotton into Bombay by motor lorry and to request you to move your Committee to support the suggestion made therein, in view of the importance attached by the Cotton Trade to the accuracy of figures relating to the imports of cotton into Bombay by rail, road and sea.

Copy of letter dated the 28th April 1937, from the East India Cotton Association to the Government of Bombay, Revenue Department.

I am directed by the Board of Directors of my Association to bring to the notice of Government the large number of bales of cotton, which are arriving in Bombay from up-country (Khandesh, Berar, etc.), by motor lorry, the actual figures of which are not available to the Cotton Trade.

In the absence of these figures, it is not possible to arrive at a correct figure of imports of cotton into Bombay, by rail, sea and road and consequently at a correct estimate of the stocks of cotton in Bombay. Moreover, the figures of daily arrivals of cotton into Bombay published by the Bombay Chamber of Commerce in their "Daily Arrivals Return," which do not include arrivals of cotton by road, are now rendered incomplete and misleading and have lost much of their value and importance.

As it is not practicable to obtain this information through any other source, my Board request the Government's assistance and suggest for the consideration of Government that instructions be issued to their Excise Duty Staff on the main arterial approaches to the City, viz., Sion and Mahim, to collect the statistics of imports of cotton into Bombay by motor lorry. My Board trust that in view of the importance of the accuracy of such statistics, their suggestion will meet with Government's approval.

Copy of letter No. 1923/104, dated the 18th May 1937, from the Association to the Secretary to the Government of Bombay, Revenue Department, Bombay.

The Committee of my Association have been furnished by the Board of the East India Cotton Association with a copy of their letter dated the 28th April 1937 addressed to Government. In this letter, the East India Cotton Association has suggested that the daily arrivals of raw cotton in Bombay by road, by motor and other vehicles should be accurately recorded and the statistics made available to the public. My Committee have carefully considered the proposal, and desire to associate themselves with the suggestion made by the East India Cotton Association. I am to express the hope that it will be possible for Government to provide for the collection of the statistics referred to by the East India Cotton Association.

Copy of letter No. 218/CH/37, dated the 11th October 1937, from the East India Cotton Association, Limited, to the Association.

In continuation of my letter No. 846/CH/37, dated 28th April 1937, on the above subject, I am to enclose for your information copy of a further letter No. 140/CH/37, dated 24th September 1937, addressed to the Secretary to the Government of Bombay, Revenue Department, in reply to Government's letter No. 6762-A/33, dated the 6th August 1937.

Copy of letter No. 140/CH/37, dated the 24th September 1937, from the East India Cotton Association to the Government of Bombay, Revenue Department, Bombay.

I am directed to state that in accordance with the suggestion made by you in your letter No. 6762-A/33, dated the 6th August 1937 the help of the Bombay Port Trust Administration was invited but they have now replied regretting their inability to comply with our request on the ground that they also have no authority to detain lorries carrying cotton which is not subject to Town Duty and moreover have no effective means of controlling moving traffic at either the Sion or Mahim Causeways on entering into the City, as will be seen from the enclosed* copy of their letter No. 2580, dated 31st August 1937.

The Board of Directors of my Association are greatly disappointed at the inability of the Government and the Bombay Port Trust to assist the Cotton Trade, which has no other means of ascertaining the receipts of cotton by road, and as it is of extreme importance to the trade that the total arrivals of cotton into Bombay by rail, road and sea should be as accurately estimated as possible, my Board trust that Government will reconsider their previous decision with a view to devising means by which statistics of the arrivals of cotton into Bombay by road, by motor and other vehicles, might be made available to the Cotton Trade.

Copy of letter No. 6762-A/33, dated the 7th October 1937, from the Government of Bombay, Revenue Department, to the East India Cotton Association, Limited.

With reference to your letter No. 140/CH/37, dated 24th September 1937, I am directed to state that the local Government is willing to consider the question of entrusting to the Tobacco Department the duty of collecting statistics of cotton imported by road into Bombay if, as a result of the examination of the future of tobacco taxation, which is now being made, the Tobacco Department's duty of examining road traffic is retained.

APPENDIX 25.

IMPORT DUTY ON RAW COTTON.

Copy of letter No. 3149/33, dated the 23rd November 1937, from the Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to state that Government view with concern the fall that has taken place in the price of cotton and are considering what steps may appropriately be taken by them to give relief to the cotton grower. It has been suggested to them in this connection that one remedy would be to raise the import duty on those varieties of foreign cotton which compete with Indian cotton in India so as effectively to shut them out during the current year. Before considering whether the Government of India should be moved in the matter, the Government of Bombay desire to know the views of your Association on this proposal. I am directed to request that they may be kindly forwarded to this department very urgently.

Copy of letter No. 4857/229, dated the 18th December 1937, from the Association to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 3149/33, dated the 23rd November 1937, in which my Committee have been requested to express an opinion on a proposal to raise the import duty on those varieties of foreign cotton which compete with Indian cotton in India so as effectively to shut them out during the current year.

* Not printed.

This Association has always been opposed to the penalisation of the essential raw materials of the Industry. Import duties on such materials go contrary to all accepted canons of taxation, and it is moreover extremely doubtful whether an additional duty on foreign cotton would secure higher prices for the Indian cotton grower, since the prices of Indian cotton are governed by the prices payable for Indian cotton in the world markets. However, bearing in mind the very difficult position of the cotton grower this year, my Association would be prepared to agree to the imposition of an additional duty not exceeding half an anna per lb. on imported cotton of staple length not exceeding 15/16 of an inch, entirely as a temporary measure applicable to the circumstances of this year. The supplies of Indian cotton above 15/16" staple are comparatively limited and are in steady demand at fair prices. There should, therefore, be no difficulty in disposing of this portion of the Indian cotton crop and an additional duty is not necessary to protect its price. It is, we think, hardly necessary to point out that in the event of a very short Indian cotton crop or Indian cotton being completely out of parity with imported cotton, a duty of the type we have supported as a purely temporary measure would be a great handicap to the Indian Cotton Manufacturing Industry.

APPENDIX 26.

INSURANCE RATE FOR EAST AFRICAN COTTON IN BOMBAY.

Copy of letter No. 2654, dated the 16th February 1937, from the East India Cotton Association, Limited, to the Association.

I am directed to enclose herewith for your information copy of a letter, dated 16th February 1937, addressed on behalf of this Association to the Bombay Fire Insurance Association in regard to the premia charged by the Bombay Insurance Companies for East African cotton, which is higher than the premia charged for Indian cotton, by 25 per cent. My Board would be glad if your Association would also be good enough to take this matter up with the Insurance Association with a view to having this invidious distinction, which is made against East African cotton in the Bombay Market only, removed.

I am to request you to kindly let me know the action that may be taken by your Committee in this matter.

Copy of letter dated the 16th February 1937, from the East India Cotton Association to the Bombay Fire Insurance Association.

I am directed to inform you that the attention of the Board of Directors of my Association has been drawn to the ruling insurance rate charged for East African Cotton stored in Bombay godowns or jaithas, which is higher than the insurance premium charged on Indian cotton, by 25 per cent. My Board understand that this higher rate applies not only to the stocks belonging to the cotton trade at Sewri, but also to the stocks belonging to cotton mills and held by them in mill premises and that further, if in one godown there is a single bale of East African cotton and all the other bales are Indian cotton, the rate charged on the total stock of Indian and East African cotton is the higher rate chargeable for East African cotton.

My Board would like to point out that the higher rate charged for East African cotton over Indian cotton is not justified by results, is unfair in its incidence, and is a handicap to the free flow of trade which is of interest both to the buyers and sellers, for the following reasons :—

(1) My Board understand that fire loss on East African cotton has been no greater than on Indian cotton.

(2) No distinction between East African and Indian cotton is made by steamer and/or Railways who charge the same freight rate for both. Marine insurance and the Railway transit insurance also are the same for East African and Indian cotton. As a matter of fact, East African cotton is better packed than Indian cotton, and there is no reason to consider it more hazardous than Indian cotton.

(3) The small holder or the occasional buyer is handicapped, and desists from investing in that quality of cotton, realising that a small holding of 100-200 bales may cost him extra premium on his entire stocks. This naturally narrows the East African Market and acts in a way detrimental to the prices of East African cotton.

(4) The higher rate of insurance is also harmful from the millowners' and the consumers' point of view inasmuch as they are obliged to store East African cotton in separate godowns or have to pay higher rate for all their stocks—Indian and African—which are stored in one godown.

(5) In the imports of foreign cotton, East African cotton holds the field and, of the total quantity of about 300,000 bales of foreign cotton imported into India, over 200,000 bales consist of East African imports. A large and constant trade in this cotton is definitely established, and it will be in the best interests of the trade to remove any such small hindrances as the difference in insurance rates.

In view of what is stated above, my Board wish to urge upon your Association the immediate necessity for removing this invidious distinction which is made against East African cotton in the Bombay Market only, and trust that their request for treating East African cotton on the same footing as Indian cotton would be acceded to by your Committee at an early date.

Copy of letter No. 1300/73, dated the 25th March 1937, from the Association to the Bombay Fire Insurance Association, Limited, Bombay.

Through the courtesy of the Secretary of the East India Cotton Association, Limited, my Committee have been furnished with a copy of the letter addressed to you on behalf of his Association in connection with the premia charged on East African Cotton by Bombay Fire Insurance Companies. The points raised by the East India Cotton Association Limited, have been carefully considered by my Committee, and they strongly feel that there is no justification for the higher rate of premium applicable to East African cotton. Neither the experience of members of this Association nor the conditions at present obtaining in mills in regard to the stacking and storage of these cottons indicate that the risk of fire is in any way greater than in the case of Indian and other types of cotton, but before proceeding in the matter further, my Committee would greatly appreciate it if your Association would kindly explain to them the precise circumstances under which a higher rate came to be imposed on East African cotton than on Indian cotton.

Copy of letter No. 400-A/7, dated the 17th June 1937, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 1300/73 of the 25th March last and am directed to enclose for your information a copy of a letter I have addressed to the East India Cotton Association on the above subject.

Copy of letter No. 400-A/6, dated the 17th June 1937, from the Bombay Fire Insurance Association to the East India Cotton Association, Limited, Bombay.

I refer to your letters of the 15th and 17th April, and am directed to inform you that my Committee have given their very careful consideration to this question and they regret that they cannot see their way to making any reduction in rates for East African cotton.

The figures which you have supplied to us emphasise the considerable difference in the density of bales of Indian and Egyptian cotton as compared with East African cotton, on an average 40 lbs. and 36 lbs. as against 25 lbs. per cubic foot, and in this connection I am to point out that the density of American bales (square) appears to be 26.2 lbs. and not as stated in the table sent to us.

It is felt that the density of bales must be a guiding factor in fixing rates, and taking Indian bales as a standard, the risk of fire damage to East African bales is on that account clearly greater. In your letter of the 16th February you refer to carriage by steamer and railway, but you will agree that various aspects have to be considered by carriers and marine insurers which are no concern of my Committee who have to regard this question solely from the point of view of the risk of fire whilst the goods are stored on land.

Whilst my Committee are naturally anxious to assist trade in every manner possible, they are necessarily bound by the nature of their functions to differentiate between various classes of fire hazard, thereby making it possible for lower premiums to be charged in respect of the less hazardous commodities, and for the reasons mentioned they find themselves unable to remove the distinction in rating which is made in the case of East African cotton.

Copy of letter No. 2748/73, dated the 27th July 1937, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter No. 400-A/7, dated the 17th ultimo, with which was forwarded a copy of your letter No. 400-A/6, dated the 17th June addressed to the East India Cotton Association in connection with the premium charged on East African Cotton. My Committee have very carefully considered the whole question and the point they would like to raise is : African Cotton stored in *non-fire proof* godowns situated *within 100 feet* of mill buildings is rated at 25 per cent. over the corresponding rate applicable to Indian Cotton, whereas in the case of *fire-proof godowns*, the rate applicable to African Cotton is 50 per cent. more than the Indian rate. A similar distinction has also been made in the case of African Cotton stored in fire-proof godowns situated over 100 feet from mill premises. My Committee understand that the extra rate applicable to African Cotton stored in Sewree cotton godowns is only 25 per cent. They would, therefore, greatly appreciate it if your Association would review the whole position and set matters right, as early as possible, by reducing the extra rates applicable to African Cotton stored in cotton mill godowns.

Copy of letter No. 400-A/11, dated the 23rd August 1937, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 2748/73, dated the 27th ultimo and am directed to inform you that the extra premium for African Cotton does not constitute an anomaly, being based on a percentage extra of 25 per cent. but with a minimum of 1½ annas per cent.

Under the old Tariff, the extra was 2 annas per cent. and this was reduced to 1½ annas per cent. when the rates were made net.

Copy of letter No. 3922/73, dated the 20th October 1937, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter No. 400-A/11, dated the 23rd August 1937, in which you state that the extra premium for African Cotton does not constitute an anomaly, being based on a percentage extra of 25 per cent. with a minimum of 1½ annas per cent. While the above observations may be true, the point which my Committee would like your Association to consider is : whether it would be reasonable to ask mills to pay the extra rate on Indian Cotton stored in godowns containing only a very small proportion of American or African Cotton. As your Committee are aware, about 80 per cent. of the entire

requirements of most mills in India are met from Indian Cotton. According to the regulations of your Association, Indian Cotton stored with American or African Cotton would be rated at the higher rate applicable to the latter, which means that for the storage of even the very small quantities of American and African Cotton required by mills, separate storage would have to be provided which is an impracticable proposition in most cases on account of lack of stacking space on mill premises. In these circumstances, my Committee feel that there exists a case for reviewing the present position, so as to permit of the storage of a limited quantity of American or African Cotton in the same godown as Indian Cotton without the extra rate being made applicable to the latter.

APPENDIX 27.

BOMBAY WEIGHTS AND MEASURES ACT.

Copy of letter No. 1967/143, dated the 20th May 1937, from the Association to the Director of Industries, Bombay.

I am directed to invite your attention to paragraph 8 of my letter No. 2257/143, dated the 16th September 1935, in which the need for exempting weights and measures used in cotton mills for purely inter-departmental purposes from the provisions of the Bombay Weights and Measures Act, was stressed. When the matter was under your consideration, a Bill to amend the Bombay Weights and Measures Act was introduced in the Bombay Legislative Council on 25th November 1935. The Bill provided, *inter alia*, for the amendment of Section 46 of the Act, and it was proposed that the Governor in Council should also be empowered to exempt from the provisions of the Act "any class of weights or measures or of weighing or measuring instruments used or intended to be used for any purpose other than trade," and it was explained in the Statement of Objects and Reasons appended to the Bill:—

"There are certain weighing or measuring appliances which are used only for household or other purposes. It is considered proper that such appliances should be exempted from the provisions of the Act....."

In supporting the first reading of the above Bill, the Association's Representative in the Legislative Council, Mr. S. D. Saklatvala, said:—

"Sir, this is a very simple amending Bill, and I am sure the House will lose no time in passing it. Two of the clauses, clauses 2 and 3, are self-explanatory. The last clause, clause 4, is an important clause, and no doubt is on the right lines. It exempts scales used for household purposes, or not used for trade purposes. I might here draw the attention of the House to the fact that in our mills we use many scales which are also not used for trade purposes; there are many scales which are used merely to weigh the stuff as it passes from one department to another. As the honourable House knows, the processes in our cotton mills are continuous, and we must know exactly what one department passes on to the other. These scales are not used in our dealings with the work-people, and, therefore, do not affect the payment of wages; nor are these scales used either for delivering goods to traders or for receiving goods from them. These are merely used for inter-departmental purposes, and I take it that they will be exempted just in the same way as household scales are exempted."

Mr. Saklatvala's interpretation was not challenged in the Council by the official spokesman who followed him, and the Bill, as introduced, was finally passed into law, but my Committee were considerably surprised when in May 1936 you informed us that no exemption was contemplated by Government in respect of inter-departmental weights and measures. If Government really felt that the amending Bill did not contemplate an exemption in favour of inter-departmental weights and measures, then my Committee submit that the position should have been, in fairness to Mr. Saklatvala and the Association, made clear in the Council when he gave his support to the Bill.

However, the Act has now been in operation for more than a year in Bombay City and for a lesser period in certain other centres in the Presidency, and from all accounts received by my Association, there seems to be a strong desire that the powers conferred on Government under Section 46 of the Act should be exercised in respect of inter-departmental weights and measures, and so far as my Committee can see, there is nothing in Section 46, as amended, to prevent Government from exercising their powers in respect of such weights and measures. The case for exemption was set forth in some detail in my letter referred to in the opening paragraph of this letter. It was also referred to by Mr. S. D. Saklatvala in his speech in the Council on Bill No. XXXVIII, but for ready reference it is re-stated below :—

(1) Such weights and measures must continue to be used in mills from the point of view of the necessity of keeping close check on inter-departmental efficiency and administration.

(2) Such weights and measures are not used in dealings with outside parties, and their verification and stamping is, therefore, unnecessary.

(3) The cost of verification and stamping is considerable.

In these circumstances, my Committee strongly urge that Government might be pleased to exempt inter-departmental weights and measures from the operation of the Act. If Government desire to impose any conditions in this connection, it is suggested that the terms therefor be discussed between representatives of Government and of this Association at an early date.

If, however, Government consider that Section 46 of the Act, as amended, does not specifically empower them to declare an exemption in favour of inter-departmental weights and measures, then my Committee would respectfully suggest that the Act be amended at the earliest opportunity so as to make the grant of this exemption possible.

Copy of letter No. I.G.160/5369, dated the 14th July 1937, from the Director of Industries, Bombay, to the Association.

This has reference to your letter No. 1967/143, dated the 20th May 1937 and this office acknowledgment* No. I.G. 160/3873 dated 22nd May 1937. I would remind you that the various points raised in your letter in regard to inter-departmental machines were raised by you in your letter No. 2257/143, dated 16th September 1935. As regards the amendment of Section 46 of the Bombay Weights and Measures Act, the points raised by you in your present letter were detailed by Mr. Maloney in his D. O. letter No. 610/143 dated 10th March 1936. Both your official letter as well as Mr. Maloney's D.O. letter were forwarded to Government and it was after consideration of the various points raised that Government decided that they were unable to accede to your request to exempt inter-departmental weights and machines from the operation of the Bombay Weights and Measures Act. Since then no new circumstances have arisen nor have you advanced in your letter any fresh reasons for reconsideration of the decision of Government. In view of this, I do not think that any useful purpose will be served in my taking up the matter again with Government.

Copy of letter No. 2685/143, dated the 19th July 1937, from the Association to the Director of Industries, Bombay.

I am directed to acknowledge the receipt of your letter No. I.G. 160/5369, dated the 14th July 1937, and note that, in your opinion, no new circumstances have arisen nor any fresh reasons have been advanced in the Association's letter No. 1967/143, dated the 20th May 1937 for re-consideration of the decision of Government communicated in your letter No. I.G. 160/3652, dated the 9th May 1936, and that you do not, therefore, think that any useful purpose would be served by your taking the matter up again with Government. My

* Not printed.

Committee have again considered the whole matter and they desire me to point out that the case for exemption or amendment of the Act rests mainly on two grounds :—

Firstly, when the Association put forward its case in 1935, members had no exact idea of the cost involved in stamping, verification and upkeep of departmental weights and measures.

Secondly, in fairness to the Association as well as its representative in the Legislative Council, Mr. S. D. Saklatvala, Government should have made the position quite clear when Mr. S. D. Saklatvala supported Bill No. XXXVIII in the Council on the understanding that one of its objects was to afford exemption in respect of departmental weights and measures.

My Committee strongly feel that these two aspects of the case should once again be placed before Government. They feel that, in view of the considerable amount involved in the stamping and verification and also the upkeep of the various weights and measures used strictly for inter-departmental transactions, Government should re-consider their decision. My Committee appreciate Government's anxiety to ensure that weights and measures exempted from the operations of the Act are not used for *bona fide* trade dealings, and are willing to discuss with representatives of Government measures which could be adopted to prevent any fraudulent use of exempted weights and measures. In these circumstances, I am directed to request you to be good enough to place this letter as well as my letter No. 1967/143, dated the 20th May 1937, before Government.

Copy of letter No. I.G.-160/6308, dated the 11th August 1937, from the Director of Industries, Bombay, to the Association.

This has reference to your letter No. 2685/143, dated the 19th ultimo. In the last paragraph of your letter it is stated that your Association is willing to discuss with representatives of Government measures which could be adopted to prevent any fraudulent use of exempted weights and measures. Before the papers are submitted to Government, I would like to know the measures which your Sub-Committee has in mind. If they so wish, I shall be glad to meet the members of your Sub-Committee in this connection at a mutually convenient time.

I shall be glad to hear from you in due course.

Notes on the proceedings of a joint meeting between the Special Sub-Committee of the Association and the Director of Industries, Bombay, held on the 1st October 1937.

In accordance with the instructions of the General Committee a special Sub-Committee met the Director of Industries and discussed with him the case for exemption of inter-departmental weights and measures. The Director of Industries explained the reasons why under the Act, as now worded, exemption could not be granted as there is a definition of the term "trade" in Section 12 of the Act which is a stumbling block. Mr. Saklatvala pointed out that, when the motion was before the Council, it was not made clear that inter-departmental weights and measures would not be exempted. In fact, Mr. Saklatvala had welcomed the Bill because he thought that such an exemption would be available. Mr. Advani's personal view was that there was a case for exemption of inter-departmental weights and measures in mills if the administrative difficulties could be overcome, but he did not think that these difficulties could be overcome except at considerable expense to Government. He also made it clear to the deputation that, as far as the actual fees for verification of inter-departmental weights were concerned, they were comparatively insignificant being as low as Rs. 35 in one mill and running up to Rs. 135 in the largest mill in

Bombay. The real expense to mills was the maintenance contracts which some of them had entered into with Scale Makers, and he had already made it clear that these contracts were totally unnecessary and that an ordinary Mistry could be very easily trained to do all that was necessary in adjusting scales to make them conform with the Act. He had already offered to train Mistries sent by mills and he repeated this offer. The Sub-Committee appeared to be impressed with what the Director of Industries said, and while reserving the right to press for an amendment of the Act which would make exemption possible, agreed to postpone taking this subject up until all mills had availed themselves of the Director's offer to train mill Mistries to do the work which was now being done by Avery's and other Scale Manufacturers.

If the Committee agree with this conclusion of the Sub-Committee, I will send out another letter to those member mills who still have maintenance contracts with Scale Makers and ask them to send a fitter or fitters for training to the Warden of Weights and Measures.

Copy of circular No. 3853/143, dated the 15th October 1937, from the Association to all Member Mills in the Bombay Presidency.

I am directed to invite your attention to my letter No. 1243/143, dated the 11th May 1936. It was indicated in that letter that it was doubtful whether it was necessary for mills to go to the expense involved in entering into costly maintenance contracts with scale manufacturers for the purpose of adjusting scales and measures, etc. The Director of Industries had assured me that his Inspectors would be most willing to instruct the Engineering Staff of the mills as to how to effect repairs and adjustments to scales, weigh-bridges, etc. and as a result of this offer it would appear that several mills in Bombay subsequently sent up one or two of their workmen to the Warden of Weights and Measures for practical instructions in scale adjustments, etc.

At a recent meeting of the Committee of the Association, dissatisfaction was expressed with Government's policy in refusing to grant exemption in favour of inter-departmental weights and measures, and a Special Sub-Committee was authorized to discuss the whole question with the Director of Industries. Mr. Advani's personal view was that there was a case for exemption of inter-departmental weights and measures in mills if the administrative difficulties could be overcome, but he did not think that these difficulties could be overcome except at considerable expense to Government. At the same time he made it clear that, as far as the actual fees for verification of inter-departmental weights and measures were concerned, they were comparatively insignificant. The real expense to mills was, in his opinion, the maintenance contracts which some of them had entered into with scale makers, and he made it clear that these contracts were totally unnecessary and that an ordinary Mistry or Fitter could be very easily trained up to do all that was necessary in adjusting scales and to make them conform with the Act. The Director of Industries had already offered to train up Mistries sent in by mills and Mr. Advani repeated the offer. The Sub-Committee appeared to be impressed with what the Director of Industries said and, while reserving the right to press for an amendment of the Act which would make exemption possible in favour of inter-departmental weights and measures, *agreed to postpone taking this subject up until all mills had availed themselves of the Director's offer to train Mill Mistries to do the work which is now being done by Avery's and other scale manufacturers.* The General Committee of the Association agree with this view, and I am desired to request you to be good enough to make very early arrangements to depute one or two Mistries or Fitters of your mills with instructions to call on the Warden of Weights and Measures at his office in the Old Custom House, who will make the necessary arrangements for them to receive practical instruction in scale adjustments, etc.

The Association would greatly appreciate it if you could let me know, in due course, what action you have taken in this matter.

APPENDIX 28.

USE OF SECOND-HAND SPRINKLERS.

Copy of letter No. 3919/6, dated the 17th December 1936, from the Bombay Fire Insurance Association to the Association.

I refer to my letter of 4th October 1933, and am directed to inform you that certain reconditioned sprinklers are on the market which have undergone some cleaning process by means of acid to give them the appearance of being new.

These sprinklers have been seriously damaged by the use of the pickling acid and are unfit for further service. Leakages must develop in the course of time and in addition the acid attack of the fusible solder will interfere with the correct opening of quite a big percentage of these sprinklers.

My Committee have decided that the use of such sprinklers should be prohibited in installations which enjoy any sprinkler allowance.

Copy of letter No. 256/40, dated the 14th January 1937, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 3919/6, dated the 17th ultimo, in which you communicate to the Association your Committee's decision to prohibit the use in mills, which enjoy sprinkler allowances, of certain reconditioned sprinklers which, you say, are on the market after having undergone some cleaning process. These sprinklers, you further point out, have been seriously damaged by the use of pickling acid, and are unfit for further service, and you consider that leakages must develop in course of time, and that, in addition, the acid attack of the fusible solder will interfere with the correct opening of quite a big percentage of these sprinklers.

My Committee have carefully considered the matter, but they regret they cannot subscribe to the view which appears to have been shared by your Committee, namely, that all second-hand or reconditioned sprinklers, whatever their efficiency under test conditions, should stand condemned. In this connection, I am desired to draw your attention to the correspondence which took place between our respective organisations in 1925 and 1926, and particularly to the following extracts from your letter No. 1670 dated the 29th April 1926 :—

“ We are directed to assure you that this Association is fully agreeable to recognising efficiency as being the test of sprinklers, in fact this principle has invariably been followed.”

This assurance was reiterated in 1933, and in a circular letter dated 4th October 1933, you recognised that while the re-erection of old sprinkler heads was to be strongly deprecated, “ a definite prohibition of the practice could not be justified,” but that if the heads are of an approved type and appear to be in excellent condition, a certain number should be subjected to a hydraulic pressure test for leakage and to an oven test for opening.

My Committee maintain that the Fire Insurance Association is not entitled to depart from the spirit or letter of the arrangement made with this Association in 1925-26 and reiterated in 1933, and suggest that the best method of dealing with the problem of second-hand or reconditioned sprinklers would be to insist upon an efficiency test being made of the heads if any mill, now entitled to sprinkler discount, proposes to instal them. If the sprinklers fail under test, then their installation should not be permitted. If your Committee agree, the necessary instructions will be issued by this Association to all its members to ensure that no second-hand or reconditioned sprinklers are installed until a proportion have been tested for efficiency by your Association's Inspectors.

Copy of letter No. 3919/8, dated the 27th January 1937, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 256/40 of the 14th instant and am directed to point out that my letter referred specifically to sprinklers which had been reconditioned and not to all second-hand sprinklers and was intended to give notice that such reconditioned sprinklers would not be allowed.

This involves no departure from any previous arrangement, and sprinklers which are second hand but not reconditioned will continue to be tested as visualised in the concluding paragraph of your letter with which my Committee are in agreement.

I am to request that you will be good enough to advise your members accordingly.

Copy of letter No. 780/40, dated the 13th February 1937, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 3919/8, dated the 27th January 1937. My Committee note that your letter of the 17th December refers only to reconditioned sprinklers. They also observe that second-hand sprinklers, but not reconditioned, will continue to be tested as visualised in the concluding para of my letter of the 14th ultimo with which, you say, your Committee are in agreement. While my Committee are thankful to you for this assurance, they desire me to point out that no case whatsoever has, to their knowledge, been made out for treating reconditioned sprinklers differently from second-hand sprinklers. There are probably cases in which, with a certain amount of cleaning and slight repairs, a second-hand sprinkler could be rendered more efficient. In this view of the case, reconditioning which enhances the efficiency of second-hand sprinklers as an effective weapon in dealing with an outbreak of fire should not be penalised unless such reconditioned sprinklers fail under actual test conditions. My Committee, therefore, trust that your Association will reconsider the matter.

Copy of letter No. 3919/11, dated the 13th April 1937, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 780/40, dated 13th February last, and am directed to enclose a copy of a report received from the Fire Offices' Committee (Foreign) on the "pickled" sprinkler heads, from which you will see that the action taken by my Committee is confirmed.

I am to point out that the definite prohibition decided upon by my Committee refers only to sprinklers that have been subjected to this "pickling" process and I enclose a copy of a circular I have issued on the subject.

As a matter of interest my Committee would like to know what is contemplated by the "slight repairs" referred to in your letter under reply.

Copy of circular No. 64, dated the 12th April 1937, from the Bombay Fire Insurance Association to the Representatives of Fire Insurance Offices.

I am directed to request you to insert the following note at the bottom of sheet 9 of the "Fire Extinguishing Appliances" Section in the Book of Rules :—

*Note :—*The use of second-hand sprinkler heads which have been subjected to a pickling process in acid for cleaning purposes is prohibited in installations which qualify for any sprinkler allowance.

The use of other second-hand heads will be allowed provided samples, which should be submitted to this Association's Office, prove satisfactory on test. One dozen heads are usually required for testing purposes.

A revised sheet giving effect to the above is being printed and copies will be issued shortly.

Memorandum.

BOMBAY.

USE OF SECOND-HAND SPRINKLERS.

The Appliances Section have examined and tested the 12 sprinklers referred to in the Bombay Association's letter of the 17th December, 1936.

The sprinklers, which are all of the Grinnell pattern, 155° F., manufactured in 1905, 1907 and 1908, have evidently been subjected to a drastic cleaning process and have the appearance of new heads.

They were all subjected to a hydraulic pressure test up to 500 lbs. per square inch, which they satisfactorily withstood without leakage with the exception that in one instance there was a slight seepage of water between the valve and the diaphragm which first showed itself at 200 lbs. pressure.

When subsequently tested in the oven for opening, 6 under town's pressure of 80 lbs. and 6 under gravity tank pressure (15 feet head), 10 opened perfectly in times ranging from 37 seconds to 50 seconds. Of the remaining 2, one (tested under tank pressure) opened without lodgement in 1 minute 54 seconds, and the other (tested under town's main pressure) only opened after 2 minutes 32 seconds, and the centre strut lodged in the deflector, impairing the distribution.

Whilst the Appliances Section are not prepared to say that the use of second-hand sprinklers should in all circumstances be disallowed, they quite agree in this instance with the decision of the Bombay Association to prohibit the use of the heads in installations qualifying for recognition.

Apart from the age of the sprinklers, there is certainly a danger that the cleaning agent employed may not have been thoroughly removed from all the specimens and may in time attack the fusible solder as the sprinkler engineers suggest. Superficially the samples submitted look in good condition but two of them took considerably longer to open than they should have done and, further, when a number of them were opened up after test by unscrewing the yoke from the body it was found that, as was to be expected, the inaccessible space between the name plate and the diaphragm had not been effectively freed from the cleaning fluid with the result that there were already signs of the solder ring on the diaphragm which forms the valve seating becoming corroded. Corrosion of this solder joint ring would in time permit a slight leakage of water from the head.

The decision of the Bombay Association accordingly appears to be fully justified.

Copy of letter No. 1738/40, dated the 27th April 1937, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter No. 3919/11, dated the 13th April 1937. My Committee note that the use of sprinklers which have been subjected to a pickling process in acid is prohibited and that the use of other second-hand sprinklers will be permitted, provided they prove satisfactory on test.

Copy of circular No. 1735/40, dated the 28th April 1937, from the Association to all Members of the Association.

I am directed to invite your attention to the following note recently inserted in the Fire Tariff of the Bombay Fire Insurance Association :—

Note :—“The use of second-hand sprinkler heads which have been subjected to a pickling process in acid for cleaning purposes is prohibited in installations which qualify for any sprinkler allowance. The use of other second-hand heads will be allowed provided samples, which should be submitted, to this Association's office, prove satisfactory on test. One dozen heads are usually required for testing purposes.”

Briefly stated, the effect of this notice is that the use of sprinklers which have been subjected to a pickling process in acid is prohibited and where such sprinklers have been installed, the mill in question would not be entitled to claim any sprinkler rebate. The use of other second-hand sprinklers will, however, be permitted, provided they prove satisfactory on test.

APPENDIX 29.

INSURANCE AGAINST WAR AND CIVIL WAR.

Copy of letter No. 893-J/28, dated the 16th January 1937, from the Bombay Fire Insurance Association to the Association.

I am directed to inform you that information has just been received from London that an agreement has been reached between the British Insurance Association—a body comprising practically all British Insurance Companies, Tariff and non-Tariff—and the Committee of Lloyds to discontinue granting insurances covering the risks on land, of War and Civil War.

It is particularly emphasised that this Agreement has not been entered into by any fear of an early outbreak of hostilities but because it is felt that the risks of War and Civil War are not, under modern conditions, proper subjects for insurance. This belief is fortified by recent events in Spain.

The immediate effect of this Agreement, which has been made applicable to this Association's area, is the amendment of the cover at present granted under this Association's Riot and Civil Commotion Tariff.

The wording now to be applied is as follows :—

“Loss or damage (by Fire only), (or) (including Fire Loss or Damage) directly caused by riots, strikers, locked-out workers and/or other persons taking part in labour disturbances.”

This wording is to be applicable to all new business and renewals forthwith.

Copy of letter No. 846/48, dated the 19th February 1937, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 893/J-28, dated the 16th January 1937, in which it was intimated that an agreement had been reached between the British Insurance Association and the Committee of Lloyds to discontinue granting insurances covering risks on land, of war and civil war, and that, as a result, an amendment of the cover granted under the Bombay Fire Insurance Association Riot and Civil Commotion Tariff has been made.

My Committee have very carefully considered the new wording, and desire me to point out that the very great alteration in the extent of the cover given by the wording would apparently justify a considerable reduction in the rates charged for riot and civil commotion risk as far as cotton mills in India are concerned, and I am to suggest that the application of the amended wording be deferred pending consideration by the Fire Insurance Association as to the extent of the reduction in rates which would be justified by the reduction in the cover.

I am also desired to draw the attention of your Association to the fact that even if it were admitted as reasonable to exclude war risks—civil or otherwise—it would appear unnecessary to exclude cover against or during a period of martial law which would ordinarily tend to reduce damage or loss caused by riots or strikers.

The exact meaning and extent of the cover to be granted under the new wording seems open to various interpretations. Taken at its widest, the extent of the cover would seem to merit a reduction in rates, and at its narrowest it is doubtful whether it would be worth while for cotton mills to use this type of cover at all. In any case, it would seem eminently desirable to postpone the introduction of the new wording until the exact position has been ascertained.

If your Committee think that any useful purpose would be served by a discussion with representatives of my Association such as took place in a somewhat similar issue in November 1933, I shall be glad to make the necessary arrangements on hearing from you.

APPENDIX 30.

IMPORT DUTIES ON INDIAN COTTON YARNS IN TURKEY.

Copy of circular No. 792/53, dated the 16th February 1937, from the Association to all Members of the Association.

On the 24th December, it was stated in the *Board of Trade Journal* that, in view of a shortage in the local production of cotton yarns, the Council of Ministers in Turkey had authorised reductions in duties on certain cotton yarns as under :—

	<i>Percentage reduction in duties.</i>
Yarns up to and including No. 10 (English Count) ..	60
Yarns from No. 10 up to and including No. 20 ..	25
Yarns over No. 20	20

The yarns concerned are those falling under Tariff Nos. 366, 367, 368, 369 and 370, unbleached, bleached, dyed and printed, glazed and mercerised. Yarns for retail sale or for nets are not included. As the Notification in the *Trade Journal* appeared to indicate that there might be opportunities for increasing the sales of Indian cotton yarn in Turkey, the Director-General of Commercial Intelligence and Statistics was referred to for further information. A reply has now been received from the Director-General and I am enclosing for the information of members, who might be interested, an extract from the Turkish Customs Tariff which describes in greater detail the items referred to in the *Board of Trade Journal* Notification.

As regards restrictions on imports into Turkey, the Director-General states, so far as he is aware, that they are of two kinds :—

1. The Quota System and
2. The Exchange Control.

In so far as quota restrictions are concerned, goods mentioned against items 366 to 370 may be imported into Turkey without restriction as to quantity, but the prior authorisation of the Turkish Ministry of Economy must be obtained by the importer.

In the case of yarns made up for retail sale, on wooden reels, in small skeins, on tubes, in balls as also in the case of cotton yarn for nets, yarn waste, cotton cords and cordages, these lines may be imported free of quota restrictions only from those countries which have a clearing or analogous agreement with Turkey or whose trade balance is favourable to Turkey. India is not one of the countries with which Turkey has a favourable balance of trade. The following further information in regard to trade with Turkey may also be of use to mills who desire to investigate further the possibility of opening up business with that country :

“ £T. 1 = 100 piastres.

1 piastre = 40 paras.

Gold standard not in operation.

The Turkish Government have adopted the sterling exchange as the basis for their currency.

Approximate rate mid-October, 1936 : Piastres 612 to the £ sterling.

Payment in foreign exchange for goods imported from abroad is subject to restrictions. A permit can be obtained against presentation of the Customs receipts to the foreign exchange control authorities, and in certain cases such permits may be delivered in advance of arrival of the goods against a formal undertaking to forward on the necessary receipt at a later date. Application for a permit must be made by the importer or by his agent. Collecting banks can obtain the permit when it is made out in the name of one of their clients. Permits are generally granted within a day. In the case of countries with which no clearing agreement exists, the banks will only deliver the documents to the party interested against payment of a sum in Turkish currency equivalent to the value of the goods imported plus a margin of 10 per cent. With the aid of the documents, the Customs formalities can then be concluded. When the permit is presented the bank will pay over the necessary exchange and restore to the importer the balance of Turkish pounds which may remain to his credit.

There are clearing agreements with Austria, Belgium, Bulgaria, Czechoslovakia, Estonia, France, Germany, Great Britain, Greece, Holland, Hungary, Italy, Norway, Poland, Roumania, Spain, Sweden, Switzerland and Yugoslavia, also special compensation arrangements with Finland, Japan and the U.S.S.R., and a special agreement relative to coffee with Brazil.

Settlement for goods imported into Turkey prior to the introduction of clearing agreements may be effected through the clearing if the corresponding authority in the country interested is agreeable.

Proceeds of the sale of securities, drawn bonds and interest on Turkish securities held by foreigners cannot be converted into foreign exchange but remain blocked in Turkish Currency and can only be used for expenses in Turkey, nor can the proceeds of foreign securities be paid in foreign exchange.

Persons who have left Turkey may under certain conditions receive the revenue accruing to them from their possessions in Turkey, but the amount which may be so transferred is limited to a maximum of £T. 100—per person per month with a supplementary allowance for additional members of a family, which may bring up the total to a maximum of £T. 200—per month.

There are two types of account :

- (1) Blocked balances in foreign exchange which can only be released under special circumstances, but which can be converted into Turkish currency without formalities.

- (2) Free balances in Turkish currency which result from conversion of foreign exchange, from import of goods and from old balances arising from import of goods into Turkey prior to the introduction of the present restrictions. Such balances can be used freely in Turkey.

Foreigners employed in Turkey can only remit abroad one-fifth of their monthly salary (less tax) with a maximum of £T. 50 per month.

Bills drawn in foreign currency can be paid in Turkish pounds unless they bear the "effective" clause.

Under the Trade and Clearing Agreement with Great Britain which was signed on the 2nd of September 1936, and took the place of the Trade and Payments Agreement of June 1935, a full clearing system is introduced between the two countries. Of the sums paid into the clearing account with the Bank of England 70 per cent. will be available for the discharge of commercial debts (sub-account "A") and 30 per cent. at the free disposal of the Turkish Government (sub-account "B"). Private compensation agreements are permitted in a number of goods. Special provisions are made to facilitate the liquidation of old debts."

Note.—Information supplied by the Director-General of Commercial Intelligence and Statistics.

Extracts from the Turkish Customs Tariff.

(N.B.—An increase of 10 per cent. is leviable on the following duties as the share allotted to the Municipalities.)

	£ T. per 100 Kilos.
COTTON YARNS.	
366. Unbleached (one Strand):	
A. Upto No. 14 English (inclusive)	28.75
B. More than No. 14 upto No. 24 English (inclusive)	41.00
C. More than No. 24 English	47.50
367 Unbleached, twisted (two or more Strands):	
A. Upto No. 14 English (inclusive)	35.00
B. More than No. 14 upto No. 24 English (inclusive)	47.00
C. More than No. 24 English	54.00
368. 1. Bleached (one Strand):	
A. Upto No. 14 English (inclusive)	41.00
B. More than No. 14 and upto No. 24 English (inclusive)	53.00
C. More than No. 24 English	60.00
2. Bleached, twisted (two or more Strands):	
A. Upto No. 14 English (inclusive)	47.00
B. More than No. 14 and upto 24 English (inclusive)	59.00
C. More than No. 24 English	66.00
369. 1. Dyed Stamped (one Strand):	
A. Upto No. 14 English (inclusive)	58.00
B. More than No. 14 and upto 24 English (inclusive)	70.00
C. More than No. 24 English	77.00
2. Dyed, Stamped, Twisted (two or more Strands):	
A. Upto No. 14 English (inclusive)	64.00
B. More than No. 14 and upto 24 English (inclusive)	76.00
C. More than No. 24 English	83.00

	£ T.
370. Glazed or Mercerised :	per 100 Kilos.
1. Unbleached, twisted (two or more Strands) :	
A. Upto No. 14 English (inclusive)	58.00
B. More than No. 14 and upto 24 English (inclusive)	70.00
C. More than No. 24 English	77.00
2. Bleached, twisted (two or more Strands) :	
A. Upto No. 14 English (inclusive)	69.00
B. More than No. 14 and upto 24 English (inclusive)	81.00
C. More than No. 24 English	88.00
3. Dyed, Twisted (two or more Strands) :	
A. Upto No. 14 English (inclusive)	87.00
B. More than No. 14 and upto 24 English (inclusive)	99.00
C. More than No. 24 English	106.00

APPENDIX 31.

IMPORT DUTIES ON INDIAN PIECEGOODS IN AUSTRALIA.

Copy of letter No. 761/67, dated the 12th February 1937, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

On the suggestion of Sir Hormasji Mody, the Association's representative on the Legislative Assembly, who, I am given to understand, had discussed the matter with Mr. M. Slade, I.C.S., my Association would again like to suggest that the Government of India might address His Majesty's Government in the Commonwealth of Australia and endeavour to ascertain whether they would be disposed to consider a reduction of the tariff on Indian piecegoods and yarn. The reasons for this request have already been set out in the representations submitted by the Association to the Government of India on 8th September 1936 and 29th December 1936.

APPENDIX 32.

PROPOSED ESTABLISHMENT OF A TESTING HOUSE IN BOMBAY.

Copy of letter dated the 25th March 1937, from Mr. S. D. Saklatvala, M.L.A., to the Association.

I am sending you enclosed copies of letter received by me from the Secretary, Indian Central Cotton Committee, and my reply thereto.

I hope you will inform the Ahmedabad Millowners' Association about the formation of the small Sub-Committee.

Copy of letter No. 376A, dated the 23rd March 1937, from the Indian Central Cotton Committee to Mr. S. D. Saklatvala, M.L.C.

In continuation of my letter No. 2542, dated the 21st January 1937, I have the honour to say that my Technological Research Sub Committee, at its meeting held on the 27th

February 1937, considered your letter containing the views of the Bombay Millowners' Association on the subject of the establishment of closer contact between the Technological Laboratory and the Mills, and its recommendation approved by the full Committee at its meeting held on the 3rd March 1937 is enclosed herewith.

2. I have now to request you to be so good as to arrange for a small Sub-Committee consisting of the representatives of the Bombay Millowners' Association and Ahmedabad Millowners' Association and to put up definite proposals in consultation with them for the consideration of my Committee.

Copy of extract from the report of the Technological Research Sub-Committee held on 27th February 1937 and adopted by the full Committee on the 2nd March, 1937.

The attached letter from Mr. S. D. Saklatvala containing the views of the Bombay Millowners' Association on the subject of the establishment of closer contact between the Technological Laboratory and the Mills was considered. The decisions of the Sub-Committee on the proposals made are as follows :—

- (a) The Sub-Committee agree that cotton mills in India may be supplied with four copies of each trade test bulletin published by the Laboratory. The additional expenditure entailed by the acceptance of this suggestion should be borne by the Committee. It was also decided that enquiry should be made of the Government of India and of Local Governments as to whether they require as many copies of Technological publications as they receive at present.
- (b) The Sub-Committee approve of the suggestion that some of the more technical details and theoretical considerations may be omitted from the bulletins dealing with trade tests.
- (c) The suggestion that the first page of Technological Bulletin should be utilised for inviting the views of the recipients and requesting them to supply the results of similar investigations carried out by them was accepted.
- (d) The proposal that technical associations might be invited to discuss the subject matter of bulletins and submit their views and suggestions on them was agreed to.
- (e) The suggestion for holding meetings between the experts of the Technological Laboratory and practical spinners and carders in order to discuss bulletins of special importance with the object of eliciting suggestions regarding future tests was approved.

In regard to the proposal for the appointment of a *Liaison* Officer, the Sub-Committee decided to take up this question after giving a trial to the above proposals for about a year and to inform the Bombay Millowners' Association in the meanwhile that the appointment of *Liaison* Officer would be made as soon as sufficient experience was gained on the other suggestions.

As regards the proposal for the establishment of a Testing House to undertake tests similar to those conducted by the Chamber of Commerce Testing House at Manchester, the Sub-Committee decided that Mr. Saklatvala should be requested to arrange for a small Sub-Committee consisting of the representatives of the Bombay and Ahmedabad Millowners' Associations and to put up definite proposals in consultation with them.

The suggestion for reducing the fees for tests undertaken at the Laboratory was referred to a Special Sub-Committee consisting of Messrs. Saklatvala, Kasturbhai Lalbhai and the Director, Technological Laboratory, the Sub-Committee to submit its report to the Technological Research Sub-Committee at its next meeting.

Copy of letter No. 1278/91, dated the 23rd March 1937, from the Association to the Ahmedabad Millowners' Association.

The Association understands that, at the last meeting of the Indian Central Cotton Committee, consideration was given to certain suggestions submitted by Mr. S. D. Saklatvala, the Association's representative on that Committee, in connection with the establishment of a Testing House in Bombay, equipped to undertake all tests on yarn and cloth, and it was resolved that Mr. Saklatvala should be requested to submit detailed proposals in consultation with a joint Sub-Committee consisting of representatives of our respective organisations. At a meeting of my Committee held yesterday, a special Sub-Committee consisting of :

Sir Joseph Kay, Kt.,
 Mr. S. D. Saklatvala,
 Mr. F. Stones, O.B.E., and
 Dr. Nazir Ahmad of the Technological Laboratory.

was appointed and it was further resolved that your Association should be requested to appoint two representatives to serve on this Sub-Committee. I shall, therefore, be glad if you will kindly place this letter before your Committee and let me know in due course the names of your representatives who would be associated with the Sub-Committee mentioned above, in formulating detailed proposals in connection with the establishment of a Testing House in Bombay.

Copy of letter No. 726, dated the 29th March 1937, from the Ahmedabad Millowners' Association to the Association.

I am directed to acknowledge your letter No. 1278/91, dated 23rd March, regarding the proposed establishment of a Testing House in Bombay, and to state that Messrs. Kasturbhai Lalbhai and Sakarlal Balabhai will represent my Association on the Sub-Committee.

REPORT OF THE SPECIAL SUB-COMMITTEE.

At the last general meeting of the Indian Central Cotton Committee, a suggestion made by Mr. S. D. Saklatvala for the establishment of a Testing House at Matunga was considered. The suggestion was favourably received, and the Industry was recommended to appoint a Joint Sub-Committee from the Millowners' Association, Bombay, and the Millowners' Association, Ahmedabad, to frame detailed proposals for submission to the Indian Central Cotton Committee. The Indian Central Cotton Committee realised that at the Matunga Laboratory there already existed a nucleus for a Testing House similar to that of the Manchester Chamber of Commerce Testing House, and it was believed that merchants and manufacturers connected with the Cotton Industry would welcome the establishment of a Testing House on a commercial basis. The Indian Central Cotton Committee also indicated that the additional expenses required for the equipment and running of the Testing House should be borne mainly by those who were likely to benefit from it and they hoped that all the interests concerned would agree to such fees being levied as would make the Testing House self-supporting in the near future.

On receipt of this suggestion from the Indian Central Cotton Committee, a joint Sub-Committee was appointed by the Millowners' Association, Bombay, and the Millowners' Association, Ahmedabad, and their conclusions are set out below. During the course of their deliberations, the Sub-Committee have had the benefit of consultations with Dr. Nazir Ahmad, Director of the Technological Laboratory at Matunga, in order to ascertain what additional equipment would be required at the Laboratory in order that the tests which they have in view could be satisfactorily carried out. Dr. Nazir Ahmad and the Department of Chemical Technology of the University of Bombay have also been consulted regarding the charges that might be made for the various types of tests suggested.

CONCLUSIONS OF THE SUB-COMMITTEE :

1. That the establishment of a Commercial Testing House, limited, in the first instance, to tests of cotton, yarn and cloth is a practical proposition, and that such a Testing House would be appreciated and utilised by the cotton trade.

2. That, in the first instance, such a Testing House, might be located at the Matunga Technological Laboratory, but that certain tests of a chemical character might be carried out at the Department of Chemical Technology of the University of Bombay.

3. That the control of the Testing House might, in the first instance, be vested in an Officer appointed by Dr. Nazir Ahmad from the existing staff of the Matunga Laboratory.

4. That certificates setting forth the results of tests should be issued in the name of the Testing House, and not under the name of the Indian Central Cotton Committee.

5. That from the inception of the scheme, publicity and propaganda should be undertaken by the Indian Central Cotton Committee, the Millowners' Association, Bombay, the Ahmedabad Millowners' Association and other associations connected with the buying and selling of raw cotton and the manufacture and distribution of cotton yarn and piecegoods, to popularize the Testing House, and that as and when the number of tests justify it, an entirely separate Testing House with its own buildings and equipment should be established.

6. That the tests mentioned in the enclosed list should be undertaken by the Testing House in the first instance, and that the charges made for each type of test should be as specified against each.

7. That the following additional equipment would be required at the Matunga Laboratory :—

(a) Cloth Testing Machine—approximate cost	.. .. .	Rs. 2,400
(b) Stress Strain Attachment for the above—approximate cost	.. .. .	Rs. 200
(c) Machine for testing fastness of colours to rubbing—approximate cost	.. .. .	Rs. 800
(d) Wear and Tear Testing Machine—approximate cost	.. .. .	Rs. 1,100
(e) Apparatus for Testing Fastness to Light—approximate cost.	.. .. .	Rs. 500
(f) Water Proof Testing Machine—approximate cost	.. .. .	Rs. 1,000

The total cost of the above apparatus would amount to Rs. 6,000 in all, and the Sub-Committee consider that, in view of the smallness of the expenditure involved, the Indian Central Cotton Committee might agree to it being met from the Indian Central Cotton Committee's funds.

8. That apart from one additional clerk, whose salary could be met from the receipts for tests, no additional staff would be required at the Matunga Laboratory at the outset. Additional staff would probably have to be employed as the work of the Laboratory became more popular, but the Committee anticipate that the cost of this additional staff could also be met from current receipts.

9. That arrangements could be made for the carrying out of certain chemical tests at the Department of Chemical Technology.

As regards the Rules under which the Testing House would work, the Committee suggest that these should be based on those of the Manchester Chamber of Commerce Testing House which are reproduced below for ready reference :—

REGULATIONS.

All samples and goods are received for testing under the following conditions :—

1. The Testing House is open for the reception of samples daily, from Mondays to Fridays, from 9-30 a.m. to 5-0 p.m., and on Saturdays from 9-30 a.m. to 11-30 a.m., except on holidays.

2. Payment of all charges must be made by the sender before the certificate of examination is issued, but deposit accounts may be opened by payment of a sum of not less than five pounds, in which case the charges are debited to the account, and a statement rendered monthly.

3. Every care is taken of goods and samples while in the Testing House and competent persons are appointed to make all tests, but the Chamber will not be responsible for loss or damage to goods and samples, and all tests are undertaken upon the condition that no responsibility attaches to the Chamber for the reports and findings given and embodied in the Certificates.

4. Interested parties, upon application to the Testing House Committee, will receive a written permission to be present during the testing of samples, and are invited to be present under these conditions.

5. All samples or goods must be delivered to and removed from the Testing House by the party ordering the test— but they may be forwarded by post at the sender's expense on his request.

6. The Manager may refuse any samples or goods for testing which in his opinion are unsuitable by reason of their size, weight, packing, or for any other reason that in his opinion might render the test unreliable.

7. Samples sent by post must be accompanied by payment of charges, together with one penny for postage of certificate.

8. Samples found to be too small to give a reliable result may be accepted for testing, but the certificate of examination will be endorsed "Sample below regulation size."

9. It is recommended that numbers or letters rather than names of firms, be attached to samples for purposes of distinction from each other.

GENERAL NOTES.

Size of Samples.—It is advisable to submit as large samples as possible, since far more reliable results can be obtained from large than from small samples of nearly every kind.

Samples Drawn from Bulk.—Certificates issued by the Testing House refer only to the samples submitted, and *not* to the bulk from which the samples have been drawn unless so specified. If special instructions are given, the Testing House will undertake to draw samples from bulk at any place where it may be stored, and a Certificate will then be given referring to the whole of the bulk or consignment. An additional charge is made for this service, and the number of samples necessary to represent the bulk is to be decided by the Testing House.

Samples "Below Regulation Size."—Precisely the same charge is made whether the sample be small or full size, but in the former case the certificate is endorsed "Sample below regulation size."

Air-Tight Vessels for Samples.—Moisture estimations on samples sent in paper parcels are of little or no value. Air-tight tin cases for the conveyance of samples to the Testing House may be obtained on application and will be lent free of charge.

Return of Samples.—Samples are not returned unless special request is made by the sender at the time of delivery to the Testing House.

Reference Patterns.—Reference patterns are kept of samples of cloth tested for counts of yarn when of full regulation size, but they will not be kept for more than three months. Other samples will only be kept when request is made on delivery to the Testing House. A small charge is made for this service, and the great advantage to merchants of having such patterns in the authoritative keeping of the Testing House may be pointed out.

SIZE OF SAMPLES TO BE SUBMITTED.

The following list offers some indication as to the size of samples it is desirable should be submitted for testing. In certain cases, the sizes specified are such as to allow of suitable portions for testing being selected by the Testing House, and the samples are returnable after the test portions have been taken. Smaller samples may be accepted for testing, but the sizes recommended are those which, in the experience of the Testing House, are likely to yield the most trustworthy results.

TEXTILE TESTS.

Moisture—

Raw Cotton	..	..	..	..	..	..	One to three pounds.
Bundle Yarn	..	..	..	..	..	..	One bundle.
Cops	..	..	..	..	..	..	One to two pounds.

Counts—

Bundle Yarn	..	..	..	..	..	..	One bundle.
Cops	..	..	..	..	..	..	One pound.
Cloth, Warp, and Weft	..	..	..	..	..	..	Two square yards.
„ Weft only	..	..	..	..	..	..	„ „ „
„ Warp only	..	..	..	..	..	..	One square yard.

Strength—

Yarn, Single Thread Test	..	..	..	..	..	} One to two pounds; or one bundle in case of bundle yarn.
„ Lea Test	..	..	..	..	..
Cloth, Warp and Weft	....	..	..	..	..	One to two square yards.
„ Weft only	..	..	..	..	..	„ „ „
„ Warp only	..	..	..	..	..	One square yard.

When a strength test is required to apply to a quantity of cloth, it is desirable to submit about six $\frac{1}{2}$ yard samples cut from different pieces; these are reported upon as “one” sample.

CHEMICAL TESTS.

Analysis of Size or Finish	..	..	..	..	2 ozs.
Mildew and other special tests	..	..	..	..	According to instructions.

LIST A.

PROPOSED TESTING HOUSE.

OUTLINE LIST OF TESTS WHICH MIGHT BE CARRIED OUT.

Raw Cotton Tests.

1. Percentage of moisture in cotton: Rs. 5 for 1st sample; Rs. 2-8 for each additional sample.
2. Percentage of waste in raw cotton: Rs. 5.
3. Mean Fibre length, Fibre length irregularity: Rs. 5.

4. Fibre weight per inch : Rs. 5.
5. Fibre strength : Rs. 7-8.
6. Fibre maturity : Rs. 7-8.
7. Wax content : Rs. 7-8 for the 1st sample ; Rs. 5 for each additional sample.
8. Examination for mechanical injury to fibre : Rs. 10.
9. Spinning test including spinning test on carded cotton, and spinning test on combed cotton : carded Rs. 35 ; combed Rs. 45.
10. Spinning test on carded or combed cotton using any specified high-draft system : Rs. 5 per system.
11. Spinning test, after combing on sliver supplied by a mill : Rs. 25.

Yarn Tests.

1. Percentage of moisture : Rs. 5 for the 1st sample ; Rs. 2-8 for each additional sample.
2. Count of yarn including count of hosiery yarn : Rs. 5.
3. Strength of yarn, including lea test, single thread test and ballistic test : Rs. 5 per sample per test.
4. Turns per inch : Rs. 5.
5. Varieties of cotton composing yarn : Rs. 25.
6. Percentage of cotton and other materials in mixed yarn : Rs. 10.
7. Evenness of yarn : Rs. 2-8.
8. Hank length : Rs. 2-8.
9. General report on yarn for neppiness, colour, amount of stains, cleanliness, etc., etc. : Rs. 5.
10. Percentage of size in warp yarns : Rs. 5.
11. Percentage of mature fibres in yarn : Rs. 10.
12. Elasticity of yarn : Rs. 5.

Test on Cloth.

1. Dimensional tests—width, length and thickness : Rs. 4.
2. Reed and pick : Rs. 3-8.
3. Count of warp and weft : Rs. 5.
4. Strength of warp and weft : Rs. 10.
5. Contraction in weaving : Rs. 2-8.
6. Percentage of moisture : Rs. 5 for the 1st sample ; Rs. 2-8 for each additional sample.
7. Whiteness of bleached cloth : Rs. 5.
8. Percentage of cotton and other materials in union fabrics : Rs. 10.
9. Test for strength : Rs. 5.
10. Wearing capacity test : Rs. 5.
11. Full comparative reports of two samples of cloth : Rs. 20 per sample.
12. Water-proof test : Rs. 5.
13. Fastness of dyes to rubbing : Rs. 5.
14. Shrinkage : Rs. 10.

Chemical and/or Microscopic Tests on Cloth to ascertain :—

1. Percentage of size : Rs. 5.
2. Percentage of China-clay and other weighing materials : Rs. 5.
3. Cause of tenderness : Rs. 15.
4. Cause of stains : Rs. 20.
5. Cause of mildew growth : Rs. 20.
6. Fastness of dyes : Rs. 7-8.
7. Class of dyes used : Rs. 10.
8. Percentage of grease : Rs. 10.

LIST B.

- | | |
|--|--------|
| 9. Fastness of dyes to washing | Rs. 10 |
| 10. Fastness of dyes to kier-boiling | Rs. 10 |

11. Fastness of dyes to peroxide or chlorine bleaching	Rs. 10
12. Efficiency of a wetting re-agent	Rs. 25
13. Efficiency of a textile auxiliary to disperse calcium soaps	Rs. 25
14. Analysis of mill stores :	
(a) Soap	Rs. 25
(b) Water	Rs. 25
(c) Starches and flour	Rs. 15
(d) Sizing mixture	Rs. 25
(e) Desizing agents	Rs. 15
(f) Antiseptics	Rs. 15
(g) Dyes	Rs. 15
(h) Vegetable and lubricating oils	Rs. 30
(i) Coal (including calorific value)	Rs. 50
(j) Acids and alkalis	Rs. 5
(k) Bleaching agents	Rs. 10

Copy of letter No. 2418/91, dated the 29th June 1937, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to enclose herewith, for your information, copy of a report submitted by a special Sub-Committee of the Association appointed, at the instance of Mr. S. D. Saklatvala, to consider the question of the establishment of a Testing House in Bombay.

Copy of letter No. 7508, dated the 20th August 1937, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that the report of the special Sub-Committee regarding the establishment of a Testing House, forwarded with your letter No. 2418/91, dated the 29th June 1937, was considered by the Technological Research Sub-Committee at its meeting held on the 6th August 1937, and I forward for information the following extract from the report of the Technological Research Sub-Committee which was approved by the full Committee at its meeting held on the 9th August 1937 :—

“The proposals contained in the report of the special Sub-Committee consisting of the representatives of the Bombay and Ahmedabad Millowners’ Associations for the establishment of a Testing House for Indian cotton were considered. The Sub-Committee approved of starting a Testing House for the trade and the industry which will be housed in the Technological Laboratory in the first instance, sanctioned Rs. 6,000 from the capital grant for the necessary equipment and the employment of an additional clerk, if necessary, whose salary would be met out of the receipts and approved of the schedule of fees for the various tests and the provisional rules and regulations drawn up by the special Sub-Committee.”

Copy of letter No. HLA/MM/2094/37, dated the 17th November 1937, from Messrs. Courtaulds (India) Ltd., to the Association.

Frequent misunderstandings occur between Mill Companies and Merchant Suppliers on the question of short weights in deliveries of Artificial Silk Yarns. These arise owing to Yarns supplied by manufacturers in Europe being packed and sold under rules governing moisture content which are laid down by the Bureau International Pour La Standardisation Des Fibres Artificielles (B.I.S.F.A.)

We have repeatedly put forward claims on our own and on behalf of other Mills, only to meet with the reply that no claim can be entertained unless supported by a certificate of test issued from a Laboratory officially recognized by B. I. S. F. A. In order to put an end to, or greatly eliminate, such difficulties as are being encountered at present by Mills in

India, we requested British and Continental manufacturers to sponsor a proposal for the appointment of an official B. I. S. F. A. Testing House in India. We further ventured to suggest that the Laboratory appointed should be the recognized official Testing House of the Millowners' Association, Bombay, which we believed to be the Indian Central Cotton Committee's Technological Laboratory, Matunga. To this, we have received a telegraphic reply authorizing us, on behalf of The Bureau International Pour La Standardization Des Fibres Artificielles, to request the support of your Association in a proposal to the Indian Central Cotton Committee to allow of their Technological Laboratory at Matunga functioning as the official Testing House in India for B. I. S. F. A.

We would be very much obliged if you will kindly place this matter before your Committee and, for their guidance, we enclose copy of the B. I. S. F. A. Rules, which includes the names of Members of the Bureau and recognized Institutes for testing.

Copy of letter No. 4969/91, dated the 28th December 1937, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to invite your attention to my letter No. 2418/91 dated the 29th June 1937, with which was forwarded a copy of a report submitted by a special Sub-Committee of the Association on the question of the establishment of a Testing House in Bombay, and to enclose herewith, for ready reference, copy of a letter received from the Managing Director of Messrs. Courtaulds (India) Ltd., Bombay. It will be seen from the enclosed that Messrs. Courtaulds (India) Ltd., suggest that the Technological Laboratory at Matunga might undertake the tests referred to by them on artificial silk yarns. My Committee have carefully considered this suggestion and agree that the tests which Messrs. Courtaulds (India) Ltd., have in mind should be undertaken by the proposed Testing House at Matunga.

Messrs. Courtaulds (India) Ltd., have in their letter referred to the Rules governing moisture content laid down by the Bureau International Pour La Standardisation Des Fibres Artificielles (B. I. S. F. A.) I enclose herewith a copy of these rules,* for ready reference, which may kindly be returned when done with. This Association would be glad to be informed in due course whether the Indian Central Cotton Committee agree with the proposition made by Messrs. Courtaulds (India) Ltd.

Copy of letter No. 4450, dated the 5th February 1938, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that your letter No. 4969/91, dated 28th December 1937, and enclosure, on the above subject, were considered by my Technological Research Sub-Committee at its meeting held on the 22nd January 1938, and its decisions are contained in the following extract from its report which was adopted by the Indian Central Cotton Committee at its meeting on the 26th January 1938 :—

“The Sub-Committee considered a letter from the Bombay Millowners' Association suggesting that the Technological Laboratory should act as the official B. I. S. F. A. Testing House for tests on artificial silk yarns. As it was felt that the recognition of the Laboratory as the official Testing House for an important organisation in Europe would add to its prestige, and as the tests required by the B. I. S. F. A., could be easily carried out at the Technological Laboratory, the proposal should be accepted. It was also decided that tests on artificial silk yarns may be undertaken with an additional charge of 50 per cent. over the usual rates.”

The copy of the Bureau International Pour La Standardisation Des Fibres Artificielles (B. I. S. F. A.) Rules enclosed with your letter under reference is returned herewith.

* Not printed.

APPENDIX 33.

TECHNOLOGICAL LABORATORY, MATUNGA.

Copy of letter No. 3155/164, dated the 26th August 1937, from the Association to the Indian Central Cotton Committee, Bombay.

As you are aware, early this year, certain suggestions made by Mr. S. D. Saklatvala, the Association's Representative on the Indian Central Cotton Committee, with the object of establishing closer contact between the Technological Laboratory and the Mills, were accepted by the Indian Central Cotton Committee. It was, among other things, agreed that periodical meetings should be held between the experts of the Technological Laboratory and practical Spinners and Carders in order to discuss Bulletins of special importance with the object of eliciting suggestions regarding future tests. At the instance of Mr. Saklatvala, the constitution of this special Sub-Committee of practical Spinners and Carders was recently discussed by the Committee of my Association, and the following names were suggested :—

<i>Name of Person.</i>	<i>Name and address of Mill from which drawn.</i>
1. MR. G. ASHTON .. ..	.. Bombay Dyeing & Mfg. Co., Ltd.(Spring Mill), Naigaum Road, Dadar, Bombay.
2. MR. T. E. HARKER .. ..	.. Messrs. E. D. Sassoon & Co., Ltd., Dougall Road, Ballard Estate, Bombay.
3. MR. D. B. KATRAK .. ..	.. The Khatau Makanji Spg. & Wvg. Co., Ltd., Haines Road, Byculla, Bombay.
4. MR. J. A. SUTTON .. ..	.. The Kohinoor Mills Co., Ltd., Naigaum Cross Road, Dadar, Bombay.
5. MR. RAJUBHAI PAREKHJI .. ..	.. The Shree Niwas Cotton Mills Ltd. DeLisle Road, Lower Parel, Bombay.
6. MR. DADABHAI HATHIRAM .. ..	.. The New Kaiser-I-Hind Spg. & Wvg. Co., Ltd., Ghorupdeo Road, Chinchpokli, Bombay.
7. MR. C. P. SARKARI .. ..	.. The Victoria Mills Ltd., Gamdevi, Bombay 7.
8. MR. BORKER .. ..	.. The Western India Spg. & Mfg. Co., Ltd., Kalachowki Road, Chinchpokli, Bombay.
9. MR. H. HARGREAVES .. ..	.. The Dawn Mills Co., Ltd., Fergusson Road, Lower Parel, Bombay.
10. MR. J. CLEGG .. ..	.. The Sassoon Spg. & Wvg. Co., Ltd., Mount Estate, Mazagaon.
11. MR. A. D. WALWYN .. ..	.. The Colaba Land & Mill Co., Ltd., Royal Insurance Buildings, Churchgate Street, Fort, Bombay.
12. MR. J. HYNES .. ..	.. The Century Spg. & Mfg. Co., Ltd., DeLisle Road, Worli Side, Parel, Bombay.
13. MR. W. TAYLOR .. ..	.. The Finlay Mills, Ltd., Government Gate Road, Parel, Bombay.
14. MR. B. D. KULKARNI .. ..	.. The Modern Mills Ltd., Elphinstone Road, Parel, Bombay.

I may add that all the gentlemen named above have indicated their willingness to serve on the Sub-Committee.

APPENDIX 34.

BOMBAY YARN EXCHANGE, LTD.

Copy of letter, dated the 20th October 1937, from the Bombay Yarn Exchange Ltd., to the Association.

I am pleased to be able to inform you that the formation of the Bombay Yarn Exchange Ltd., is now complete and the First General Meeting of the Members of the Exchange was held on the 16th inst. at the office of Exchange at Hanuman Building, Tambakanta, Bombay, 3.

The Board of Directors is composed of well-known business men of Bombay as under:—

Seth Haridas Madhawadas (of Messrs. Amersey Damodar), *Chairman*.
 Seth Tulsidas Kilachand (of Messrs. Kilachand Devchand & Co. Ltd.), *Vice-Chairman*.
 Seth Ramdeo Anandilal Podar (of Messrs. Anandilal Podar & Co.).
 Seth Gordhandas Purshotamdas Sonawala (of Messrs. Narandas Manoredas).
 Seth Kantilal Nahalchand (of Messrs. Nahalchand Laloochand).
 Seth Maganlal Parbhudas (of Messrs. Maganlal Parbhudas).
 Seth Sankalchand G. Shah (of Messrs. Sankalchand G. Shah & Co.).
 Seth Chhotalal Chunilal (of Messrs. Papatlal Mulchand).
 Seth Gordhandas Jadavji (of Messrs. Doongersi Gangji & Co.).
 Seth Ambalal Shamaldas (of Messrs. Ramanlal Chhabildas).
 Seth Nensibhai Narandas (of Messrs. Narandas Topan).

You are aware that the Exchange has been started with a view to promote and protect the interests of manufacturers, distributors and merchants carrying on business in yarn in Bombay or elsewhere in India, to regulate their methods of doing business, etc., as stated in the Memorandum. For your information, I am enclosing herewith a copy of the Memorandum and Articles of Association* together with a copy of the Bye-laws.*

As you will see, there will be two classes of Members in the Exchange (a) Ordinary Members who are required to pay Rs. 200 as Entrance Fee with Rs. 50 as Annual Fee and (b) Special Members who are required to pay Rs. 100 as Entrance Fee with Rs. 25 as Annual Fee. They should send in their applications on or before 3rd November 1937. After that date, the Entrance Fee will be raised to Rs. 500 and Rs. 250 respectively, the Annual Fee remaining the same.

The Membership of the Exchange is open to all, including Yarn Manufacturers, Yarn Merchants, Exporters and Importers and outside public having their place of business in Bombay.

The Exchange will also entertain applications from Brokers who will be required to pay Rs. 25 as Entrance Fee and Rs. 10 as Annual Fees and they will be licensed by the Exchange to work as Brokers.

Trading will be allowed in Indian yarns Nos. 6½, 10½, 20½ and 40's and in Japanese yarns in 40's, 2/64's Mercerised and 150 A Kurashiki Artificial Silk yarn.

Any further information will be gladly supplied by the Secretary of the Exchange on request.

The Memorandum and Articles of Association of the Exchange can be had at one rupee per copy along with Bye-laws which will be supplied free.

* Not printed.

The Exchange hopes to start business on 1st November 1937, (Dhanteras Day).

Copy of letter, dated the 11th November 1937, from the Bombay Yarn Exchange Ltd., to the Association.

I am directed to send you herewith a List containing particulars of various yarns that are tenderable on the Exchange.

I shall thank you to be good enough to go into the same and send me at least 3 sample knots of each of the counts that you can arrange, out of the 4 counts viz., 6½'s, 10½'s, 20½'s and 40's.

I shall also feel much obliged if you let me have your opinion whether the particulars regarding strength, counts, etc., as mentioned in the enclosed list are suitable to you and approved by you; if not, kindly send me your suggestions in full details so as to enable me to place the same before the Board of Directors and if approved, to make the necessary changes.

LIST CONTAINING PARTICULARS THAT WILL CONSTITUTE A LEGAL AND PROPER TENDER IN CONNECTION WITH BYE-LAW 54.

(A) *Indian Yarns.*

(a) Counts.	Variations.			
	lowest	6	highest	7 average.
6½'s				
10½'s	"	10	"	11 "
20½'s	"	19½	"	21½ "
40's	"	39	"	41 "

(b) *Packing.*

6½'s in 13 knots per bundle in Red and White tie.			
10½'s	21	"	"
20½'s	20½	"	"
40's	40	"	in White tie.

(c) *Approximate tests per one full lea.*

6½/100 lbs. ; if 6's, 105 lbs., and if 7's, 95 lbs.
10½/85 lbs. ; if 10's, 90 lbs., if 11's, 80 lbs.,
20½/55 lbs. ; if 20's, 58 lbs., if 19½'s, 62 lbs., if
21's, 52 lbs., and if 21½'s, 50 lbs.
40's, 32 to 35 lbs. ; if 39's, 37 lbs., and if 41's, 29 lbs.

(d) *Twist, colour, kitty and other particulars should be normal and with a reasonable variation.*

N.B.—All Indian Yarns should be in seven leas (plain reel) and not *cross reeled*. All Indian Yarns should be in usual Mill tickets. Yarns bearing any other than the usual Mill tickets or bearing no tickets will not be tenderable.

Any Indian yarn conforming to the above description in respect of count, colour, kitti, etc., but having a higher strength per lea than stipulated above will be tenderable. (Bump yarn or all waste yarn shall not be tenderable).

(B) Foreign Yarns.

- I. 2/64's Nissin Mills Japanese Mercerised Grey Yarn in usual Shiroryu Ticket (white Phoenix) cross reeled.
- II. 150 Deniers Japanese Artificial Silk Yarn (Rayon Yarn) of Kurashiki Mills in usual "3 Golden Horses" Ticket and of "A" grade.

Copy of letter No. 4965/215, dated the 28th December 1937, from the Association to the Bombay Yarn Exchange Ltd., Bombay.

I am directed to refer to the interview which I had with your Chairman and yourself in connection with certain matters arising out of your letter dated the 11th November 1937. I made a very full report of what transpired at the interview to my Committee, and set forth below their considered views on the main points discussed by us :—

(1) My Committee agree that a properly constituted Yarn Exchange might be of considerable benefit to the yarn trade and to the Mill Industry of the City, and that mills might be advised to apply for membership, provided that the membership subscription payable was the figure available upto the 3rd November. On this point, they are aware that the Board of the Exchange is very anxious that mills should become members and that the General Body to whom this matter has to be referred will be advised to accept mills as members on the terms available upto the 3rd November, namely :—

(a) Ordinary Members Rs. 200 Entrance Fee and
Rs. 50 Annual Fee.

(b) Special Members Rs. 100 Entrance Fee and
Rs. 25 Annual Fee.

(2) As regards the variations in count which would be permitted against each yarn contract, my Committee have no objections to the variations proposed for all contracts, provided that in estimating the count of a consignment the unit of test should be 20 separate leas per consignment, the leas taken for test being sufficiently well spread over the consignment, and that the count should be estimated in true condition, i.e., with 8½ per cent. moisture content.

While my Committee approve of the variations suggested in regard to average count, they would point out that these do not in the case of the 6½'s hedge contract correspond with the provisions of the Merchandise Marks Act.

(3) As regards the packing conditions suggested by the Yarn Exchange, my Committee approve of the suggestions made except that in the case of 20½'s, one of our members is of the opinion that White tie should be permitted as 20½'s is often sold in this tie when it is required for dyeing purposes.

(4) As regards the strength tests suggested, my Committee agree with the proposals made regarding the 6½'s hedge contract, but consider that the 10½'s hedge contract figures should be reduced as under :—

10's	..	..	..	..	80 lbs.
10½'s	..	..	..	..	75 lbs.
11's	..	..	..	..	70 lbs.

As regards the 20½'s hedge contract strength test figures, it is thought that in the case of 19½'s the strength test should be 60 lbs. instead of 62 lbs. My Committee agree with the strength test suggestions for the 40's hedge contract.

(5) My Committee also agree with the suggestion that twist, colour, kitty and other particulars should be normal and with a reasonable variation.

Copy of letter dated the 27th January 1938, from the Bombay Yarn Exchange Ltd. to the Association.

In continuation of my letter dated the 8th November last, I am pleased to be able to inform you that as per the desire of the Members of your Association, the time for receiving application for Membership of the Exchange has been extended to 31st March 1938 on the old scale viz., Rs. 200 as Entrance Fee and Rs. 50 as annual fee for Ordinary Members and Rs. 100 as Entrance Fee and Rs. 25 as annual fee for Special Members.

I shall now thank you to be so good as to communicate this to the Members of your Association as soon as possible and recommend them to send in their applications as early as possible.

Copy of circular No. 400/215, dated the 28th January 1928, from the Association to all Members of the Association.

I understand that you have already received from the Bombay Yarn Exchange Ltd., copies of their Memorandum and Articles of Association and Bye-laws. You might also have received a copy of a printed circular issued by the above Exchange early in November, containing particulars of various yarns tenderable on the Exchange. The Rules and Regulations of the Exchange provide for two classes of membership :—

- (a) Ordinary Members who are required to pay Rs. 200 as entrance fees with an annual subscription of Rs. 50 and
- (b) Special Members who are required to pay Rs. 100 as entrance fees with an annual subscription of Rs. 25.

The Association was informed that membership subscriptions in respect of applications received after 3rd November 1937 would be raised to Rs. 500 and Rs. 250 respectively, the annual fees remaining the same. As the Bye-laws of the Exchange had not been considered by the Committee of this Association, a suggestion was made to the Exchange that the time limit prescribed for membership applications at the lower rate of subscriptions and entrance fees might be extended to give us an opportunity of going carefully into this matter.

The Bye-laws of the Exchange and the conditions of tender prescribed by them were carefully scrutinized by a Special Sub-Committee of the Association, and I enclose herewith, as papers marked 'A*', a copy of their report. Certain matters arising out of this report were subsequently discussed by me with the Chairman and the Secretary of the Yarn Exchange and a note on these discussions will be found enclosed with this letter (*vide* papers marked 'B*'). The enclosures refer to certain conditions of tender notified by the Exchange, and to enable members to understand the trend of the discussions, I am also enclosing herewith a copy of these conditions (*vide* papers marked 'C*').

It will be seen from the enclosed papers that all outstanding points between the Association and the Exchange have now been satisfactorily settled. The Exchange has also agreed to *extend the time limit* for receipt of membership applications at the old scale, namely, Rs. 200 as entrance fees and Rs. 50 as annual subscription for Ordinary Members and Rs. 100 as entrance fees and Rs. 25 as annual subscription for Special Members, *up to 31st March 1938*. The Committee of the Association are agreed "that a properly constituted Yarn Exchange" might be of considerable benefit to the yarn trade and to the Mill Industry of the City and they, therefore, do not see any objection in members of this Association applying for the membership of the Exchange.

APPENDIX 35.

INCOME TAX ENQUIRY REPORT.

Copy of letter C. No. 52-I.T./37, dated the 28th January 1937, from the Central Board of Revenue, New Delhi, to all Chambers of Commerce.

I am directed to refer to my letter C. No. 904-B-I.T./34, dated the 25th January 1937,* forwarding copies of the Income Tax Enquiry Report, 1936, and to request that the Board may be furnished with your considered views on the various recommendations made therein. It will be convenient if Part I (Scope, Incidence and Charge of the Tax) and Part II (Administration) are dealt with separately. The Board hopes that it will be possible for it to receive the views of all concerned by the end of April.

Copy of letter No. C. 52-I.T./37, dated the 20th March 1937, from the Central Board of Revenue to the Federation of Indian Chambers of Commerce and Industry.

In reply to your letter* quoted above, I am directed to say that the Government of India recognize that the contents of the Report call for the most careful consideration and that they cannot therefore press your Federation to send in their views by the 30th April if that cannot be done without imperilling the thoroughness of the attention given to the problems raised. It will be remembered, however, that in my letter of the 28th January 1937, it was suggested that Parts I and II of the Report should be dealt with separately; and I am to say that the Government of India would much appreciate the presentation of views on Part II (Administration) in particular as soon as possible after the date already suggested, if not by that date. It will be remembered that the Finance Member explained in his Budget speech that he was anxious to take up the consideration of possible improvements in administration without delay.

Copy of letter No. 1740/58, dated the 27th April 1937, from the Association to the Secretary, Central Board of Revenue, New Delhi.

I am directed to acknowledge the receipt of your letter No. C52-I.T./37, dated the 28th January 1937, requesting my Committee to express an opinion on the recommendations made by the Income Tax Enquiry Committee, 1936. In a further letter dated the 28th March 1937 received by the Association, the Government of India desired, if possible, to be furnished with the considered views of the Association on Part II of the Report, as early as possible. Accordingly, I set forth below my Committee's observations in respect of this part of the Report.

At the outset, I am desired to point out that as Part II deals exclusively with administration, my Committee have not been able to do more than comment in a general way upon such recommendations as concern the internal administration of the Income Tax Department. In general, they consider that most of the recommendations which have been made will tend to improve the efficiency with which the Act is administered and alleviate the grievances hitherto expressed by the assesses. Subject to these general remarks, my Committee would like to submit the following comments on the individual recommendations set out in Part II:—

CHAPTER XIV—ASSESSMENTS. (PAGE 70) :

Section 1—Inspectors and Survey Work.—The Report criticises the manner in which outdoor work is being conducted and goes on to recommend that there should be closer

* Not printed.

control and supervision by Income Tax Officers of the work of the Inspectors and that the Act should be amended to give the Income Tax Officers and Income Tax Inspectors powers—

- (a) to make enquiries in the case of an Inspector on the instructions of the Income Tax Officer as to persons liable to assessment, and
- (b) on the written instructions of the Commissioner to enter the premises of an assessee to search for and seize his books of account for examination by the Income Tax Officer.

My Committee entirely agree with the recommendation that the quality of the work done by the Inspectors should be more closely controlled and supervised by Income Tax Officers, and they are inclined to agree with the proposal for the amendment of the Act, as suggested, provided that the power to enter premises and seize books of account is only given to responsible and experienced Officers of the Income Tax Department.

Section 2—Liability to make returns of income. (Pages 70/71).—This section recommends that every person who has an income liable to tax should be legally bound to make a return and be subject to a penalty in case of failure to make a return. This recommendation, if carried into effect, would constitute a drastic reform in income tax procedure, and unless the new powers in regard to penalties were sympathetically used, a certain amount of undue hardship or injustice in regard to new and/or illiterate assesseees is likely to be created. Subject to this comment, my Committee agree with the recommendation and consider that assesseees, particularly new assesseees, should be entitled and encouraged to obtain the assistance of the Income Tax Officers in completing their annual returns. A notification to this effect might be included in the form on which returns are required to be submitted.

Section 3—Place of Assessment. (Page 71).—In view of their recommendation that the rendering of a return should be the statutory duty of every person liable to assessment without individual notice from the Income Tax Officer, the Income Tax Enquiry Committee suggest that the Act be amended so that: (a) the prescribed return form requires the particulars set out in Section 38 (3) of the Act, (b) where the Income Tax Officer is not satisfied with the correctness of the claim, he should refer the matter to the Commissioner for his determination before making an assessment, and (c) where an assessee has not claimed assessment in a particular circle prior to the making of any assessment on him, he shall be debarred from making subsequently any such claim in respect of the year in question.

My Committee consider that these recommendations are equitable and should be accepted.

Section 4—Convenience of the Tax Paying Public. (Page 72).—The section deals with the general complaint that Income Tax Officers do not show enough consideration for the convenience of assesseees, and recommends that, when selecting buildings for income tax offices, care should be taken to provide, as far as possible, convenient waiting rooms for assesseees. The Committee further recommend that adequate notices should be given to an assessee who is required to produce his books of account and that the books should not be detained for long periods except under certain circumstances.

My Committee agree with this recommendation.

Section 5—Determination of Income. (Page 72).—(a) *Examination of Audited Accounts.*—My Committee agree with the recommendation made that the practice of examining the audited balance sheet and profit and loss accounts and basing written enquiries upon such examination should be extended and encouraged, and that where the balance sheet and profit and loss accounts are available, the books themselves should be called for only in exceptional circumstances.

(b) *Examination of Books in cases where accounts are not audited. (Page 73).*—This section contains certain severe strictures on the practices followed in certain income tax

offices, and my Committee trust that adequate steps will be taken to ensure that the recommendations made are carried into effect.

(c) *Estimation of profits in the absence of reliable evidence.* (Pages 74/75).—The Enquiry Committee point out that there is some evidence of insufficient consideration being given to all the relevant facts in connection with an assessment with the result that some estimated assessments appeared on a broad view to be excessive. It is recommended that all assessments, including even those under Section 23 (4), should be subject to appeal. If all assessments including those made under Section 23 (4) are made subject to appeal, the grievances of assesseees would be, to a large extent, removed. My Committee agree with this view. The Enquiry Committee also refer to the lack of sympathetic treatment of assesseees of small income, and state that in the case of small traders who keep no proper books, tactful and sympathetic discussion with the assessee would remove his grievances. My Committee entirely agree with this point of view.

(d) *Application of flat rates of profits.* (Page 75).—In the case of mill companies, my Committee are not aware of any cases where this method of assessment has been adopted, and they are, therefore, not in a position to make any useful observations on the recommendations of the Committee.

(e) *Consultation of Income Tax Officer with Assistant Commissioner.* (Page 76).—It is stated in the Report that numerous complaints have been made that Income Tax Officers consult their Assistant Commissioners in the course of assessment proceedings to the prejudice of any appeals which might subsequently be lodged, and it is further pointed out that, if the recommendations made in the Report for the appointment of Inspecting Officers with no appellate jurisdiction is accepted, the grounds for complaints of this character will largely disappear. My Committee are inclined to think that the differentiation which is sought to be made will be a distinct improvement on the present procedure though it may not do away altogether with biased decisions.

(f) *Requirements of Particulars relating to other Assesseees.* (Page 76).—It is stated that considerable time is often spent on the examination of an assessee's books for the purpose of extracting particulars of payments to other assesseees, e.g., rent, interest, or commission, and that, as a result, books are sometimes kept by Income Tax Officers for unduly protracted periods. To meet this objection, it is recommended that Section 38 be expanded to give the Income Tax Officer the statutory right to call for returns of particulars of such payments so that retention of books for this purpose would be no longer necessary. My Committee regret they are unable to support this proposal in the absence of information as to the precise particulars which companies would be expected to supply in regard to other assesseees. It is, my Committee consider, wrong in principle in all but the most exceptional circumstances to use one assessee's books to ascertain information relating to the income of another assessee.

(g) *Examination of Witnesses.* (Page 76).—The Report recommends that administrative instructions should be issued to ensure that assesseees are given the right to be present when witnesses are called under Section 37 of the Act. My Committee agree with the principle of the recommendation, but would like to see it extended so as to give an assessee the right to examine witnesses and to be represented or assisted by an Adviser.

Section 6—Representation of Assessee. (Pages 76/77).—This section deals with the class of persons who should be entitled to represent an assessee in income tax proceedings. Stated briefly, the Enquiry Committee recommend that the Commissioner should be given powers to compile a register of persons not entitled to act as Income tax Advisers, and that this list should include only persons guilty of proved misconduct. My Committee are very strongly opposed to this recommendation on the ground that it should be a matter entirely within the discretion of an assessee as to whom he should select as his Adviser. They are similarly opposed and for similar reasons to the recommendation that no persons other than members of the legal profession or of a recognized association of accountants should be allowed to appear in any income tax proceedings.

They agree in principle with the recommendation that the existing general right to attend by deputy in proceedings under Section 37 should be retained except where the order is specifically for personal attendance, but consider that even in such cases the assessee should be entitled to attend with his Adviser.

Section 7—Penalties for failure to make returns and for incorrect returns and statements (Page 78).—The section recommends that penalties should be provided for deliberate failure to make returns in addition to those for the making of incorrect returns, and that the maximum penalty should be increased to twice the tax which would have been avoided, with a penalty limited to a maximum of Rs. 50 in any case where a person who has received a specific notice under Section 22 or Section 34 proves that he had no income liable to tax. It is also recommended that similar penalties should be provided for deliberate failure by an assessee to produce books or other proper evidence called for by the Income Tax Officer in accordance with the provisions of the Act.

While my Committee do not object in principle to the imposition of penalties for the offences referred to in this section of the Report, they are inclined to think that, in the case of certain classes of assessee, and particularly new assessee, the penalties suggested are too heavy, and that the recommendations as a whole are likely to create hardship unless the imposition of penalties is restricted to flagrant cases. They feel, therefore, that, in order to safeguard assessee of small means, in no case should any penalty be imposed unless previous sanction has been obtained by the Income Tax Officer from his Inspecting Officer.

Section 8—Additional Assessments. (Pages 78/79).—The recommendation made in this section is that the time during which assessments may be made under Section 34 should be increased to six years. Taking into consideration the other recommendations made by the Committee to improve the efficiency of the Income Tax Department and the desirability of fixing assessments as expeditiously as possible, my Committee are of opinion that this particular recommendation should be opposed. Under the new procedure, under-assessments or over-assessments should be of rare occurrence and we might also point out that in most cases it would be difficult, if not impossible, for assessee to produce and explain at any time accounts relating to a period more than one or two years previous. An extension to two years, in my Committee's view, would be quite ample.

Section 9—Rectification of Errors. (Page 79).—The section recommends the extension of the period during which additional assessments can be made so that mistakes apparent from the assessee's record may be rectified. My Committee consider the proposed time limit excessive, but would be prepared to support an extension to two years.

Section 10—Refunds. (Page 79). (a) Delay and general departmental attitude.—The section condemns the delay which usually occurs in dealing with refund claims and contrasts the position in India with that which obtains in England. It is recommended that it should be made clear to the Income Tax Department that they are responsible for seeing that refund claims are disposed of promptly irrespective of the amounts involved. While endorsing the remarks made by the Enquiry Committee, my Committee feel that an amendment of the Act is necessary which would ensure disposal of refund claims within, say, three months from the date on which they were submitted.

(b) Time Limit. (Page 80).—The Enquiry Committee recommend an extension of the time limit for submission of refund claims. While my Committee agree that there is possibly a case for an extension of the time limit to two years, they do not consider it desirable to extend it to six years as suggested in the Report. They feel that, in the interests of efficiency of administration, refund claims should be submitted promptly, but as they are unanimously agreed as to the desirability of maintaining the same time limit for (1) "Additional Assessments"; (2) "Rectification of Errors"; and (3) "Refunds," they recommend that the two-year period suggested by them for (1) and (2) should be retained for (3) also, but if a longer time limit is ultimately proposed by Government in respect of (1) and (2), it should be made applicable to (3) also.

CHAPTER XV—APPEALS.

Section 1—Extent to which orders are subject to appeal. (Page 81).—In this connection it is recommended (a) that all assessments be made subject to appeal; (b) that an order under Section 43 (treating a person as an agent for a non-resident) should be the subject of a distinct appeal, and that assessment proceedings should not be continued until such appeal is disposed of; and (c) that Section 30 should be amended so as to permit reference to the High Court on a point of law arising out of an Assistant Commissioner's order under Section 50-A on a refund claim.

My Committee agree with all the recommendations.

Section 2—Appellate Officers or Tribunals. (Pages 82/83).—The Enquiry Committee propose the appointment of a Tribunal consisting of six persons chosen by the Governor-General in Council to hear appeals on questions either of fact or of law against the decision of the Assistant Commissioners under Section 31 and against orders of the Commissioner under Section 32 subject to certain conditions. The Committee suggest that the decision of such a tribunal on questions of fact should be final, but that decisions on questions of law should be subject to appeal to His Majesty's Privy Council. It is proposed that the tribunal should at least consist of two persons who have acted as High Court Judges for at least three years; two persons who have had wide experience in the Income Tax Department; and two with accountancy or business experience. It is further suggested that appropriate centres should be visited by members of the Tribunal on circuit and that the arrangements should be sufficiently elastic to allow the hearing of most cases in which only questions of fact are involved by individual members of the Tribunal, and that cases of greater importance should be dealt with by two or more members, and that cases involving points of law should be dealt with by a bench of not less than two members, at least one of whom should be one of the ex-High Court Judges. It is further suggested that appeals from decisions of Assistant Commissioners would be competent to the Tribunal by either the assessee or the Income Tax Officer, and that the fee payable by the appellant with the notice of appeal should be Rs. 100 per case and that such fee should be refundable wholly or in part at the discretion of the Tribunal, to the successful appellant.

In general, my Committee are inclined to agree that a Tribunal of the character suggested would be a great improvement on the present system, and would probably secure the more expeditious settlement of certain classes of appeals. At the same time, they think that cases concerning questions of fact only should not be referred under any circumstances to a single member of the Tribunal more particularly as that single member might be an ex-Income Tax Officer. If the findings of the two members differ, they consider that it should be competent for them to refer the case for decision to the full Tribunal. They also agree that appeals from decisions of Assistant Commissioners should be competent to the Tribunal either by the assessee or the Income Tax Officer. They further agree with the minor recommendations made at the end of the last paragraph of this section on page 84, namely, that the Income Tax Officer should have the right to consult his Inspecting Officer, if necessary, and obtain his instructions before making an assessment.

They do not, however, agree that it is necessary that the Income Tax Officer should have the right to be represented at the appeal before the Assistant Commissioner since it is against the Income Tax Officer's decision that the appeal is being made.

Section 3—Admission of fresh evidence by Assistant Commissioner on Appeal. (Page 84):—It is recommended that the evidence put forward by the assessee should be admitted in all cases except those in which the Assistant Commissioner is satisfied that the assessee is guilty of obstructive tactics.

My Committee agree with this recommendation.

Section 4—Commissioner's power of revision. (Page 84).—It is recommended that where the Assistant Commissioner discovers an under-assessment, he should, as far as possible, instruct the Income Tax Officer to proceed under Section 34. It is also suggested that the

power of reducing an assessment should be retained. My Committee agree with these two recommendations.

Section 5—Minor Points. (Page 84). (a) Time Limit for Lodging Appeals.—Under ordinary circumstances we are inclined to agree that a time limit of 30 days is not unreasonable for lodging appeals, but my Committee would point out the desirability of Assistant Commissioners admitting appeals not lodged within the specified time wherever good cause for the delay is shown. Cases are believed to exist where appeals have been refused despite the fact that good reasons existed for delay in presentation.

(b) Criticism of Income Tax Officer's Orders by Assistant Commissioner. (Page 85).—This section refers to a tendency on the part of Income Tax Officers to extend their assessment orders to an inordinate length, and my Committee have no comments to offer.

(c) Collection of tax following a Privy Council decision. (Page 85).—The Report recommends that powers should be given to the High Courts or alternatively to the proposed Appeal Tribunal, to authorize the Commissioner in cases where he expresses his intention to appeal to the Privy Council, to withhold refund until such appeal has been decided. It is further recommended that specific powers to collect tax refunded to an assessee should be given to the Commissioner under Section 66-A (4) where he has succeeded before the Privy Council. In this connection, my Committee would like to refer to Section 66 (5) of the Income Tax Act which reads as follows :—

“The High Court upon the hearing of any such case shall decide the questions of law raised thereby and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Commissioner by whom the case was stated a copy of such judgment under the seal of the Court and the signature of the registrar, and the Commissioner shall dispose of the case accordingly or if the case arose on a reference from any Income Tax authority subordinate to him, shall forward a copy of such judgment to such authority who shall dispose of the case conformably to such judgment.”

They would also like to refer to the words “and the Commissioner shall dispose of the case accordingly” and “such authority who shall dispose of the case conformably to such judgment.”

Section 66 (7) states :

“Notwithstanding that a reference has been made under this section to the High Court, income-tax shall be payable in accordance with the assessment made in the case ;

Provided that, if the amount of an assessment is reduced as a result of such reference, the amount overpaid shall be refunded with such interest as the Commissioner may allow.”

My Committee consider that the words “the Commissioner shall dispose of the case accordingly” or the words “shall dispose of the case conformably to such judgment” are not a sufficient direction or instruction to the Commissioner and they suggest for consideration that Section 66 (5) of the Act be amended so that either the High Court shall be required to state specifically the duties of the Commissioner in regard to any particular case or, in the alternative, that Section 66 (5) shall state specifically that in the event of the judgment being given by the High Court against the Commissioner of Income Tax, the High Court should be entitled to direct refund of the amount of tax paid by the assessee within a definite specified time.

My Committee understand that, because of the lack of definite direction to the Commissioner either under the judgments of the High Court or the Privy Council, and the omission in Section 66 (5) to state the duties to be carried out by the Commissioner within a specified time, an assessee may be put to such inconveniences and harassment quite apart from any financial loss.

CHAPTER XVI AND CHAPTER XVII.

These two chapters deal respectively with the control and supervision, and recruitment and promotion. My Committee have no criticisms to offer on the recommendations made, and they merely urge that they should be carried into effect without undue delay.

Copy of letter No. 3093/58, dated the 19th August 1937, from the Association to the Central Board of Revenue, Simla.

I am directed to submit to the Government of India the considered views of the Committee of the Millowners' Association on the recommendations made in the Income Tax Enquiry Report, 1936. No reference has been made in this letter to such recommendations of the Enquiry Committee as my Committee are generally in agreement with or on which my Committee propose to make no observations.

CHAPTER I.

Section 1.—Residents in British India—Income Arising Abroad.—After a very close study of the recommendations in this Section, my Committee find they are unable to endorse them in their entirety. While they agree that every legitimate step should be taken by the Government of India to prevent evasion of British Indian Income-tax by methods referred to in the Report, they do not agree that there is a sufficiently strong case for altering the basis of taxation in the manner and to the extent suggested in the case of individuals. The new basis proposed would, in their opinion, be inequitable in the case of non-domiciled residents, and particularly in the case of non-domiciled foreign residents, who would not be in a position to obtain double taxation relief. They would also like to point out that the basis proposed differs from the basis adopted in the United Kingdom, and that it differs considerably from the basis proposed for resident companies. In my Committee's view, the inequity of the proposal would encourage evasion and not prevent it. While the ordinary assessee would not object to a system which he considers just, he would in many instances consider himself entitled to attempt to evade taxation if the basis of taxation were obviously inequitable.

In regard to companies, it is proposed to make the whole of a company's foreign income liable to tax if the company is controlled in British India at any time during the year in which the profits sought to be assessed arise. My Committee do not object to the principle of this recommendation, but consider that the definition of a "resident company" requires modification and that the term "control in British India" should be defined. They do not agree that in the extreme case of control of the world activities of a company for a very short period in the year should make the whole of the world income of that company liable to tax; but if effective control is ordinarily exercised from India, as in the case where the Head Office of the company is located in India, then they agree that the foreign income of the company should be liable to Indian income tax. In other words, if the company is domiciled in India, they consider it equitable that the company's world income should be taxed.

The Enquiry Committee also propose on page 2 of their Report that remittances received by a wife out of such part of her husband's income as is not liable to assessment in his hands should be deemed to be income arising to her and assessable in her hands. My Committee feel that this recommendation, if carried into effect, would be liable to cause unnecessary hardship, particularly in cases where the remittances were purely maintenance allowance to the wife from the husband. In any event, they foresee great difficulties in checking the amount of remittance received by a wife and recovering tax thereon. They would also like to point out that, if the income of the non-resident husband had already been taxed in a foreign country, the wife, in whose hands it is assessed in India, would be unable to claim double taxation relief in India and in the foreign country in view of the fact that the tax on the income in the foreign country was paid by the husband and not by the wife.

Section 2—Non-residents. Income Arising in British India.—It is recommended in the Report that non-residents on whose behalf goods are regularly sold in British India should be made assessable in respect of the profits arising therefrom, whatever may be the type of the representation employed. It is recognized that it would be undesirable to attempt to tax the profits arising where an agent only receives casual consignments and does not regularly act for the consignor, and where an agent is assessed in respect of the income of his foreign principal, it is proposed that statutory powers should be given to the agent, acting regularly for the non-resident principal, to retain a sum equal to the estimated tax liability. It is also recommended that, in the case of trading in British India by a non-resident, where the profit arising when the goods are sold is attributable in part only to the operations of sale, only the profits attributable to the operations performed in British India should be assessed. Similar considerations are also proposed in respect of a non-resident purchasing goods in British India for re-sale abroad, and it is further recommended that the Income Tax Officers' decision in the matter of the choice of persons to be treated as agents of non-residents for purposes of assessment should be appealable.

My Committee generally agree with the recommendations made in the Report, but they feel that considerable difficulties will be experienced by the Income Tax Authorities in assessing profits of a non-resident principal.

Section 3—Religious and Charitable Institutions.—The recommendation made in this Section is rather vaguely worded, but my Committee do not disagree with the principle if it is intended merely to remove the exemptions which are now enjoyed by purely private religious trusts the benefits of which are not available to the whole of the religious community concerned or to a substantial portion of the general public.

Similarly, in regard to the recommendation that the business carried on by the trustees of a religious or charitable trust should be exempt from tax only when the business activities are in themselves the primary purpose of the charity or when the work in connection with the business is mainly carried on by the beneficiaries, my Committee are in some doubt as to what is exactly meant, and any amendment finally incorporated in the Act should be precise.

Section 4—Agricultural Income.—My Committee are inclined to agree with the recommendations made in this Section, but in view of the fact that they are not in a position to estimate the incidence of taxation on agricultural income, they do not propose to comment on the Enquiry Committee's recommendations.

Section 5.—Local Authorities.—It is pointed out on page 9 of the Report that under Section 4 (3) of the Indian Income Tax Act, the income of "local authorities" is exempt from assessment. The Enquiry Committee recommend that since such bodies may be engaged in trading activities, the extent of their trading be investigated and the existing exemption reconsidered.

My Committee agree with the recommendation that an investigation should be made as to the extent of the trading activities of local authorities, but if action is taken as a result of this investigation, taxation should be confined to that part of the local authorities' income which arises from purely trading activities outside the scope of their civic functions.

Section 6—Government Pensions.—The Enquiry Committee express the view that pensions earned in British India and paid to non-residents should be subject to British Indian taxation as such pensions are paid out of British Indian revenues. They, however, recognize, that, so far as certain Government pensions are concerned, exemption from taxation is already secured by Section 272 of the Government of India Act, but they do not see any reason why other Government pensions and pensions paid by commercial concerns should not be made liable to tax. They suggest that liability should not depend upon the accident of the place at which the pension may be made payable, but should extend to all pensions earned in British India, the tax due being deducted at source at the standard rate.

On page 10 of their Report, the Enquiry Committee also recommend that leave allowance or salary paid outside British India should be subject to British Indian income-tax, tax being recovered in India by deduction at source by the authority remitting the payment.

My Committee do not agree that pensions paid by commercial concerns should be assessed to Indian income-tax so long as pensions paid by Government are exempt from tax. They agree with the recommendation that leave allowances or leave salaries paid outside British India should be subject to Indian income-tax and that tax should be recovered in India by deduction at source by the authority making the payment, if leave salaries of Government servants are also made liable to Indian income-tax.

Section 7—Interest on Securities payable abroad charged on Indian revenues or on Indian income.—The Enquiry Committee propose that interest on securities payable outside British India by an assessee in British India should be taxed since such interest should be deemed to have arisen in British India. My Committee are of opinion that the exemptions now in force should continue in the case of existing securities irrespective of whether they are Governmental or commercial securities.

Section 8—Casual Profits or Gains.—My Committee agree with the recommendation contained in page 12 of the Report, namely, that transactions regarding purchase and sale should be liable to taxation only if they are sufficiently numerous or so organised as to constitute the carrying on of a trade.

CHAPTER II.

Section 1 (a)—Basis of Charge : "Step" or "Slab" System.—The Enquiry Committee state at the outset that the existing scale is defective in that the actual tax payable on various ranges of income is excessive as compared with incomes above and below it, and that the rate of taxation is relatively higher in the lower ranges of income immediately above Rs. 2,000. To remedy the defects of the existing scale, they recommend the adoption of a "step" or "slab" system and suggest a specimen scale.

My Committee agree that a step or slab system would be preferable to the existing scale, and they also agree that provision should be made to afford relief in respect of incomes in the ranges immediately above the exemption limit, but they cannot accept the specimen scale suggested in the Report ; nor can they agree with the recommendation that super-tax should become payable at Rs. 25,000 instead of Rs. 30,000 as at present.

Before dealing with the defects of the specimen scale suggested in the Report, my Committee would like to draw the Government's attention to certain comments made by the Corporation of Accountants recently submitted to the British Chancellor of the Exchequer upon the codification of the law of Income Tax which they generally endorse :—

"We think it is undeniable that the successful administration of the Income Tax must be greatly promoted by its acceptance with common sense good-will by the general body of tax-payers, for it can never be popular. Our experience as auditors and income-tax advisers compels us to suggest that there are three paramount essentials to such acceptance, viz. :

- (1) Relative equality of incidence of the tax.
- (2) Simplicity of substance of the tax.
- (3) Simplicity of expression in the statutes.

We respectfully suggest that the achievement of these essentials really constitutes three problems which cannot be dissociated."

Reverting to the specimen scale in the Report, while my Committee admit that it gives the necessary relief on incomes up to Rs. 5,000, it places an unnecessary, inequitable and unjustifiable additional burden on higher incomes owing to the fact that the slabs cease at Rs. 15,000 whereas the present scale is graduated up to the Rs. 30,000 limit. The increase

in the rate of tax from one slab to the next is also excessive. In other words, the specimen scale proposed by the Enquiry Committee does not equitably spread the burden of relief on small incomes over all classes of assessee. On incomes over Rs. 20,000, the tax payable on the specimen scale, in my Committee's view, goes very much beyond the needs of the case. In their opinion, the correct method to follow would be to frame a scale which, while giving relief on small incomes, and removing the obvious inequalities in the present scale, would not disproportionately increase the tax payable on larger incomes on which the tax is already very high. This result could be achieved by appropriately graduating the rate of tax on successive slabs of income of Rs. 5,000 each up to Rs. 30,000 instead of applying the same rate of tax on all incomes over Rs. 15,000 as suggested by the Enquiry Committee. My Committee are also of opinion that a more equitable gradation of taxation would be achieved by expressing the tax payable as a percentage for each slab of income. The percentage method would also considerably simplify the calculation of the tax payable by an assessee.

The specimen scale for super-tax is open to the same criticism as the income-tax scale, and no reasons have been advanced in justification of the enormous increases in taxation which have been proposed. My Committee trust that the Government of India, if a new basis of taxation of the slab type is approved, will devise a scale free from the above mentioned objections, and that the rates of tax will be fixed so as to yield as much and no more revenue than the present scales would yield if levied on the same national income.

Section 1 (b)—Allowances for wife and children.—The Enquiry Committee state on page 15 of their Report that special allowances for married assessee similar to those in vogue in the United Kingdom for determining the tax payable would be comparatively ineffective as a means of differentiation since the married state is the general rule in India. If, as is stated in Chapter IV, Section 1 of the Report, the income tax payable by an assessee should be regulated in accordance with his ability to pay, then, in my Committee's view, it is inequitable to charge a married assessee with a wife and a number of children the same tax as an unmarried assessee with the same total income. The case for relief for the married assessee rests on equity, and not, as the Enquiry Committee suggest, on the number of unmarried assessee in the country. In this matter, my Committee entirely agree with the views expressed by Dr. Paranjpye on page 196 of the Indian Taxation Enquiry Committee's Report which, for ready reference, are reproduced below :

“Dr. Paranjpye would allow an abatement of Rs. 200 for one wife and Rs. 150 for each minor son or unmarried daughter to a maximum of Rs. 950 provided it was claimed. He does not consider that any assessee would make a false declaration without being easily found out. The case for abatement will, in his opinion, be still stronger if, as is recommended later, the incomes of husband and wife are aggregated for the purpose of determining the rate of tax.”

Legislation providing for the amalgamation of incomes of husband and wife has already been passed, and a case for relief such as my Committee have indicated is, therefore, much stronger to-day than it was in 1926.

Section 1 (c)—Earned Income Relief—No differentiation between earned and unearned income.—This recommendation is too vaguely worded to enable my Committee to express a definite opinion thereon, but a reference to the Indian Taxation Enquiry Committee's Report shows that that Committee was in favour of the question of differentiation between earned and unearned income being considered if at any time agricultural income were made liable to income tax. In view of the recommendation made by the Enquiry Committee that agricultural income should be taken into consideration when an assessee has other sources of income for purposes of ascertaining the rate of tax applicable to that other income, the question of differentiation between earned and unearned income would appear to arise.

Section 2 (a) and (c) : Life Assurance Premiums, Provident Fund Contributions : (a) Basis of Allowance Assessable : and (c) Provident Fund Contributions.—The Enquiry Committee recommend that, as far as life assurance premiums are concerned, the total amount of premiums eligible for exemption in the case of individuals should be limited to Rs. 6,000 or $\frac{1}{4}$ th of the total income whichever is less, and that in the case of a Hindu Undivided Family

with more than one adult member, the maximum amount of premium eligible for exemption should be Rs. 12,000. My Committee agree with the suggested limit of Rs. 6,000 in the case of individuals, but have no views to offer on the suggested limit for Hindu Joint Families. They do not, however, agree with the recommendation that, in order that the suggested relief should not generally exceed in terms of tax that given at present, only one-half of the life assurance premium and contributions be deducted from the total income to arrive at the income assessable for income tax only. It is perfectly true that the application of the method suggested by the Enquiry Committee would secure an effective rate of relief corresponding roughly to the average rate of tax chargeable on the total income, but according to my Committee's calculations, the assessee would invariably be penalised, and there would appear to be no difficulty in ascertaining the average rate of tax applicable to the taxable income and applying that rate. Moreover, the Enquiry Committee themselves, when dealing specifically with the subject of provident fund contributions on pages 16 and 17 of the Report, have pointed out that the exemptions now granted are, in certain cases, no exemptions at all, and that recognition of provident funds has involved assesseees in higher payments by way of tax than would have had to be made by the assesseees if the fund had not been recognised and the assesseees had been taxed on the full amount of their provident fund as and when it was received. The case of over-taxation of provident fund is even more glaring in those cases where the addition of the provident fund annual accretion to an assessee's other incomes renders him liable to super-tax, and my Committee strongly urge that the Government of India should go more fully into this matter, and devise means which would ensure the removal of the hardships mentioned, and would, at the same time, make provident fund exemptions more effective. The Income Tax Committee point out the ineffectiveness of the provident fund exemption on one page of the Report and on another make a recommendation that the relief in terms of tax to be granted in future should not exceed the relief granted at present. In this connection, my Committee would like to suggest, for the consideration of Government, the possibility of permitting full exemption of life assurance premium payments regardless of whether the assessee has already received the full exemption now permissible in respect of his provident fund contributions.

My Committee agree with the recommendation made on page 16 of the Report, which states that whether or not a "slab" system is adopted, provident fund interest credited, so far as it does not exceed 6 per cent. on the accumulated balance, should be deducted from the employee's total income in computing the income to be taxed, but they do not consider that a case has been made out for limiting the amount of such exempted interest to one-third of an employee's annual salary.

Section 2 (b)—Restrictions on Life Assurance Relief.—My Committee do not agree with the recommendation made on page 16 of the Report that, in future, premiums on insurance policies effected outside India should not be entitled to income tax exemption. In the first place, they consider that the matter must be looked at bearing in mind the object for which insurance has been effected by the assessee, and since the Report recommends that the world income of a resident assessee should in all cases be liable to Indian income tax, there is no real justification for restricting an assessee's freedom of choice in any way.

Section 3—Company Super tax.—The Report seeks to establish that company super tax is a levy in respect of the benefits of limited liability, but the facts on which the Enquiry Committee base this conclusion are not specified except that the Report states that it is clear from the Government of India Act of 1935 (Section 138, etc.), that it is intended to be a corporation tax. The history of the tax, however, proves that it was not imposed as a tax on incorporation, but was intended as an addition to income tax which would be applicable only to assesseees with substantial incomes. That it is in the nature of an additional tax on income is also borne out by the fact that it is treated as an income tax for the purposes of double taxation relief claims by companies. In my Committee's view, Government must either treat it as an addition to income tax or as a corporation tax. It cannot logically be a combination of the two. If the Government of India decide that it should, in future, be treated as an addition to income tax, then, in my Committee's view, it follows :

- (I) that equally with income tax it should be treated as paid on behalf of shareholders and should be taken into account in the computation of any refund due under Section 48 ;

- (2) where dividends are received by a company from another company which has itself paid super tax on its profits, these dividends should not be again assessed to company super tax in the hands of the recipient company ; in other words, the exemption which has been accorded to Investment Trust Companies will have to be extended to all companies.

If, on the other hand, the Government of India decide that it must be treated as a corporation tax, then it follows :

Firstly, the surcharge imposed on it in 1931 should be entirely removed ;

Secondly, whatever the effect on provincial revenues, it must be allowed as a deduction in computing the assessable profits of a company for income tax purposes ;

Thirdly, that the exemption accorded to Investment Trust Companies should be removed.

My Committee do not agree with the conclusions of the Enquiry Committee that, if company super tax is to be treated as a corporation tax in future there are sufficiently good grounds for removing the exemption limit of Rs. 50,000 which now exists for the reason that companies, irrespective of their income, already have to pay income tax at the highest rate, and do not get the benefit of the sliding scale which exists for individuals. My Committee's general feeling in regard to this Section of the Report is that the Income Tax Enquiry Committee desire to treat company super-tax as a corporation tax when this method would increase revenue, or rule out legitimate demands for relief from double taxation, and treat it as something different when treatment as a corporation tax would have adverse effects on income-tax revenue.

CHAPTER III.

Section 1—Income of wife and of minor children.—The proposals of the Committee of Enquiry in this connection are :—

- (1) the incomes of a husband and wife should be deemed to be, for income tax purposes, the income of the husband, but where the income of the wife is derived from her personal exertions, and is unconnected with any business of her husband, her income from her personal exertions up to a certain limit, say Rs. 500, should not be included. An obvious objection to this method of assessment, it has been pointed out, is that it might result in throwing an undue proportion of the joint taxation burden upon one spouse or the other, and to meet this objection, it has been suggested, that either spouse should have the right to claim separate assessment so that the tax chargeable on each shall be that proportion of the tax assessable on the joint income that the income of the spouse bears to the aggregate of the two incomes ;
- (2) the income of minor children should be deemed to be the income of the father ;
 - (a) if it arises from the benefits of partnership in a business in which the father is a partner ; or
 - (b) if, being the income of a minor, other than a married daughter, it is derived from assets transferred directly or indirectly to the minor by his or her father or mother ; or
 - (c) if it is derived from assets apportioned to him in the partition of a Hindu Undivided Family.

While my Committee agree as to the desirability of preventing the evasion of tax by the formation of nominal partnerships consisting of a husband and wife and/or their minor children, they cannot agree with the suggestion that the individual incomes of a husband

and wife should, in all circumstances, be amalgamated for income tax purposes if they are living together. Their view is that the legislation passed by the Assembly early this year appropriately meets the needs of the situation, and that in cases where the income of a wife is essentially her own, it should not be amalgamated with the income of her husband for income tax purposes. In this connection, my Committee would like to refer the Government to the views expressed by the Association on this matter in 1926 (copy enclosed).*

It is acknowledged that, in taking this view, my Committee are recommending a procedure different from that adopted in England, but it must be remembered that in England a number of allowances not obtainable in this country are given to married assesses.

Section 2—Partnerships : (a) Registration.—While my Committee recognize that in certain cases hardships might be inflicted if the recommendations of the Enquiry Committee in this connection on pages 21 and 22 of their Report were put into operation, it is thought that they should be generally accepted since if there were no intention to evade taxation, the hardships referred to could be avoided by the formation of private limited companies. The only observation which my Committee wish to make is that they do not agree that when an Income Tax Officer is satisfied that non-registration involves less tax being paid than would be paid otherwise, he should be empowered to deal with the firm not claiming registration in the same manner as if it were registered. As long as the law of the country permits the formation of unregistered partnerships, the freedom of individuals to enter into such partnerships should in no way be fettered even though non-registration means that less tax would have to be paid by the partnership than if it were registered. The powers sought to be given to the Income Tax Officer in the recommendation are unnecessary in view of the other remedies available to him, and are, in any case, too wide, and would, in my Committee's view, lead to undue harassment of assesses and unwarranted restriction of their legal rights.

Section 3—Hindu Undivided Families.—The Enquiry Committee recognize the hardships involved in the present system whereby the Hindu Undivided Family is treated almost as if it were an individual, irrespective of its number of members; and recommend that whenever the Hindu Joint Family contains more than one adult married male member, the family's income be divided by two for the purpose of calculating the rate of tax, the individual incomes of all the members from whichever source derived being included in the joint family income. The Hindu members of my Committee feel that this is neither remedying the existing hardship nor a reform in the right direction, particularly the provision regarding the inclusion in the joint family income, of the individual incomes of members derived from even non-family sources. They consider that the concession recommended discriminates in favour of joint families with two married adult male members as against those with more than two such members. The taxation basis of the division by two proposed by the Enquiry Committee as well as the suggestion for aggregating individual income of all members from whatever sources derived is, in their opinion, neither equitable nor just. It has been urged that there is no reason why one particular set of tax-payers should be penalized for adhering to a social institution which is recognized as valid by the law of the land. From all these points of view, it is stated that it would be much more logical and reasonable to treat the Hindu Joint Family as merely an association of individuals and to treat its income as if it belonged equally to a number of individuals corresponding to the number of married adult males. A consequential provision should be added to the effect that such income will be added to the individual's income from other sources for calculating the rate of tax on his entire income. The rest of the Joint Hindu Family should be assessed as heretofore.

CHAPTER V.

Section 2—Income from Property.—Under Section 9 (1) of the Income Tax Act, the tax shall be payable by an assessee under the head "property" in respect of the *bona fide* annual value of property consisting of any buildings, lands, etc., of which he is the owner, the term "annual value" meaning "the sum for which the property might reasonably be

* Not printed.

expected to let from year to year." The deductions permissible for the purpose of estimating the taxable annual value are also specified in the Section. Where the property is in the occupation of the owner for the purpose of his own residence, the annual value shall be deemed not to exceed 10 per cent. of his total income for the year. The Enquiry Committee are unable to accept a change in the basis of assessment to actual net receipts in "the previous year" for the reason that this would involve many difficulties in ascertaining the liability where proper records are not kept.

My Committee consider that a change in the basis of assessment on actual receipts in "the previous year" would be fair to the assessee and the Department inasmuch as the tax is levied on *actual* gross income less *actual* outgoings. The present basis introduces an element of calculation in the computation of the taxable income in view of the fact that the precise extent of the allowances required to cover vacancies, legal charges, etc., can only be ascertained at the end of the year. Where proper books of account are being maintained, it is felt that the Income Tax Officer should be authorized to compute income from property on the basis of the "previous years" actuals.

CHAPTER VI.

Section 4 (e)—Sundry Customary Payments.—The Enquiry Committee consider that it would be impossible to make a comprehensive list of sundry payments by traders and to specify which should be allowed, but they feel that it would be sufficient to say that where such payments are made in the ordinary course of business as quasi discounts to customers, etc., and not as obligations arising from the personal, social or religious status of the assessee, they should be allowed.

My Committee agree with the principle of this recommendation, but feel that certain exceptions may have to be made.

Sections 5 and 3 of Chapter VIII—Depreciation and Obsolescence.—The full implications of the Enquiry Committee's recommendations in regard to depreciation and obsolescence can only be appreciated if this Section is read in conjunction with Section 3 of Chapter VIII which deals with the subject of "Carry Forward of Business Losses," and my Committee, therefore, propose to deal with these two Sections together. In the first place, they are strongly opposed to the proposal that the present method of allocating depreciation should be changed to what the Enquiry Committee term the "written down value method." My Committee do not see any advantages in the written down value system as compared with the existing system, and it may be noted that the Enquiry Committee themselves only state in its support that "there is at least as much to be said for the written down value basis as for the present basis." The new basis proposed is, in my Committee's view, distinctly opposed to existing practice, and it would necessarily result in gradually decreasing allowances for depreciation on each and every machine which, in their view, would be most undesirable. The written down value method would also have the defect that at no time would the total value of any particular machine be written off completely, and in addition, the system would greatly complicate the calculation of obsolescence allowances. In so far as cotton mill machinery is concerned, members of our Association report that they have not experienced any difficulty in obtaining from the Income Tax Authorities an agreed figure in regard to the amount of absorbed depreciation of their plant and machinery, and in these circumstances, my Committee strongly feel that no change should be made in the method of allocating depreciation. When the Enquiry Committee's recommendations on the subject whether depreciation should be reckoned as an expense or as an allowance to ascertain profits are read in conjunction with the proposals in Chapter VIII for the carry forward of business losses, their inequity is at once apparent as far as the cotton mill industry of this country, and particularly the Bombay cotton mill industry, is concerned. My Committee maintain that it would be an unwarranted breach of faith on the part of Government to accept the recommendations which have been made, since the new proposals would provide no adequate compensation to many manufacturing concerns which, during the last ten or twelve years, had been unable, owing to the severity of their losses, to set off more than a fraction of the depreciation to which they were statutorily entitled.

The Enquiry Committee themselves apparently realize the injustice of their recommendation to some extent inasmuch as they have suggested that carry forward of six years' unabsorbed depreciation should be allowed against profits of business otherwise assessable for the succeeding six years if and when carry forward of business losses recommendation is introduced. The following example of the effects of the new proposals in the case of a hypothetical mill clearly brings out the great injustice of the Committee's proposal :

Mill A started early in 1926.

Value of Block : 10 lakhs of rupees.

The trading results of the period 1926-37 are as follows :—

Year.	Business :		Depreciation at the usual rate allowed.	Arrears of depreciation carried forward.
	Profit or Loss.			
	Rs.		Rs.	Rs.
1926	Loss	20,000	40,000	40,000
1927	Loss	15,000	40,000	80,000
1928	Profit	10,000	40,000	110,000
1929	Profit	5,000	40,000	145,000
1930	Loss	30,000	40,000	135,000
1931	Loss	25,000	40,000	225,000
1932	Loss	20,000	40,000	265,000
1933	Profit	10,000	40,000	295,000
1934	Profit	10,000	40,000	325,000
1935	Loss	30,000	40,000	365,000
1936	Loss	25,000	40,000	405,000
1937	Loss	20,000	40,000	445,000

Assuming that the proposals of the Enquiry Committee were to be put into effect at the end of 1937, their effect would be that the depreciation permitted to be carried forward would be reduced from Rs. 4,45,000 to Rs. 2,20,000, that is, total calculated depreciation for the last six years less amount actually set off (Rs. 2,40,000 *minus* Rs. 20,000 = Rs. 2,20,000), and if the written down value method of depreciation were also adopted, it would mean a very substantial reduction in the future allowances for depreciation which would be permitted to be set off. In these circumstances, my Committee maintain that the present system of allocating depreciation should be continued and that Government must, in justice and equity, continue to honour the arrangement made by the Income Tax Act of 1922 which permits the carry forward of unabsorbed depreciation for an unlimited period. Provided that past unabsorbed depreciation is allowed to be set off against future profits for an unlimited period, my Committee agree that the Enquiry Committee's proposal for the gradual introduction of the setting off of business losses against future profits might be adopted, as they hold that this would enable the Government of India to expedite the introduction of this very salutary principle.

Section 5 (e)—Fixation of Rates.—On page 39 of their Report, the Enquiry Committee have recommended that there should be periodic revision of prescribed rates with special attention to newly introduced types of plant and machinery at intervals of ten years. While in theory my Committee do not disagree with the suggestion, it is thought that the practical difficulties which the alteration of rates would involve would more than counter-balance the advantage which would accrue from the fixation of strictly accurate rates. It might also be pointed out that, in the long run, it is practically immaterial whether the prescribed rates of depreciation exactly correspond with the actual rates of depreciation or not, since they only alter the period during which depreciation would be allowed and do not alter the total depreciation figures ; in other words, when an assessee's building and machinery

have been depreciated by 100 per cent., no further allowance would be obtainable and it is, therefore, practically immaterial whether the 100 per cent. is given in a period corresponding to the actuals or a year or two more or less. An added reason against periodic revision is that it would further complicate an assessee's depreciation records and the calculation of obsolescence allowance.

CHAPTER VII.

Section 2—Investment Companies.—The Enquiry Committee consider that no case has been made out for allowing the expenses of management (other than banker's commission) in computing the profits of Investment Trust Companies. In their view, there is no reason why such companies should be given a privileged position *vis-a-vis* other companies having income from the business of buying or selling shares and receiving dividends.

My Committee cannot agree with the conclusions of the Income Tax Enquiry Committee. While it is true to say that an individual holding investments is not allowed any charges against his income in respect of what might be called general or office expenses in regard to the investment of capital, this cannot be accepted as a reasonable ground for not allowing such expenses in the case of Investment Companies. In my Committee's view, the Income Tax Authorities do not appear to have given sufficient consideration to the structure of an Investment Trust Company. It is the business of an Investment Company to carry on the work of investing and re-investing its capital. Before an Investment Company can come into existence or operate successfully, certain regulations have to be complied with in regard to the preparation of Memorandum of Articles, appointment of Directors, Auditors, Staff, etc., and it cannot reasonably be said that no expense is involved to an Investment Trust Company in carrying on its normal business, and my Committee contend that, without the expense of the framework and the management, the Investment Company would cease to exist altogether. It is understood that representations have been made in certain cases to the Income Tax Authorities, but that they have found that in view of the regulations contained in the Manual, they were unable to give any relief in the direction required and the expenses involved in taking matters to the High Courts for a decision on points of law prevented assesseees from proceeding further. My Committee consider it advisable that the Central Board of Revenue should go more fully into this matter.

Section 3 (e) : Page 47—Mutual Benefit Societies.—The Enquiry Committee point out that a large portion of the members of such societies are far removed from the point of liability, and they, therefore, consider that the scheme of taxation should, as far as possible, avoid taxing income received by them, and they recommend that where the Income Tax Officer is satisfied that the majority of the members of a society are not liable to tax, all interest payable to members should be allowed as a deduction in arriving at the surplus for assessment, particulars of interest paid being furnished by the society. Where these conditions are not satisfied, and interest paid to members is included in the assessment upon the society, members not liable to tax, or not liable at the "standard rate" should be entitled to a rebate. Similar concessions are also proposed in respect of *thrift funds*.

My Committee are generally in agreement with these proposals. They are not, however, clear as to how the Income Tax Officer would ever be in a position to ascertain whether the interest paid to a member will be ultimately assessable in his hands. In any event, they do not expect that the society would be called on to assist the Income Tax Officer in this matter by compiling for him a list of their members' *other* incomes. If, however, it is the intention of the Enquiry Committee to call for such a return, then my Committee feel we ought to oppose it. In their opinion, interest paid by a mutual benefit society to its members should be allowed by the Income Tax Officer in computing its total income on production of a full list of the members and the amounts of interest received by them for his inspection.

CHAPTER VIII.

Section 2—Interest Payable.—Under Section 9 (1) (*iv*) in computing the income of an assessee from property which is subject to mortgage or other capital charge, interest payable

in respect of such mortgage or charge is allowable as a business deduction. The Enquiry Committee point out that under this provision interest paid on money borrowed for private purposes would also become allowable if the loan is secured on real property ; they, therefore, recommend that interest should be allowed only when it is paid in respect of a mortgage or other charge to which the property was subject when it was acquired by the assessee or in respect of money borrowed specifically for the acquisition of the property or for its repair, renewal or reconstruction.

No sufficient reasons have been advanced by the Income Tax Enquiry Committee for disallowing interest on any and every mortgage effected after the acquisition of a property, and in my Committee's view, the present practice should be allowed to continue. In the second paragraph of this Section, the Income Tax Enquiry Committee state that "in the computation of business profits, we consider that *bona fide* interest in respect of capital borrowed for the purpose of the business, payable to persons other than to the proprietors of the business, should be allowed whether dependent or not on the earning of profits. Such interest should only be disallowed in the circumstances described in the next paragraph. To effect this, the notification in paragraph 18 (2) of the Manual would need modification." My Committee agree with the recommendation contained in the first sentence of the above quoted extract, but they do not entirely agree that interest should always be disallowed in the circumstances set out in the third paragraph of the section. For example, take the case of a company where, after disallowance of the interest referred to, the company shows a loss in its Profit and Loss Account : surely, it is unreasonable to suggest that, notwithstanding the company making a loss after such disallowance, it should at the same time be made to suffer tax in any circumstances. If the principle of the proposal for the disallowance of interest for taxation purposes in the circumstances set out in the Report is adopted, it is considered that the only equitable and reasonable basis would be to assess such amount of profits as remains in the Profit and Loss Account after deducting the said interest.

As regards the recommendation made in the Report that having regard to the special conditions of British India it is not desirable that all annual interest payable by an assessee should be an allowable deduction from his total income irrespective of the purpose for which the money was borrowed, my Committee have no comments to make in the absence of specific reasons for the Income Tax Enquiry Committee's conclusions.

CHAPTER IX.

Section 1—Date of Payment.—Section 45 of the Act lays down that the amount specified in a notice of demand shall be paid within the time, at the place and to the person mentioned in the notice, or if no time is specified, then, on or before the first day of the second month following the date of the service of the notice ; an assessee failing so to pay shall be deemed to be in default, provided that when the assessee has presented an appeal, the Income Tax Officer may in his discretion treat the assessee as not being in default so long as such appeal is undisposed of. The penalty for making a default is laid down in Section 46 (1).

The Enquiry Committee point out that they had seen cases in which the time allowed for payment had been as short as one or two days, which, they say, they do not regard as reasonable. On the other hand, they consider, to allow say 30 or even 60 days as advocated from certain quarters, would be unfair to the revenue especially in cases where the assessment is not made until towards the end of the financial year. In the circumstances, they do not feel it is necessary to alter the existing statutory provisions, but recommend that departmental instructions should be issued to the Income Tax Officers to the effect that the time allowed for payment except in cases where revenue appears to be in danger, should not be less than 14 days.

With regard to requests received for the introduction of a system of payment of tax by instalments, the Enquiry Committee consider that since the payment of tax by instalments would necessarily much reduce the revenue receipts in the year of inauguration of such a system, it should not be accepted.

My Committee regret that the Enquiry Committee have not advanced any convincing arguments against the introduction of a system of payment of tax by instalments. The suggestion made in the Report that the time allowed for payment except in cases where the revenue appears to be in danger should not be less than 14 days is, in my Committee's view, a step in the right direction, but it would seem that the recommendation would still leave the matter very largely in the hands of the assessing officer. It has been pointed out to my Committee that the Taxation Authorities usually allow a period of 30 days in which to make payment at the present time and if the Taxation Department would speed up the hearing of cases, the continuance of a grace period of 30 days would not in the majority of cases prevent the Department from collecting the amounts due within the financial year. After the submission of returns, a considerable delay almost invariably occurs before a meeting takes place with the Income Tax Officer, and sometimes there is a lapse of two or three months before any action is taken by him. My Committee would like to suggest that, if the internal working of the Taxation Department were speeded up, the difficulties so far as the Department is concerned in regard to allowing a reasonable time in which to make payment would disappear. The experience of members of this Association is that a communication sent from Bombay to the Taxation Authorities in England is usually dealt with and a reply received in Bombay within a period of five or six weeks, whereas a delay of two or three months usually occurs before a reply is received from the local Taxation Authorities.

Section 3—When Assessment under Appeal.—The Enquiry Committee point out that powers to defer collection of tax where an appeal against the assessment is pending already exist under Section 45 of the Act and in the instructions contained in para 115 of the Manual, but they feel that these instructions are not as fully honoured as they might be. They, therefore, suggest that the inspecting officers proposed under the Act should secure an improvement in the Act. This Section, it is felt, should be read in conjunction with Section 1 of Chapter XV (extent to which orders are subject to appeal).

An important point arising hereunder is that, in certain cases, an assessee is not in a position to file a return in the specified period, and there does not appear to be any provision in the Indian Act whereby an assessee can appeal on general terms within the specified period subject to a specific appeal being lodged when all the information required has been obtained.

My Committee understand that, at present, it is entirely discretionary on the part of the Assistant Commissioner to accept a notice in general terms of the intention to appeal, and that the tendency is for the Assistant Commissioner to refuse to accept appeals framed in this manner, which is contrary to the practice in the United Kingdom. My Committee consider that the matter is of sufficient importance to warrant a special provision being made in the Act or in the Manual which would entitle an assessee to appeal in cases where he is prevented from obtaining all the necessary information required by him to complete the grounds of his appeal in the ordinary way.

CHAPTER X.

Section 1—Interest Paid.—The recommendations are :

(a) *Interest (other than interest on securities) paid to "residents."*—Deduction of tax at source is not recommended, but the companies or persons paying the interest should submit to the Income Tax Officer a return showing the names and addresses of the resident-recipient with the amount of interest paid in the year. Section 20A prescribes such a return in respect of recipients of interests exceeding Rs. 1,000 per year, and it is suggested that the minimum be reduced to Rs. 100 per annum.

(b) *Interest (other than interest on securities) paid to non-residents.*—Interest payable to a non-resident by a resident should be subject to a deduction of tax at source at the standard rate. It is further proposed that when the contract for the payment of interest by a resident to a non-resident is made outside British India, so that the resident has no right of deduction of tax, that such interest should not be allowable as a deduction in computing the profits.

The Enquiry Committee appear to have considered the question of allowing an assessee deduction from his total income of the full annual interest payable by him irrespective of the purpose for which money was borrowed, but point out that having regard to the special conditions of British India, this concession is not desirable.

With regard to recommendation (a), the minimum prescribed by Section 20A is now Rs. 1,000, and it is felt that the widening of the scope in regard to the limit prescribed which necessitates a return to be submitted by the payer would only cause considerable trouble to such payer without any potential benefit being derived by Government. This would be a particularly repugnant piece of legislation to bankers who have on their books thousands of accounts, the interest on which in any year may not exceed a few hundred rupees each, and the trouble to the Income Tax Department in tracing such items to the returns of individuals would probably not justify itself in the returns of fresh income.

With regard to the Enquiry Committee's other recommendation, namely, deduction of tax at source when interest is paid to a non-resident assessee, my Committee would point out that, in cases where interest is being paid without deduction outside India, payment of interest without deduction is an implied condition of the contract between the assessee paying the interest and the non-resident who receives it; in other words, the remuneration allowed to the non-resident for the use of his money is net and no question of deduction, therefore, arises. In the circumstances, my Committee consider that this recommendation if accepted by Government, should, in any event, only apply to contracts entered into after the commencement of the amending Act.

The suggestion made in the Report is that where, under the contract for payment of interest, the resident has no right to deduction of tax, such interest should not be allowed as a deduction in computing profits. This proposal would probably have the effect of stultifying the free transaction of business by banks in the matter of borrowing funds abroad with a detrimental effect to business in India. Experience shows that the application of Section 18 (3) (a) and 3 (b) of the Act is having the effect of crippling the amount of business that otherwise would naturally be done by banks abroad in the borrowing of money, because lenders abroad find it unprofitable to lend money in India when the taxation authorities seek to assess interest payable to them which is not necessarily profit in their hands, the result being extremely detrimental to economic interests in India.

Section 2—Dividends.—At present dividends are grossed up at the company rate for the year in which the dividend is paid. This takes no account of double taxation relief which the company enjoys, and thus the shareholder may get a refund in excess of what the company has finally borne. The Enquiry Committee, therefore, suggest that dividends should be grossed up at the company rate for the financial year in which the dividend is declared less the rate at which double taxation relief has been obtained (in respect of income tax only) for the year preceding the year in which the dividend was declared. The "preceding year" basis is preferred to avoid delay of refund to the shareholder. It is pointed out that where a part of a company's revenue is derived from agricultural sources, or from tax-free securities, there is considerable delay in the grant of refund. This, it is suggested, should be avoided by taking the previous year ratio where more than 10 per cent. of the income is derived from tax-free securities. Where, however, the percentage is less than 10, the Enquiry Committee point out that the loss of revenue is small and should be ignored, that is to say, full refund should be allowed to the shareholder. It is further proposed that where a shareholder receives dividends from a non-resident company which pays tax only on a part of its profits, the balance should be assessed in the hands of the shareholder.

In the first para of this Section, it is proposed to adopt the company's rate of relief allowed for the year preceding the year to which the dividend was declared, such rate being required to be shown on the dividend certificate and being the rate by reference to which double taxation relief should be deemed to have been allowed to the shareholders.

This, my Committee consider, is a reasonable proposition. There is, however, another aspect to be examined. Take the case of a company which pays income tax on its profits, only a portion of its income being assessable to income tax; that is to say, part of the dividend

received by an individual is paid out of tax-free income which is either from agricultural income or interest on tax-free securities. Although it does not appear to be the general practice in India to make a specific deduction of tax from dividends, either preference or ordinary, there might possibly be the case of a company having tax-free income, where in making payment of dividends to its shareholders tax is deducted therefrom ; in this case the company would not be liable to tax on that portion of its income which is non-assessable ; the shareholder has suffered tax on the full amount of his dividend ; in such case, it is thought that it would be necessary for provision to be made so that the shareholder—if he is to be assessed on the gross amount of his dividend—should also in case of relief be allowed relief in respect of the full amount of tax deducted at source by the paying company, irrespective of whether the paying company had in fact accounted to the taxation authorities for tax deducted from dividends. Further, relief to be granted in the case of a refund to the shareholder in such circumstances should not be grossed up on the basis of the tax suffered by the company, but on the basis of the tax deducted from the dividend of the shareholder.

The Report suggests that the recent decision in the Hungerford Investment Trust case makes it necessary to provide that relief or refund shall not be allowable in respect of that proportion of any dividend corresponding to the proportion of the profits out of which the dividend was paid which was not assessable to the paying company, also that that proportion of a dividend paid out of profits not assessed to tax but which would have been assessed had they been the profits of a company resident in British India shall be assessed in the hands of the shareholder. The corollary to this suggestion is that, if relief or refund shall not be allowed in respect of that proportion of any dividend corresponding to the proportion of the profits out of which the dividend was paid which was not assessable to the paying company, then it seems to follow that in the hands of a shareholder such proportion as above referred to of any dividend received by a resident shareholder from a resident company if it is not assessable in the hands of the paying company should not become assessable in the hands of the shareholder.

In the second para of page 55 of the Report, the statement is made that although the foregoing deals primarily with dividends received by a resident from a resident company, the same principles should be applied to dividends received from a non-resident company that has paid British Indian tax on a portion of its profits so that whilst the whole dividend is assessable, credit should be given for tax only on that proportion of the dividend corresponding to the proportion of the paying company's income that has borne British Indian tax. This appears to my Committee to be a one-sided arrangement whereby the taxation authorities on the one hand assess the whole dividend in the hands of the shareholder because it is received by him in British India, but in a case where the shareholder is either not liable at all or assessable at a lower rate than that applicable to companies, he is only entitled to relief in respect of that proportion of the dividend corresponding to the proportion of the paying company's income that has borne British Indian tax. This appears to my Committee to be a one-sided arrangement whereby the taxation authorities on the one hand assess the whole dividend in the hands of the shareholder because it is received by him in British India, but in a case where the shareholder is either not liable at all or assessable at a lower rate than that applicable to companies, he is only entitled to relief in respect of that proportion of the dividend corresponding to the proportion of the paying company's income that has borne British Indian tax.

Section 3—Salaries.—The recommendations in this Section refer to the method of applying the "slab" system to salaries. It is pointed out that deductions may be made as follows :

- “(a) to deduct from each month's salary, one-twelfth of the estimated tax applicable to a year's salary.
- (b) to treat the successive payments of salary as corresponding to the successive 'slabs' of income to which different rates of tax are applied. Thus with a salary of Rs. 1,500 a month, by reference to the specimen scale in Appendix II, the first month's salary corresponds to the tax-free slab and no tax is deducti-

ble ; the second month's salary is treated as part of the second slab and tax is deductible at $\frac{2}{3}$ annas per rupee ; the third month's salary is treated as part of the second slab and tax deducted at $\frac{2}{3}$ annas per rupee ; the fourth as to Rs. 500 as part of the second slab taxable at $\frac{2}{3}$ annas per rupee and as to Rs. 1,000 as part of the third slab taxable at $1\frac{1}{2}$ annas per rupee, and the fifth is treated as part of the third slab taxable at $1\frac{1}{2}$ annas per rupee and so on."

The Enquiry Committee appear to be in favour of adopting method (b). It is further recommended that super tax wherever applicable should also be deducted by the employer from salaries.

Method (b) outlined above does not appear to my Committee to be feasible. It will certainly complicate matters from the point of view of the employer ; moreover, from the point of view of the salary-earner, he would prefer a fixed deduction at the end of each month to a variable deduction which increases month by month. In the circumstances, my Committee are in favour of method (a).

My Committee feel that the employer should not be compelled to collect super tax from employees. The employer is compelled under the Act to submit a return of salaries paid and the names of the recipients and there is no reason why this return should not be utilized by the Income Tax Department in collecting the super tax from the employees direct. Moreover, taking into consideration the fact that it is proposed that every citizen who has an assessable income must submit a return without being called upon to do so, no difficulty is likely to arise in collecting super tax by direct assessment.

CHAPTER XI.

Double Taxation Relief, etc.—The principles which the Enquiry Committee recommend should be adopted in granting double taxation relief appear to be, on the whole, on right lines. Detailed examples of the method of calculating relief have been given in this Chapter, but my Committee find that these examples are based on certain assumptions, and they are, therefore, not in a position to express any definite views at this stage on the points dealt with in this Chapter. They would, however, like to be given an opportunity of discussing the issues raised in this Chapter when Government's tentative decision in regard to the extent of double taxation relief to be afforded to assesseees paying tax in more than one country are available.

CHAPTER XII.

Section 2—Settlements and Dispositions.—The Enquiry Committee point out the possibility of tax being avoided by an assessee by transferring by deed, the income from specified assets to a beneficiary in such circumstances that he (the assessee) could claim the income to be no longer his, but to be that of the beneficiary. Similarly, they point out, there is the possibility of an assessee transferring by deed, actual assets (property, stocks, shares, etc.), so that for the time being at least, the income must be regarded as the income of the transferee. To meet such cases, they suggest :—

- (a) all income arising to a person by virtue of a settlement or disposition of income, whether revocable or not and whether effected before or after the coming into operation, of the amended Act, from the assets remaining the property of the settler or disponent shall be deemed to be income of the settler or disponent.
- (b) all income arising to a person by virtue of a revocable transfer of assets shall be deemed to be the income of the transferor for all income tax purposes.

My Committee regret they cannot agree with the recommendations as they stand. At the outset, they would like to point out that they do not see any justification for retrospective effect being given, as suggested in sub-paragraph (a) above, to any legislation giving effect to the recommendations made in this Section. The principle of including all income from a revocable settlement or disposition in the income of the settler or disponent appears

to have been adopted by Section 20 of the United Kingdom Finance Act of 1922, the underlying reason apparently being that in such cases the settler or disponor retains the power of obtaining enjoyment of the income to his own benefit through the power of revocation reserved to himself. Even in the United Kingdom Act, no retrospective effect is given to the taxing provision by bringing in settlements or dispositions effected before the date of legislation, and there is no reason to do so in this country.

My Committee note that income arising from an irrevocable settlement or disposition of income only is sought to be treated differently from income arising under an irrevocable transfer of assets. When a person has irrevocably deprived himself of the benefit of his income, even though retaining control over the assets subject to such irrevocable disposition of income, it appears to be inequitable to include such income in the income of the disponor for purposes of taxation. Possibly what is suggested is legislation on the lines of Section 20 (1) (b) of the Finance Act of 1922 to bring in income disposed of for a period less than six years. My Committee's recommendations, therefore, in regard to this Section are as below :

- (a) No retrospective effect to be given.
- (b) In cases where income arising from property has been *irrevocably* transferred, such income should only be assessable in the hands of the recipient of the income or beneficiary even though control over the property in question rests with the settler or disponor.
- (c) Even in cases where income from property has been transferred by a *revocable* settlement, the income should not be assessed in the hands of the donor or transferor if the period of settlement exceeds six years.

CHAPTER XII.

Section 3 (a)—Non-distribution as income of a company's profits : Distribution in the form of Bonus Shares, etc.—The Enquiry Committee recommend that bonus shares distributed by a company should be deemed to be dividend for purposes of assessment, and they suggest that the term "dividend" be defined as below :

"A dividend shall include every dividend, profit, advantage or gain intended to be paid, credited to or distributed."

This definition is adopted from the Dividend Act of 1902 of Western Australia, and my Committee do not understand why the Enquiry Committee should endeavour to apply the Act of Western Australia in this particular instance when there is sufficient material in the numerous decisions on English law. Their attention has been drawn to several decided cases in England, where it has been held that a bonus declared by a British company out of its undivided profits made by the issue to its shareholders of shares and debenture stock of the company should not be deemed to be income for taxation purposes. It also appears to have been held in the cases *C. I. R. vs. Blot*; *C. I. R. vs. Greenwood* (H.L. 1921); *C. I. R. vs. Coke* and *C. I. R. vs. Wright* (1926), that where a company in addition to paying its usual dividends in cash, pays bonus dividends out of undistributed profits in the form of shares of the company, the shareholders having no option to receive such dividends in cash, the bonus dividends are not income in the hands of the shareholders.

CHAPTER XII.

Section 3 (b)—Non-distribution.—Section 23 (A) (2) lays down that "where the Income Tax Officer is satisfied that a company is under the control of not more than five of its members and that its profits and gains are allowed to accumulate beyond its reasonable needs, existing and contingent, having regard to the maintenance and development of its business, without being distributed to the members, or that a reasonable part of its profits and gains, having regard to the said needs, has not been distributed to its members in such manner as to render the amount distributed liable to be included in their total income, and that such accumulation or failure to distribute is for the purpose of preventing the

imposition of tax upon any of the members in respect of their shares in the profits and gains so accumulated or not distributed the Income Tax Officer may, with the previous approval of the Assistant Commissioner, pass an order that the sum payable as income tax by the company shall not be determined, and thereupon the proportionate share of each member in the profits and gains of the company, whether such profits and gains have been distributed to the members or not, shall be included in the total income of such member for the purpose of his assessment thereon."

The Enquiry Committee point out that this Section is virtually a dead letter, the major difficulty being that before an Income Tax Officer can pass an order thereunder, he must be satisfied that a company's "profits and gains are allowed to accumulate beyond its reasonable needs, existing and contingent, having regard to the maintenance and development of its business" and that "such accumulation or failure to distribute is for the purpose of preventing the imposition of tax upon any of the members in respect of their shares in the profits and gains so accumulated." This task, they point out, *involving as it does not only an assessment of motives but also an estimation of the future possibilities of an individual business might deter an Income Tax Officer*; in the circumstances, they consider that the Section could be made more effective if the criteria for its application were made more specific. They suggest that the Section should apply only to cases where the profits distributed (grossed up to include income tax) are less than 60 per cent. of the assessable income of the company, provided that where the reserves representing past profits which have not been the subject of an order under Section 23 (A) (2) exceeds the paid up capital, the Section shall apply if the profits distributed are less than the whole of the assessable income of the company.

The Enquiry Committee also point out that Section 23 (A) (2) is capable of improvement in the following directions:

- (i) Since a company can be controlled by persons who are not members, but who hold shares through nominees, the word "members" should be altered to read "persons."
- (ii) It is pointed out that the order of the Income Tax Officer contemplated in this Section which provides that no tax including super tax shall be payable by the company, might result in less tax being realised from members than from the company itself if the Section had not been invoked. The Section, it is further urged, does not necessarily encourage distribution of profits because distribution involves for that part of the profits individual super tax as well as company super tax, whereas the application of the Section as it stands cancels the liability to company super tax. In the circumstances, it is recommended that orders under this sub-Section should merely deem a member's proportionate share of the income of the company to be dividends and, therefore, part of his total income, leaving the company assessable in the ordinary way both to income tax and company super tax.
- (iii) Appeals to the Board of Referees under Section 33A against orders passed by the Income Tax Officer under Section 23A are proposed to be abolished. Such appeals would, in future, be made to the Assistant Commissioners in the first instance and to the proposed Tribunals later.
- (iv) It is pointed out that the Section is at present silent as to the time within which the distribution of the profits would operate to prevent the application of the Section, and it is suggested that this condition should be made specific, the Section applying where a sufficient distribution has not been made within say six months of the date on which the accounts for the year in question have been presented to the shareholders in general meeting.

The Enquiry Committee recommend that, notwithstanding the practice in the United Kingdom, the questions of motive and possible future requirements of the business for expansion, etc., should not be taken into account, but that the surest test should be the

ratio distributed to the total income of the company. In referring to "income," my Committee presume the Enquiry Committee mean "net profit" after making the necessary deductions allowed under the Act. Assuming a company made a profit of Rs. 5 lacs net on Profit and Loss Account; the company has otherwise suffered a capital loss or its invested capital has suffered depreciation of Rs. 5 lacs; in these circumstances, it is certainly the business of the Directors of the Company, whether public or private, to decide whether or not a dividend should be paid to the shareholders and if, in fact, the Directors decided that in the interests of the company it is preferable to provide for such capital loss from profits or to write down the book value of investments to cover any depreciation that may have taken place, that is a prerogative which must of necessity remain with the Directors and should not, in any circumstances, be challenged even by the Income Tax Authorities; otherwise, the management of companies would be in an utterly hopeless condition. All that the Income Tax Authorities should be required to do is to satisfy themselves that the Directors conduct the affairs of the Company in a reasonable and prudent manner in regard to the appropriation of the profits arising. A point to be remembered in this case, however, is that if the company has made a profit of Rs. 5 lacs and decides to write down capital losses or capital depreciation of any sort, it would no doubt have suffered tax on the trading profit, and it is not for the Taxation Authorities to assume that the Directors should have taken any other action.

In the circumstances, therefore, my Committee entirely disagree with the suggestion made by the Report in regard to the non-distribution of profits, where the profits distributed grossed up to include income tax are less than 60 per cent. of the assessable income of the company.

In regard to the proviso that where reserve profits which have not been subject of an order under Section 23 (A) (2) exceeds the paid up capital the Section should apply if the profits distributed are less than the whole of the assessable income of the company, my Committee are definitely opposed to this suggestion. Here again, it must be within the jurisdiction of the Directors to decide under what circumstances and to what extent reserves are necessary in the interests of the company's business.

Section 3 (c)—Distribution by Companies in Liquidation.—The Report recommends that in the case of a company other than a company referred to in the proviso to Section 23 (A) (2) all distributions in a liquidation to the shareholders out of accumulated profits should be deemed to be dividends within the meaning of that word in Section 14 (2) (A). In this connection, my Committee would refer to the case of *I. R. C. vs. Burrell C. A. T. C.* 1927 in which it was decided that undistributed profits divided at a liquidation should be treated as capital and not chargeable to super tax. Whatever the provisions of Section 20 sub-section 6 of the United Kingdom Finance Act 1936, the Report seems to have ignored the cases above referred to and in the circumstances, my Committee regret they cannot agree with the suggestion that all distributions in a liquidation to the shareholders out of accumulated profits should be deemed to be dividends.

There are other matters which my Committee would also like to take up with the Government of India, and these are set forth below:

1. Paragraph 116 (ii) of the Income Tax Manual reads as follows:

"Prior to the passing of the Indian Income-tax (Second Amendment) Act, 1933, a refund was permitted only where there was a difference between the rate at which an assessee had tax deducted at source from his dividends, salaries, interest on securities or share of the profits of a registered firm and the rate applicable to his total income from all sources. The result was that where an assessee had income from one of these sources only, he could not claim a refund of tax deducted at source even if his income was below the minimum taxable limit because there was no rate applicable to his total income. The Act as now amended allows a refund both where there is a difference in rate and when there is no liability at all to tax."

In practice, my Committee find that the statement contained in the last part of the para is in fact non-effective ; for example, if the Income Tax Officer issues a notice under Section 34 of the Act which deals with income escaping assessment and ultimately finds that an assessee instead of being called upon to pay additional tax is entitled to a refund owing to the amount of tax deducted at source being in excess of his liability, the Income Tax Officer has stated that he is unable to make a refund to the assessee because of the provisions of Section 50 which provide that no claim to any refund shall be allowed unless it is made within one year from the last day of the year in which the tax was recovered. This Section also provides that the claim to refund under Section 49 (relief in respect of United Kingdom Income Tax) may be admitted after the period of limitation when the applicant satisfies the Commissioner or an Assistant Commissioner of Income Tax specially empowered in this behalf by the Central Board of Revenue that he has sufficient cause for not making such claim within such period.

My Committee submit that in a case where the Income Tax Officer takes action under Section 34 which empowers him to levy tax should he find tax to be due to Government, it should also be laid down that in the event of the Income Tax Officer finding that a refund is due to the assessee, such refund should be made, notwithstanding the fact that a definite claim had not been made by the assessee to come within the provisions of Section 50.

In a case that has come to the notice of the Association, the Income Tax Officer stated that he was debarred under Section 50 from making a refund when he had taken action under Section 34, and on a reference to the Assistant Commissioner in the matter, he confirmed the assessment and the assessee was informed that nothing could be done unless the Act was altered to empower the Income Tax Authorities to make refund.

My Committee would like to draw attention to the inadequacy of departmental instructions to Income Tax Officers and the difficulty of interpreting such instructions by different Income Tax Officials, resulting sometimes in unfair treatment of assessments. Different Officers sometimes interpret instructions contained in the Manual in different ways, and it would seem desirable for this matter to be put right not only from the assessment point of view, but also from the assessee's point of view. In this connection, attention is directed to Sections 48 and 49 which deal with the subject of refund of tax, and to Section 50 which deals with the limitation applicable to such claims for refund. In a case that was brought to the notice of the Association recently, an individual who had not previously been called upon to file a return of income was asked to do so, and subsequently another return for the previous year was called for under Section 34, which deals with income escaping assessment ; thus, the taxation authorities were calling for returns for two years and assessment was made accordingly. In the assessment under Section 34, certain income for that year represented dividends which, for the purpose of arriving at the *rate* of tax, was included in the income, but owing to the fact that the assessee had not lodged his return within the specified time, the Income Tax Officer decided that the assessee was not entitled to any set off in regard to tax deducted at source from dividends, although at the same time such income represented by the dividends was included in his total income for taxation purposes. This is unfair and unjust to the assessee because it has to be remembered that many individuals, particularly if they are not called upon to file returns, are not aware of the requirements of the Income Tax Act, and in a case such as the one above referred to, it seems unreasonable that an assessee should be treated in such a summary fashion merely because of a simple default of this nature ; actually, in this case it means that the Taxation Authorities are benefiting to the extent of assessing on a larger sum and refraining from granting a refund of tax at a higher rate deducted at source which would, in normal circumstances, be due to him. From the foregoing it will be seen that owing to a narrow interpretation by the Income Tax Officer, in certain cases adequate refund is in fact not granted to the assessee. My Committee strongly feel that this position must be set right.

2. Para 126 of the Income Tax Manual deals with the question of limitation of refund and states in sub-para 2 : "where the shareholder keeps accounts on the cash basis the relevant date is the date of receipt and not the date of declaration and the foregoing instructions have to be read subject to this modification." It would appear that this extract is somewhat misleading for the following reasons : take the case of a company declaring

dividends say on 29th March, when intimation is made that the dividend will become payable on 28th April and is in fact received by a shareholder on say 1st May; if the shareholder keeps accounts on the cash basis, the date upon which such dividend would be treated as income to him would be the date of receipt. If, on the other hand, the assessee (say a company) keeps its accounts on the mercantile basis it would appear that the interpretation of the above para is that the income should be taken into account as on the date of declaration which, on the face of it, would be incorrect because such income has not accrued and cannot accrue to the assessee until the dividend becomes payable, and, in the case above referred to, the effective date is approximately one month after the date of declaration.

Experience shows that there is a lack of uniformity in the methods adopted by different Taxation Officers, with the result that individuals rather than make a fuss and appeal to the Assistant Commissioner suffer the over-assessment very grudgingly, and it is suggested that the injustice resulting from the misinterpretation of instructions in the Manual should be put right.

3. Attention is drawn to the provision of Section 18 (2) which reads as follows :

“Any person responsible for paying any income chargeable under the head “Salaries” shall, at the time of payment, deduct income tax—but not super tax—on the amount payable at the rate applicable to the estimated income of the assessee under this head :

Provided that such person may, at the time of making any deduction, increase or reduce the amount to be deducted under this sub-section for the purpose of adjusting any excess or deficiency out of any previous deductions or failure to deduct.”

The departmental interpretation of this Section appears to be that no limitation of time is applicable to claims which may be made by the Income Tax Officer in regard to errors arising under the above heading, and it would appear to be desirable that an alteration be made in the Act to provide a period of limitation. For example, Section 34 refers to income escaping assessment and permits the Income Tax Officer at any time within one year at the end of a previous year to serve on the person liable to pay tax or in a case of a company, a notice containing all or any of the requirements which may be included in a notice under Section 22 (2) and may proceed to assess.

Section 35 deals with ‘Rectification of Mistakes.’ In this Section the Commissioner or Assistant Commissioner may at any time within one year from the date of any order passed by him in appeal or, in the case of the Commissioner, in revision under Section 33, and the Income Tax Officer may, at any time within one year from the date of any demand made upon the assessee, on his own motion rectify any mistake apparent from the departmental records and shall within the like period rectify any such mistake which has been brought to his notice by the assessee.

Sections 48 to 50 deal with the question of refunds. Section 50 deals with limitation of claims for refund. No refund is allowable unless it is made within one year from the last day of the year in which the tax was recovered or before the last day of the financial year commencing after the expiry of the previous year. A proviso is made, however, that under Section 49 a claim may be admitted after the period of limitation when the applicant satisfies the Authorities that he had sufficient cause for not making the claim within such period.

Notwithstanding the periods of limitation herein referred to, in certain cases the practice appears to be that in so far as section 18 (2) (Salaries) is concerned there is no limitation whatsoever. It is understood that this Section of the Act became effective in the year 1922 and certain Taxation Officers maintain that they are entitled to go back as far as 1922, should circumstances arise entitling them to do so.

In so far as salaries are concerned, it will be known that employers are required to file returns monthly, and in addition, to send an annual return in regard to all salaries payable and tax deducted and paid over by them, and it is submitted that as the taxation authorities

have an opportunity for verifying the accuracy of such returns they should be required to satisfy themselves in regard to such accuracy within a specified time. It seems an unnecessary burden to be placed upon employers that, in addition to the supplying of this information, which often necessitates the employment of additional staff, they should be held responsible—for an indefinite period—for any error that may be found at any time in the returns submitted by them.

It may be that, in a few cases, such as educational institutes where the Authorities are not familiar with all the requirements of the Act, errors may creep in, but on the other hand, if the Department exercises reasonable care in regard to verification of returns submitted, there should be little or no possibility of such errors escaping detection, and there would seem to be no justification for the present interpretation by the Department which enables them to call upon employers after a lapse of 10 or 15 years or more to rectify errors discovered by the Income Tax Department when, in fact, such rectification could have been detected very much earlier. The result of this interpretation by the Department might mean that the employer through a simple error of calculation and not through any intention on his part, might be called upon at some future time to pay income tax in regard to the salary of an employee who is no longer in his employment; that is giving an extreme case, but nevertheless it is possible under the Departmental rules, and a limitation should be placed upon the powers of the Income Tax Officer in this regard.

APPENDIX 36.

INSURANCE BILL.

Copy of letter No. 2738/33-D(2), dated the 22nd March 1937, from the Assistant Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution* No. 2728/33, dated 19th March 1937, together with a copy of each of the accompaniments* referred to therein and to request that Government may be favoured with the views of your Association on the provisions of the Bill in triplicate as early as possible and in any case not later than 1st June 1937.

Copy of letter No. 1952/97, dated the 18th May 1937, from the Association, to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 2738/33-D(2), dated the 22nd March 1937, in which my Committee had been invited to express an opinion on the Bill "to consolidate and amend the law relating to the business of insurance," which, it is understood, has been referred to a Select Committee of the Assembly for consideration and report.

My Committee have carefully studied the provisions of the proposed legislation in conjunction with Mr. Sen's report, and they consider that, on the whole, the Bill has been conceived on right lines and deserves support. There are, however, one or two matters arising from the broad principles underlying the Bill which my Committee desire to comment upon, and these are dealt with in the following paragraphs :—

Clause 24 of the Bill provides, *inter alia* :—

(a) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business; and

(b) Where such managing agents had been appointed before the commencement of the Act, they shall cease to hold office on the expiry of three years from the commencement of the Act and no compensation shall be payable to them in lieu of such termination.

My Committee have nothing to say in regard to (a), but as regards (b), they consider that no adequate case has been made out by Mr. Sen for dealing with existing managing agency agreements in the manner suggested in the Bill. An agreement between a managing agent and the Board of the Company he manages, is a contract entered into in good faith between the parties at a time when such contracts were perfectly legal, and is, to a certain extent, a fitting recognition by the latter of the personal services and financial assistance rendered by the former in floating the company and guiding its affairs in the initial difficult stages. The remuneration of the promoter is the commission which would accrue from the managing agency being vested in him, and in view of the fact that most of the Indian Insurance Companies are of very recent origin, it is probably true that their managing agents have been insufficiently compensated for their troubles on behalf of the companies. Apart from this consideration, to determine the life of a validly executed contract without reasonable cause, without sufficient notice and without compensation therefor, would be introducing an undesirable precedent in our law of contracts inasmuch as it would react unfairly on one of the parties to the contract, in this case, the managing agents. However, bearing in mind the provisions of the Indian Companies Act (*vide* Section 87A), my Committee would urge that the existing managing agency agreements should be allowed to run to the full period mentioned in the contract, or 20 years from the commencement of the Act whichever is less, and that an agency agreement should not be terminated unless and until all moneys due from the company to the managing agent have been paid off and the managing agent has been absolved from all financial responsibilities undertaken by him on behalf of the company.

Clause 35 of the Bill provides licensing of agents; Clause 33(2) lays down that no insurer shall pay to any insurance agent by way of commission or as remuneration in any form, an amount exceeding, in the case of life insurance business, 40 per cent. of the initial premium payable on any policy or policies effected through him and 5 per cent. of a renewal premium; or in the case of business of any other class 25 per cent. of the premium; and Clause 34(1) prohibits the payment of extra rebates. While my Committee agree with these proposals, they foresee administrative difficulties in giving practical effect to them. So far as my Committee are aware, the term "agent" has not been defined in the Bill. Suppose, for instance, the insurance business of a company 'ABC' incorporated in the United Kingdom is carried on in India by another company 'XYZ.' Life policies are issued by 'XYZ' in the name of 'ABC' as their agents. 'XYZ' employs agents to canvass business. The Bill, so far as my Committee are aware, does not make it clear whether the restrictions referred to in this paragraph apply to canvassers appointed by 'XYZ' or to 'XYZ' themselves or to both.

There are probably other matters of detail in the Bill connected with the day-to-day administration of insurance companies, but these, my Committee consider, must be dealt with by insurance companies themselves in the light of their practical experience of the business.

APPENDIX 37.

BILL TO AMEND THE LAW OF EVIDENCE WITH RESPECT TO COMMERCIAL DOCUMENTS.

Copy of letter No. 9242/3-B, dated the 1st June 1937, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of Government Resolution* No. 9242/3, dated this day, and of its accompaniments, and to request you to favour Government with

* Not printed.

the opinion of the Bombay Millowners' Association.....on the provisions of the Bill to amend the Law of Evidence with respect to certain commercial documents by the 1st July 1937.

(As introduced in the Legislative Assembly.)

A Bill to Amend the Law of Evidence with respect to certain Commercial Documents.

Whereas it is expedient to amend the Law of Evidence with respect to certain commercial documents; It is hereby enacted as follows:—

1. (1) *Short title and extent.*—This Act may be called the Commercial Documents Evidence Act, 1937.

(2) It extends to the whole of British India.

2. *Admissibility of certain statements as evidence.*—Notwithstanding anything contained in the Indian Evidence Act, 1872, a statement in any document included in the Schedule as to any fact in issue or relevant fact shall be admissible for the purposes of that Act as evidence of such fact.

3. *Presumption as to genuineness of documents.*—Notwithstanding anything contained in the Indian Evidence Act, 1872, a Court shall for the purposes of that Act presume that any document purporting to be a document included in the Schedule and to have been duly made by or under the appropriate authority was so made and that the statements contained therein are accurate.

4. *Power of Governor General to alter Schedule.*—The Governor General in Council may, by notification in the *Gazette of India*, direct that any document shall be added to or removed from the Schedule; and upon such direction being made the Schedule shall be deemed to be amended accordingly.

THE SCHEDULE.

(See sections 2, 3 and 4.)

1. Lloyd's Register of Shipping.
2. Lloyd's Daily Shipping Index.
3. Lloyd's List and Shipping Gazette.
4. Lloyd's Loading List.
5. Lloyd's Weekly Casualty Reports.
6. Certificate of delivery of goods to the Manchester Ship Canal Company.
7. Official log book, Supplementary Official log book and official wireless log kept by a British or foreign ship.
8. General average statement prepared by an Average Adjuster employed by a Marine Insurance Company.
9. Certificate of sea-worthiness of a ship granted by the Government of the country to which the ship belongs or from which the ship sailed or by a person or persons authorised by such Government to issue such certificate or by a duly authorised surveyor to a classification society recognised by the Government of the country to which the ship belongs or from which the ship sailed.

10. *Force majeure* certificate issued by a Chamber of Commerce, a Trade Association or an association representing an established industry recognised by the Government of the country concerned as competent to issue such certificate.
11. Certificate of Registry, Safety Certificate, Safety Radio-Telegraphy Certificate, Exemption Certificate, Certificate of Survey, International Load Line Certificate, British India Load Line Certificate, Report of Survey of a ship provisionally detained as unsafe, Report of survey to be served upon the Master of a ship declared unsafe upon survey, Survey Report issued by a competent authority in respect of cargo loaded, Survey Report issued by a competent authority certifying the quantity of coal loaded, Survey Report issued by a competent authority in respect of the security of hatches.
12. Certificates A and B issued under the Indian Merchant Shipping Act, 1923.
13. Dock certificate, dock chalan, dock receipt or warrant, Port Warehouse certificate or warrant, issued by or under the authority of a Port, Dock, Harbour or Wharfage authority.
14. Certificate issued by a Port, Dock, Harbour, Wharfage or other authority having control of acceptance of goods for shipping transport or delivery, relating to the date or time of shipment of goods, arrival of goods for acceptance, arrival of vessels, or acceptance or delivery of goods or to the allocation of berthing accommodation to vessels.
15. Export Application issued by a port authority showing dues paid, weight and measurement and the shutting out of a consignment.
16. Certificate or receipt showing the weight or measurement of a consignment issued by the official measurer of the Conference Lines, or by a sworn or licensed measurer, or by a Chamber of Commerce, or other authority recognised by the Government of the country concerned as competent to issue such certificate or receipt.
17. Storage warrant of a warehouse recognised by a Customs, Excise, Port, Dock, Harbour or Wharfage authority.
18. Receipt for payment of customs duty issued by a Customs authority.
19. Customs or Excise pass and Customs or Excise permit or certificate, issued by a Customs or Excise authority.
20. Consular certificate in respect of goods shipped or shut out, consular certificates of origin, and consular invoice.
21. Certificate issued by a Railway or Steamship company or Transport company, relating to the booking or shipment of goods.
22. Receipt of a Railway, Steamship or Transport company granted to a consignor in acknowledgment of goods entrusted to the company for transport.
23. Printed or lithographed reports and publications issued by a Customs House or Port authority showing the movements of vessels and certificates issued by such bodies relating to such movements.
24. Printed or lithographed reports and publications issued by a Chamber of Commerce, Trade Association, Exchange Bank Association or Stock Exchange recognised by the Government of the country concerned, showing the market rate of goods, the prices of bullion, stocks, shares or securities, the rates of exchange and currency, bank rates, freight rates, the sailings and movements of vessels and details of exports and imports and certificates relating to any of these items issued by such bodies.
25. Certificate of origin of goods issued by a Chamber of Commerce or other authority designated for the purpose by the Government of the country from which the goods were shipped or by a British or Indian Consular officer or Trade Commissioner.

26. Arbitration award made by arbitrators appointed in accordance with any law for the time being in force and certificates relating to any such award issued by a Chamber of Commerce or other authority recognised by the Government of the country concerned as competent to issue such certificates.
27. Register of Trade Marks kept by a Chamber of Commerce or other authority recognised by the Government of the country concerned as competent to maintain a record of trade and property marks ; and certificates from such bodies showing that trade or property mark has been registered with them in accordance with rules and regulations governing such registration.
28. Certificate issued by a Chamber of Commerce or other authority recognised in this behalf by the Government of the country concerned relating to the quality, size or weight of any goods, count of yarn or percentage of moisture in yarn and other goods.
29. Printed schedule issued by a Port, Dock, Harbour, Wharfage or Warehouse authority or by a Railway, or Transport company, showing fees, dues, freights or other charges for the storage, transport and other services in connection with goods.
30. Printed tonnage schedule and schedule of fees, commission or other charges for services rendered, issued by a Chamber of Commerce or a Trade Association or an association representing an established industry.
31. The publication known as the Indian Railway Conference Association Goods Tariff and General Rules for Acceptance, Carriage and Delivery of Goods.
32. Charter Party and Bill of Lading.
33. Bill of Exchange.
34. Bank draft, a Banker's letter of credit, a Banker's intimation that an instrument has been honoured or dishonoured, and a receipt granted by a Banker.
35. Receipt granted by a Post Office.
36. Acknowledgment receipt granted by a Port, Dock, Harbour, Wharfage or Warehouse authority or by a Railway, Steamship or Transport company.
37. An acknowledgment receipt granted by a Chamber of Commerce or a Trade Association or an association representing an established industry.
38. Printed copy of the memorandum or the articles of association of a company registered under the Indian Companies Act, 1913.
39. Balance Sheet and audit report of a company registered under the Indian Companies Act, 1913, when duly certified by a person entitled to act as an auditor of companies under section 144 of that Act and the rules made thereunder or under sub-section (2) of section 3 of the Indian Companies (Amendment) Act, 1930, and the rules made thereunder.
40. The following documents relating to Marine insurance, namely, insurance policy, receipt for premium, certificate of insurance and insurance cover note.
41. Certificate concerning the loss of country craft issued by the appropriate authority under Department of Commerce Mercantile Marine Department Circular No. 3 of 1932.
42. Protest noting and certifying the dishonour of a bill of exchange and protest by a master of a ship relating to circumstances calculated to affect the liability of the ship-owner made before a Notary Public or other duly authorised official.
43. Declaration made under the provisions of the Statutory Declarations Act, 1835 (5 and 6 Will. 4 c. 62).

STATEMENT OF OBJECTS AND REASONS.

Certain commercial documents of various kinds are by the practice of merchants accepted as evidence and taken as *prima facie* correct, but in a Court of law they cannot, in the absence of consent by the parties, be admitted in evidence without testimony as to their genuineness or the correctness of the statements made therein. Such documents are not admissible in evidence under section 32 or any other provision of the Indian Evidence Act, 1873, without further proof. The result is that a party desirous of delaying the proceedings can often insist on the other side getting Commissions issued to take evidence as to facts which are for all practical purposes sufficiently established by the documents in question. It is proposed to undertake legislation on the lines of the Bankers Books Evidence Act, 1891, so as to provide that commercial documents which are accepted as *prima facie* correct in commercial circles may be admitted in evidence without formal proof. A list of such documents has been prepared in consultation with Commercial Associations and Local Governments, and is included in the Schedule to the Bill, power being reserved to the Government of India to add to the list from time to time and to remove items from it.

NEW DELHI, the 8th March, 1937.

H. D. CRAIK.

Extract from the Legislative Assembly Debates, Vol. III, No. 8.

The Assembly met in the Assembly Chamber of the Council House at New Delhi, on Wednesday, the 31st March 1937.

* * * * *

THE COMMERCIAL DOCUMENTS EVIDENCE BILL.

THE HONOURABLE SIR HENRY CRAIK (Home Member) : Sir, I move :

“ That the Bill to amend the Law of Evidence with respect to certain commercial documents be circulated for the purpose of eliciting opinion thereon.”

This measure has been under consideration in the Government of India for a pretty long time as a result of a suggestion made by the Bombay High Court. That court, while investigating various ways of improving the procedure in commercial causes, found one obstacle which could not be removed except by legislation. In the court's letter, an incident was quoted which will illustrate the difficulty. In a certain case, one side produced copies of Lloyd's Weekly Index to show that, according to the information received at Lloyds from their agents, a certain ship visited certain European ports on certain dates. It was admitted that though Lloyd's Weekly Index is a publication which business men would treat as affording reliable information regarding the movements of ships, it was not evidence, and that it would be necessary, in order to prove where a ship was on particular date, to produce evidence of witnesses who had actually seen the ship. That is one instance, and the Bombay High Court gave other instances of documents generally accepted by business men but not admissible under any provision of the Indian Evidence Act without further proof. These instances included a certificate issued by the Manchester Chamber of Commerce about the national strike of coal miners in England between certain dates in 1921 : it was decided that this was not admissible.

When we received this letter from the Bombay High Court we consulted all Local Governments on the question of introducing legislation and on the nature of the legislation to be introduced. The Local Governments were unanimously agreed that legislation should be undertaken ; and this was the general, but not altogether unanimous, view of the High Courts, Bar Associations and commercial associations. As regards the form of legislation, the general opinion was in favour of the sort of Bill which we have introduced.

Sir, having decided to introduce a Bill we set about preparing the list of documents to be appended as a schedule to the Bill. This proved a laborious as well as an important

task. The House will observe that our schedule now contains more than 40 documents. We do not claim, even in its present form, any finality for this, but I should explain how it has been prepared. We first of all asked the Local Governments to give us, after consulting High Courts and commercial bodies, their views as to the documents that should be put in the schedule. We thus obtained a great many suggestions. On that the Director General of Commercial Intelligence and Statistics threw these into the form of a draft schedule and forwarded it to the Associated Chambers of Commerce and the Federation of Indian Chambers of Commerce for scrutiny. With the assistance and advice of these bodies, a further list was prepared, and this, after more laborious examination by the Draftsman, has developed into the schedule at present appended to the Bill. This process has taken a long time; and although, as I have explained, a great deal of care and labour has gone into the preparation of the schedule, we do not think it safe to assume that it is even now beyond criticism. It is in fact necessary to give it the widest possible publicity, specially in commercial circles; and that is why my motion today is that the Bill may be circulated, in order that we may have the views of the persons most concerned, both on the provisions of the Bill and on the details of the somewhat lengthy schedule.

Sir, I move.

MR. PRESIDENT (The Honourable Sir Abdur Rahim): The question is:

“That the Bill to amend the Law of Evidence with respect to certain commercial documents be circulated for the purpose of eliciting opinion thereon.”

The motion was adopted.

Copy of letter No. 2413/129, dated the 29th June 1937, 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. 9242/3-B, dated the 1st June 1937, in which my Committee were requested to express an opinion on certain proposed amendments in the Law of Evidence. The list of documents which it is now suggested should be accepted as *prima facie* evidence in Law Courts without formal proof appears to be in order, and I am to say that my Committee have no comments to offer thereon.

APPENDIX 38.

PROPOSED AMENDMENT OF THE WORKMEN'S COMPENSATION ACT.

Copy of letter No. 130, dated the 6th January 1937, from the Commissioner of Labour, Bombay, to the Association.

I am directed to forward for your information a copy of the Government of India Department of Industries and Labour, letter No. L-3062, dated the 18th December 1936 with its enclosures on the above subject and to request you to favour Government with the views of your Association on each of the several clauses of the Bill.

2. I shall be glad if you will kindly arrange to send in your reply at an early date, at any rate not later than the 15th February 1937.

Copy of circular letter No. L-3062, dated the 18th December 1937, from the Government of India, Department of Industries and Labour, New Delhi, to all Local Governments and Administrations.

I am directed to say that the Government of India have had under consideration the question of a further amendment of the Workmen's Compensation Act with a view to removing

certain minor defects and difficulties which have been brought to light by the ruling of the High Courts in India or by experience of the working of the Act. Their proposals are embodied in the enclosed draft Bill. The reasons for the amendments are explained in the memorandum annexed to the draft.

2. The Government of India will be glad to be furnished with an expression of the opinion of the Local Government/your opinion on the provisions of the Bill, and with the opinions of such selected officers and interests concerned as the Governor in Council/you may think fit to consult. The Government of India are anxious that the Bill should receive wide publicity and that they may be placed in possession of fully representative opinions. Their intention is to introduce the Bill in the Legislative Assembly after making any modifications which may be rendered necessary in the light of the criticisms received.

3. I am to request that the opinions asked for may kindly be sent to this Department in duplicate not later than the 1st April 1937.

4. The Government of India are consulting the Government of Burma as to the advisability of proceeding with the amendments to section 35 of the Act which are proposed in clause 11 of the Bill, in the ensuing Delhi Session of the Legislative Assembly, so that Burma may have identical legislative and reciprocal arrangements with India immediately on separation. In view of the possibility of the introduction of a short Bill on the lines of clause 11 of the Bill now in draft before April 1st, I am to suggest that if the Local Government sees/you see any objections to this particular proposal these may be sent so as to reach this Department before February 1st, 1937.

A Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes.

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, 1937.

2. *Amendment of section 2, Act VIII of 1923.*—In sub-section (1) of section 2 of the Workmen's Compensation Act, 1923 (hereinafter referred to as the said Act),—

(a) in sub-clause (i) of clause (d) for the word " wife " the word " widow " shall be substituted; and

(b) in sub-clause (ii) of clause (d), for the word " husband " the word " widower " shall be substituted.

3. *Amendment of section 3, Act VIII of 1923.*—In sub-section (2) of section 3 of the said Act—

(a) for the words beginning " If a workman " and ending " disease of anthrax " the following words shall be substituted, namely:—

" If a workman employed in any employment specified in Part A of Schedule III contracts any disease specified therein as an occupational disease peculiar to that employment " ; and

(b) after the words " any employment specified in " the words " Part B of " shall be inserted.

4. *Amendment of section 5, Act VIII of 1923.*—In section 5 of the said Act the brackets and figure " (1) " shall be omitted; and in the *Explanation* for the word " sub-section " the word " section " shall be substituted.

5. *Amendment of section 10, Act VIII of 1923.*—In sub-section (1) of section 10 of the said Act—

- (a) for the words beginning “No proceedings for the recovery of compensation” and ending “within six months from the date of death” the following shall be substituted, namely :—

“No claim for compensation shall be entertained by a Commissioner unless notice of the accident has been given in the manner hereinafter provided as soon as practicable after the happening thereof and unless the claim is instituted before him within six months of the occurrence of the accident or in case of death within six months from the date of death.”;

- (b) in the second proviso—

(i) for the words “maintenance of proceedings” the words “entertainment of a claim” shall be substituted;

(ii) in clause (a) of the said proviso, for the word “made” the word “instituted” shall be substituted; and

(iii) in clause (b) of the same proviso, after the word “employer” the words “or any one of several employers or any person directly responsible to the employer for the management of any branch of the trade or business in which the injured workman was employed” shall be inserted;

- (c) in the third proviso—

(i) for the word “admit” the word “entertain” shall be substituted; and

(ii) for the words “failure so to give the notice or institute the claim” the words “the delay in giving the notice or in instituting the claim” shall be substituted.

6. *Amendment of section 11, Act VIII of 1923.*—In sub-section (6) of section 11 of the said Act—

- (a) for the words “if it is thereafter proved that the workman has not been regularly attended by a qualified medical practitioner and that such refusal, failure or disregard was unreasonable” the following shall be substituted, namely :—

“if it is proved that the workman has not thereafter been regularly attended by a qualified medical practitioner or having been so attended has deliberately failed to follow his instructions and that such refusal, disregard or failure was unreasonable”;

- (b) after the words “qualified medical practitioner,” where they occur for the last time, the words “whose instructions he had followed” shall be inserted.

7. *Amendment of section 15, Act VIII of 1923.*—Sub-section (4) of section 15 of the said Act shall be omitted and sub-section (5) of that section shall be re-numbered as sub-section (4).

8. *Amendment of section 18, Act VIII of 1923.*—In section 18 of the said Act for the words and figures “under section 7 or section 8 of the Indian Factories Act, 1911” the words and figures “under section 12 or section 52 or section 53 of the Factories Act, 1934” shall be substituted.

9. *Amendment of section 21, Act VIII of 1923.*—In sub-section (2) of section 21 of the said Act—

- (a) the words “ by any party to any proceedings under this Act pending before him ” shall be omitted ;
- (b) in the proviso, after the word “ Provided ” the word “ further ” shall be inserted and before the proviso the following shall be inserted, namely :—

“ Provided that the Commissioner shall not, where any party to the proceedings is present before him, make any such order of transfer without giving such party an opportunity of being heard.”

10. *Amendment of section 24, Act VIII of 1923.*—In section 24 of the said Act for the words “ other person authorised in writing by such person ” the following shall be substituted, namely :—

“ by an official of a registered Trade Union authorised in writing by such person or, with the permission of the Commissioner, by any other person so authorised.”

11. *Amendment of section 35, Act VIII of 1923.*—In section 35 of the said Act—

- (a) for the words “ for the benefit of ”, where they occur for the first time, the words “ which may be due to ” shall be substituted ;
- (b) after the word “ receipt ” the word “ distribution ” shall be inserted ;
- (c) after the word “ awarded ” the words “ or deposited ” shall be inserted ;
- (d) for the words “ and applicable for the benefit of ” the words “ and due to ” shall be substituted ; and
- (e) the following proviso shall be added to the section, namely :—

“ Provided that no sum deposited under this Act in respect of a fatal accident shall be so transferred without the consent of the employer concerned until the Commissioner receiving the sum has passed orders determining its distribution and apportionment under the provisions of sub-sections (4) and (5) of section 8.”

12. *Amendment of Schedule II, Act VIII of 1923.*—In Schedule II to the said Act—

- (a) in clause (i), for the words “ mechanically propelled vehicles ” the words “ any vehicle propelled by steam or other mechanical power or by electricity ” shall be substituted ;
- (b) in clause (ii), for the words, brackets and figures “ clause (4) of section 2 of the Indian Factories Act, 1911,” the words, brackets, letter and figures “ clause (g) of section 2 of the Factories Act, 1934 ” shall be substituted; and
- (c) clause (xxiii) shall be re-numbered as clause (xxv) and the following clauses shall be inserted after clause (xxii), namely :—

“ (xxiii) employed, otherwise than in a clerical capacity, in connection with the felling or logging of trees, or the transport of timber by inland waters, or the control or extinguishing of forest fires ; or

(xxiv) employed, otherwise than in a clerical capacity, in connection with elephant catching operations ; or ”

13. *Amendment of Schedule III, Act VIII of 1923.*—In Schedule III to the said Act—

- (a) before the entry relating to lead poisoning or its sequelæ, the following shall be inserted, namely :—

“ PART A.

Anthrax Any employment—

- (a) involving the handling of wool, hair, bristles or animal carcases or parts of such carcases ; or
 (b) in connection with animals infected with anthrax ; or
 (c) involving the loading, unloading or transport of any merchandise.

Compressed air illness or its sequelæ. Any process carried on in compressed air.

PART B.” ; and

- (b) the existing entry relating to compressed air illness or its sequelæ shall be omitted.

MEMORANDUM EXPLANATORY OF THE CLAUSES OF THE BILL.

Clause 2 (a) and (b).—The reference is to the dependants of a deceased workman and the changes are purely formal.

Clause 3.—See note on Clause 13.

Clause 4.—The change is formal : section 5, as it stands, is not divided into sub-sections.

Clause 5 (a).—The clause as it stands at present opens with the words “ no proceedings for the recovery of compensation.” These are too wide as they can be read as covering not merely the original application but subsequent proceedings for recovering compensation under section 31. Thus, for example, when an award for temporary disablement has been secured, the workman may at a later stage, find it necessary to apply to the Commissioner because the employer has discontinued the payments. The period of limitation prescribed by this clause should be confined to the first application.

The revised clause omits the words “ and before the workman has voluntarily left the employment in which he was injured.” A workman cannot give notice earlier than is practicable and a second condition is unnecessary or unreasonable.

Finally, the redraft makes it clear that “ instituted ” refers to claims instituted before the Commissioner. The necessity of making the point clear has arisen as a result of a ruling given by the Calcutta High Court to the effect that “ instituted ” means instituted before the employer, which has the effect of enabling a workman who has once claimed compensation from an employer to bring a case before the Commissioner without any limitation of time.

(b) (i), (ii).—The amendments are verbal and consequential.

(b) (iii).—The amendment is desirable because the clause, as it stands, appears to cover only cases where the employer himself had knowledge of the accident. It thus excludes for example, the case where a manager or other person competent to receive notice, is aware of the accident. Compare the wording used in section 10 (2).

(c) (i).—The amendment is verbal and consequential.

(c) (ii).—The Bombay High Court has ruled that if the first six months' delay is satisfactorily explained no explanation of subsequent delay, however long, is necessary. There is no reason why a workman who has a satisfactory excuse for the first six months should thereby be enabled to claim without any limitation of time.

Clause 6.—The object is to cover the case where the workman, although regularly visited by a medical practitioner, deliberately disregards his advice or instructions. Further the word "thereafter" is at present misplaced. The point is that the workman should not be penalised in respect of any conduct before the refusal or disregard takes place.

Clause 7.—The sub-section was designed to ensure that the shipowner (who is ordinarily liable under the Merchant Shipping Act for funeral expenses of a seaman) should not be subjected to a further payment out of compensation on this account. It is operative only where there are no dependants. In such cases, if the shipowner himself incurs the funeral expenses, section 8 (4) protects him adequately; while if some other person incurs the funeral expenses, the sub-section operates to deprive that person of the ordinary right of recovery under section 8 (4).

Clause 8.—This is consequential on the enactment of the Factories Act, 1934.

Clause 9.—The sub-section, as it stands at present, prescribes as a condition for transfer that a party to the proceedings shall satisfy the Commissioner that transfer is proper. This causes difficulty where no parties are present, e.g., where the workman dies in one province and his dependants live in another. The amendment is designed to remove this difficulty.

Clause 10.—Persons other than legal practitioners appearing before the Commissioners under written authorities have victimized or attempted to victimize workers. The amendment follows the provision adopted in the Payment of Wages Act.

Clause 11.—The existing section does not provide for the transfer of distribution proceedings when the employer does not object and the dependents are in another country. The proposed amendment will make it possible to arrange by agreement for the settlement of disputes between dependants in the country in which they reside and is required primarily for transfers between Burma and India after separation.

Clause 12 (a).—It is doubtful if the clause, as it stands, covers vehicles propelled by steam or electricity. The amendment is designed to remove any ambiguity which may exist on the point and to bring the wording in line with that in clause (vi) (a) of the Schedule.

(b).—This is consequential on the enactment of the Factories Act, 1934.

(c).—These clauses have already been brought within the scope of the Act by notification. The amendment of the Act offers a suitable opportunity of including them formally in the Schedule.

Clause 13.—The substantive change proposed is the removal of the condition that a workman who contracts compressed air illness should have served for the preceding six months, under the employer whom he served when the accident occurred. That disease, unlike most industrial diseases, does not develop gradually and the condition is unreasonable in this case. The opportunity has been taken, in this clause and clause 3 of the Bill, to rearrange the provisions regarding industrial disease in a more convenient form.

Copy of letter No. 781/69, dated the 13th February 1937, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. 130, dated the 6th January 1937, in which you invite my Committee to express their views on certain proposed amend-

ments in the Workmen's Compensation Act. The amendments proposed have been carefully considered by my Committee in conjunction with a representation already submitted to you by the Millowners' Mutual Insurance Association Ltd., and I am now desired to inform you that my Committee have nothing to add to the criticisms set forth by the "Mutual."

APPENDIX 39.

PROPOSED AMENDMENT OF SCHEDULE "H" TO THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

Copy of letter No. S. 108-9851-A, dated the 28th September 1937, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to forward a copy of a letter from the Mayor of Bombay, No. 4376, dated the 17th August 1937, and accompaniment, regarding proposals made by the Bombay Municipal Corporation for the amendment of Schedule H to the City of Bombay Municipal Act, 1888, and to request that you will be so good as to favour Government at an early date with the views of the Association on the proposed variations in the Schedule.

Copy of letter No. 4376, dated the 17th/18th August 1937, from the Mayor of Bombay, to the Government of Bombay, General Department.

I have the honour, by desire of the Municipal Corporation of Bombay, to submit herewith for the consideration of Government the following proposals for the amendment of Schedule H to the Municipal Act regarding the Town Duties levied in the City.

2. In a letter to the Corporation No. T. D. 72, dated the 1st May 1934 (appended hereto) the Municipal Commissioner has pointed out that with a few exceptions of a minor nature Schedule H to the Municipal Act regarding town duties leviable in the City has remained unchanged ever since the Bombay Municipal Act III of 1888 was enacted. He further states that not only has the Schedule remained practically unchanged as regards the articles liable to duty but the maximum rates have not been increased since the Schedule was first enacted and even the actual rates imposed have continued unchanged for long periods despite the great variations in prices since the rates were imposed. But owing to the material changes that have taken place during the 46 years in the conditions and mode of living in this City the receipts from town duty on some of the Scheduled Articles have considerably dwindled down. As an instance in point the Commissioner states, *inter alia*, that steel columns, beams and joists and re-inforced cement concrete have replaced timber to a large extent for building purposes causing gradual reduction of about Rs. 50,000 in the receipts from duty on timber while the substitutes escape payment of the duty altogether. Similarly, there has been a substantial fall in the receipt from Town Duty on account of firewood. He is, therefore, of opinion that the time has now come for a revision of the Schedule so as to bring it into conformity with the present day conditions as well as the requirements of the Municipality and has accordingly submitted proposals for the revision calculated to bring in an additional revenue of Rs. 23.25 lacs per annum if the duty is levied at the maximum rates from the beginning.

3. It will be seen that the Commissioner's proposals comprise (1) revision of the rates of duty on articles at present liable to town duty and (2) the addition of several articles to the Schedule. The proposals have been considered more than once by the Law, Revenue and General Purposes Committee, in consultation with the Commissioner, and also by the

Corporation themselves. After prolonged discussions the Corporation have ultimately adopted proposals for the revision of the Schedule as per statement below :—

Commodity.	Rates proposed by the Corporation.	Estimated Income or increase in Income.	Existing rates.
	<i>Existing Items.</i>	Rs.	
Wines and Spirits	6 annas per imperial gallon.	57,688	4 annas per imperial gallon.
Beer	2 annas per imperial gallon.	95,049	6 pies per imperial gallon.
	Total Rs. ..	1,52,737	
	<i>New Items.</i>		
	Rs. a. p.	Rs.	
Tea	0 0 6 per lb.	2,97,459	
Coal	0 7 0 per ton	95,208	
Dates, dry	0 12 0 per cwt.		
Dates, wet	0 8 0 per cwt.	2,13,667	
Petrol	0 0 6 per gallon	2,33,099	
Cement	1 0 0 per ton	41,971	
Iron and Steel	2 8 0 per ton.	1,46,203	
Paper :—			
(a) Newsprinting	0 5 0 per cwt.	42,944	
(b) Paper for cards	1 0 0 per cwt.	1,47,420	
(c) Strawboards	0 3 0 per cwt.	13,902	
	Total .. Rs.	12,31,873	
	Grand Total .. Rs.	13,84,610	

4. The reasons for the revision of the town duties on the articles at present included in the Schedule and for the inclusion of several new items therein have been explained at great length in the Commissioner's letter. I am, therefore, only to add that, both in the selection of the articles and the fixation of rates, due care has been taken to see that no class of consumer or no trade affected is put to undue hardship. The increase in the annual income on account of the revision is estimated at Rs. 13,84,610, if the duties are levied at the maximum rates which may or may not be imposed from the outset, as the Corporation will no doubt fix these rates annually under Section 128 of the Act, having regard to the financial requirements of the following year.

5. The Corporation would also like to point out that in recent years Government have sanctioned the levy of a Terminal Tax in the case of several Municipalities. But the proposals of this Municipality for a similar levy were turned down. The necessity for increased sources of revenue to meet the growing demands of the public of this City for greater amenities does not require to be stressed too much. Further the loss of income on account of the abolition of the town duty on cotton and the heavy burden on account of the responsibilities assumed by the Corporation as a result of the amalgamation of the City Improvement Trust are also well-known to Government. The Corporation, therefore, trust that Government will view their proposals for increased revenue from this source with favour. In this connection it is worthwhile to draw attention to the increasing extent to which the town duties

have receded from the place they occupied in the past in the scheme of municipal finance. From the figures given in paragraph 11 of the Commissioner's letter above referred to it will be seen that town duties accounted for as much as 14.62 per cent. of the total income of the Municipality in the year 1888-89; but the receipts from this source of income in the year 1935-36 have been only 4.81 per cent. of the total municipal revenue. The Corporation's proposals therefore seek to restore the balance and to bring town duties nearer to the place that they held in the municipal finance. I am therefore to request that Government will be pleased to undertake the necessary legislation for the amendment of the Municipal Act to give effect to the Corporation's proposals embodied in paragraph 4 above.

APPENDIX.

Letter from the Commissioner, No. T. D. 72, dated the 1st May 1934 :—

"I have the honour to submit herewith for the consideration of the Corporation the following proposals for the amendment of Schedule H to the Municipal Act regarding town duties levied in the City.

2. With a few exceptions, the Schedule has remained unchanged ever since the Bombay Municipal Act III of 1888 was enacted. The only changes since made are :—

- (1) that the duty on petroleum, both dangerous and non-dangerous, was deleted with effect from 1st April 1889 under Bombay Act IV of 1888;
- (2) that with effect from 1st April 1931 a duty of 10 annas per Bombay maund was imposed on 'Vegetable product' or 'Vanaspati'; and
- (3) that the last-named duty was extended under Bombay Act XIII of 1932 to all ghee substitutes.

3. Not only has the Schedule remained practically unchanged as regards the articles liable to duty, but the maximum rates have not been increased since the Schedule was first enacted. The actual rates imposed have also continued unchanged for long periods despite great variations in prices since the rates were imposed. Thus, after slight variations in earlier years, the present rate of duty on grain viz., 6 annas per *Khandi* has continued unchanged since 1910-11. The duty on wines and spirits, beer and timber has been levied at the same rate since 1887-88; that on sugar, molasses and *gur* since 1890-91; on ghee since 1903-04; and on firewood since 1910-11. Since the Schedule was framed, conditions have changed very materially. The duty on firewood has gone down during the last fifteen years from Rs. 75,000 in 1921-22 to a little more than Rs. 35,000 in 1932-33, as charcoal and kerosene oil have largely supplanted firewood for domestic use; but these articles have not been subjected to duty. Similarly, steel columns, beams and joists and reinforced concrete have replaced timber to a large extent for building purposes, causing a gradual reduction of about Rs. 50,000 in the receipts from the duty on timber; while the substitutes escape payment of the duty altogether. I am therefore of opinion that the time has now arrived for a revision of the Schedule so as to bring it into conformity with the present-day conditions as well as requirements of the Municipality. My proposals may be divided into two parts: (1) changes in the existing rates of duty, and (2) addition of new articles to the Schedule.

4. *Changes in the existing rates of duty.*—The rates for ghee, sugar and timber are fairly high; and no change is proposed therein. The rates of duty on (i) grain, (ii) wines and spirits, (iii) beer and (iv) firewood are, at the present prices, unduly low and should, in my opinion, be raised as follows :—

- (i) *Grain.*—The present rate is 6 annas per *Khandi* which is equivalent roughly to 1 anna per cwt. The term '*Khandi*' causes inconvenience both to the Railways and the Port Trust who collect the duty on our behalf as well as to the Municipality, as the weight of grain imported by land or sea is always

calculated in tons, cwts. or maunds ; and much time has to be spent in converting these quantities into *Khandis*. I propose that the duty should be altered to 1½ annas per cwt., which would be equivalent to about 9 annas per *Khandi*. This increase need not affect the retail price of grain in the slightest degree.

- (ii) *Wines and spirits*.—The duty should be raised from 4 to 6 annas per gallon, which would be equivalent to a rate of 1 anna per quart size bottle in place of the present rate of 8 pies per bottle.
- (iii) *Beer*.—The present duty is 6 pies per imperial gallon. This works out at 1 pie per quart size bottle costing anything from 9 annas to one rupee ; and is ridiculously low. The duty should be raised to 2 annas per gallon, which would work out at 4 pies per quart size bottle, and on a bottle costing 12 annas would mean an impost of less than 3 per cent.
- (iv) *Firewood*.—The present duty of 2 annas per *Khandi* works out at 1 pice for a load of firewood costing from 12 annas to one rupee (8 such loads making one *Khandi* of 28 Bombay maunds). The duty can safely be doubled ; but in order to avoid the inconvenience caused by the term '*Khandi*' I suggest the duty may be fixed at 12 annas per ton, which would be the same as 4 annas per *Khandi*.

5. The effect of raising the duties as proposed above will be to increase the realizations from the duties as compared with those in 1932-33 as follows :—

Commodity.	According to old rates.	According to proposed rates.	Increase.
	Rs.	Rs.	Rs.
Grain	3,47,717	5,21,575	1,73,858
Wines and Spirits	1,15,376	1,73,064	57,688
Beer	31,683	1,26,732	95,049
Firewood	34,732	69,464	34,732
Total Rs.	5,29,508	8,90,835	3,61,327

6. *Addition of new articles to the Schedule*.—In recent years the Municipal boroughs of Ahmedabad, Karachi and Poona in this Presidency and some of the larger municipalities elsewhere, e.g., Agra, Cawnpore, Lahore, Lucknow and Nagpur have imposed terminal taxes on a variety of articles ; and derive substantial revenue out of them. It will be recalled that proposals for replacing the present town duties by a non-refundable terminal tax on certain articles were approved by the Corporation under Corporation Resolution No. 7392 of 15th November 1928 ; but met with strenuous opposition from the Bombay Chamber of Commerce and other mercantile interests in the City. Ultimately these proposals were turned down by the Government of Bombay on the ground that the Government of India had intimated that the question of the levy of terminal taxes by local bodies would probably be considered by the Indian Statutory Commission, and that pending the settlement of the general question, they did not propose to sanction the introduction of terminal taxation in any municipality. From the report of the Indian Statutory Commission, it does not appear that the question of terminal taxes was at all considered by that body. But having regard to the prevailing trade conditions in Bombay and in particular to the severe competition of the newly developed ports in Kathiawar, I am of opinion that the present time is not opportune for reviving the

earlier proposals ; and that the system of refundable town duties should be retained with the object of safeguarding the City's transit trade.

7. In the proposals for the levy of terminal taxes, 35 articles or groups of articles were selected for taxation. While the levy of a non-refundable tax on those articles presented little difficulty, it is obvious that a number of those articles would not be suitable for a refundable duty, inasmuch as in their case bulk is necessarily broken after import, and it would be impossible to establish the identity of the goods for the purpose of allowing refund of duty on export. I have accordingly selected for inclusion in the Schedule only 9 articles shown in the accompanying statement. The selection as well as the fixing of the rates of duty have been made with a view to distribute the burden as far as possible on the various sections of the community. The articles selected are moreover such that the duties thereon can be recovered without increasing the present outdoor staff of the Department, though naturally a small addition will require to be made to the indoor staff to cope with the additional work of examining the greatly increased claims for refund. The total extra cost of this establishment would be small ; and can be worked out after the selection of the articles is finally made.

8. In working out the proposals, considerable difficulty has been caused by the inability of the Railways and in part also of the Port Trust to supply figures of export and even import. The rates of duty proposed are the maxima to be prescribed under the Act, the actual rates being determined by the Corporation, under Section 128 of the Municipal Act, from year to year. At present a commission at the rate of 3 per cent. on the gross realisations is paid to the B. B. & C. I. and G. I. P. Railways and the Bombay Port Trust for town duties collected by those bodies. It is proposed to retain the agency of these bodies ; but as the aggregate income would be much larger than at present, it is proposed to approach the collecting bodies with a view to reducing the rate of commission.

9. I now proceed to offer the following brief remarks on each of the articles selected for duty :—

- (i) *Tea*.—This is now an article of common use even amongst the poorer classes. The price of one pound of tea ranges from about 8 annas for the cheaper qualities to Re. 1-4 and more for the superior varieties. About 75 cups of fairly strong tea can be made from one pound of dry tea. A duty of half an anna per pound, is likely to be absorbed by the trade and will not be reflected in the retail price.
- (ii) *Charcoal*.—In view of the extensive use of this article as an alternative to wood-fuel, the levy of a duty on it seems justified. The present retail price of household charcoal is 10 to 12 annas and of Dhobi's charcoal 14 annas per Bombay Maund. The proposed duty of Rs. 2-8 per ton works out at half an anna per Bombay Maund. Charcoal shops have sprung up in large numbers ; and it would appear that owing to the competition in the trade the duty would not be passed on to the consumer.
- (iii) *Cocoanuts*.—There is heavy consumption of coconuts in the City ; and Ceylon is increasingly competing with Malabar in the supply of this article. The proposed duty of 4 annas per cwt. works out at 1 pie per two medium size nuts ; and is incapable of being thrown upon the retail purchaser.
- (iv) *Copra or dry Coconut*.—This article is sold at 2 to 3 annas per *seer* according to quality ; but the general public ordinarily purchase it in small quantities. The wholesale price per *Khandi* for 22½ Maunds is about Rs. 95 while the retail price works out at Rs. 112-8 to Rs. 168-12 per *Khandi*. The duty of Re. 1 per cwt. works out at Rs. 5-10 per *Khandi*.; and cannot affect the retail price of 2 to 3 annas per *seer*.

- (v) *Dates, dry and wet.*—The wholesale price of dry dates (*Kharak*) is about Rs. 95 for a *Khandi* of 28 Maunds while the retail price is 2 to 3 annas per *seer*. The duty of 12 annas per cwt. cannot therefore affect the retail price. As for wet dates (*Khajur*) the wholesale price is Rs. 42 or less per *Khandi* of 30 Maunds which works out at Re. 1.6 per maund or about half an anna per *seer*. The retail price is about 1 anna to 2 annas per *seer*. The profits of the trade are thus substantial and the duty cannot affect the consumer.
- (vi) *Petrol.*—The cost of road construction, maintenance and lighting, including debt charges to this Municipality, is in the vicinity of Rs. 62 lakhs; while the total income from Wheel Tax including that paid for animal drawn vehicles is about Rs. 10½ lakhs only. A larger return for the use of the Municipal roads is thus clearly justified. A town duty of half an anna per gallon of petrol cannot be said to press unduly on motorists.
- (vii) *Cement.*—The present price is about Rs. 45 per ton; and a duty of Re. 1 per ton would work out at about 2¼ per cent. Enquiries show that for a building costing about Rs. 1 lakh the quantity of cement required for reinforced concrete work would be about 400 tons or less. The duty would not therefore press heavily upon builders.
- (viii) *Iron and Steel.*—It is proposed to levy the duty only on rolled steel beams, channels, angles and tees, iron and steel bars and iron and steel sheets and plates. The prices vary from Rs. 150 to Rs. 240 per ton. The maximum quantity used in a steel frame building costing about Rs. 1 lakh would be about 200 tons costing about Rs. 32,000 and a duty of Rs. 5 per ton would amount to Rs. 1,000 only. The incidence of the duty cannot therefore be said to be heavy.
- (ix) *Paper.*—This item is divided into three sub-heads, viz., newsprinting paper, paper for all other purposes and straw-boards.—
- (a) Paper meant specially for newsprinting sells at about Rs. 10 per cwt.; and the proposed duty of 5 annas per cwt. is equivalent to 3½ per cent. of the cost. The burden cannot therefore be said to be heavy.
- (b) Paper for all other purposes including blank card sheets sells mostly between 3 to 4 annas per lb., while superior paper costs 5 annas and upwards per lb. A duty of Re. 1 per cwt. works out at one anna per 7 lbs.; and cannot cause any special increase in the price of paper to the consumer. In order to see that the levy of the duty on paper does not drive away the manufacture of writing books, account books, diaries, etc., from the City, these latter should on import be subjected to the same duty as that on paper.
- (c) Straw-boards are sold at Rs. 5 to Rs. 6 per cwt. A duty of 3 annas per cwt. is therefore likely to be borne in part at least by the importers.

10. If the above proposals are accepted, the revenue to be derived at the maximum rates of duty proposed will amount to Rs. 19½ lakhs per annum. This with the increase of Rs. 3½ lakhs anticipated from the enhancement of the rates of duty on the existing articles in the Schedule will give a total increase of Rs. 23½ lakhs per annum. The amount is however only a rough estimate depending, as it does, on the figures of export and import which are not actuals but largely estimates. The amount moreover is based on the maximum rates of duty which may or may not be imposed from the outset. On the other hand, the full estimated revenue from this source, if obtained, might enable the Corporation to reduce the burden of the property taxes which presses heavily on one class of tax-payers, viz., the landlords, and which was recently increased to meet the liabilities of the Improvement Trust,

11. In this connection, it is worthwhile to draw attention to the increasing extent to which the town duties have receded from the place they occupied in the past in the scheme of Municipal finance. This would be apparent from the following table.

	1888-89	1900-01	1912-13	1920-21	1933-34.
	Rs. lakhs	Rs. lakhs	Rs. lakhs	Rs. lakhs	Rs. lakhs
Total income of the Municipality	49.66	84.03	127.42	201.43	313.89
Income derived from town duties	7.26	11.31	17.42	21.19	14.02
Percentage of town duties to total income ..	14.62	13.45	13.71	10.54	4.46

With the maximum increases now proposed, the aggregate income from town duties would amount to Rs. 36.25 lakhs, which would work out at 11.24 per cent. on the estimated income for the current year excluding receipts from cotton duty. It will therefore be evident that the present proposals merely seek to bring town duties nearer to the place that they have held all along in the municipal finance.

12. I now propose that the variations of the Schedule proposed by me may be approved by the Corporation with such modifications as the Corporation think fit, and that Government be moved to amend the Municipal Act accordingly.

Statement showing the articles on which Town Duty is proposed to be levied and the revenue to be derived therefrom, above referred to :—

Article.	Proposed rate of Town Duty.	Estimated net revenue per annum.
	Rs. a. p.	Rs.
1. Tea	0 0 6 per lb.	2,97,459
2. Charcoal	2 8 0 per ton	3,47,444
3. Cocoanuts	0 4 0 per cwt.	1,12,717
4. Copra or Dry cocoanut	1 0 0 per cwt.	1,81,869
5. Dates, dry and wet	0 12 0 per cwt.	2,56,667
6. Petrol	0 0 6 per gallon	2,33,099
7. Cement	1 0 0 per ton	41,971
8. Iron and Steel	5 0 0 per ton	2,92,406
9. Paper—		
(a) Newsprinting	0 5 0 per cwt.	42,944
(b) Papers for all other purposes including blank cards, envelopes, pads, writing paper, etc.	1 0 0 per cwt.	1,47,420
(c) Straw boards	0 3 0 per cwt.	13,902
	Total .. Rs.	19,67,898
	or Rs.	19½ lakhs approximately.

Copy of letter No. 4553/204, dated the 30th November 1937, 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 S. 108-9851-A dated the 28th September 1937, in which my Committee have been invited to express an opinion on certain proposals received from the Bombay Municipality. Briefly stated, it has been suggested that the existing rates of Town Duty on Wines and Spirits and Beer be increased and that the following among other articles be included in Schedule H of the Municipal Act :

Petrol ;
Cement ;
Iron and Steel and
Paper.

My Committee have carefully studied the proposals contained in His Worship the Mayor's letter No. 4376 dated the 17th/18th August 1937, in conjunction with the Municipal Commissioner's note dated the 1st May 1937. The suggested amendments in the Schedule, so far as my Committee are aware, are not likely to affect the Cotton Mill Industry to any great extent ; nevertheless, they feel that there are certain practical considerations which must be taken into account.

Firstly, it is, in the opinion of my Committee, absolutely essential, to preserve Bombay's place as the premier importing and exporting centre in Western India, that no attempt should be made to place any impediments on the free flow of traffic in commodities.

Secondly, from the point of view of the consumer, it is wrong in principle to levy tax on commodities which are already heavily taxed. Petrol, Cement, Iron and Steel and Paper come under this category. It would not be correct to say, for example that half an anna duty on a gallon of petrol would have no appreciable effect on the consumer when he is already mulcted in taxes in other forms, e.g., import duty, excise, license fees and the like.

Thirdly, it would also be wrong in principle to tax Iron and Steel and Cement received in Bombay for the reason that such materials are utilised in building construction which ultimately brings more revenue to the Municipality in the shape of general taxes.

From all these points of view, my Committee feel that they must oppose the proposed amendments in the Schedule and trust that Government would not accord the necessary sanction for their introduction.

APPENDIX 40.

SIMPLIFICATION OF RAILWAY GOODS TARIFFS.

Copy of letter No. RC. 1041, dated the 5th March 1937, from the Chief Traffic Manager, G. I. P. Railway, to the Association.

In view of the statements that from time to time have been made by spokesmen of the mercantile community that the Goods Tariffs issued by railways are unduly complicated and cannot be understood by persons who have not received special training, I write to enlist the assistance of your Association in effecting such changes as may be considered desirable in the goods tariffs issued by this railway. I am taking this action because the statements to which I have referred have been of a general nature and in the absence of details of the difficulties experienced this railway has not found it possible to ascertain the directions in which improvements might be effected. Before proceeding further I would like to make it clear that this particular enquiry refers only to the rearrangement, rewording or amplification

of the matter included in tariffs. It does not refer to the general structure of railway rates or to the policy followed in fixing rates as these are matters in which the G. I. P. Railway is unable to take action by itself.

2. It is proposed therefore, for the time being, that consideration be confined to the following tariffs issued by this railway :—

Goods Tariff Part IA which contains general rules applicable to traffic carried by goods train, the general classification of goods, lists of schedule rates and other information concerning goods traffic.

Goods Tariff Part IB which contains all the station-to-station rates applicable over the G. I. P. Railway.

Coal Tariff which contains rules and rates relating to the conveyance of coal.

It is possible that improvements in these tariffs would fall under one of the following classifications :—

- (a) re-arrangement of the matter now contained in the tariff so that it may be easier to find information required,
- (b) inclusion of further matter which would make the tariffs more complete,
- (c) re-wording of any rules, etc., contained in the tariff which may now be not quite clear.

3. The following comments on each of the tariffs referred to are offered in the hope that they may be of assistance to you.

- (a) *Goods Tariff, Part I-A*—The general arrangement of this tariff is as follows :—

General rules with the G. I. P. Railway's modifications thereof.

Rules and rates for fodder and livestock.

List of out-agencies and sidings and the charges applicable thereto.

Special rules relating to the booking of traffic to and from certain points.

Schedule rates with their bases.

The General Classification of goods with explanations of various symbols used therein.

Rates, etc., applicable over feeder railways.

List of terminal, short distance and transshipment charges.

Special instructions and restrictions regarding the booking, routing and rating of traffic.

Appendices relating to various miscellaneous matters.

There is a considerable amount of information contained in this tariff and it has therefore been necessary to compile it in the various sections given above ; but it is possible some rearrangement would be of advantage. Particular reference is invited to rules 62 to 64CC of this tariff which contain descriptions of the various kinds of rates in force and the method of ascertaining a chargeable rate ; an expression of opinion whether the description given therein is sufficiently lucid would be appreciated. In connection with the general

classification of goods, which is given in Chapter VII of this tariff, this is in tabular form showing for each commodity the maximum class rates sanctioned by the Government of India and the exceptions to these class rates and schedule rates in force on various railways. If no exceptions or schedule rates are shown the maximum class rates are chargeable except where station-to-station rates are quoted in Part I-B. It would possibly be an advantage if this arrangement were altered so that a positive indication of the rates chargeable over each railway were separately shown. This arrangement would however involve an increase in the size of the tariff. It might also be of assistance if a symbol were placed against the commodities in the General Classification of Goods for which station-to-station rates are quoted in Goods Tariff Part I-B. The views of your Association on these points would be appreciated.

(b) *Goods Tariff Part I-B*—In this tariff the station-to-station rates in force over the G. I. P. Railway are grouped as follows :—

- (1) Rates from Bombay.
- (2) Rates to Bombay.
- (3) Local rates (i.e., between stations both of which are on the G. I. P.) other than those to and from Bombay.
- (4) Through rates (i.e., rates between G. I. P. stations and stations on other railways and rates for traffic between stations on other railways which passes over the G. I. P.) other than those to or from Bombay.

In each group the commodities are arranged in alphabetical order according to the nomenclature in the General Classification of Goods. Under each commodity the stations are arranged in geographical order with stations on the South-East line to Raichur first and stations on the North-East line to Delhi at the end. It is possible that some other arrangement of these rates may be considered more suitable.

(c) *Coal Tariff*—In this tariff the rules and rates applicable over the G. I. P. Railway are shown first, and the rules and rates applicable over other railways in through booking with the G. I. P. Railway follow in alphabetical order. It would appear that this is the most satisfactory arrangement but I shall welcome suggestions for improvement.

4. The co-operation of your Association in this effort to improve the tariffs of the G. I. P. Railway will be invaluable. Should you desire any further information I shall be pleased to supply it. A copy of each of the tariffs referred to is enclosed.*

Copy of letter No. 1921/114, dated 18th May 1937, from the Association to the Chief Traffic Manager, G. I. P. Railway.

I am directed to acknowledge the receipt of your letter No. R.C1041 dated the 5th March requesting the assistance of this Association in effecting such changes as may be considered desirable in the Goods Tariffs issued by the G. I. P. Railway. My Committee note that the present enquiry is restricted only to the re-arrangement, re-wording or amplification of the matter included in the Tariffs issued by your Railway, and that it does not refer to the general structure of railway rates or to the policy followed in fixing rates as these are matters in which the G. I. P. Railway is unable to take action by itself.

At the outset, I am to observe that my Committee have no criticisms to offer in regard to the simplification of the Coal Tariff issued by your Railway. As you are doubtless aware, very little coal is at present being consumed by mills in Bombay, and my Committee do not feel justified in making any comments on this Tariff.

* Not printed.

In regard to the Goods Tariff Part IA, my Committee are of the opinion that the description given in Rules 62 to 64CC of the various kinds of rates in force and the method of ascertaining a chargeable rate is sufficiently explanatory to enable a person of average intelligence to understand the guiding principles governing the existing rates structure and the mode of calculating the rates payable on any particular commodity between any two points; and that the innumerable considerations which enter into the fixation of the rates prevent the information set forth in these Rules being condensed except at the risk of inconvenience and confusion in the ascertainment of the basis charge leviable on commodities moving from one part of the country to another. In so far as Chapter VII dealing with the General Classification of Goods is concerned, my Committee are not quite certain that the adoption of the suggestion made by you namely a re-arrangement of the information at present given in such a manner as to give a positive indication of the rate chargeable over each railway separately would serve any useful purpose. With the inclusion in the existing Tariff of additional columns setting forth the exceptional rates applied both by the G. I. P. Railway and by other railways on various classes of goods, the information which it is apparently sought to give is already available in the present Tariff, and my Committee feel it unnecessary to adopt the suggestion, more especially since, as stated by you, it would involve an increase in the size of the Tariff. In other words, the advantages accruing from a positive indication of the rates applicable on any commodity over each railway system separately would not, in the opinion of my Committee, be such as to warrant an increase in the size of the existing Tariff. Similarly, my Committee feel that an indication of a symbol against commodities in the General Classification of Goods for which station-to-station rates are quoted would serve little purpose. Special station-to-station rates are not at present applicable to all movements of any particular commodity. They are governed by a number of varying and variable factors, and a symbol placed against a commodity, for which a station-to-station rate has been provided in respect of particular sets of stations would, in practice, be meaningless to a person who desires to ascertain the rate payable on that commodity when it is booked between two stations where no station-to-station rate is applicable.

My Committee regard the existing arrangement of Goods Tariff Part IB showing the station-to-station rates in force over the G. I. P. Railway as satisfactory, and have no suggestion to make for the improvement of the Tariff.

While my Committee regret they are unable to recommend any practical suggestion for the simplification of the existing Tariffs, they recognise that the Tariffs, as at present framed, contain a mass of useful information concerning various considerations which govern the ascertainment of rates. This fact renders the Tariffs voluminous, and thereby detracts greatly from the utility of the publications to the general trade. What really matters to the average business man is neither the type of rate payable on the article which he wishes to despatch nor the factors which govern the ascertainment of such a rate, but what he actually would have to pay by way of freight on despatches of the article in which he is interested from one station to another. This being so, my Committee would suggest for your consideration the desirability of publishing compact pamphlets—similar to that which was recently published by you setting forth the rates payable on raw cotton—showing the actual rates chargeable on some of the more important commodities which are largely carried by the G. I. P. and connected railways—irrespective of whether the rates are special station-to-station rates; class rates; adjusted class rates; schedule rates or adjusted schedule rates. Such leaflets should give at a glance, in a manner somewhat similar to the arrangement adopted in Part IB of the G. I. P. goods tariff, the rates chargeable on the article dealt with for traffic from the principal stations on the G. I. P. system from which they are mainly booked to the important stations to which they are destined. Similarly, information might also be given showing the rates payable on the same commodity when booked from important despatching stations on the G. I. P. Railway itself or from stations situated on foreign railways, to important stations on the G. I. P. Railway to which they are booked.

My Committee feel that a compilation of the nature outlined in the preceding paragraph in respect of Piecegoods, Press-packed, and Piecegoods, not Press-packed, would be of material assistance to the trade and would be far more valuable than the Goods Tariffs,

as now framed, containing as they do a considerable amount of information with regard to railway rating procedure.

This Association is chiefly interested in the movements of Cotton yarn and piecegoods, and would naturally welcome the issue of a pamphlet in respect of these goods at an early date. The idea might, however, be extended to other selected commodities which largely move over the G. I. P. Railway.

APPENDIX 41.

PROPOSED ESTABLISHMENT OF AN ORGANIZATION FOR ADVISING FIRMS OF CHANGES IN RAILWAY FREIGHT RATES.

Copy of circular No. RC./2253, dated the 16/19th August 1937, from the Chief Traffic Managers, G. I. P. and B. B. & C. I. Railways, to the Association.

We beg to say that the Commercial Committee of the Indian Railway Conference Association has recently considered a proposal to establish an organization for advising firms of changes in goods rates of commodities in which they are particularly interested. At present the usual procedure adopted by firms desiring to know accurate current rates is either (a) to ask the competent authority of the railway concerned to give quotations or (b) to ascertain rates for themselves by reference to the published tariffs. Alterations in rates are, however, constantly being made to meet changing conditions. These changes are notified in rate circulars which are issued at regular intervals and are obtainable by the public on payment. An examination of these circulars is laborious and important details might be missed as they contain much information in which an individual firm may not be interested.

2. It is with a view to simplify procedure that consideration is being given to establishing a central organization which would advise firms promptly whenever changes are effected in rates for commodities in which they are interested. Firms desiring to utilize the organization would register their names, stating the commodity or commodities in which they are interested and would then be advised as soon as changes in rates for these commodities are made on any railway in India, or in particular areas.

3. It will be appreciated that the proposal would involve setting up a new organization and would involve considerable additional expenditure by railways. It is not, therefore, unreasonable for this special service to be given on moderate payment. Until this scheme has been worked out in detail and it is known to what extent it might be utilized by the public, it is not possible to state definitely what charges could be reasonably levied, but it is at present considered that a charge of Rs. 15 per year per firm per commodity would be acceptable.

4. Before any further steps are taken in the matter, it is desirable to ascertain the views of those likely to be interested, and we, therefore, request that your Association will favour us with your views on the proposal generally and with particular reference to the following points :—

(a) Is such an organization desired by the trade ?

(b) To what extent would members of your Association make use of such an organization if set up ?

5. As the matter is to be considered again at the Meeting of the Commercial Committee to be held in October, we shall be much obliged if you will favour us with a reply by 15th September 1937, at the latest.

Copy of letter No. 3641/170 dated the 29th September 1937, from the Association to the Chief Traffic Managers, G. I. P. and B. B. & C. I. Railways:

I am directed to acknowledge the receipt of your letter No. RC./2253, dated the 16/19th August 1937, in which the Association's views regarding the establishment of an organization to advise firms of changes in rates are requested. My Committee fully agree as to the desirability of bringing into being a system under which cotton mills in this country could be supplied with information regarding the changes in rates for the commodities in which they are interested in all or in any particular area, but desire to suggest, for the consideration of Railways, that so far as the Association's own members are concerned, it might be advisable and it would possibly be cheaper to disseminate the information from the office of the Millowners' Association. A charge of Rs. 15 per year per firm per commodity as has been suggested in your letter would appear to be excessive particularly in the case of mills located outside Bombay which, of course, would be interested in a much wider range of products than would the mills in Bombay. Mills in Bombay would probably only require information regarding the rates for cotton piecegoods, yarn, raw cotton and limited types of stores which are manufactured in India. Up-country mills, on the other hand, would require to be informed of changes in the rates on practically every class of mill stores which, as you are aware, will cover a very wide range of goods.

As regards the charges which might be made by the central body to the Association, they would, of course, have to be fairly low, or the Association could not afford to subscribe to them. A number of members of my Committee think that the information should be sent to the Association free of charge considering that nowhere in the world do firms charge for quotations for their particular manufactures and that it would be to the advantage of the Railway companies to broadcast their rates.

APPENDIX 42.

MIDDLE-CLASS UNEMPLOYMENT.

Copy of letter No. I.C. 308/8250, dated the 15th June 1931, from the Director of Industries, Bombay, to the Association.

I have the honour to enclose herewith for your information a copy of a letter from the Government of India, (Department of Industries and Labour) No. L/1834, dated 4th May 1937, addressed to provincial Governments on the subject mentioned above, and to state that the Government of Bombay have asked me to submit my views on the subject after consulting employing and other interests concerned. I accordingly beg to request you kindly to favour me with an expression of the views of your Association generally on the above proposal of the Government of India, so as to reach this office by 1st August 1937 at the latest.

Copy of letter No. L-1834, dated the 4th May 1937, from the Government of India, Department of Industries and Labour, to all Provincial Governments.

I am directed to address you on the subject of collecting statistics bearing on middle-class unemployment. The importance and urgency of the problem are generally recognized and the Government of India believe that the collection of available facts bearing on it would be a valuable contribution towards the adoption of remediable measures and would be welcomed by public opinion.

2. There have, indeed, been frequent demands for the collection of statistical material but these have generally been for the direct collection of statistics of educated unemployed persons. While sympathising with the desire to secure such statistics, the Government of

India are convinced that in the absence of a scheme of unemployment insurance or of some other substantial inducement to the unemployed to register, whether relating to the educated unemployed or other classes of unemployed, no reliable statistics of this character can be collected. Few will take the trouble to make a return unless they have a direct interest in doing so, and the attempts made at the last census, and subsequently in one or two provinces, in this direction, yielded no results of value. The collection of statistics of unemployment in other countries confirms the conclusion that this direct form of attack would be entirely infructuous in India. The only possible exception is the collection of particulars for very limited classes, *e.g.*, alumni of Universities, by persons or authorities such as a college provides, having some more or less personal contact with them; and the Government of India understand that in some Universities an effort is being made to pursue this method.

3. If more comprehensive statistical material is to be secured, a different method must be pursued and in the opinion of the Government of India the most hopeful line is to collect statistics of employment rather than unemployment. Thus it should be possible to collect particulars of the numbers of men with specified educational qualifications who have found employment in various spheres, and particularly in industry and commerce.

4. If reliable material of this character could be collected, it would be of distinct value. In the first place it would furnish a basis for estimating the needs of the various industries and commercial concerns for qualified men, with different types of technical qualifications, with a view to better correlation of supply and demand. There is a faulty application of educational resources and injury is done to the professions in producing 100 mining engineers where there is room for only 50 or 40 technologists in a specialized line where only 10 can find employment. In the second place, the statistics would make it possible to form a general estimate of the potentialities of absorption offered by industry and commerce for educated young men, whether their qualifications are technical or general, and thus to reach a position where the probable effects of different possible policies on unemployment can be gauged. In the third place, the statistics would help to meet the public need and demand for statistical material bearing on this subject and would enable the subject to be viewed in the light of facts rather than conjectures.

5. The Government of India consider that, in order to secure reliable statistics, legislation would be necessary. For while many employers would doubtless be willing to supply the particulars on a voluntary basis, others would fail to do so, and the value of the results would depend on the completeness of the returns in the branches of employment selected. Further it would seem to be preferable that this legislation should preferably be central rather than provincial so as to ensure uniformity and avoid provincial variations both in the form and in the method of conducting an inquiry. The type of legislation which the Government of India envisage is simple. It would enable prescribed authorities to require such employers as might be prescribed to furnish certain particulars regarding the qualifications, educational or technical, of persons or certain classes of persons employed or recently employed by them and would provide a penalty for non-compliance.

6. While the legislation would be in general terms, the Government of India do not contemplate any large-scale simultaneous inquiry. In the first instance, it would probably be desirable to restrict the inquiry to organized industry (*i.e.*, regulated factories, mines, and railways) both because such industry presents less difficulty from the point of view of collection of information and also because the information obtained is likely to be of more value for the immediate purpose in view. Thus employers in these establishments might be asked to state the number of posts in each establishment carrying more than a specified minimum pay, and to furnish certain particulars of the educational or other qualifications of the incumbents of these posts. In most cases, it would probably be necessary for the employer to supply particulars of only a small proportion of his appointments and of his employees. For example a factory owner might be asked to state the number of posts carrying more than Rs. 50 a month and to give the number of graduates of various types, and possibly of matriculates filling these or other posts. If this inquiry yielded satisfactory results, it would be possible to extend the investigations thereafter to various commercial occupations and possibly less organized forms of employment.

7. In the event of the necessary legislation being passed, the Government of India would be prepared to supply forms and to compile the final statistics, but they would be obliged if the provincial Government would agree to undertake the distribution and collection of forms and to arrange for some tabulation of the provincial statistics.

8. The Central Legislature are precluded from passing an Act for regulating a matter which appears to fall under item 32 of List II (Provincial Legislative List) in the Seventh Schedule to the Government of India Act, 1935, unless the consent of the Legislative Chambers in the provinces to be covered is secured under the provisions of section 103 of the Act. I am, therefore, to inquire if your Government would be willing to place the necessary resolution before the provincial Legislature, on the understanding that the proposal receives the general support of the majority of provincial Governments.

9. To sum up, the points on which the Government of India desire to have the conclusions of the provincial Government are the following :—

- (1) Is it desirable to collect the statistics suggested ?
- (2) Should central legislation be introduced for this purpose ?
- (3) Would the provincial Governments be prepared to co-operate in collecting and tabulating the statistics ?
- (4) In the event of the proposal receiving general support from the majority of provincial Governments, would the provincial Government be prepared to place the necessary resolution before its Legislature ?

I am to request that after consulting such employing and other interests as the provincial Government may select, a reply may kindly be sent to this letter so as to reach this Department not later than 1st October 1937.

Copy of letter No. 2687/149, dated the 20th July 1937, from the Association to the Director of Industries, Bombay.

I am directed to acknowledge the receipt of your letter No. I. C. 308/8250, dated the 15th June 1937, in which you request my Committee to express an opinion as to whether Government should be empowered by legislation to collect statistics of employment. My Committee note that, if the proposed legislation is passed, the Government of India do not contemplate any large scale enquiry at present, but that, in the first instance, its scope would be limited to organized industries where employers would be asked to state the number of posts in each establishment carrying more than a specified minimum salary. My Committee further observe that, if reliable material of this character could be collected, it would, in the opinion of Government, furnish a basis for estimating the needs of the various industries and commercial concerns for qualified men with different types of technical qualifications, with a view to better correlation of supply and demand.

My Committee have carefully considered the whole question, and while they have no serious objections to urge to the proposal to introduce legislation on an all-India basis, they definitely consider that the statistics if collected would serve no useful purpose. In this connection, I am desired to point out that it is not theoretical qualification alone which determines suitability for employment; very often, young men with practical experience in mills have been found to be more capable from the point of view of the mills themselves than people with theoretical experience only.

My Committee note that, while the proposed legislation would only be in general terms, Government do not contemplate any large scale simultaneous enquiry. It would appear that, in the first instance, Government desire to limit the scope of the enquiry to organized industries, and it is, therefore, possible that the Textile Industry, as one of the premier organized industries of this country, would be called upon to furnish statistics if the

proposed legislation is finally passed into law. In this connection, my Committee would like to point out that from the point of view of statistics cotton mills are at present compelled to furnish more detailed information than any other industrial undertakings, and my Committee, therefore, wish to emphasise the desirability of any enquiry which might be undertaken by Government in future being made as simple as possible involving very little clerical work.

APPENDIX 43.

ANTI-MALARIAL MEASURES IN BOMBAY MILLS.

Copy of letter No. HM/7769, dated the 25th September 1936, from the Assistant Health Officer, Malaria, Bombay Municipality, to the Association.

I have the honour to state that the roof gutters on mill premises are potential breeding places of the Anopheles Stephensi, the Malaria carrying mosquito. As most of these roof gutters are almost inaccessible, it is difficult to inspect and treat them if found breeding. The question regarding roof gutters came up for discussion in the meeting of the Malaria Advisory Committee held on 4th August 1936, when it was suggested that the Association may be requested to persuade the individual mill authorities to make the inaccessible roof gutters of mills, accessible. A list* of names of such mills whose roof gutters are found to be inaccessible is sent herewith for your guidance. I shall be glad to be informed of the result of your attempts at persuasion.

Copy of letter No. HM/7769, dated the 2nd October 1937, from the Executive Health Officer, Bombay Municipality, to the Association.

I have the honour to state that as agreed in the meeting held on 28th January 1937, of the Special Sub-Committee appointed by the Committee of the Millowners' Association that the roof gutters of one of the Mills of the E. D. Sassoon group should in the first instance be made accessible and a kharwa engaged by the Municipality for their inspection and treatment during the monsoon, the experiment began with the selection of the Jacob Sassoon Mill for the purpose. In June last the Mill authorities concerned rendered the roof gutters of this Mill accessible by providing openings or windows at suitable places so as to enable a person to have an easy access to these roof gutters with the help of moveable wooden ladders and the Municipality engaged the services of a kharwa for their inspection and treatment on daily wages of Re. 1-4. The subjoined statement shows the result of inspections done by the kharwa on different dates.

Date of inspection.	No. of roof gutters examined.	No. of roof gutters breeding.	VARIETY.		REMARKS.
			Anopheles	Culex	
21-7-37 ..	12	7	..	7	Treated with phenyle after sweeping off water as far as possible.
28-7-37 ..	18	5	..	5	do.
4-8-37 ..	25	6	..	6	do.
11-8-37 ..	13	6	1	5	do.
18-8-37 ..	18	4	..	4	do.
25-8-37 ..	24	5	..	5	do.
1-9-37 ..	18	4	..	4	do.
7-9-37 ..	19	4	..	4	do.
15-9-37 ..	8	3	1	2	do.

* Not printed.

It may be noted that no breakage was caused to the tiles during the inspections.

It is proposed to retain the services of this kharwa till the end of October by which time the monsoon is expected to end.

I would request that you will kindly place this letter before the Special Sub-Committee referred to above who would, I hope, arrange for making roof gutters at other Mills accessible before the next monsoon and let me know in due course which of the Mills have agreed to do so.

Copy of letter No. 4310/198, dated the 16th November 1937, from the Association to the Executive Health Officer, Bombay Municipality, Bombay.

I am directed to acknowledge the receipt of your letter No. HM/7769, dated the 2nd October 1937, in which you set out the results of certain tests taken out at the Jacob Sassoon Mill. The results of the tests show that in a period extending from the 21st July 1937 to 15th September 1937, 155 roof gutters at the Jacob Sassoon Mill were examined; *Culex* mosquitoes were found breeding in 42 gutters, *Anopheles* mosquitoes were found breeding in 2 gutters only and *Stogomyia* mosquitoes—the carriers of Yellow Fever—were never once detected. The monsoon is ordinarily a heavy malarial season owing to the creation of a large number of temporary breeding places, but the Agents of the Sassoon Group of Mills report that during this season there was hardly any malaria in their group of Mills which are distributed in Bombay from Chinchpogly to Mahim.

After examining the figures, my Committee came to the conclusion that the tests had not proved the need for making roof gutters of all mills accessible. At an interview which the undersigned had with you on Friday, the 29th October, it was contended that, on the contrary, the comparative absence of *Anopheles* mosquitoes at the Jacob Sassoon Mill was in your view due to the fact that the roof gutters had been suitably treated, but this conclusion could hardly be justified unless the Malaria Department were in a position to show that, where roofs in the same locality had remained untreated, greater numbers of *Anopheles* mosquitoes had been detected. It was eventually suggested that experiments be conducted for a further season, observations being taken in the same locality of treated and un-treated roof gutters. It was understood that about 10 per cent. of the total roof gutters in Bombay Mills were already accessible, and if this is the case, such an experiment could, it is thought, be very conveniently arranged.

My Committee have now considered the suggestion and recommend it for your consideration before any further steps in regard to making roof gutters of mills accessible are taken by the Health Department. If you are agreeable to this suggestion, the details of the experiment could be arranged in consultation with your Malarial staff.

In conclusion, I am to say that my Committee are most anxious to do what is reasonable to reduce the incidence of malaria in Bombay, but they do not at present feel that the Health Department is justified in asking mills to go to the extent of making all roof gutters accessible unless it has been clearly proved that the treatment of roof gutters is an essential element in the anti-malarial campaign.

APPENDIX 44.

AMPLIFICATION OF THE ACCOUNTS RELATING TO THE INLAND (RAIL AND RIVER-BORNE) TRADE OF INDIA.

Copy of letter No. 9297/Q, dated the 24th July 1937, from the Director General of Commercial Intelligence and Statistics, to the Association.

I have the honour to inform you that a Committee has been appointed by the Central Government in India for considering the amplification of inland trade statistics. The com-

modities and territorial blocks for which statistics are shown in the present returns are given in Statements I* and II* attached to this letter. It has been suggested by the Committee that these lists of commodities and territorial blocks should be expanded so as to correspond more or less with those included in the old inland (rail and river-borne) trade returns which are given in Statements III* and IV* enclosed herewith. I am to ask that you will be good enough to communicate to me your views as regards this suggestion. It will be of help to the Committee, if you are in favour of adopting the old lists and territorial blocks, if you will kindly indicate in what respects these lists require modification.

2. I am to point out that the adoption of the lists of articles and blocks included in the old returns will lead to a very substantial increase in the cost of collection and publication of these statistics and it would be necessary for provincial authorities to meet part of the additional cost involved. The cost of these statistics on the basis of the present list of commodities and territorial blocks is nearly Rs. 2 lakhs per annum, and is borne entirely by the Central Government.

3. It is requested that reply to this letter may kindly be sent to the Director General of Commercial Intelligence and Statistics, (1, Council House Street, Calcutta), as early as possible and in any case not later than the 30th September 1937.

Copy of letter No. 2948/159, dated the 10th August, 1937, from the Association to the Director General of Commercial Intelligence and Statistics, Calcutta.

I am directed to acknowledge the receipt of your letter No. 9297/Q dated the 24th July 1937, in which you request my Committee to express an opinion in connection with the proposed amplification of the Inland Trade Statistics. My Committee have carefully considered the whole matter, and they are of opinion that the area covered by each territorial block is at present very large and a further sub-division of such blocks on the lines indicated in Statement IV would yield more precise results than at present.

So far as the Cotton Textile Industry is concerned, they suggest the inclusion in the list of articles, of the following items:—

Cotton Blankets	Indian.
	Foreign.
Art. Silk Yarn.	
Art. Silk Piecegoods	Indian.
	Foreign.

APPENDIX 45.

CONTROL OF LEPROSY IN BOMBAY.

Copy of letter No. ALH/29/A, dated the 5th July 1937, from the Municipal Commissioner, Bombay Municipality, to the Association.

I have the honour to forward herewith a copy of Resolution No. 156, dated 7th September 1936 of the Medical Relief and Public Health Committee of this Corporation and Municipal Commissioner's report thereon and as desired by the Corporation, to request you to instruct the authorities of the Mills in the City to instruct their Medical Officers to notify to the Executive Health Officer of this Municipality cases of leprosy found amongst the mill-hands working in their mills.

(a) Medical Relief and Public Health Committee Resolution No. 156, dated the 7th September 1936 :—

“ That the attention of the Commissioner be drawn to the fact that a number of persons suffering from leprosy are working in the various mills in the City undetected, and consequently exposing the other employees in the mills to danger of infection and he be requested to report to the Committee what steps he proposes to take in co-operation with the mill authorities to detect and isolate such cases as may be dangerous to their co-workers.

“ 2. That the Commissioner be also requested to place before the Committee a statement showing the number of patients treated for leprosy at the K. E. M. Hospital showing therein the occupations, etc., to which they belonged.”

(b) The Commissioner's Report No. A.L.H. 29-A, dated the 24th February 1937 :—

“ SUBJECT :—*Detention and isolation of lepers working in the Mills in the City.*”

“ With reference to Medical Relief and Public Health Committee Resolution No. 156 of 7th September 1936, on the subject noted above, I have the honour to state that the control of lepers engaged in any trade or calling in the City is governed by the provisions of the Lepers Act III of 1898. Section 9 of this Act provides that Local Government may by notification prohibit lepers from following certain professions, and Section 11 prescribes penalties for persons employing lepers in prohibited occupations. Government have notified such callings under G. D. No. 4374-C and 1032, dated the 18th July 1911 and 8th February 1918, respectively, among which ‘ mill hands ’ are included. The Act is silent as to who should take action against the employer in case of any breach of these orders, but from the general context and the fact that under the Act the control of lepers in the streets is vested in the Police, it would appear that the Commissioner of Police is the proper authority to take action in such matters. He was, therefore, recently addressed by the Secretary of the Acworth Leper Home to take action against lepers engaging themselves in prohibited professions and against employers engaging them in such occupations, to which he replied that the Police could not undertake periodical medical inspection of the staffs of mills which was the province of the Medical Authorities in the City, and added that cases of lepers which might come to or were brought to the notice of the Police would be dealt with in accordance with law, *vide* his letter, dated the 18th September 1936 (copy attached.)

Under Section 421 of the Municipal Act, leprosy is one of the dangerous diseases which Medical Practitioners are required to notify to the Executive Health Officer. But this is never done except by the Police Surgeon and the patients notified by him, if paupers, are removed by the Police to the Acworth Leper Home. Section 424 of the Act provides that the Municipal Commissioner or any Police Officer empowered by him in that behalf can direct or cause removal of patients suffering from dangerous diseases, which include leprosy, to a Hospital. In the absence of any such institution, isolation of leprosy cases in hospital is not possible. An attempt is now being made to supply this want, and if it succeeds some action may be possible to treat and isolate infectious cases ; but in the meantime the Acworth Leper Home is meant only for pauper lepers brought in by the Police and does not admit lepers sent by others. Periodical medical inspection of mill operatives for detection of leprosy cannot be undertaken by the Municipality in the absence of proper machinery and even if it were undertaken it would prevent voluntary cases seeking treatment for fear of losing their employment with the result that such patients will swell the number of undetected cases.

In this connection, the following quotation from a report on leprosy adopted by the 11th Meeting of the Research Workers Conference of the Indian Research Fund Association is pertinent and deserves due weight in the consideration of this problem :—

H—Non-Infectious Cases.

Within recent years it has become recognised by leprosy workers that the majority of early cases of the disease as found in India are not infectious and may be expected to

heal if suitably treated under favourable conditions. Fear of dismissal from employment leads to concealment; and the untreated disease may advance till the patient is a danger to his associates. Also dismissal and consequent unemployment endanger chances of recovery. We, therefore, consider that patients with early non-infectious leprosy should not be dismissed, provided they remain under expert medical observation and treatment.'

As regards para 2 of the Medical Relief and Public Health Committee Resolution under reply a statement showing the number of patients treated for leprosy at the King Edward Memorial Hospital during the year 1936 with their occupations is forwarded herewith."

(1) Letter to the Honorary Secretary, Acworth Leper Home, from the Deputy Commissioner of Police, Divisions, No. 12653/34/Impt., dated the 18th September 1936, above referred to:—

SUBJECT :—Prohibition of lepers from following certain trades and callings.

"The Commissioner of Police has directed me to acknowledge receipt of your letter No. A.L.H. 29-A of the 10th instant and to inform you that it is regretted that the police cannot undertake periodical medical inspection of the staffs of mills. That would appear to be in the province of the medical authorities of the City. Cases of lepers which may come to or are brought to the notice of the police are dealt with in accordance with the Act."

(2) Statement above referred to :—

Classification of Leprosy cases treated in the 'Out-Patients' Department, during the year 1936.

	Hindu.	Mahomedan.	Christian.	Other.	Total.
Males	163	30	19	..	212
Females	24	4	4	1	33
Male Children	2	1	2	..	5
Female Children	1	..	..	..	1
Total ..	190	35	25	1	251

Out-patients.

Occupation.	No.	Occupation.	No.
		Brought forward ..	124
Farmers	8	Baker	1
Coolies	37	Milkmen	2
Students	7	Domestic servants	1
Cabinman	1	Carpenters	3
Sweepers	1	Motor drivers	1
Tailors	3	Pressmen	2
Seamen, Sailors	2	Weavers	2
Railway Mistry	1	Milk merchants	1
Mill hands	21	Barbers	4
Hotel servants	5	Sadhu	3
Shopkeepers	5	Printers	1
Shop servants	5	Lab. Asstt.	1
Clerks	6	Mason	2
Hawkers	3	Boiler-makers	1
Waiters and boys	2	Blacksmiths	1
Merchants	5	Peons	2
Watchmen	3	Pensioner	1
Dhobies	3	Motor Cleaner	1
Malies	2	Victoria driver	1
Mochies	1	Teacher	1
Dyers	1	Cartman	1
Fitters	1	Roadside	1
Goldsmiths	1	No occupation	93
Carried over ..	124	Total ..	251

In-patients.

Roadside 2

After discussion, it was—

Resolved: "That the communications be forwarded to the Corporation with a recommendation that the Commissioner be requested to address the Bombay Millowners' Association to request the authorities of the mills in the City to instruct their Medical Officers to notify to the Executive Health Officer cases of leprosy found among the mill hands working in the mills."

Copy of letter No. 2689/144, dated the 20th July 1937, from the Association to the Municipal Commissioner, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. ALH/29/A of 1937-38, dated the 5th July 1937, and to enclose herewith, for your information, copy of a circular letter addressed to all members of the Association with Mills situated in the City and Island of Bombay.

Copy of circular No. 2678/144, dated the 20th July 1937, from the Association to all Members of the Association with Mills situated in the City and Island of Bombay.

The control of lepers engaged in any trade or calling in the City is governed by the provisions of the Lepers Act of 1898. Section 9 of this Act provides that the Local Government may by notification prohibit lepers from following certain professions or occupations, and Section 11 prescribes the penalties for persons employing lepers in prohibited occupations. According to a notification subsequently issued by the Government of Bombay, "work in cotton mills" was included in the list of professions in which the employment of lepers was prohibited. Under Section 421 of the Municipal Act, leprosy is one of the dangerous diseases which Medical Practitioners are required to notify to the Executive Health Officer, but this, so far as the Committee of the Association are aware, is not being done. In the circumstances, members are requested to instruct their Mill Managers and Medical Officers to notify to the Executive Health Officer of the Municipality cases of leprosy found amongst the mill-hands employed by them.

APPENDIX 46.

SAFETY FIRST ASSOCIATION OF INDIA.

Copy of letter dated the 12th January 1937 from the Safety First Association of India to the Association.

Many thanks for your letter of January 4th.* Your suggestion that we might find it worth while to approach those of your members whose reaction to our Industrial *communiqués* is favourable reminds me of the paragraph in the Annual Report for 1935 of the Chief Inspector of Factories, Bombay Presidency, dealing with Accident Prevention work in the Textile Industry.

"In the principal industry therefore accidents did not increase *pari passu* with the increase in employment and this may, fairly in part at least, be attributed to the stimulation of interest in methods which operate to prevent accidents."

While this is a matter for congratulation, you will agree there is a great deal yet to be accomplished.

The prevention of accidents—deaths and disablements—is a great public interest problem, demanding trusted, competent and non-partisan leadership. In this respect, we believe that you will recognize that this Association furnishes leadership of that kind and

* Not printed.

that its services to industry are of value. For this reason, we have great pleasure in offering our co-operation to make your Safety programme for the Coronation Year a success. Our services are easy of co-ordination with the activities of your Member Companies through their Safety Committees, and in cases where there are no Safety Committees, we should be delighted to assist the Management in the organization of such ones. For this purpose, we enquire whether your Member Companies would consider enrolling the members of their Safety Committees or any one else responsible for the Safety programme in their plants, as Members of the Association, paying an annual subscription of Rs. 10 which will, among other things, entitle them to :—

- (a) "*Safety News*."—One copy per month. Since 1934 "*Safety News*" has been India's pioneer safety magazine, devoting itself to the advancement of constructive and proven methods of industrial accident prevention, fire protection, industrial health conservation, highway safety and allied subjects. Every word in this magazine is hewn from the hard rock of experience, showing what is safe and unsafe and how to combat accidental hazards that lurk everywhere. Editorial costs are nil because of the valued co-operation of voluntary contributors and our overseas friends.
- (b) *Industrial Safety Communiques* :—A monthly article containing Safety information pertinent to Industrial Safety. They are probably the best reference work the Safety Engineer can acquire. A reason for this is the large number of qualified persons who are consulted in their preparation. Actually these *communiques* represent the boiled down safety experience of thousands of persons, as they are written after making exhaustive research by the Association's Hon. Engineers. The cost of preparation of each *communique*, if borne by an individual or single factory owner, would be Rs. 500.
- (c) *Gallant Conduct Award* :—In order to recognize conspicuous acts of Industrial Bravery, the Association has instituted a Gallant Conduct Award. The dies for the medal alone cost about £40.
- (d) *Lectures* :—Lecturers on Accident Prevention methods can be provided for giving one or two addresses annually to Safety Committees. While in the City of Bombay, such service will be free, members will have to pay the actual cost of travelling and other incidental expenses both ways.
- (e) *Consultation Service* :—Carrying the idea of individual service even further, members are encouraged to submit their specific Safety problems to the Association's Hon. Engineers. At present more than 100 requests are received per annum. Assuming that a member submits but one problem a year, the correct solution of which may be worth thousands of rupees to him in increased production and less compensation costs, it is conservatively estimated that the cost of this service is Rs. 50 per enquiry. It is solely the honorary service rendered by the Association's Engineers that makes this possible.
- (f) *Safety Posters* :—Good Safety Posters are an important adjunct of accident prevention. Issue of pictorial and letter press posters according to requirements. 15 posters on occupational accidents (ozalid prints) and 24 posters on non-occupational accidents are available at cost. Designs to suit members' specification will be freely given, but the Association cannot undertake at present distribution of coloured posters as the cost of art-work, engraving and Press-work is prohibitive.

Many other Membership services and materials on occupational and non-occupational accidents such as the Indian Highway Codes with a Foreword by the Marquis of Willingdon can be listed, but the outstanding reason why your Members will find it an advantage to accept our proposal is the simple unvarnished fact that efficient Accident Prevention work demands the co-operation of an organized Agency solely devoted to the conservation of life and property such as this Association is ; that it is so is evidenced from the recent *communique*

issued by the Government of India, Department of Industries and Labour, to all Provincial Governments, inviting their attention to our service and requesting them to bring this to the notice of Industry.

In view of this, we shall be obliged if you will be pleased to put our proposal before your Members and let us know their views in due course. In common with the rest of the world, the Accident Prevention movement is on trial in India, but with the co-operation and support of your progressive organization, there is every reason why we should be able to reduce your costs of production.

Copy of letter No. 784/70, dated the 16th February 1937, from the Association, to all Members of the Association.

I am directed to enclose herewith for your information a copy of a letter received by me from the Safety First Association of India.

The Committee consider that the activities of the Safety First Association deserve all possible encouragement, and they, therefore, recommend that as many member mills as possible should enroll themselves as members of that Association. It is suggested that such membership might stand in the name of the Mill Manager or Chief Engineers, as these officers are ordinarily responsible for safety measures in industrial establishments.

If you desire to be furnished with further particulars regarding the Safety First Association, your enquiry might be addressed to :

Mr. A. S. Trollip, Hon. Jt. General Secretary, The Safety First Association of India, Electric House, Fort, Bombay.

APPENDIX 47.

BOMBAY UNIVERSITY : DEPARTMENT OF CHEMICAL TECHNOLOGY.

Copy of letter No. 36, dated the 15th January 1937, from the Department of Chemical Technology, University of Bombay, to the Association.

I have pleasure in informing you that this Department is prepared to send copies of all published papers of the research work carried out in it to the mills in the Bombay Presidency. Mills desirous of being supplied, from time to time, with such copies are requested to forward a deposit of Rs. 5 to cover the cost of reprints and postage.

The Department possesses a semi-scale plant for bleaching, dyeing and machine printing, in addition to well equipped laboratories for chemical engineering and technical chemistry, and is desirous of co-operating with the mills in investigating any problems that may arise in the course of their work.

Reprints from the "Industrial Chemist" describing the facilities available in the Department will be forwarded to you in the near future.

Copy of letter dated the 9th March 1937 from the Association to all Members of the Association.

Under instructions from my Committee, I am forwarding herewith for your information copy of a letter No. 36, dated the 15th January 1937, received from the Head of the Department of Chemical Technology, University of Bombay. The Committee of the Association strongly recommend that every member should open an imprest account as suggested in the first paragraph of the enclosure.

APPENDIX 48.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

DEPARTMENT OF COMMERCIAL INTELLIGENCE AND STATISTICS, INDIA.

INDIAN CUSTOMS TARIFF.

(Also issued as a Supplement to the Indian Trade Journal of 16th December, 1937, with amendments notified upto 5th May, 1938).

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1938), showing the rates of Customs duties levied on goods imported into, and exported from, British India, together with the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T. (7)/37, dated the 11th December, 1937, for the purpose of assessment of Customs duties during the twelve months January to December, 1938.

Note 1.—In the expression *ad valorem* used in these Schedules the reference is to "real value" as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it.

Note 2.—Tariff-valued heads are based on the ordinary trade description of each article and cover all reduced grades and mixtures unless they are separately provided for.

Note 3.—In this publication, the expression "standard rate of duty" means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty.

Note 4.—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty.

Note 5.—The expression "Far East" covers China, Japan, the Straits Settlements, Malaya, Siam, French Indo-China, the Netherlands East Indies and other Far Eastern Countries. For the purposes of this publication it is intended also to cover Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I.						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.						
1	ANIMALS, LIVING, all sorts .. .. .	....	Free .. .. .	....	....	....
2	BACON AND HAM, not canned or bottled ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
3	FISH, not otherwise specified	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
3(1)	FISH, SALTED, wet	Revenue ..	Such rate or rates of duty not exceeding one rupee per Indian maund of 82 2/7 lbs. avoirdupois weight as the Governor General in Council may, by notification in the Gazette of India, from time to time prescribe*, plus 6½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per Indian maund.				
		Rs. a. p.				
	(i) Soormal	6 4 0				
	(ii) Bangdas	3 4 0				
	(iii) All other sorts	6 12 0				
3(2)	FISH, SALTED, dry†	Preferential revenue.	Rs. 3-8 per cwt. ..	....	Re. 1-8 per cwt.	....
3(3)	FISH, UNSALTED, dry	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.				
		Rs. a. p.				
	Bomlas	5 0 0				

* The rate on the 1st January, 1938, and until further notice is annas 9½ per maund of 82 2/7 lbs. avoird.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, fish, salted, dry are liable to duty at the rate of 15 per cent. *ad valorem* (Standard) and 5 per cent. *ad valorem* (preferential.)

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I—<i>contd.</i>						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM						
3(4)	FISHMAWS, including singly and sozills and sharkfins.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Sharkfins, loose or in bundles from Arabian and Persian Gulf ports.	Per cwt. Rs. a. p.	4 8 0			
	Sharkfins, loose or in bundles from China and the Straits.	Per lb. Rs. a. p.	3 8 0			
4	BUTTER, Cheese and Ghee	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Butter	Per lb. Rs. a. p.	0 13 9			
	Ghee	Per cwt.	42 0 0			
4(1)	MILK, condensed or preserved, including milk cream.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
5	CORAL, unprepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
5(1)	COWRIES AND SHELLS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Chanks—	Per thousand. Rs. a. p.				
	Sound live	88 0 0				
	Sound dead	55 8 0				
	Other sorts	13 0 0				
	Cowries, bazar, common	Per cwt.	4 4 0			
	Cowries, yellow, superior quality	5 4 0				
	Cowries, chitia (spotted)	20 0 0				
	Cowries, Maldiva	13 0 0				
	Cowries, Sankhli	86 0 0				
	Mother-of-pearl, nacre	20 0 0				
	Nakhla	125 0 0				
	Tortoise-shell	Per lb.	6 4 0			
	Tortoise-shell, nakh	1 14 0				
5(2)	IVORY, unmanufactured	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
	Elephants' grinders	Per cwt. Rs. a. p.	300 0 0			
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lb. in weight, and hollows, centres, and points each weighing 10 lb. and over.	380 0 0				
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lb. and not exceeding 20 lb. each, and hollows, centres, and points each weighing less than 10 lb.	160 0 0				
	Elephants' tusks each less than 10 lb. (other than hollows, centres, and points).	275 0 0				
	Sea-cow or moye teeth, each not less than 4 lb.	220 0 0				
	Sea-cow or moye teeth, each not less than 3 lb. and under 4 lb.	130 0 0				
	Sea cow or moye teeth, each less than 3 lb.					
SECTION II.						
PRODUCTS OF THE VEGETABLE KINGDOM.						
6	PLANTS, LIVING not otherwise specified .. .. .	....	Free .. .. .	....	....	....
6(1)	RUBBER STUMPS .. .. .	....	Free .. .. .	....	....	....
7	VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
	Garlic	Per cwt. Rs. a. p.	6 0 0			
	Potatoes	5 4 0				
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.*	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, raw cashew-nuts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Almonds—					
	(i) Without Shell	70 0 0				
	(ii) In the shell—					
	(a) Iranian Kagazi	50 0 0				
	(b) Iranian other than Kagazi	11 0 0				
	(c) Other than Iranian—					
	(1) Soft shell including half-hard shell qualities such as Prunelle and the like	31 8 0				
	(2) Hard shell	20 0 0				
	Cashew or cajoo kernels, not skinned	20 0 0				
		Per thousand.				
	Coconuts, Straits, Dutch East Indies and Siam—					
	Husked	52 0 0				
	Unhusked	60 0 0				
	Coconuts, Ceylon	44 0 0				
	Coconuts, other except Maldives	25 0 0				
		Per cwt.				
	Dates, dry, in bags—					
	Kapkapa, Shokra Chhara, Chupchap, Sakina and Brami	8 0 0				
	All other qualities	5 12 0				
	Dates, wet, in bags, baskets and bundles	2 13 0				
	Dates wet, packed in other receptacles	6 8 0				
	Figs, dried, Iranian	6 0 0				
	Figs, dried, European	14 8 0				
	Pistachio nuts	55 0 0				
	Raisins, red, Persian Gulf	8 0 0				
8(1)	CURRENTS		Revenue	Rs. 1-4 per cwt. ..	....	....
9	COFFEE not otherwise specified		Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound.	....	25 per cent. <i>ad valorem</i> .
9(1)	COFFEE, canned or bottled		Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .
9(2)	TEA		Preferential revenue.	Five annas per pound	....	Three annas per pound.
9(3)	THE FOLLOWING SPICES, namely:—					
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper—					
	(a) Unground		Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i> .
	(b) Ground		Revenue	37½ per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Spices, unground—					
	Cardamom seed	47 0 0				
	Cassia lignea	10 0 0				
	Cloves	50 0 0				
	Cloves, exhausted	10 0 0				
	Cloves stems and heads	8 0 0				
		Per lb.				
	Nutmegs	0 6 0				
	Nutmegs in shell	0 3 6				
		Per cwt.				
	Pepper, black	14 0 0				
	Pepper, long	18 8 0				
	Pepper, white	30 0 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely:—					
	Chillies, ginger and mace		Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	22½ per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Ginger, dry, unground	36 0 0				
		Per lb.				
	Mace, unground	1 2 0				
9(5)	BETELNUTS		Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Betelnuts (husked)—					
	Whole from Straits, Dutch East Indies and Siam	8 0 0				
	Whole from Goa	10 12 0				
	Whole from Ceylon	10 0 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
	Split from Straits, Dutch East Indies and Siam—	Per cwt. Rs. a. p.				
	(a) Mature	9 8 0				
	(b) Immature	19 0 0				
	Split from Ceylon—					
	(a) Mature	9 0 0				
	(b) Immature	19 0 0				
	Sliced all sorts	16 8 0				
	All other sorts	9 8 0				
9(5)	VANILLA BEANS	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free .. ..	....	....	....
10(2)	BROKEN RICE	Protective ..	Twelve annas per Indian maund of 82 2/7 lbs. avoirdupois weight.	....	....	March 31st, 1939.
11	FLOUR not otherwise specified	Revenue ..	25 per cent. <i>ad valorem</i>.	..	..	..
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Cassava or Tapioca flour	6 8 0				
11(2)	SAGO FLOUR .. ..	....	Free .. ..	....	....	....
11(3)	SAGO AND TAPIOCA	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Cassava, Tapioca or Sago	7 8 0				
11(4)	STARCH AND FARINA	Revenue ..	15 per cent. <i>ad valorem</i>.	....	....	....
12	SEEDS, all sorts, not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
12(1)	OILSEEDS, imported into British India by sea from the territories of any Prince or Chief in India.	....	Free .. ..	....	....	....
12(2)	OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Copra or coconut kernel	10 0 0				
12(3)	RUBBER SEEDS .. ..	....	Free .. ..	....	....	....
12(4)	HOPS .. ..	....	Free .. ..	....	....	....
12(5)	FODDER, bran and pollards	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per lb. Rs. a. p.				
	Cochineal	0 12 6				
	Gallnuts, Iranian	36 0 0				
13(1)	BARKS FOR TANNING .. ..	....	Free .. ..	....	....	....
13(2)	CUTCH AND GAMBIE, all sorts	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Gambier, cube	13 0 0				
	Gambier in flakes or circular pieces.	28 0 0				
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Gum olibanum or frankincense.	10 12 0				
	Gum Iranian (<i>falee</i>)	9 12 0				
	Myrrh	25 0 0				
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammar (including unrefined batu) and rosin.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Dammar batu, unrefined	5 4 0				
	Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African.	17 0 0				
	Gum Benjamin, ras	20 0 0				
	Gum Benjamin, cowrie (excluding pure cowrie)	35 0 0				
	Gum Dammar (or Copal)	22 0 0				
13(5)	STICK OR SEED LAC .. ..	....	Free .. ..	....	....	..

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
13(6)	OPIMUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
13(7)	CINCHONA BARK .. .. .	....	Free .. .. .	....	....	..
14	CANES AND RATTANS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per 100 Pieces.				
		Rs. a. p.				
	Canes—					
	Malacca	18 0 0				
	Chimity	7 8 0				
	Trees	4 4 0				
	Root moonah	14 8 0				
	Manna	13 0 0				
	Polo, all kinds—					
	Not exceeding 10 feet in length.	38 8 0				
	Exceeding 10 feet in length	47 0 0				
		Per cwt.				
	Tohite	14 0 0				
	Rattans—					
	Chair	13 12 0				
	Basket	5 8 0				
	Outers	40 8 0				
	Inners	25 0 0				
SECTION III.						
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN.						
15	ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT NOT OTHERWISE SPECIFIED.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per lb.				
		Rs. a. p.				
	Lubricating grease	0 3 3				
	Petroleum jelly, white	0 5 0				
	Petroleum jelly, all other sorts	0 2 4				
15(1)	LARD, not canned or bottled	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
15(2)	BEEWAX	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
15(3)	TALLOW .. .. .	....	Free .. .. .	....	....	....
15(4)	FISH OIL including whale oil not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 10 per cwt. ..	....	....	....
15(6)	VEGETABLE NON-ESSENTIAL OILS not otherwise specified.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	35 per cent. <i>ad valorem</i>.	....	25 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	Coconut oil	14 0 0				
		Per Imperial gallon.				
	Linseed oil, raw or boiled	2 1 0				
15(8)	ALL SORTS OF ANIMAL OILS not otherwise specified.	Revenue ..	25 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 ..	25 per cent. <i>ad valorem</i>.	....	....	....
16(1)	FISH, canned	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
16(2)	ISINGLASS, canned or bottled	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
17	SUGAR, excluding confectionery	Protective ..	The rate at which excise duty is for the time being leviable on Sugar, other than <i>Khandsari</i> or palmyra Sugar, produced in British India† plus Rs. 7-4 per cwt.	....	....	March 31st, 1939.

* Under Government of India, Finance Department (Central Revenues), Notification No. 83, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 25 per cent. *ad valorem*.

† The rate of excise duty on the 1st January, 1938, 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. 2 per cwt. The rate of excise duty on *Khandsari* Sugar produced in any factory in British India and issued out of such factory is Rs. 1 per cwt.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV—<i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>contd.</i>						
17(1)	MOLASSES	Revenue ..	31½ per cent. <i>ad valorem</i>.	....	....	....
17(2)	CONFECTIONERY	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
17(3)	SUGAR-CANDY	Revenue ..	Rs. 10-8 per cwt. ..	....	....	....
18	COCOA AND CHOCOLATE other than confectionery	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	*Vermicelli, flour, from the Far East.	16 2 0				
	*Vermicelli, peas, from the Far East.	18 4 0				
	*Vermicelli, rice, from the Far East.	19 8 0				
	*The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.					
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per lb.				
		Rs. a. p.				
	Vegetable product (excluding hardened coconut oil).	0 6 0				
20(1)	FRUIT JUICES	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
20(2)	FRUITS AND VEGETABLES, canned or bottled ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per case of 4 doz.				
		Rs. a. p.				
	China canned fruit	9 12 0				
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>	Per box of six large or twelve small jars.				
		Rs. a. p.				
	China preserves in syrup	5 8 0				
	*China preserves, dry, candied	0 3 3				
	*The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.					
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Item No. 21(1) below.					
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per cwt.				
		Rs. a. p.				
	Cocum	6 8 0				
	*Vegetable product (excluding hardened coconut oil)	0 6 0				
	*This amendment came into operation on and from the 22nd January, 1938.					
		Per cwt.				
		Rs. a. p.				
	*Yeast, from the Far East	15 0 0				
	*The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under Item No. 21 above.					
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Items Nos. 19 and 21 above.					
21(2)	ALL SORTS OF FOOD not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
22	ALL SORTS OF DRINK not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
22(1)	ALE AND BEER—					
	(a) In barrels or other containers containing 27 oz. or more.*	Preferential revenue.	Rs. 1-2 per Imperial gallon.	Fourteen annas per Imperial gallon.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION IV—<i>contd.</i>					
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES: BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>contd.</i>					
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	Preferential revenue.	Three annas per bottle.	Two annas and four pies per bottle.	....	....
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	Preferential revenue.	One anna and six pies per bottle.	One anna and two pies per bottle.	....	....
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	Preferential revenue.	Nine pies per bottle.	Seven pies per bottle.	....	....
	(e) In other containers*	Preferential revenue.	Rs. 1-8 per Imperial gallon.	Rs. 1-2-8 per Imperial gallon.	....	....
22(2)	PORTERS, cider and other fermented liquors except ale and beer—					
	(a) In barrels or other containers containing 27 oz. or more.	Revenue ..	Fifteen annas per Imperial gallon.	....	....	....
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	Revenue ..	Two annas and six pies per bottle.	....	....	....
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	Revenue ..	One anna and three pies per bottle.	....	....	....
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	Revenue ..	Seven and half pies per bottle.	....	....	....
	(e) In other containers	Revenue ..	Rs. 1-4 per Imperial gallon.	....	....	....
22(3)	WINES, not containing more than 42 per cent. of proof spirit—					
	(a) Champagne and other sparkling wines.	Revenue ..	Rs. 13-2 per Imperial gallon.	....	....	....
	(b) Other sorts	Revenue ..	Rs. 7-8 per Imperial gallon.	....	....	....
22(4)	SPIRITS (other than denatured spirit)—					
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Revenue ..	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	....	....
	(b) Liqueurs, 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. 50 per Imperial gallon.	....	....	....
	(ii) not so entered	Revenue ..	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	....	....
	PROVIDED THAT—					
	(a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 25 per cent <i>ad valorem</i> ;					
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.					
22(5)	SPIRITS—					
	(a) BITTERS—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 50 per Imperial gallon.	....	Rs. 45 per Imperial gallon.	....
	(ii) not so entered	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	Rs. 33-12 per Imperial gallon of the strength of London proof.	....
	(b) Drugs and medicines containing spirit—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 40 per Imperial gallon.	Rs. 36 per Imperial gallon.	Rs. 36 per Imperial gallon.	....
	(ii) not so entered	Preferential revenue.	Rs. 26 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 83, dated the 22nd June 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV—<i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>contd.</i>						
	(c) Perfumed spirits	Preferential revenue.	Rs. 60 per Imperial gallon.	Rs. 52-8 per Imperial gallon.	....	....
	(d) RUM	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	Rs. 33-12 per Imperial gallon of the strength of London proof.	....
PROVIDED THAT—						
(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. <i>ad valorem</i> .						
(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.						
22(6)	DENATURED SPIRIT	Revenue	9½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per Imperial gallon.	Rs. s. p.			
	Spirit from Java denatured	0 12 0	before clearance.			
22(7)	VINEGAR IN CASES	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
25	OILCAKES	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
24	TOBACCO, manufactured, not otherwise specified	Revenue	Rs. 3-12 per lb.	....	....	....
24(1)	CIGARS	Revenue	112½ per cent. <i>ad valorem</i>.	....	....	....
24(2)	CIGARETTES	Revenue	25 per cent. <i>ad valorem</i> and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher.	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-4 per lb.	....	Rs. 2-12 per lb.	....
SECTION V.						
MINERAL PRODUCTS.						
25	CHINA CLAY .. .. .	....	Free .. .. .	....	....	....
25(1)	SALT, excluding salt exempted under Item No. 25(2).	Revenue	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.†	....	....	....
25(2)	SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Governor General in Council, 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 Governor General in Council, for use in curing fish in those provinces.	....	Free .. .. .	....	....	....
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
25(5)	PORTLAND CEMENT EXCLUDING WHITE PORTLAND CEMENT.	Preferential revenue.	Rs. 16-4 per ton ..	Rs. 13-12 per ton.	....	....
25(6)	STONE prepared as for road metalling ..	....	Free .. .. .	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 39, dated the 22nd June, 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2 per lb. (standard) and Rs. 1-8 per lb. (preferential).

† The rate of excise duty on the 1st January, 1939, and until further notice is Re. 1-5-0 per maund of 82 2/7 lbs. avoird.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION V—<i>contd.</i>						
MINERAL PRODUCTS—<i>contd.</i>						
25(7)	MARBLE AND STONE not otherwise specified* ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
26	METALLIC ORES, all sorts except ochres and other pigment ores.	....	Free .. ..	....	....	....
27	COAL, coke and patent fuel	Revenue ..	Ten annas per ton ..	....	....	....
27(1)	ASPHALT	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
27(2)	PITCH AND TAR	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per cwt.				
	Coal pitch	Rs. s. p.				
	Stockholm pitch	2 8 0				
		11 6 0				
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per Imperial gallon.				
	Mineral Colza oil	Rs. s. p.				
	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.	0 14 6				
		1 6 6				
27(4)	KEROSENE; † also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(5)	MINERAL OIL, not included in Item No. 27 (4) or Item No. 27 (6) which is suitable for use as an illuminant in wick lamps.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(6)	MOTOR SPIRIT; ‡	Revenue ..	Ten annas per Imperial gallon.	....	....	....
27(7)	MINERAL OIL—					
	(a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre;	Revenue ..	Rs. 15-10 per ton ..	....	....	....
	(b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes.	Revenue ..	12½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per ton.				
	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.	Rs. s. p.				
		34 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.	Preferential revenue.	Two annas and six pies per Imperial gallon.	Six pies per Imperial gallon.	....	....
SECTION VI.						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.						
28	CHEMICALS, DRUGS, AND MEDICINES, all sorts not otherwise specified.§	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.				
	Alkali, Indian (sajjl-khar) ..	Rs. s. p.				
		4 0 0				
		Per lb.				
	Ammonia gas, anhydrous, including compressed or liquified gas.	0 10 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, sandstone is exempt from payment of import duty.

† The rate of excise duty on the 1st January 1938, and until further notice, on all kerosene produced in a manufactory in British India is 2 annas and 9½ pies per Imperial gallon.

‡ The rate of excise duty on the 1st January 1938, and until further notice, on all motor spirit produced in a manufactory in British India is 10 annas per Imperial gallon.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, calcium radium acetate and salts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
<i>Tariff values—</i>						
	Ammonium carbonate or bicarbonate.	Per cwt. Rs. a. p.	16 4 0			
	Ammonium chloride—					
	Muriate of ammonia, crystalline.	12 4 0				
	Salammoniac, sublimed ..	24 12 0				
	Other sorts, including compressed.	17 0 0				
	Boric acid	18 12 0				
	Calcium chloride	4 0 0				
	Carbonic acid gas including compressed or liquified gas.	Per lb.	0 5 0			
	Caustic potash other than electrolyte.	Per cwt.	21 0 0			
	Chlorine	Per lb.	0 4 3			
	Copper sulphate	Per cwt.	15 12 0			
	Per oz.		0 7 6			
	Menthol (peppermint) crystals	Per cwt.	26 12 0			
	Potassium bichromate ..	4 2 0				
	Soda ash including calcined natural soda and manufactured sesqui-carbonates.					
	Soda, caustic, flake or petal ..	9 8 0				
	Soda, caustic, powdered ..	10 4 0				
	Soda, caustic, solid	8 0 0				
	Soda crystals	6 10 0				
	Sodium bichromate	24 0 0				
	Sodium hydrosulphite	31 0 0				
	Sodium hyposulphite	9 0 0				
	Sodium sulphide	5 8 0				
	Tartaric acid	56 8 0				
	Trona or natural soda uncalcined.	4 0 0				
	Banslochan (bamboo camphor), crude.	Per lb.	1 4 0			
	Calumba root	Per cwt.	10 0 0			
	China root (Chobchini) rough	9 0 0				
	China root (Chobchini) scraped	16 0 0				
	Cubeb	36 0 0				
	Galangal	10 0 0				
	Salep	130 0 0				
<i>N.B.—The tariff valuations apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals; the tariff valuation for the latter applies to all menthol in containers of ½ oz. and above.</i>						
28(1)	BLEACHING PASTE AND BLEACHING POWDER..	....	Free .. .. .	....	....	....
28(2)	COPPERAS, green (ferrous sulphate)	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
28(3)	SULPHUR .. .. .	....	Free .. .. .	....	....	....
28(4)	LIQUID GOLD for glass-making	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
28(5)	HEAVY CHEMICALS, the following, namely:—					
	Magnesium chloride	Protective ..	Rs. 1-5 per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1939.
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.	....	....	....
	(b) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 1-4 per cwt., whichever is higher.	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, selenium, uranium oxide and zinc oxide.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
28(8)	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbonic, citric and oxalic acids, naphthalene, potassium chlorate and potassium cyanide, bicarbonate of soda, borax, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafoetida, cocaine, sarsaparilla and storax.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.— <i>contd.</i>						
<i>Tariff values—</i>						
	Acetic acid	Per lb. Rs. a. p.				
		0 3 3				
	Arsenic (China mansil) ..	Per cwt.				
		34 0 0				
	Borax, granular, powdered or crystalline.	Per cwt.				
		11 0 0				
	Calcium carbide	Per lb.				
		11 8 0				
	Chlorate of potash	Per cwt.				
		16 0 0				
	Naphthalene balls	Per cwt.				
		17 8 0				
	Oxalic acid	Per cwt.				
		32 8 0				
	Sodium bicarbonate	Per cwt.				
		4 4 0				
	Sodium silicate (in liquid form).	Per cwt.				
		6 0 0				
	Asafetida, coarse (hings) ..	Per cwt.				
		27 8 0				
<i>N.B.—The tariff valuations apply to articles packed in containers of not less than 14 lbs.</i>						
28(9)	SACCHARINE (except in tablets) and such other substances as the Governor General in Council may, by notification in the Gazette of India, declare to be of a like nature or use to saccharine.	Revenue	Rs. 6-4 per lb.	....	....	....
28(10)	SACCHARINE TABLETS	Revenue	18½ per seer, <i>ad valorem</i> or Rs. 6-4 per pound of saccharine contents whichever is higher.	....	....	....
28(11)	ALKALOIDS OF OPIUM AND THEIR DERIVATIVES	Revenue	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
28(12)	ALKALOIDS EXTRACTED FROM CINCHONA BARK including Quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from cinchona bark.	....	Free .. .. .	....	....	....
28(13)	ANTI-PLAGUE SERUM .. .. .	....	Free .. .. .	....	....	....
28(14)	TOILET REQUISITES not otherwise specified ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
29	CINEMATOGRAPH FILMS, not exposed*	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
29(1)	CINEMATOGRAPH FILMS, exposed	Revenue	37½ per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
		Per foot. Rs. a. p.				
	Exposed standard positive films, new or used—					
	Feature films	0 7 0				
	Other films	0 3 0				
30	PAINTS, colours and painters' materials, all sorts not otherwise specified, including paints, solutions and compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
<i>Tariff values—</i>						
		Per cwt. Rs. a. p.				
	Cuttle fish bone	6 8 0				
	Gamboge	Per lb.				
		1 0 0				
	Vermilion from China	3 0 0				
30(1)	DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
		Per cwt. Rs. a. p.				
	Alizarine, moist—					
	(a) not exceeding 16 per cent.	55 0 0				
	(b) over 16 per cent. not exceeding 20 per cent.	63 0 0				
	(c) exceeding 20 per cent. .	118 0 0				
	Alizarine, dry—	Per lb.				
	(a) not exceeding 40 per cent.	1 12 0				
	(b) exceeding 40 per cent.	3 8 0				
	Congo red	0 9 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 39, dated the 22nd June 1935, as amended subsequently, Cinematograph films, not exposed, are liable to duty at the rate of 20 per cent. *ad valorem* (Standard) and 10 per cent. *ad valorem* (preferential.)

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION VI—<i>contd.</i>					
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>					
	Coupling dyes of the naphthol group—					
						Per lb. Rs. a. p.
	(a) Naphthols					2 12 0
	(b) Rapid fast colours (rapid salts).					6 8 6
	(c) Bases					2 6 0
	(d) Other salts					1 12 0
	Vats—					
	(a) Indigo					1 8 0
	(b) Carbazole blue.. ..					2 5 0
	(c) Other sorts—					
	(i) Paste					3 12 0
	(ii) Powder					17 0 0
	Sulphur black					0 3 6
	Metanil yellow					0 14 0
	Aniline oil					0 5 6
	Aniline salts					0 5 6
	All others					1 7 0
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, genuine dry, genuine moist and reduced moist.	Preferential revenue.	30 per cent. <i>ad valorem</i> , or Rs. 4-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) White lead, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> , or Rs. 5-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Zinc white, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Paints, other sorts, coloured, moist—					
	(i) in packing of 1 lb. or over	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 8-8 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 11-4 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 17 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iv) in packing of less than $\frac{1}{4}$ lb. ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 24 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, reduced dry	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-12 per cwt., whichever is higher.	....	....	....
	(b) White lead, genuine moist, and reduced dry or moist.	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher.	....	....	....
	(c) Zinc white, genuine moist	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	....	....	....
	(d) Zinc white, reduced dry or moist ..	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-4 per cwt., whichever is higher.	....	....	....
30(4)	THE FOLLOWING PAINTS, COLOURS AND PAINTERS' MATERIALS, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	80 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
30(6)	PRINTERS' INK	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	....
30(7)	LEAD PENCILS	Preferential revenue.	30 per cent. <i>ad valorem</i> or one anna per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
30(8)	SLATE PENCILS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	Tariff value—					
						Per lb. Rs. a. p.
	Cassia oil, natural, from the Far East.					0 15 0

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>contd.</i>						
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Citronella oil, natural, from the Far East.	Per lb. Rs. a. p. 0 15 0				
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon otto-rose and peppermint.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Gajupatti oil, natural, from the Far East. Peppermint oil, natural, from the Far East.	Per lb. Rs. a. p. 1 6 0 8 0 0				
31(3)	ESSENTIAL OILS, synthetic	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
31(4)	CAMPHOR	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Camphor, Synthetic— (a) powder (b) in slabs and tablets Camphor, other than synthetic— (a) powder (b) in slabs and tablets	Per lb. Rs. a. p. 1 2 0 1 6 0 1 3 0 1 7 0				
31(5)	PERFUMERY, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Gowla, husked and unhusked Kapurkachri (zedoary) Patch leaves (patchouli) Rose-flowers, dried	Per cwt. Rs. a. p. 64 0 0 12 10 0 16 12 0 9 12 0				
32	SOAP not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(1)	SOAP, toilet	Preferential revenue.	35 per cent. <i>ad valorem</i> or Rs. 20 per cwt., whichever is higher.	25 per cent. <i>ad valorem</i>.	....	....
32(2)	SOAP, household and laundry— (a) in plain bars of not less than one pound in weight. (b) other sorts	Revenue Revenue	Rs. 4 per cwt. Rs. 6-8 per cwt.	.... ....	.... ....	.... ....
32(3)	POLISHES AND COMPOSITIONS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(4)	CANDLES	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33	GLUE, not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
33(1)	GLUE, clarified, liquid	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
34	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuzes.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(2)	FIREWORKS specially prepared as danger or distress lights for the use of ships.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(3)	FIREWORKS, not otherwise specified †	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(4)	MATCHES, undipped splints and veneers— (a) Matches— (1) In boxes or booklets containing on an average not more than 40 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India ‡ plus ten annas per gross of boxes or booklets.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, certain specified explosives specially adapted for use in dangerous coal mines are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 25 per cent. *ad valorem*.

‡ The rate of excise duty on the 1st January 1939, and until further notice is Re. 1 per gross of boxes or booklets.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets.	....	....	.....
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Rs. 1-4 per gross of boxes or booklets.	....	....	.....
	(4) All other matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof.	....	....	.....
	(b) Undipped splints such as are ordinarily used for match-making.	Protective	Five annas and seven and a half pies per lb.	....	....	.....
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective	Seven annas and six pies per lb.	....	....	.....
35	Manures, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbonyl lime, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free	....	....	.....
SECTION VII.						
HIDES, SKINS, LEATHER, FUR SKINS AND MANUFACTURES OF THESE MATERIALS.						
36	HIDES AND SKINS not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	.....
36(1)	HIDES AND SKINS, raw or salted	....	Free	....	....	.....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	.....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	.....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	.....
38	FUR SKINS, dressed	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 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.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	.....
Tariff values—						
Per dozen.						
Rs. s. p.						
Cycle tyres (pneumatic) from the Far East. 11 0 0						
Cycle tubes from the Far East. 3 11 0						
Per lb.						
Solid rubber tyres for carriages and rickshaws. 0 8 6						
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	25 per cent. <i>ad valorem</i>.	....	....	.....

* The rate of excise duty on the 1st January 1933, and until further notice is Rs. 1-8 per gross of boxes or booklets.

† The rate of excise duty on the 1st January 1933, and until further notice is Rs. 2 per gross of boxes or booklets.

‡ The rate of excise duty on the 1st January 1933, and until further notice is 4 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IX—<i>contd.</i>						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS—<i>contd.</i>						
40(1)	FIREWOOD	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS THEREOF	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
41	CORK MANUFACTURES not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
SECTION X.						
PAPER AND ITS APPLICATIONS.						
43	WOOD PULP	Protective ..	Rs. 45 † per ton ..	....	....	March 31st, 1939.
44	PAPER, including chrome, marble, flint, poster and stereo printing paper; articles made of paper and papier mache; pasteboard, mill board and cardboard, all sorts, other than strawboard.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>	Per lb.				
		Rs. a. p.				
	Packing and wrapping paper—					
	Machine-glazed pressings ..	0 1 8				
	Manilla, machine-glazed or unglazed, and sulphite envelope.	0 1 11				
	Kraft and imitation kraft ..	0 2 2				
44(1)	PRINTING PAPER (excluding chrome, marble, flint, poster and stereo), 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 ..	One anna per lb. ‡	....	....	March 31st ⁴ 1939.
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*; and strawboard, all sorts.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per cwt.				
		Rs. a. p.				
	Strawboards (not lined) ..	4 12 0				
44(3)	WRITING PAPER—					
	(a) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof.	Protective, ..	One anna per lb. or 15 per cent. <i>ad valorem</i> , which ever is higher. ‡	....	....	March 31st, 1939.
	(b) All other sorts	Protective ..	One anna per lb. ‡	....	....	March 31st, 1939.
44(4)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.	....	Free .. .. .	....	....	....
44(5)	PAPER MONEY .. .. .	....	Free .. .. .	....	....	....
44(6)	NEWSPAPERS, old, in bales and bags	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per cwt.				
		Rs. a. p.				
	Old newspaper in bales and bags.	4 8 0				
45	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. †	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 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 ..	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues) Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following classes of printing paper containing mechanical wood pulp amounting to not less than 70 per cent of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(i) newsprint in reels, unglazed—Rs. 1-8 per cwt., (ii) newsprint in reels, other sorts—Rs. 1-12 per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper), white or grey—Rs. 2 per cwt.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India, within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

§ From 25-6-1938. (*Visa* Government of India, Department of Commerce, Notification, No. 202-T. (4)/38, dated 25-6-1938.)

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI.						
TEXTILE MATERIALS AND TEXTILE GOODS.						
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective	25 per cent. <i>ad valorem</i> , plus 14 annas per lb.	....	....	March 31st, 1939.
	<i>Tariff values—</i>					
	Silk, raw—					
	Chinese—					
	Waste products		1 10 0			
	Duppon all kinds		2 2 0			
	Hand reeled (excluding re-reeled).		2 8 0			
	All other sorts		3 7 0			
	Japanese filatures		4 12 0			
46(1)	SILK WASTE AND NOILS	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
46(2)	WOOL, RAW, AND WOOL-TOPS .. ..	....	Free .. ..	....	....	....
46(3)	COTTON, RAW	Revenue	Six ples per lb.	....	....	....
46(4)	TEXTILE MATERIALS, the following:—	Revenue	Raw hemp—18½ per cent. <i>ad valorem</i> ; all others—25 per cent. <i>ad valorem</i>.	....	....	....
	Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.					
46(5)	SISAL AND ALOE FIBRE	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
47	SILK YARN, including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.*	Protective	25 per cent. <i>ad valorem</i> , plus 14 annas per lb.	....	....	March 31st, 1939.
47(1)	SILK SEWING THREAD	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
47(2)	ARTIFICIAL SILK YARN AND THREAD	Revenue	25 per cent. <i>ad valorem</i> or 3 annas per lb., whichever is higher.	....	....	....
47(3)	WOOLLEN YARN not otherwise specified	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
47(5)	COTTON THREAD, other than sewing or darning thread	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread †—					
	(a) of counts above 50's—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(b) of counts 50's and below—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i> , or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
47(7)	TWIST AND YARN of flax or jute	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					
	(a) Pongee	Protective	50 per cent. <i>ad valorem</i> plus Re. 1 per lb.	....	....	March 31st 1939.
	(b) Fuji, Boseki and corded (excluding white cord).	Protective	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb.	....	....	March 31st 1939.
	(c) Other sorts ‡	Protective	50 per cent. <i>ad valorem</i> plus Re. 2 per lb.	....	....	March 31st 1939.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, noil yarn is exempt from payment of the additional specific duty of 14 annas per lb.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 5 per cent. *ad valorem* when the thread is of British manufacture and at 6½ per cent. *ad valorem* when it is of non-British manufacture.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb., and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS.—<i>contd.</i>						
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(b) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1939.
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.	Preferential revenue.	35 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher.	25 per cent. <i>ad valorem</i>.	....	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					
	(a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)—					
	(i) of British manufacture † ..	Protective ..	25 per cent. <i>ad valorem</i> or 4½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture ..	Protective ..	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(b) Cotton piecegoods and fabrics not otherwise specified—					
	(i) of British manufacture ‡	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(ii) not of British manufacture ..	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					
	(a) containing more than 50 per cent. of silk or artificial silk or of both.	Protective ..	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1939.
	(b) containing not more than 50 per cent. of silk or artificial silk or of both—					
	(i) containing more than 10 per cent. artificial silk.§	Protective ..	50 per cent. <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.§	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					
	(a) containing 50 per cent. or more cotton—					
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture ¶	Protective ..	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(b) containing no cotton or containing less than 50 per cent. cotton—					
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture *	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1939.

* Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Commerce Department, Notification No. 341-T.(10)/36, dated the 25th June 1936, the articles assessable under this sub-item are liable to duty at 20 per cent. *ad valorem* or 3½ annas per lb., whichever is higher.

‡ Under Government of India, Commerce Department, Notification No. 341-T.(10)/36, dated the 25th June 1936, the articles assessable under this sub-item with the exception of printed cotton piecegoods and printed fabrics, are liable to duty at 20 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, woollen allovers embroidered with artificial silk are exempt from so much of the duty as is in excess of 35 per cent. *ad valorem* or Re. 1-2 per lb., whichever is higher (standard) and 25 per cent. *ad valorem* (preferential).

¶ Under Government of India, Commerce Department, Notification No. 341-T.(5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
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.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					
	(a) of British manufacture	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st 1935.
	(b) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1935.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered allovers—					
	(a) of British manufacture*	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1935.
	(b) not of British manufacture	Protective ..	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1935.
48(10)	FABRICS containing gold or silver thread ..	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1935.
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(2), 48(4), 48(5), 48(7), 48(9) or 48(10):—	Protective ..	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	March 31st, 1935.
	Bed sheets.					
	Bed spreads.					
	Bolster cases.					
	Counterpanes.					
	Cloths, table.					
	Cloths, tray.					
	Covers, bed.					
	Covers, table.					
	Dusters.					
	Glass-cloths.					
	Handkerchiefs.					
	Napkins.					
	Pillow cases.					
	Pillow slips.					
	Scarves.					
	Shirts.					
	Shawls.					
	Sacks (cotton).					
	Towels.					
	Umbrella Coverings.					
49(1)	PENTS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					
	(a) of materials liable to duty under Item 48 (3), not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(b) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2½ yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(2)	RIBBONS	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.†	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely:—	Protective ..	6½ annas per lb. ..	....	....	March 31st 1935.
	Ghonsis and Muktakosis.					
50	JUTE MANUFACTURES not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(1)	SECOND HAND OR USED GUNNY BAGS OR CLOTH MADE OF jute.	....	Free .. .. .	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING FOR machinery.	Revenue ..	6½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Commerce Department, Notification No. 341-T.(10)/36, dated the 25th June 1936, as amended subsequently, the articles assessable under this sub-item, with the exception of printed fabrics, are liable to duty at 20 per cent. *ad valorem*.

† 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.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
50(4)	ROPES, cotton .. .. .	.....	Free .. .. .	.....	.....	.....
50(5)	OIL CLOTH AND FLOOR CLOTH	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
50(7)	MATS AND MATTINGS, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
50(8)	COIR FIBRE, coir yarn and coir mats and matting.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	.....	20 per cent. <i>ad valorem</i>.	.....
	<i>Tariff values—</i>	Per cwt.				
		Rs. s. p.				
	Coir fibre	4 2 0				
	Coir yarn	10 8 0				
51	SOCKS AND STOCKINGS, made wholly or mainly from silk or artificial silk.	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 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.	Preferential revenue.	35 per cent. <i>ad valorem</i> . or Re. 1-2 per lb., whichever is higher.	25 per cent. <i>ad valorem</i>.	.....	.....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undershirts, knitted or woven, and cotton socks and stockings—					
	(a) of a weight not exceeding 4 lbs. per dozen.	Protective ..	25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	.....	.....	March 31st, 1939.
	(b) of a weight exceeding 4 lbs. per dozen.	Protective ..	25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher.	.....	.....	March 31st, 1939.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	.....	.....	March 31st, 1939.
52	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRESSERY, not otherwise specified.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	.....
52(1)	SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely:— silk or artificial silk ligatures; elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and oiled silk or artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
52(2)	UNIFORMS AND ACCOUTREMENTS APPERTAINING 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.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	.....	.....
53(1)	RAGS AND OTHER PAPER-MAKING MATERIALS excluding wood pulp.	.....	Free .. .. .	.....	.....	.....
SECTION XII.						
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION.						
54	BOOTS AND SHOES, not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher.	.....	.....	.....
54(1)	BOOTS AND SHOES composed mainly of leather.	Preferential revenue.	30 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher.	20 per cent. <i>ad valorem</i> or 5 annas per pair, whichever is higher.	.....	.....
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather.	Revenue ..	25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher.	.....	.....	.....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	.....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
	<i>Tariff values—</i>	Per gross.				
		Rs. s. p.				
	Umbrella ribs other than nickelled, brassed, fluted or metal tipped—					
	Solid Flexus, 23, 25 and 27 inches—					
	From Japan	1 9 6				
	From other countries	2 12 6				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XII—<i>contd.</i>						
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION.—<i>contd.</i>						
	<i>Tariff values—</i>	<i>Per gross. Rs. & p.</i>				
	Solid Flexus, 16, 19 and 21 inches—					
	From Japan	1 5 6				
	Solids, 23, 25 and 27 inches—					
	From Japan	1 6 0				
	From other countries ..	1 14 0				
	Solids, 16, 19 and 21 inches—					
	From Japan	1 0 0				
	From other countries ..	1 10 0				
56(1)	UMBRELLAS	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas each whichever is higher.	20 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 ..	25 per cent. <i>ad valorem</i>.	....	....	....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
58(2)	PACKING—ENGINE AND BOILER—all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 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)*	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
59(1)	BUILDING AND ENGINEERING BRICKS ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
59(3)	EARTHENWARE PIPES AND SANITARY WARE ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following namely—					
	(a) Tea cups and coffee cups—					
	(i) having a capacity of more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having a capacity of not more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) Saucers—					
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> , or five annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Tea-pots—					
	(i) having a capacity of more than 20 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 1-8 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iii) having a capacity of not more than 10 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Sugar-bowls	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 1-8 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(e) Jugs having a capacity of over 10 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, sand is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIII—<i>contd.</i>						
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE—<i>contd.</i>						
	(f) Plates over 5½ inches in diameter—					
	(i) over 8½ inches in diameter ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) not over 8½ inches in diameter ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING ..	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
60	GLASS AND GLASSWARE not otherwise specified, and lacquered ware.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per gross. Rs. a. p.					
	Aerated water bottles, empty—					
	Codd's pattern—					
	Under 10 ozs.	15 12 0				
	10 ozs.	17 12 0				
	Over 10 ozs.	20 0 0				
	Crown cork pattern—					
	7 ozs. and under	13 0 0				
	Over 7 ozs. up to and including 10 ozs. ..	13 12 0				
	Over 10 ozs.	15 8 0				
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					
	(a) Globes for hurricane lanterns ..	Revenue ..	25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher.	....	....	....
	(b) Other globes and chimneys having an external base diameter of over one inch.	Revenue ..	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher.	....	....	....
60(2)	ELECTRIC LIGHTING BULBS	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per 100 pairs. Rs. a. p.					
	Glass bangles—					
	China—					
	Nimuchi and pasalal ..	2 0 0				
	Bracelet, Jodi and fancy, all kinds ..	4 0 0				
	Rajawarakh, all kinds ..	5 12 0				
	Japan—					
	Reshmi or kuste, all colours—					
	Fancy (including all kinds of Vankwel or zigzag but excluding hexagonal bangles).	0 1 3				
	Fancy hexagonal ..	0 0 8				
	All others	0 0 9				
	Hollow or tube, all colours.	0 1 6				
	Sonerikada (golbala)—					
	Containing gold in their composition. ..	0 12 0				
	All others	0 1 8				
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 ..	25 per cent. <i>ad valorem</i>.	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas per ounce	....	....	....
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.	....	Free .. ..	....	....	....
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, rubies imported cut and unset are exempt from payment of import duty, and precious stones imported cut and unset are liable to duty at 5 per cent. *ad valorem*.

† The rate of excise duty on the 1st January 1938, and until further notice, on all silver produced in silver works in British India, is 8 annas per ounce.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.						
				The United Kingdom.	A British Colony.							
SECTION XIV—<i>contd.</i>												
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE) <i>—contd.</i>												
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made.*	Protective ..	62½ per cent. <i>ad valorem</i>	March 31st, 1941.						
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified,	Revenue ..	50 per cent. <i>ad valorem</i>						
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>						
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.†	Revenue ..	50 per cent. <i>ad valorem</i>						
61(9)	CUTLERY plated with gold or silver	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>						
61(10)	JEWELLERY AND JEWELS†	Revenue ..	50 per cent. <i>ad valorem</i>						
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	Free						
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas per ounce.						
62(2)	GOLD COIN	Free						
SECTION XV.												
BASE METALS AND ARTICLES MADE THEREFROM.												
63	IRON OR STEEL, OLD	Revenue ..	15½ per cent. <i>ad valorem</i>						
<i>Tariff values—</i> <table style="margin-left: 20px; border: none;"> <tr> <td></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Iron or steel, old</td> <td style="text-align: right;">1 10 0</td> </tr> </table>								Per cwt.		Rs. a. p.	Iron or steel, old	1 10 0
	Per cwt.											
	Rs. a. p.											
Iron or steel, old	1 10 0											
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegelisen and the like as commonly used for steel making.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>						
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING—											
	(a) not fabricated—											
	(i) of British manufacture—	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ or 10 per cent. <i>ad valorem</i> , whichever is higher.	March 31st, 1941.						
	not coated with other metals											
	coated with other metals	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ or 10 per cent. <i>ad valorem</i> , whichever is higher.	March 31st, 1941.						
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 48 per ton.	March 31st, 1941.						
	(b) fabricated—											
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 40 per ton.	March 31st, 1941.						
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 40 per ton.	March 31st, 1941.						
63(3)	IRON OR STEEL BAR AND ROD—											
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	March 31st, 1941.						

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, all the articles included in this item are liable to duty at 50 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver and in which the proportion of precious metal to total metallic contents is less than 1.5 per cent., are liable to duty, which would have been leviable had they contained no gold or silver.

‡ The rate of excise duty on the 1st January 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
63(4)	IRON, Pig	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i> Per ton. Rs. s. p.					
	Iron, pig		85 0 0			
63(5)	IRON RICE BOWLS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(6)	CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like—					
	(i) of British manufacture†	Protective ..	10 per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	Rs. 57-8-0 per ton ..	....	....	March 31st, 1941.
63(7)	CAST IRON PLATES	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(8)	STEEL INGOTS Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡	Preferential revenue.	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.	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.	....	....
63(9)	IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Items Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(10)	STEEL TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton.	....	....	March 31st, 1941.
63(11)	IRON OR STEEL ANCHORS AND CABLES ..	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* The rate of excise duty on the 1st January 1938, 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. 57-8 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(12)	A. IRON OR STEEL BOLTS AND NUTS, including hook-bolts and nuts for roofing but excluding fish bolts and nuts—					
	(i) of British manufacture*	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 1-9-0 per cwt.	....	....	March 31st, 1941.
	B. Iron or Steel fish bolts and nuts—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 4-5-0 per cwt.	....	....	March 31st, 1941.
63(13)	IRON OR STEEL EXPANDED METAL	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(15)	IRON OR STEEL RIVETS—					
	(i) of British manufacture ‡	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 1-14-0 per cwt.	....	....	March 31st, 1941.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	Nails, and washers—					
	Nails, rose and deck	14 8 0				
	Nails, bullock and horse-shoe	41 0 0				
	Washers, black, structural	10 0 0				
63(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 35 per ton.	....	....	March 31st, 1941.
63(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.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 37-4 per ton.

† The rate of excise duty on the 1st January 1938, 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 rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 43-8 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					
	(a) not fabricated—					
	(i) of British manufacture— not coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(20)	IRON OR STEEL SHEETS—					
	(a) not fabricated—					
	(1) not galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 32 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(1) not galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January 1938, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(b) fabricated—<i>contd.</i>					
	(2) galvanized—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 44 per ton.	....	....	March 31st, 1941.
63(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—					
	A. Rails (including tramway rails the heads of which are not grooved)—					
	(a) 30 lbs. per yard and over, and fish-plates therefor—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) under 30 lbs. per yard and fish-plates therefor—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	B. Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved—					
	(a) for rails 30 lbs. per yard and over—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) for rails under 30 lbs. per yard—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January 1938, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	C. Sleepers, and sleeper bars, other than cast iron—					
	(i) of British manufacture†	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture†	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	D. Spikes (other than dog-spikes) and tiebars—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	E. Dogspikes—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15 per cwt.	....	....	March 31st, 1941.
	F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(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 per cwt.	....	....	March 31st, 1941.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 60 per ton.	....	....	March 31st, 1941.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* The rate of excise duty on the 1st January 1938, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June 1935, iron or steel sleeper bars, other than cast iron, are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-5 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.					
63(28)	ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF NOT OTHERWISE SPECIFIED.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>					
	Iron and Steel cans or drums— When imported containing kerosene and motor spirit, namely:—					
	Cans, tinned, of four gallons capacity.	Per can. Rs. s. p. 0 4 6				
	Cans or drums, not tinned, of two gallons capacity—	Per can or Drum.				
	(a) with faucet caps	0 14 0				
	(b) ordinary	0 5 0				
	Drums of four gallons capacity—	Per drum.				
	(a) with faucet caps	1 4 0				
	(b) ordinary	0 12 0				
63(29)	ENAMELLED IRONWARE, the following, namely:—					
	(a) Sign-boards	Preferential revenue.	30 per cent. <i>ad valorem</i> , or four and a half annas per square foot, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalys, including rice-cups, rice-bowls and rice-plates—					
	(i) having no diameter exceeding 19 centimetres.	Preferential revenue.	30 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.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having any diameter exceeding 19 centimetres.	Preferential revenue.	30 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.	20 per cent. <i>ad valorem</i>.	....	....
64	COPPER, WROUGHT, AND MANUFACTURES OF COPPER, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>					
	Copper, braziers, sheets, plates and sheathing.	Per cwt. Rs. s. p. 44 0 0				
	Copper, circles	47 0 0				
	Copper, foil or dankpana, plain, white, 10 to 11 in. x 4 to 5 in.	Per hundred leaves. 1 2 0				
	Copper foil or dankpana, plain, coloured, 10 to 11 in. x 4 to 5 in.	1 2 0				

* The rate of excise duty on the 1st January 1938, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.
† Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from so much of the customs duty as is in excess of the excise duty leviable for the time being on steel ingots produced in British India. The rate of excise duty on the 1st January 1938, and until further notice is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
64(1)	COPPER, scrap	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Per cwt. Rs. a. p. Copper, old 27 0 0					
65	GERMAN SILVER INCLUDING NICKEL SILVER ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i> Per cwt. Rs. a. p. German silver including nickel silver, old. 29 0 0					
66	ALUMINIUM—CIRCLES, SHEETS AND OTHER MANUFACTURES NOT OTHERWISE SPECIFIED.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p. Aluminium circles 0 10 0 Aluminium sheets, plain. .. 0 9 6					
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
67(1)	LEAD SHEETS FOR TEA CHESTS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
68	ZINC or spelter, wrought or manufactured, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
68(1)	ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.	....	Free .. .. .	....	....	....
69	TIN, BLOCK	Revenue ..	Rs. 312-8 per ton ..	....	....	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p. Brass, patent or yellow metal, sheets and sheathing, weighing 1 lb. or above per square foot, and braziers, and plates. 35 0 0 Brass, patent or yellow metal, circles weighing 1 lb. or above per square foot. 38 8 0					
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.*	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p. Brass, patent or yellow metal (including gun metal) ingots. 25 0 0 Brass, patent or yellow metal (including gun metal), old. 21 0 0 Copper, pigs, tiles, ingots, cakes, bricks and slabs. 42 0 0 Cupro-nickel bullet cases, old. 38 0 0 Lead, pig 16 0 0 Quicksilver Per lb. 2 8 0					
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i> Per gross Rs. a. p. Crown corks 0 8 3					
71(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
71(4)	PRINTING TYPE	Revenue ..	One anna and three pies per lb.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, radium is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks, and galleys and metal furniture.	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	.....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF*	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	.....
SECTION XVI.						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.						
72	MACHINERY, namely, such of the following articles as are not otherwise specified:— (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; 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; (c) 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; (d) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof. <i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.	Revenue	10 per cent. <i>ad valorem</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; hosiery 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 books; sewing thread balls making machines; cumble 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>.	....	....	.....

* 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 are also liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 10 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notification Jacquard harness linen cordage is liable to duty at 10 per cent. *ad valorem* or 4 annas per lb. whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>contd.</i>						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(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 mitring machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.*	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one brake-horse-power.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</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 .. .. .	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, die-stamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up register tables, book sewing machines and cloth stripping machines 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, 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.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—<i>contd.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>					
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.*	....	Free .. . . .	....	....	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bars or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts. † ‡ §	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 83, dated the 22nd June 1935, as amended subsequently the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem* :—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the 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 the 22nd June 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 15½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of entry for warehousing a declaration is made thereon by the Importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>contd.</i>						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
78(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF imported, by or under the orders of, a Railway Administration.	Revenue	15½ per cent. <i>ad valorem</i>	...	....	....
78(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.*	Preferential revenue.	50 per cent. <i>ad valorem</i> ,	40 per cent. <i>ad valorem</i>.	....	....
78(5)	ELECTRICAL EARthenWARE AND PORCELAIN, the following, namely:—					
	(a) Insulators, Shackle, Sinclair, Cordaux or Pin-type, not otherwise specified:—					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1.2 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) Two-way cleats	Preferential revenue.	30 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Spacing Insulators	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Ceiling-roses:—					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(e) Joint-box cut-outs—					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
79(8)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue	6½ per cent. <i>ad valorem</i>	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem*:—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the 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.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII.						
TRANSPORT MATERIAL.						
74	COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st 1941.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES thereof	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
74(2)	RAILWAY MATERIALS FOR PERMANENT WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor: bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration:	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890 and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the Gazette of India, specifically include therein:					
	Provided also that articles of machinery as defined in Item No. 72 or No. 72(2) shall not be deemed to be included hereunder.					
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No. 74 (2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.					
75	CONVEYANCES not otherwise specified and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
75(1)	MOTOR CARS including taxi 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.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Revenue ..	37½ per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January 1938, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII—<i>contd.</i>						
TRANSPORT MATERIAL—<i>contd.</i>						
75(3)	MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	17½ per cent. <i>ad valorem</i>.	....	....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
76(1)	SHIPS AND OTHER VESSELS FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections: Provided that articles of machinery as defined in Item No. 72 or No. 72 (3) shall, when separately imported, not be deemed to be included hereunder.	Revenue	15½ per cent. <i>ad valorem</i>.	....	....	....
76(2)	LIGHT SHIPS .. .. .	....	Free .. .. .	....	....	....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION XVIII.						
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.						
77	INSTRUMENTS, apparatus and appliances other than electrical, all sorts not otherwise specified, including photographic, scientific, philosophical and surgical.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
77(1)	INSTRUMENTS, apparatus and appliances, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	....	Free .. .. .	....	....	....
77(2)	OPTICAL INSTRUMENTS, apparatus and appliances.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts not otherwise specified.	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
79(1)	THE FOLLOWING MUSICAL INSTRUMENTS, namely, complete organs and harmoniums and records for talking machines.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
SECTION XIX.						
ARMS AND AMMUNITION.						
80	SAVE where otherwise specified, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor General in Council may, by notification in the Gazette of India, declare to be ammunition or military stores for the purposes of this Act.‡	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, photo-litho films are liable to duty at 10 per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIX—<i>contd.</i>						
ARMS AND AMMUNITIONS.—<i>contd.</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.*	Preferential revenue.	Rs. 18-12 each plus 10 per cent. <i>ad valorem</i> , or 50 per cent. <i>ad valorem</i> , whichever is higher.	Rs. 18-12 each or 40 per cent. <i>ad valorem</i> , whichever is higher.	....	....
80(2)	Subject to the exemptions specified in Item No. 80 (3)—					
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified.	Revenue	Rs. 18-12 each.	} 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>.	....	....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue	Rs. 6-4 each.		....	....
	(c) Gun stocks and breech blocks	Revenue	Rs. 3-12 each.		....	....
	(d) Revolver cylinders, for each cartridge they will carry.	Revenue	Rs. 2-8 each.		....	....
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Revenue	Rs. 1-4 each.		....	....
	(f) Machines for making, loading, or closing cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.		....	....
	(g) Machines for capping cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.		....	....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES—	....	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 Government of India 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 <i>daks</i> intended exclusively for domestic, agricultural and industrial purposes.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
81	CARTRIDGE CASES, filled and empty	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....

* 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 also 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, 22 inch Adaptors, aim teachers and aperture sights for service rifles, imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—concl'd.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XX.						
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.						
82	CORAL, prepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
82(1)	IVORY, manufactured, not otherwise specified.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
82(2)	BANGLES AND BEADS, not otherwise specified.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values.</i> —	Per doz. pairs.				
	Celluloid bangles—	Rs. a. p.				
	(1) Plain, flat, with border or without border or grooved, but excluding multiple borders or grooves—of width not over $\frac{1}{4}$ inch but not under $\frac{1}{8}$ inch.	0 8 0		*		
	(2) Rubber rings excluding coils.	0 1 8				
	(3) Zigzag, all colours ..	0 1 3				
83	BRUSHES, all sorts	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 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.	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values.</i> —	Per cwt.				
	Bird shot	Rs. a. p.				
	Tennis balls	Per dozen.				
		27 0 0				
		7 9 0				
85	BUTTONS, metal	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
86(1)	SMOKERS' REQUISITES excluding tobacco and matches:	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
	Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India.*					
SECTION XXI.						
WORKS OF ART AND ARTICLES FOR COLLECTIONS.						
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
86(1)	ART, works of, not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
86(2)	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	....	Free .. .. .	....	....	....
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS illustrative of natural science, and medals and antique coins.†	....	Free .. .. .	....	....	....
86(4)	POSTAGE STAMPS, whether used or unused ..	....	Free .. .. .	....	....	....
SECTION XXII.						
ARTICLES NOT OTHERWISE SPECIFIED.						
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post.‡	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January 1938, and until further notice is Re. 1-8 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-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.		Rs. a.
1	RAW JUTE—		
	(1) Cuttings	Bale of 400 lbs.	1 4
	(2) All other descriptions	Bale of 400 lbs.	4 8
2	JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods—		
	(1) Sacking (cloth, baggawist, yarn, rope and twine)*	Ton of 2,240 lbs.	20 0
	(2) Hessians and all other descriptions of jute manufactures not otherwise specified.†	Ton of 2,240 lbs.	32 0
3	RICE.		
4	RICE HUSKED OR UNHUSKED, including rice flour but excluding rice bran and rice dust, which are free.	Indian maund of 32 2/7 lbs. avoirdupois weight.	Two annas and three pies.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty, and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than 1½ lbs. per square yard and having a total of not more than 250 warp and weft threads per square yard, is liable to export duty at Rs. 5-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, 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.

Report for the Year 1937.

Section IV.

SPEECH OF THE FINANCE MEMBER

ON

INTRODUCTION OF BUDGET FOR 1938-39.

SPEECH BY THE HON'BLE FINANCE MEMBER ON INTRODUCING
THE BUDGET PROPOSALS FOR 1938-39.

India is a disappointing country for prophets. A very distinguished predecessor of mine described it to me as a land of unfulfilled prophecies. I don't know how far his experiences as Finance Member were responsible for this disillusioned judgment, but I can certainly say in my own case that my record in what I once called that minimum of prophecy inseparable from budget making would certainly not justify my setting up as a seer in other spheres. In extenuation I plead that in India we have to present our budget a month before the year to which it relates even begins; that the supply of statistical information follows a considerable time after the events to which it refers, that the budget of an agricultural country which is in fact a continent and which relies for its revenue so largely on indirect taxation is particularly sensitive to economic fluctuations, that the world at large on which India depends for its export markets is in constant change and disturbance and last but not least that in India we have just introduced the first stage of a new Constitution which has involved innumerable financial and economic adjustments.

With this preliminary warning or apology if you prefer to call it so, I turn to my task and I deal first with the year which ended on the 31st March last.

FINANCIAL YEAR 1936-37.

2. In our revised estimates for 1936-37 we anticipated a deficit of Rs. 1,92 lakhs. The actual deficit has turned out to be Rs. 1,79 lakhs but the net improvement of Rs. 13 lakhs is a complex of many more substantial pluses and minuses. Customs and central excise duties as a whole produced Rs. 22 lakhs more than expected. There were increases of Rs. 29 lakhs from the excise duty on sugar, Rs. 18 lakhs (net) from the export duty on jute and Rs. 18 lakhs from the duties on motor spirit. On the other hand there was a large shortfall of Rs. 35 lakhs under "Cotton fabrics not of British manufacture" and a deficit of Rs. 12 lakhs under "Silver." Currency and Mint receipts showed an improvement of Rs. 21 lakhs, but this was balanced by a decrease of a similar amount under Interest receipts owing to the fact that the interest earned by the securities held in our Silver Redemption Reserve was not sufficient to cover the depreciation in their capital value. Minor variations under other heads resulted in a net deterioration of Rs. 9 lakhs. As Hon'ble Members have already been informed in the Communications Member's speech introducing the Railway Budget the net revenues of the railways increased by no less than Rs. 1,02 lakhs, but under the arrangements which were then in force the whole of this increase was credited to the Depreciation Reserve Fund in partial repayment of the amounts withdrawn to meet the deficits of previous years, and general revenues were therefore not affected. It is interesting to note the main tendencies of the closing months of 1936-37 and to follow them into the succeeding year. In summary these are a rapid improvement in railway traffic and customs receipts the latter improvement concealing a rapid decline in the duties on the imports of silver and of cotton piecegoods. The import trade had clearly already begun to respond to the strong stimulus provided by the marked expansion of our exports, and to take that upward turn which was to continue throughout the rest of the calendar year 1937.

FINANCIAL YEAR 1937-38.

3. Our revised estimates show a total improvement of Rs. 3,90 lakhs in revenue, but as there is an increase of Rs. 3,22 lakhs in expenditure the net improvement is only Rs. 68 lakhs. The budget estimates provided for a nominal surplus of Rs. 7 lakhs after the utilisation of the whole of the Revenue Reserve Fund of Rs. 1,84 lakhs. According to the revised estimates we shall require only Rs. 1,09 lakhs from the Fund and shall be able to carry forward the remaining Rs. 75 lakhs to the year 1938-39.

4. Before referring to the main causes of these variations I should like to remind the House of the additional liabilities which we have had to undertake this year in connection with the separation of Burma and the inauguration of Provincial Autonomy. I said last year that the net loss on account of the separation of Burma was expected to be Rs. 2,33 lakhs.

In arriving at this figure we allowed for a receipt of Rs. 3,23 lakhs in respect of the first of the annual payments to be made by Burma under the Amery Award. I mentioned, however, that this was only a provisional figure. The actual amount payable is now expected to be approximately Rs. 3,05 lakhs. Thus we are about Rs. 18 lakhs worse off as a result of separation than we calculated last year.

As regards the Provinces we anticipated debits amounting to Rs. 1,97 lakhs, partially offset by a small credit of Rs. 12 lakhs—a net deficit of Rs. 1,85 lakhs. The debits consisted of the following three items :—

- (1) Additional payments to Provinces from the proceeds of the export duty on jute—Rs. 51 lakhs ;
- (2) Additional grants-in-aid to deficit Provinces—Rs. 56 lakhs ; and
- (3) Reduction in interest receipts—Rs. 90 lakhs.

The amount of the grants-in-aid are fixed under the Niemeyer award, but the additional 12½ per cent. payable out of the jute duty will cost 54 lakhs, and the loss on account of interest has proved to be about a crore instead of Rs. 90 lakhs. This is due to the fact that the balances made over to the Provincial Governments at the end of March 1937 were in some cases larger than we had expected, and they were therefore entitled to have a larger amount of debt set off under the debt settlement scheme. As a result of these increases we now estimate the extra liabilities incurred by the Central Government at Rs. 2,51 lakhs in the case of Burma and Rs. 1,98 lakhs in the case of the Provinces or Rs. 4,49 lakhs in all.

5. There is one other adjustment which I can conveniently mention at this stage. I said last year that the capital element in the instalments payable by the Provinces would be taken straight to the reduction of debt outside the budget. But in this first year owing to a change of the dates of payment made to suit the convenience of Provinces the equated instalments contain a larger element of capital and a smaller element of interest. I propose to adjust this in the accounts by making a reduction of Rs. 48 lakhs in the current year's provision for Reduction and Avoidance of Debt. I should like to assure Hon'ble Members that this is in effect an accounting change only and it does not at all represent a diminution of the actual amount allocated to debt redemption nor a conversion on my part to the imaginative school of finance.

6. Apart from the financial benefits which the Provinces received before and upon the introduction of Provincial Autonomy, the improvement in railway revenues makes it possible to begin the distribution of income-tax receipts under the Niemeyer award in the current financial year. As Hon'ble Members have already learnt, the net surplus of the Railways for the current year is now expected to be Rs. 2,83 lakhs. In order to arrive at the amount payable to the Provinces it is necessary to deduct from our total receipts in respect of Taxes on Income other than Corporation Tax the amounts attributable to (1) taxes collected in central areas, (2) taxes on salaries paid from central revenues, and (3) cost of collection. It is anticipated that the balance remaining after these deductions will be Rs. 11,55 lakhs. To this figure is added the amount of the railway surplus and the combined total less 13 crores is the amount distributable to the Provinces. In effect then we are entitled to retain Rs. 1,45 lakhs out of the railway surplus, and the amount of income tax distributable to the Provinces is consequently estimated at Rs. 1,38 lakhs. I am well aware that the returns of railway revenue for the early months of the year had given rise to hopes that the amount available for distribution might be considerably larger. They have also given rise to some highly coloured calculations in the Press. Naturally I am as disappointed as anyone else that these roseate dreams have not proved to be solid fact. But on the other hand a year ago nobody expected a distribution at all and moreover when the Niemeyer Award was announced there were gloomy forebodings—I think officially expressed by some of the Provinces—that the provision for conditional payments during the first five years was likely to prove a dead letter. The actual distribution will take place towards the end of March on the basis of the best revised forecast then possible and adjustments will be made on the basis of audited accounts in the following year.

7. Perhaps I may pause here and remind Hon'ble Members of the new charges which have been imposed on the central budget in recent years in the interests of the Provinces. I leave out of account the abandonment of the 9 or 10 crores of contributions under the Meston settlement. There are the Rs. 1,98 lakhs I have just given as the cost of the Niemeyer settlement plus Rs. 1,38 lakhs of income tax to be devolved. There are the grants of the previous year to Sind and Orissa amounting to Rs. 1,58 lakhs plus the original 50 per cent. of the jute duty now reckoned at Rs. 2,19 lakhs. There are the Road Fund grants of Rs. 1,41 lakhs and smaller recurring grants adding up to Rs. 16 lakhs a year all told—altogether a grand total of nearly 9 crores leaving out of account the 2½ crores for Burma. And I ask those who sometimes condemn the attitude of the Government of India towards Provincial aspirations to reflect that more than 20 crores of revenue have been relinquished to Provinces since the war and that under the Niemeyer Order-in-Council we are under an obligation to release a further 5 or 6 crores.

Revenue.

8. I now come to the revised estimates of revenue for 1937-38 and I remind Hon'ble Members of the summary which I gave of the trends which manifested themselves in the last quarter of the previous year, viz., a rapid improvement in railway traffic and customs receipts generally the latter concealing a rapid decline in the duties on the imports of silver and of cotton piecegoods. The increase in railway returns continued until the autumn and was then replaced by a steep decline from the figures of a year before. The decline is too serious for us to hope that it will shortly be reversed but we can at any rate hope that it will become less steep and this is the basis of the estimate of a total railway contribution of Rs. 2,83 lakhs. Customs and central excise receipts continued to advance until the end of the calendar year but in December the percentage of improvement was lower than in the preceding months, and the returns of January of this year confirm the flattening of the curve. Our revised estimates are therefore less satisfactory than at one time seemed probable. Let me deal with these estimates in a little more detail.

9. *Customs and Central Excise Duties.*—I have already mentioned that the decline in the revenue from imports of silver and cotton piecegoods which was noticeable in the closing months of 1936-37 has continued into the current year. The actual decreases in our revised estimates for these items as compared with our budget estimates are as follows:—

Silver	1,28 lakhs.
Cotton fabrics of British manufacture	59 lakhs.
Cotton fabrics not of British manufacture	70 lakhs.

As regards silver I can only say that this is an item for which accurate budgeting is exceptionally difficult, and that an increase in imports of other commodities seems frequently to coincide with a decrease in imports of silver. The decrease under "Cotton fabrics not of British manufacture" is of course due to the war between Japan and China, but it is noticeable that British piecegoods have not participated in the resultant advantage to Japan's competitors in the Indian market. That advantage has accrued entirely to the domestic producer, whose steadily increasing out-turn has been accompanied by a steady decline in our total imports from abroad and in the revenues which we have derived from them.

In spite of these large decreases our revised estimates for customs and central excise duties combined show a total net improvement of Rs. 1,91 lakhs. The improvement is spread over a wide range of articles included in the non-protective part of the tariff, and is largely accounted for by the increased imports of durable and semi-durable goods. Thus machinery is responsible for an additional Rs. 42 lakhs and motor vehicles for an additional Rs. 41 lakhs. There is also an increase of Rs. 45 lakhs from motor spirit.

10. *Taxes on Income.*—Our total revised estimate, including corporation tax and the other elements which are wholly central, is Rs. 15 crores as compared with the budget estimate of Rs. 14,30 lakhs, an improvement of Rs. 70 lakhs. This indicates that the progress of recovery in the country as a whole was not seriously interrupted during the previous year in spite of the temporary decline in imports which was reflected in our receipts from

customs duties. The figure of Rs. 15 crores will in our accounts be reduced to Rs. 13,62 lakhs on account of the assignment of Rs. 1,38 lakhs to the Provinces, the gross railway contribution of Rs. 2,83 lakhs being, of course, taken to revenue in full.

11. *Other revenue heads.*—We expect an improvement of Rs. 10 lakhs under Salt and an improvement of Rs. 17 lakhs under Mint, which is due to an increase in the absorption of small coin. On the other hand there are two decreases which I must briefly explain :—

(1) The first is a decrease of Rs. 9 lakhs under "Payments from Indian States." This is due to the decision that in cases where the tribute paid by an Indian State exceeds 5 per cent. of the total revenue of the State the excess over that percentage should be remitted. The Indian States Enquiry Committee of 1932 strongly recommended that such remissions should be granted as a first step towards redressing inequalities, irrespective of any arrangements which might be made in connection with the accession of the States to the Federation. We acknowledged the justice of that recommendation but found ourselves unable to implement it at that time. However now that a distribution of income-tax to the Provinces is being made it is unjustifiable to postpone further the removal of this grievance.

(2) The second item is a decrease of Rs. 39 lakhs under Currency. This arises from a reduction in the surplus profits of the Reserve Bank. Under section 33 of the Reserve Bank of India Act the sterling securities held in the Issue Department of the Bank must be "Government securities of the United Kingdom maturing within five years." There is, however, a proviso which allowed the Bank to hold longer-dated securities during the first two years of its existence. Consequently the full effect of the restriction has only been felt during the current financial year, and owing to the very low rates of interest which have been obtainable on short-dated sterling securities the effect has been more marked than we had anticipated. It is obviously desirable that the resources of a Central Bank should be held in as liquid a form as possible, and the restriction was deliberately inserted for this purpose. The reduction in the surplus must therefore be regarded as a part of the price which we have to pay for the strength of the Bank's present position.

12. *Posts and Telegraphs.*—The budget and revised estimates for the Posts and Telegraphs Department are as follows :—

	Budget, 1937-38.	Revised, 1937-38.
	(in lakhs.)	
Gross receipts	11,16	11,46
Working expenses and interest charges	11,12	11,03

Thus on the basis of the present accounting system the net receipts of the department are expected to amount to Rs. 43 lakhs against our budget estimate of Rs. 4 lakhs. The decrease in expenditure is mainly due to the postponement of the Empire Air Mail Scheme, and the improvement in revenue is due to increased receipts from telephones and from the sale of stamps. This improvement must be attributed to the general increase in trade activity which is reflected also in our customs estimates, but I might add that in the Posts and Telegraphs Department also the receipts began to show a decline at the beginning of the present calendar year. I propose to defer further comments on the financial position of the department until I come to next year's estimates.

Expenditure.

13. *Defence Services.*—I said that we now expect a total increase of Rs. 3,22 lakhs in expenditure. Out of this total Defence Services account for Rs. 2,60 lakhs. The most important single item is of course the cost of the military operations in Waziristan, which is now estimated at Rs. 1,76 lakhs. Another considerable item is the abandonment of the Lahore abattoir and the associated scheme for the establishment of cold storage facilities in northern India. It was originally anticipated that this might cost the taxpayer as much as Rs. 50 lakhs, but our latest estimate is only Rs. 26 lakhs. Here I might perhaps be allowed to digress for a moment to pay a tribute on the one hand to the very reasonable attitude adopted by the majority of the firms and contractors in their claims against Government, and

on the other to the skill of those entrusted with the negotiations on the Government side. In particular, I should like to acknowledge the very great value of the work done by Sir James Pitkeathly, the Chief Controller of Stores, who has taken a leading part in the negotiations.

The balance is made up of a variety of smaller items, the most important of which are :—

- (1) Additional expenditure on the reconstruction of Quetta. Rs. 10 lakhs.
- (2) Rise in prices Rs. 10 lakhs.
- (3) Initial expenditure on the reorganisation of the British Cavalry and Infantry Rs. 8 lakhs.
- (4) Increased cost of British troops occasioned by the grant by His Majesty's Government of various improvements in the conditions of service in an attempt to arrest the growing shortage of recruits.. .. . Rs. 18 lakhs.

I shall refer to the last two items again when I deal with the estimates for 1938-39, but I should say now that the last is a net figure after allowing for a certain shortage of British troops.

14. *Interest.*—Apart from the special adjustment as between Capital and Interest which I have already mentioned we now expect an increase of Rs. 72 lakhs under Interest. This is almost entirely due to Post Office Cash Certificates. During the last two years our disbursements on this account have been exceptionally high owing to very large maturities of certificates issued at a high rate of interest. We have met a part of this liability from a special fund which was built up during years when our actual disbursements were much lower, but unfortunately the fund was only started a considerable time after the inception of the Certificates and sooner or later a shortage in it was bound to occur. The actual figure for the interest disbursed in 1936-37 proved to be Rs. 36 lakhs above even the revised estimate owing to an increase in the rate of encashments. Consequently the balance remaining in the fund for the current year was only Rs. 1,16 lakhs instead of Rs. 1,52 lakhs. It now appears that our budget estimate for this year will also be exceeded by about Rs. 35 lakhs. The combined effect of these two excesses is an increase of Rs. 71 lakhs in the total amount to be met from revenue during the current financial year. Fortunately we have now passed the peak, since the certificates maturing next year bear a lower rate of interest and the amount payable will be correspondingly less. On the other hand it must be remembered that there is no longer anything left in the fund.

15. *Other expenditure heads.*—The only other item which I need mention at this stage is an increase of Rs. 25 lakhs under Tribal Areas. This is accounted for by the construction of roads in connection with the Waziristan operations. The figure would have been Rs. 49 lakhs but for the fact that we have utilised the balance of the fund set aside for roads in Tribal Areas to meet part of the cost of the Waziristan roads. Altogether it will be observed that of the total increase in expenditure of Rs. 3,22 lakhs the Waziristan operations and Interest together are responsible for no less than Rs. 2,73 lakhs.

WAYS AND MEANS.

16. At this stage it will be convenient to interpose the usual digression regarding ways and means.

New Loans.—No Government of India loans matured during 1937-38. This enabled us to leave the field clear for the Provinces during the first year of Provincial Autonomy. Loans were raised by five Provincial Governments and on the advice of the Reserve Bank they took the form of a simultaneous issue of 3 per cent. stock at an issue price of 99 redeemable in 1952. Next year we shall have the option of redeeming the Government of India 5½ per cent. loan 1938-40. The amount outstanding in respect of this loan is a little over Rs. 19 crores. The time and manner of the redemption of the loan will of course depend on market conditions and on our ways and means position.

17. *Cancellation of sterling debt.*—During the current year the average market prices of our sterling securities have been appreciably lower than those of the corresponding rupee securities. As the Reserve Bank was in a position to provide the necessary exchange without difficulty we decided to take the opportunity of effecting some repatriation of our sterling debt. The Bank was therefore authorised to purchase our sterling securities in the open market as amounts became available and to transfer the securities so purchased to us for cancellation. The total nominal value of the securities cancelled in this way in the course of the year is about Rs. 4 crores. Out of this total approximately Rs. 2,87 lakhs consist of terminable securities. In their case the cost of cancellation has been met from our ordinary resources in India, and on the basis of our present borrowing rates they represent a profitable investment. The balance of slightly over one crore consists of non-terminable securities. In connection with these purchases we created additional rupee paper of the 3½ and 3 per cent non-terminable loans up to the same nominal value and this has been issued gradually by the Reserve Bank in accordance with the requirements of the market. Since the average sale price has been some four points higher than the average purchase price of the sterling stock, we have made a saving of over Rs. 4 lakhs on the transfer. We are not taking any credit to revenue in respect of this saving, but it will constitute a small additional contribution towards the redemption of debt. I should like to acknowledge the value of the advice and co-operation which we have received from the Reserve Bank in connection with these operations.

18. *Other sterling liabilities.*—Sterling railway debentures amounting to about £1½ millions have been repaid during 1937-38 and a further £4 millions will probably be redeemed next year. In addition to this we expect by the end of the current year to have transferred about £4 millions to the Commissioners for Family Pension Funds, leaving a balance of about £8 millions to be transferred next year. It would of course be inconvenient both from our point of view and from that of the Commissioners to transfer so large a sum in one instalment, but we hope that the transaction will be completed before the end of 1938-39 in order that we may obtain the benefit of the resulting reduction in interest charges. Incidentally I may mention that this transfer represents a definite diminution of our external obligations.

19. *Treasury Bills.*—Last April the Reserve Bank returned 5 crores of rupees under Section 36 (1) of the Reserve Bank of India Act, and payment was made in the form of treasury bills. An additional 5 crores will almost certainly be returned next year. In spite of these transactions and the special sterling disbursements which I have already mentioned we estimate that we should be able to meet all our requirements, including the additional capital expenditure of the railways and other departments, by a total increase in treasury bills of about 11 crores during the two years. With this increase the amount outstanding at the end of 1938-39 would be between 39 and 40 crores. This of course includes both the bills held by the general public and the bills issued to the Reserve Bank. At the beginning of the current month the Bank's share was roughly 45 per cent. of the total.

In connection with these estimates I should perhaps explain the arrangements which we have made to facilitate the investment of provincial balances. It was originally proposed that if the Provinces wished to invest their surplus balances in treasury bills they would have to compete for the bills which are sold each week by public tender. On reconsideration we felt that this procedure might cause some inconvenience both to the Provinces and to the market. In the absence of previous experience the Provincial Governments would have had difficulty in estimating the rates at which they should tender, and if in certain weeks they succeeded in obtaining a large proportion of the total amount offered there would be undesirable fluctuations in the amount available for the market. It was therefore decided that during the initial period the Reserve Bank should try to meet the requirements of the Provinces from its own holding of treasury bills. About Rs. 4½ crores of the total amount at present outstanding represents bills transferred in this way to the Provincial Governments. The arrangement has so far worked satisfactorily and the Bank has agreed to continue it for the present, but the question may have to be reconsidered in the light of further experience.

20. *Post Office Cash Certificates and Savings Bank Deposits.*—Our revised ways and means estimate allows for a net repayment of Rs. 4 crores in respect of cash certificates as

compared with the budget estimate of Rs. 1½ crores, and we are assuming a further net repayment of Rs. 3½ crores next year. If these estimates prove to be correct our total liabilities in respect of cash certificates will still amount to the substantial figure of Rs. 56.9 crores and at the moment I see no reason to regret that the total is not being further increased. The reduction in the rate of interest has naturally made the certificates less attractive to the wealthier classes; but at the present level of 2½ per cent. they still offer to the small investor—and it was for his benefit that they were intended—a better return than he can obtain from any other investment of comparable security and liquidity.

Savings Bank deposits continue to increase, although not quite so rapidly as we had anticipated. In the budget estimates we assumed a net increase during the year of Rs. 6½ crores excluding interest. The actual increase during the first seven months was Rs. 3,82 lakhs, but during November and December the seasonal decline in net deposits was somewhat greater than usual and indeed in these months deposits did no more than balance the withdrawals. This was probably due in the main to the delay in the movement of the cotton crop. In January deposits have again increased and since the rate of interest is appreciably more attractive than that offered by the banks in respect of similar accounts I see no reason to anticipate that the increase will not continue in later months. Our latest estimates provide for an increase of Rs. 4½ crores in the current year and Rs. 5 crores next year.

21. *Provincial requirements.*—Last year I said that in addition to the two crores payable to Burma we expected to transfer to the Provinces on the 1st of April 1937 a total sum of Rs. 8,60 lakhs on account of certain balances which the Central Government had previously held on their behalf. These balances proved to be higher than we had anticipated and the actual amount transferred is approximately Rs. 10,70 lakhs.

22. *Remittance.*—During the current year there has been a considerable decline in our favourable balance of trade, and this seems to have coincided with an increase in private remittance for purposes of investment. These two factors have naturally resulted in a decrease in the amount of sterling offered to the Reserve Bank. In the first nine months of the year the Bank's purchases amounted to only £11½ millions as compared with £26½ millions in the corresponding period of the previous year, but in recent weeks large tenders have again been received. In view of the Bank's strong sterling position the delay has caused no serious inconvenience and exchange has remained steady throughout the year.

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23. Honourable Members will remember that on the basis of our revised estimates for the current year we expect to require Rs. 1,09 lakhs, out of the Revenue Reserve Fund in order to balance the budget, thus leaving Rs. 75 lakhs available for next year. Apart from this Rs. 75 lakhs our estimates for ordinary revenue amount to Rs. 85,17 lakhs as compared with Rs. 85,54 lakhs in the revised estimates, a decrease of Rs. 37 lakhs.

Revenue.

24. *Customs and Central Excise Duties.*—I must first try to explain the basis of our estimates for customs and excise revenue. Such estimates are necessarily subject to a considerable margin of error but we are bound to take note of the arrest which has shown itself in January of the previous upward tendency and in view of this we should certainly not be justified in expecting the maintenance of the current year's figures. This check may be attributed to the set-back which has manifested itself primarily in the United States of America but which has also spread eastward. The Indian cotton grower has already been affected, and there are other economic indices which point in the same general direction. There has been a decline in our favourable balance of trade. I need not quote the figures of that balance which related to India and Burma combined, but for India alone the favourable balance during the first nine months of 1936-37 was Rs. 44,20 lakhs, while during the first nine months of the current year it is Rs. 27,56 lakhs. The difference is therefore over Rs. 16½ crores. The large increase in imports and consequently in customs revenue during the first nine months of the current year must be attributed to a considerable extent to the favourable balance of last year, and the decline in the balance is bound to have some effect on our imports next

year— indeed it is already having its effect. It should also be remembered that since most of our customs duties are on an *ad valorem* basis an increase in prices automatically involves an increase in customs revenue. There was a marked increase in the general level of prices in the later months of 1936-37 and the early months of the current year, but recently the tendency has been in the opposite direction. There are of course certain items in our customs schedule which are likely to increase irrespective of general trade conditions. Motor spirit, for example, is almost certain to be an increasing source of revenue in view of the steady growth in the number of motor vehicles in use in India. But it seems probable that such items will be more than balanced by decreases in other imports. Taking all these factors into consideration we have assumed a net reduction of Rs. 60 lakhs as compared with the revised estimates for the current year.

25. As I have said the real reduction under Customs and Central Excise Duties is Rs. 60 lakhs, but the budget statements show a reduction of only Rs. 10 lakhs. This apparent discrepancy is explained by two changes in accounting procedure:—

(1) The first change relates to our revenue from the excise duty on matches. We have hitherto treated the share which is payable to the Indian States as a deduction from revenue, but it has now been decided that such disbursements would be more correctly classified as expenditure. This accounts for an increase of Rs. 32 lakhs, which will of course be balanced by a corresponding increase on the expenditure side.

(2) The other Rs. 18 lakhs represent the duty on petrol and kerosene supplied for the Defence Services. The duty on such supplies has previously been remitted, but we have now decided to bring the procedure into line with that which is adopted in connection with other goods imported for the use of Government Departments. In this case also there will be a corresponding increase in expenditure.

26. *Taxes on Income.*—As Hon'ble Members are aware I hope shortly to be in a position to introduce an Income-tax (Amendment) Bill. The first effect of this Bill should be a considerable increase in revenue but none of this can accrue before 1939-40 and even so far as that year and two years thereafter practically the whole benefit will go to the Provinces. After that one-half of the benefit will revert to the Centre. So far as the next year is concerned I feel justified in budgeting for an improvement of Rs. 25 lakhs in view of trade activity during the major part of the current year and in view of the efforts which we are making to tighten up the administration. Unless railway revenues should fall far below our expectations the greater part of this increase also will of course benefit the Provinces and not the Central Government. If our estimates for taxes on income are realised we calculate that on the basis of the railway estimates presented by the Communications Member for next year the amount of income-tax available for distribution to the Provinces should be Rs. 1,28 lakhs, which is equivalent to our retaining about one-half of the estimated railway surplus.

27. *Other revenue heads.*—We are allowing for a decrease of Rs. 20 lakhs in mint receipts as compared with our revised estimate for 1937-38. The absorption of small coin during the current year has been exceptionally high, and we cannot expect this to continue on the same scale. There will also be a reduction of Rs. 5 lakhs in the portion of the Burma payment which relates to pensions, and we shall have to pay to Burma a share of the amounts which we shall receive during the current year on account of coinage profits and the surplus of the Reserve Bank. This payment is expected to amount to about Rs. 6½ lakhs. On the other hand we expect small increases in our interest receipts and in our receipts from certain minor sources of revenue. The net result of all these variations is an improvement of Rs. 8 lakhs.

28. *Posts and Telegraphs.*—Before I deal with the ordinary revenue and expenditure estimates of the Posts and Telegraphs Department I should perhaps mention a small change of procedure in connection with the provision of capital for telephone projects. To enable such projects to be undertaken with the minimum of delay we propose to create a special Telephone Capital Fund, the balance of which will not lapse at the end of the year, and we are providing for a capital grant to the fund of 2½ crores to cover expenditure for the next 5 years. We expect to spend Rs. 40 lakhs in 1938-39. Each project will continue to be scrutinised as carefully as in the past, but we hope to be able by means of the fund to dispense with some of

the formalities which at present impede the department from going ahead as fast as they should with this remunerative branch of their activities.

29. As regards the ordinary revenue and expenditure of the department I mentioned in connection with this year's revised estimates that the increase in the surplus was partly due to the postponement of the Empire Air Mail Scheme. Next year the scheme will be in operation, and the net cost to the Posts and Telegraphs Department is expected to be about Rs. 11 lakhs. The surplus will be further reduced below the figure of 1937-38 as a result of two decisions which have recently been reached :—

(1) The first of these relates to the provision for the payment of the commuted value of pensions. In their report on the accounts for 1935-36 the Public Accounts Committee recommended that these charges should in future be met from current revenues instead of being charged to capital in the first instance. This recommendation is particularly important in the case of the Railways and the Post and Telegraphs Department, since if a commercial department is to be worthy of the name it should obviously meet its own current liabilities. We have therefore decided to introduce the change, so far as these two Departments are concerned, from the next financial year. This decision will increase the expenditure of the Posts and Telegraphs Department next year by about Rs. 18½ lakhs.

(2) The second decision is that regular arrangements should now be made for the repayment of the accumulated losses on account of press telegrams. These losses have been treated as a separate liability and have not been taken into account for the purpose of calculating the surplus or deficit on the ordinary working of the department. The amount now outstanding is Rs. 2,04 lakhs. One-half of this amount will be repaid immediately out of the balance in the Renewals Reserve Fund. The remaining Rs. 1,02 lakhs will be repaid partly from the portion of the current year's surplus which is not allocated for the cancellation of other past deficits and partly by means of equated annual instalments. The first of these instalments, *plus* the loss of interest on the Renewals Reserve Fund, will involve a further reduction of about Rs. 13½ lakhs in the net surplus. The lump sum repayment of Rs. 1,02 lakhs will be treated as a capital receipt, but since the losses were financed partly from current revenues the annual instalments will be credited to revenue, and the loss of interest also involves a corresponding credit in the civil budget.

30. After these adjustments have been made the net revenue of the department is expected to be just sufficient to balance the expenditure. It should be clear from what I have said that this result represents the financial position of the department much more accurately than the anticipated surplus of the current year. Before a commercial department can be regarded as paying its way it must be in a position to meet all the charges which are correctly attributable to its activities. Hitherto the Posts and Telegraphs Department has not satisfied this condition.

Expenditure.

31. *Defence Services.*—The total provision for the Defence Services is Rs. 45,18 lakhs. This is Rs. 2,04 lakhs less than the revised estimate for the current year but Rs. 56 lakhs more than the budget estimate. As I have already mentioned, Rs. 18 lakhs of this increase is due to a change in accounting procedure in connection with the duty on petrol and kerosene, so that the real increase is Rs. 38 lakhs.

32. Before I explain how this increase is arrived at it will be convenient to mention two agreements which have been concluded in recent months with His Majesty's Government on the subject of defence expenditure in India. The first relates to His Majesty's Government's contribution of Rs. 80 lakhs towards the capital cost of mechanising the British Cavalry and Infantry; the agreement is fresh in the minds of Hon'ble Members, and I do not, therefore, propose to say any more about it except to remind the House that the contribution is payable in three instalments of which the first instalment of 27 lakhs is to be paid in 1938-39.

33. Being an incurable optimist, I hope that the second agreement will escape the barrage of criticism which greeted the first. The agreement relates to Naval expenditure.

The Government of India in conjunction with the Admiralty have recently had under examination the question of India's Naval Defence. Under long standing arrangements India pays a direct contribution of £100,000 a year to His Majesty's Government in the United Kingdom towards the Naval Defence of India and the protection of trade in alien waters, and also defrays various miscellaneous charges amounting to 2 or 3 lakhs a year on behalf of vessels of the Royal Navy. The conversion of the Royal Indian Navy into a combatant service capable of assisting in the work of the Royal Navy in war and the steps which are being taken by the Government of India to build up their local naval defence rendered it desirable to review existing arrangements. Accordingly in order that the necessary measures for the development of the Royal Indian Navy might be accelerated, the Government of India requested His Majesty's Government to forego the annual payments hitherto made. This has been agreed to by His Majesty's Government on condition that the Government of India maintain a sea-going fleet of not less than six modern escort vessels which will be free to co-operate with the Royal Navy for the defence of India and in addition fulfil their responsibility for local naval defence of Indian ports. The Government of India have accepted these conditions, and their contribution will cease as from April 1st, 1938.

34. As I have said the real increase in the provision for the Defence Services as compared with the current year's budget is Rs. 38 lakhs. But in order to arrive at the total amount available for additional items of expenditure we must add to this figure the contribution of Rs. 27 lakhs from His Majesty's Government and also a sum of Rs. 90 lakhs which represents the net saving resulting from the temporary shortage of British troops in India after allowance has been made for the extra cost of the improved conditions of service to which I have already referred. The total to be accounted for, apart from the remission of the contribution to the Admiralty, is therefore Rs. 1,55 lakhs. Of this, Rs. 70 lakhs are absorbed by an increase in the normal standing charges of the Army, the more important items contributing to this increase being Rs. 21 lakhs under Ordnance Services, and the restoration of cuts amounting to about Rs. 24 lakhs made last year in the sums required for the equalisation of expenditure on the Royal Indian Navy and mechanical transport. The balance of 85 lakhs will be expended on the mechanisation of the British Infantry and Cavalry.

35. I have now accounted for the sums which are to be provided from revenue next year for defence purposes. But this does not exhaust the defence programme in 1938-39. We propose to supplement the budget grant by the remaining "free" balance in the Defence Reserve Fund, amounting to Rs. 35 lakhs and by drawing on balances in military expenditure equalisation funds which are not immediately required. The amount so drawn will be Rs. 45 lakhs. Among measures which will be financed, or for which we are earmarking funds in this way, are improvements in our coast defences, the erection of a factory to make India self-sufficient in the matter of high explosives and the mechanisation of certain Indian units, a scheme for which is now under consideration.

36. Last year I warned the House that the net figure for defence expenditure had only been achieved by the help of a curtailment of services which were bound to be provided for sooner or later, and that His Excellency the Commander-in-Chief considered the provision to be seriously inadequate for the real needs of defence. In view of the present world situation and the large increase in defence expenditure of almost all other countries, I do not think Hon'ble Members will be surprised that some increase has also been found necessary in India. Indeed we shall have cause to congratulate ourselves if it proves possible to keep down the increase to such modest proportions.

37. *Interest.*—As I mentioned in connection with the revised estimates for 1937-38, there will be a reduction next year in the amount payable on account of Post Office Cash Certificates. We are actually budgeting for a decrease of Rs. 1,51 lakhs but as we are, during the current year, meeting Rs. 1,16 lakhs of the disbursements from the balance remaining in the Cash Certificates Bonus Fund, the decrease in the amount to be provided from revenue is Rs. 35 lakhs only. This saving, and the saving due to the transfer of the Family Pension Funds to Commissioners, are partially counterbalanced by increases under other heads notably interest on Post Office Savings Bank Deposits and interest on the Railway Depreciation Fund. The result of all these variations is a net decrease of Rs. 22 lakhs.

38. *Other items.*—Apart from the provision made for the Defence Services and for Interest, our expenditure estimates show a net increase of Rs. 1,46 lakhs as compared with the current year's revised estimates. As I have already explained, however, Rs. 32 lakhs of this increase is due to a change in the accounting arrangements in connection with the proceeds of the excise duty on matches ; and there are three other items which are directly connected with specific increases in revenue :—

(1) The first of these is an increase of Rs. 16 lakhs in the provision for the payments made to the States of Cochin and Travancore under the Cochin Port Agreement. This is due to the increase in the customs revenue collected at the port during the current year.

(2) The second item is an increase of Rs. 29 lakhs in the allocation to the Road Fund. This is of course based on the anticipated revenue from the customs and excise duties on motor spirit.

(3) The third item is an increase of Rs. 10 lakhs in the provision for expenditure on sugar research partly due to the expectation that we shall have to pay out more in grants to the Provinces from that portion of our sugar excise revenue which has been set aside for this purpose since the imposition of the tax.

39. After these items have been deducted there remains a net increase of Rs. 59 lakhs. This is the result of variations under a large number of different heads. Increased expenditure on the reconstruction of civil buildings at Quetta accounts for Rs. 15 lakhs, and there is an increase of Rs. 12 lakhs in the provision for the Stationery and Printing Department. This is necessary partly owing to a rise in prices and partly in order to replenish stocks which have become seriously depleted through efforts to keep within the budget allotments of previous years. Other increases are due to the needs of expanding departments such as Civil Aviation and Broadcasting, to our efforts to improve the administration of the revenue producing departments, and to unavoidable new items of expenditure such as the Federal Court.

40. *Summary.*—I can now summarise the position. As I have said, the provision for the Defence Services is Rs. 2,04 lakhs less than the revised estimate for the current year and there is a decrease of Rs. 22 lakhs in interest charges, but other expenditure is expected to increase by Rs. 1,46 lakhs. The net decrease is therefore Rs. 80 lakhs, as compared with a decrease Rs. 37 lakhs in revenue apart from the Revenue Reserve Fund. If we include the balance of Rs. 75 lakhs remaining in the fund the total figures are as follows :—

	(lakhs).							
Revenue	85,92
Expenditure	85,83
Surplus	<u>9</u>

41. After the flamboyant forecasts of some of our imaginative journalists this result will appear somewhat disappointing. Certainly I myself am deeply disappointed. For one thing we are still, apart from the carry forward in the Revenue Reserve Fund, more than half a crore short of true equilibrium. Secondly it is clear that the greatest care will be necessary in conserving the central revenues if the fulfilment of the Niemeyer programme is to be reasonably assured and finally there can be no immediate expectation of a devolution to the Provinces out of our present central resources beyond that provided for in that programme. During the current year there can clearly be no large central grants for social expenditure, but in any case with the inception of Provincial Autonomy I personally should be inclined to rank this objective after that of the provision of free money for the Provinces. But there is an objective even more important than that, namely, to ensure so far as is humanly possible the stability of our central finances. Without this Provincial advance or even stability is impossible and the fortunes of the Provinces are in the end so inextricably mixed with ours that they cannot prosper without a willingness on both our parts to co-operate to common ends.

42. I think I may claim that, while I have been in India, I have kept two main tasks in view ; the financing of the new Constitution and the provision of money for rural development. The first involves an anxious regard to the health of our own finances. It also involves preparations for meeting smoothly the successive obligations which the new Constitution entails. We have found with no net increase, indeed with a net decrease of taxation, all the money required to start the Provinces on their autonomous way. During this year we have begun on the task of releasing to them 7 crores of income tax. At one time I hoped that it was going to be possible to speed up the performance of this task, but it now looks as if there will have to be a pause for the consolidation of our own position. Of course it might be argued that we should increase some of our staple taxes in order to make more money available for the Provinces. I do not however propose to do this, though in the case of income tax I hope to introduce an Amending Bill this session to carry out a number of the recommendations of the recent Expert Enquiry. In present circumstances almost the whole of the increased yield resulting from these changes will accrue to the Provinces and I hope that I may on this account reckon on more support than might otherwise be the case. I offer this as an earnest of the sincerity of my desire to help the Provinces. As regards rural development I must now recognise that the main responsibility for this has been entrusted to the Provinces and central grants for the purpose must in large measure be postponed in favour of ensuring the due delegation of revenues. However much I may regret this I recognise the needs of the Provinces as a prior obligation.

43. I suppose that a budget which merely preserves the *status quo* will be characterised as a dull one. But it will be something to have achieved dullness in a world which is full of intense excitements— many of them of an extremely undesirable character. And if next year we are able to produce another dull budget providing for no spectacular increases in defence expenditure, no catastrophic falling off in revenue and for the maintenance or even increase of our assistance to the Provinces, I shall be only too thankful.

P. J. GRIGG.

The 26th February 1938.

Report for the Year 1937.

Section V.

DOCUMENTS AND STATISTICS.

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STATISTICS.

As was stated in the preliminary portion of the report for 1926, the tables printed in the following pages show considerable variations from those published prior to 1926. The tables now given represent an attempt to give in an easily comprehensible form essential information of a statistical nature regarding the textile trade of India as a whole. In addition, information will also be found in certain tables concerning the textile trade of Bombay City and Island which is the largest individual centre of the cotton trade in India.

A number of interesting tables are also included concerning the textile trade of Japan, India's keenest competitor in the home and export markets.

Most of the tables are self-explanatory and no notes regarding their interpretation are necessary. The following notes are only intended to assist in arriving at correct conclusions regarding the progress of the Indian textile trade during the last few years.

Table 3.—Progress of Cotton Mill Industry in India. The falling off in the production of yarn and cloth in the years ending 31st of March 1926 and 1929 is chiefly accounted for by the strikes referred to in the footnote to the table.

Table 7.—Statement showing the cotton arrivals into Bombay during the season 1936-37 as compared with 9 previous seasons.

Tables 16 and 17.—Statements showing the imports of cotton yarn into India and Bombay during the last 20 years. Notable features of the tables are the larger imports of artificial silk and mercerized yarn during the last few years.

Tables 18 and 19.—Statements showing the imports of cotton piecegoods into India and Bombay during the last 20 years.

Table 20.—Summary of imports of cotton yarn into India in 1937 as compared with two previous years. This table shows the shares of the import trade in yarn held by the chief importing countries.

Table 21.—Detailed statement of imports of cotton yarn into India in 1937 as compared with two previous years. This table shows in detail the counts and types of yarn imported into India from the various countries.

Tables 22 and 23.—Summary and Details of imports of cotton yarn into Bombay in 1937 as compared with two previous years. These tables give information similar to that contained in Tables 20 and 21, but for the Port of Bombay.

Table 26.—Summary of imports of cotton piecegoods into India in 1937 as compared with two previous years. This table gives at a glance the quantities of the main classifications of piecegoods imported into India from the chief importing countries. Table 27 gives the information contained in Table 26 in very much greater detail.

Tables 28 and 29.—Details and Summary of imports of cotton piecegoods into Bombay in 1937 as compared with two previous years. These tables contain information similar to that contained in Tables 27 and 26 respectively but for the Port of Bombay.

Table 30.—Detailed statement of exports of Indian-made piecegoods from India. When perusing this table the footnote explaining the exact areas covered by the territories mentioned should be carefully studied. The preponderance of coloured goods in the total piecegoods export trade is very striking.

Table 31 contains information similar to that given in *Table 30* but for the Port of Bombay.

Tables 32 and 33.—Statements showing the re-exports of piecegoods and yarn from India and Bombay respectively. The figures show that the bulk of the re-exports of cotton piecegoods pass through Bombay.

Tables 34 and 35.—Statements showing the quantities of cloth and yarn available for consumption in India. These tables are among the most interesting and instructive statistics ever published concerning the extent of the Indian market for yarn and piecegoods. The figures showing the balance of yarn available for consumption in India to some extent give an indication as to the importance of the handloom weaving industry of India.

Tables 36 to 39 (both inclusive) contain information extracted from the publications issued by the Japan Cotton Spinners' Association and indicate very clearly the phenomenal progress made by the Japanese Cotton Textile Industry during the last decade.

Table 40 is extracted from the statistics published by the British Board of Trade and indicates the relative importance of the three chief Presidency Ports of India in the yarn and piecegoods import trade. It should be noted that the figures for the Port of Bombay as given in this table are not strictly comparable with the Government of India statistics for that port on which all other tables relating to Bombay in this section are based.

TABLE No. 1.

SPINDLES AND LOOMS SET UP IN INDIA, THE UNITED STATES OF AMERICA, GREAT BRITAIN, GERMANY, CHINA AND JAPAN.

The following figures have been obtained from various sources and may be taken as being approximately correct. In order, however, to make the record as complete as possible, the Committee of the Association will be obliged, if members and others who have any additional particulars available will kindly forward them to the Secretary for inclusion in any future statements that may be published:—

SPINDLES.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1885	2,145,646	....	43,000,000	....	....	....
1886	2,261,561	....	42,700,000	....	....	....
1887	2,421,290	....	42,740,000	....	....	....
1888	2,488,851	....	43,000,000	....	....	....
1889	2,762,518	....	43,500,000	....	....	....
1890	3,274,196	14,384,180	43,750,000	....	....	....
1891	3,351,694	14,640,000	44,750,000	....	....	....
1892	3,402,232	15,200,000	45,270,000	....	385,314	....
1893	3,575,917	15,700,000	45,270,000	....	381,781	....
1894	3,649,736	16,100,000	45,190,000	....	530,074	....
1895	3,809,929	16,650,000	45,400,000	6,571,332	580,945	....
1896	3,932,946	17,333,396	44,900,000	....	692,384	....
1897	4,065,618	18,228,991	44,500,000	....	768,328	....
1898	4,259,720	18,434,244	44,900,000	7,115,500	1,027,817	....
1899	4,728,333	19,329,092	45,600,000	....	1,170,337	....
1900	4,945,783	19,472,232	45,600,000	8,031,400	1,274,000	550,000
1901	5,006,936	20,196,835	46,100,000	8,434,601	1,234,976	....
1902	5,006,965	20,907,212	49,727,107	....	1,230,697	....
1903	5,043,297	21,212,827	49,700,000	....	1,381,306	....
1904	5,118,121	22,197,522	49,500,000	....	1,345,585	....
1905	5,163,486	22,861,043	50,964,874	8,832,016	1,426,594	....
1906	5,279,595	24,628,379	52,796,230	9,121,259	1,472,253	....
1907	5,333,275	25,681,509	52,585,362	9,730,209	1,540,452	750,000
1908	5,756,020	26,133,442	55,218,024	9,850,209	1,795,879	....
1909	6,053,231	27,914,085	57,026,422	10,162,872	1,954,892	....
1910	6,195,671	28,299,482	57,731,829	10,200,000	2,099,764	....
1911	6,357,460	29,064,492	58,002,435	10,480,090	2,170,796	831,000
1912	6,463,929	29,962,713	58,140,220	10,725,732	2,176,748	833,112
1913	6,596,862	30,579,000	58,481,000	10,920,426	2,414,499	947,406
1914	6,778,895	32,227,840	59,317,187	10,162,872	2,657,174	1,000,000
1915	6,848,744	32,400,792	59,905,000	10,163,000	2,807,514	....
1916	6,839,877	32,653,164	59,811,222	....	2,875,904	1,029,218
1917	6,738,697	33,535,000	60,973,000	....	3,060,478	1,126,568
1918	6,653,871	34,219,156	57,685,841	....	3,227,678	....
1919	6,689,680	34,648,928	59,182,683	....	3,488,262	1,416,556
1920	6,763,076	34,946,721	60,079,394	8,262,872	3,813,680	1,565,300
1921	6,870,804	35,632,193	60,053,246	8,693,221	4,161,126	1,650,000
1922	7,331,219	36,584,487	58,712,303	9,400,000	4,517,612	1,888,348
1923	7,927,938	37,397,000	59,819,000	9,605,000	4,436,798	3,581,214
1924	8,313,273	37,924,000	59,511,000	10,060,000	5,125,696	3,569,440
1925	8,510,683	37,833,000	59,903,000	10,060,000	5,447,184	3,414,062
1926	8,714,168	37,650,000	60,285,000	10,300,000	5,679,852	3,461,152
1927	8,702,760	37,483,000	60,466,000	10,900,000	6,116,266	3,588,483
1928	8,704,172	36,824,000	60,042,000	11,020,000	6,467,174	3,688,483
1929	8,907,064	36,216,000	59,134,000	11,155,000	6,836,516	3,638,098
1930	9,124,768	35,663,000	57,712,000	11,260,000	7,214,001	3,664,120
1931	9,311,953	33,325,000	57,575,522	10,838,000	7,535,146	3,969,552
1932	9,506,083	32,109,000	53,443,684	10,233,000	7,964,850	4,497,902
1933	9,580,658	30,685,000	51,525,314	9,846,000	8,643,928	4,498,000
1934	9,613,174	30,329,000	47,182,560	9,900,000	9,530,574	4,904,788
1935	9,685,775	29,717,000	45,056,787	9,900,000	10,649,048	5,171,600
1936	9,856,658	28,598,538	42,641,685	9,900,000	11,975,584	5,172,000
1937	9,730,798	27,128,413	41,102,514	10,200,000	....	5,526,847

Notes.—The figures for India are taken from the Association's Mill Statement.
The figures for Japan are taken from the half-yearly publication of the Japan Cotton Spinners' Association.
The rest of the figures are taken from the Comtelburo Year Book.

TABLE No. 2.
LOOMS.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1885	16,537	....	561,000	....	....	....
1886	17,455	....	....	....	....	....
1887	18,536	....	....	....	....	....
1888	19,496	....	....	....	....	....
1889	21,561	....	....	....	....	....
1890	23,412	....	....	....	....	....
1891	24,531	....	....	....	....	....
1892	25,444	....	660,000	....	....	....
1893	28,164	....	....	....	....	....
1894	31,154	....	....	....	....	....
1895	35,338	362,067	606,585	245,000	5,000	....
1896	37,270	354,358	....	....	....	....
1897	37,584	379,341	....	....	2,852	....
1898	38,013	384,745	....	240,000	2,798	....
1899	39,069	392,690	....	....	2,757	....
1900	40,124	439,465	648,820	211,818	5,045	....
1901	41,180	411,106	....	211,818	....	....
1902	42,584	477,072	....	....	....	....
1903	44,092	488,760	684,000	....	5,043	....
1904	45,337	503,027	....	....	5,085	....
1905	50,139	515,006	704,357	230,200	8,140	....
1906	52,668	525,630	704,357	230,200	9,601	....
1907	58,436	536,815	725,221	....	9,462	....
1908	67,920	546,160	736,325	....	11,146	....
1909	76,898	555,398	739,382	....	13,813	....
1910	82,725	625,719	741,197	230,200	17,702	....
1911	85,352	633,909	741,260	....	20,431	....
1912	88,951	671,873	758,712	....	21,898	3,738
1913	94,136	709,255	786,205	....	24,224	4,755
1914	104,179	696,387	805,452	230,200	25,443	....
1915	108,009	689,840	808,145	....	30,068	....
1916	110,268	719,358	808,796	....	31,295	4,755
1917	114,621	725,366	807,543	....	36,181	5,853
1918	116,484	712,426	787,679	....	40,391	....
1919	118,221	700,620	790,936	....	44,401	7,193
1920	119,012	708,079	798,083	190,200	50,583	7,660
1921	123,783	719,120	790,399	190,200	54,994	....
1922	134,620	707,469	799,000	190,200	60,893	10,814
1923	144,794	744,686	795,244	240,700	64,460	22,477
1924	151,485	760,625	791,674	240,700	68,579	21,644
1925	154,202	762,808	788,197	240,700	73,381	25,934
1926	159,464	760,133	786,309	240,700	77,043	22,924
1927	161,952	745,520	767,524	250,000	78,352	24,047
1928	166,532	747,379	754,940	250,000	81,209	25,980
1929	174,992	736,379	739,887	250,000	77,898	29,788
1930	179,250	720,177	703,878	250,000	79,466	29,582
1931	182,429	658,604	657,864	230,000	77,782	29,582
1932	186,341	646,764	624,629	230,000	79,277	33,580
1933	189,040	625,445	601,750	267,000	86,343	33,580
1934	194,388	608,815	580,153	225,000	91,146	42,596
1935	198,867	600,837	517,460	225,000	95,982	42,834
1936	200,062	575,366	499,703	225,000	95,813	42,834
1937	197,810	540,233	471,258	225,000	....	52,009

(Please see foot-note to previous table.)

TABLE No. 3.
PROGRESS OF COTTON MILL INDUSTRY IN INDIA.

Year.	BOMBAY CITY AND ISLAND.						ALL-INDIA.					
	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.
	Spindles.	Looms.					Spindles.	Looms.				
	1	2	3	4	5	6	1	2	3	4	5	6
	Year ending 30th June.	Bales of 392 lbs.	Year ending 31st March.	Bales of 400 lbs.	(in yds.)	Year ending 30th June.	Year ending 30th June.	Bales of 392 lbs.	Year ending 31st March.	Bales of 400 lbs.	(in yds.)	Year ending 30th June.
1909	2,584,886	34,657	1,098,704	894,115	455,639,081	105,751	5,526,233	66,097	2,109,000	1,612,075	824,489,164	236,924
1910	2,439,869	36,148	984,058	825,197	532,224,755	104,550	5,290,473	69,599	1,935,010	1,568,410	963,869,482	233,624
1911	2,493,163	38,380	953,450	801,068	563,224,913	104,500	5,392,691	73,549	1,905,866	1,524,318	1,042,741,653	230,649
1912	2,556,706	39,639	1,077,616	819,102	622,451,272	109,691	5,493,477	77,074	2,050,102	1,562,575	1,136,151,590	243,637
1913	2,567,810	39,975	1,072,210	909,202	642,101,710	110,933	5,736,701	82,577	2,096,016	1,721,182	1,220,442,545	253,786
		Year ending 31st August.				Year ending 31st August.		Year ending 31st August.				Year ending 31st August.
1914	2,597,913	41,643	1,078,038	887,561	592,366,008	109,860	5,848,283	85,158	2,143,126	1,706,942	1,164,291,588	260,276
1915	2,455,468	41,667	1,026,050	805,383	562,322,867	111,924	5,704,320	86,868	2,102,632	1,629,961	1,135,707,952	265,346
1916	2,551,736	47,250	1,096,174	941,857	771,266,499	118,303	5,900,896	95,965	2,197,718	1,806,061	1,441,514,550	274,361
1917	2,736,014	52,421	1,134,814	889,748	830,185,157	125,713	6,067,770	100,824	2,198,164	1,702,768	1,578,132,789	276,771
1918	2,671,450	52,887	1,068,492	893,221	933,137,872	124,199	5,987,685	101,141	2,085,678	1,651,439	1,614,126,458	282,227
1919	2,052,115	52,320	999,756	765,475	757,903,744	126,368	6,046,323	102,977	2,044,230	1,537,601	1,450,726,160	293,277
1920	2,814,718	54,664	957,150	794,297	863,292,197	140,208	6,238,771	105,169	1,952,318	1,589,400	1,639,779,227	311,078
1921	2,896,926	57,159	1,060,598	856,141	836,506,933	147,740	6,407,037	111,708	2,120,230	1,650,006	1,580,849,746	332,179
1922	2,952,183	58,848	1,074,198	871,736	921,926,856	149,224	6,549,112	117,318	2,203,540	1,733,929	1,731,573,296	343,723
1923	3,013,593	60,808	1,059,630	870,248	870,284,518	148,771	6,760,218	120,806	2,151,698	1,764,733	1,725,284,187	347,380
1924	2,929,786	62,087	821,466	673,966	855,883,055	148,414	6,962,553	128,320	1,917,748	1,521,569	1,701,574,355	356,887
1925	3,181,654	66,329	994,732	818,857	986,028,304	153,009	7,454,161	135,516	2,226,310	1,798,475	1,970,446,852	367,877
1926	2,860,076	63,403	777,970	654,906	871,840,734	149,099	7,264,234	136,033	2,113,384	1,716,068	1,954,462,650	373,508
1927	2,951,513	69,684	994,500	862,147	1,135,020,515	154,698	7,521,636	146,200	2,417,412	2,017,790	2,258,716,065	384,623
1928	1,826,026	45,464	568,848	796,867	1,131,520,832	129,275	6,505,175	126,235	2,009,782	2,022,351	2,356,564,805	360,921
1929	2,108,747	47,668	630,978	384,382	537,402,790	106,710	6,957,389	133,882	2,161,166	1,620,740	1,893,268,655	346,925
1930	2,803,936	64,397	877,492	658,042	888,944,315	136,774	7,979,454	156,662	2,573,714	2,083,899	2,418,981,049	384,022
1931	2,702,848	62,748	839,388	677,266	967,586,025	129,057	8,093,714	157,609	2,633,176	2,168,166	2,561,133,035	395,471
1932	2,715,889	61,883	920,730	803,974	1,216,886,366	129,534	8,323,082	161,340	2,911,264	2,411,016	2,989,891,101	403,226
1933	2,430,854	58,870	797,976	782,304	1,210,597,547	119,943	8,202,149	162,818	2,837,158	2,541,046	3,169,898,499	400,005
1934	2,043,506	48,764	613,014	606,619	923,057,741	95,007	7,845,077	158,802	2,703,990	2,302,652	2,945,051,727	384,938
1935	2,393,324	57,208	885,252	663,469	1,025,300,827	111,147	8,441,464	174,114	3,123,414	2,501,889	3,397,456,046	414,184
1936	2,395,970	57,783	835,460	762,092	1,236,204,871	109,670	8,504,400	177,935	3,100,618	2,645,742	3,571,370,903	417,003
1937	2,322,151	58,978	828,184	691,490	1,156,084,569	109,479	8,441,001	177,810	3,146,752	2,635,292	3,571,987,099	417,276

NOTE.—Columns 1, 2 and 3.—Figures taken from the Association's Mill Statement.

Columns 4 and 5.—Are taken from "Monthly Statistics of Spinning and Weaving" published by the Government of India.

Column 6.—Same as columns 1, 2 and 3.

Production was at a standstill in all the mills in the Bombay City and Island for about 2 months in 1924 (end of January to March) and for a further period of 2½ months in 1925-26 (Sep. 15th to 1st Dec.) and again for about 6 months in 1928 (April 15th to first week of October) and for about 4½ months in 1929 (26th April to the middle of September).

TABLE No. 4.

THE WORLD'S COTTON CROPS, 1914-15 to 1936-37 (TODD'S).

(Bales approximately 500 lbs.)

(000's omitted.)

Years.	America (Linters included.)	India*.	Egypt.	Russia.	China.	Others.	Total.	Percentage on 1914-15.
1914-15 ..	16,992	5,209	1,298	1,244	2,333	1,154	28,212	100
1915-16 ..	12,123	3,738	961	1,407	2,057	984	21,270	76
1916-17 ..	12,781	4,489	1,022	1,110	1,714	1,027	22,143	79
1917-18 ..	12,428	4,000	1,262	603	1,863	1,086	21,242	76
1918-19 ..	12,970	3,972	964	420	2,203	1,298	21,827	78
1919-20 ..	12,029	5,796	1,114	274	1,914	1,485	22,612	81
1920-21 ..	13,880	3,600	1,206	66	1,829	1,326	21,907	78
1921-22 ..	8,351	4,485	972	42	1,488	1,263	16,601	59
1922-23 ..	10,370	5,073	1,243	52	2,249	1,380	20,367	72
1923-24 ..	10,808	5,161	1,306	214	1,931	1,600	21,020	74
1924-25 ..	14,525	6,088	1,455	458	2,104	1,904	26,534	94
1925-26 ..	17,219	6,215	1,593	741	2,044	1,991	29,803	106
1926-27 ..	19,135	5,024	1,530	785	1,691	1,988	30,153	107
1927-28 ..	13,972	5,963	1,219	1,025	1,833	1,803	25,815	92
1928-29 ..	15,760	5,782	1,602	1,174	2,394	2,105	28,817	102
1929-30 ..	16,066	5,243	1,706	1,279	2,055	2,118	28,467	101
1930-31 ..	14,918	5,224	1,655	1,589	2,317	1,873	27,576	98
1931-32 ..	18,163	4,007	1,271	1,846	1,733	2,060	29,080	103
1932-33 ..	13,914	4,657	991	1,757	2,195	1,866	25,380	90
1933-34 ..	14,029	5,068	1,715	1,846	2,633	2,878	28,337	100
1934-35 ..	10,638	4,958	1,511	1,772	3,033	3,407	25,577	90
1935-36 ..	11,727	5,933	1,707	2,347	2,410	4,498	28,622	99
1936-37† ..	13,749	6,307	1,821	3,550	3,760	4,474	33,661	119

* 400-lb. bales.

† Estimates

NOTE.—Figures taken from the tables published in the "Bombay Cotton Annual" issued by the East India Cotton Association.

TABLE No. 5.

PRODUCTION AND CONSUMPTION OF RAW COTTON IN INDIA.

(Indian Trade Journal dated 12th May 1938.)

The following statement compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not therefore been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has as usual been made for extra factory or local consumption. It should be borne in mind that estimates of the "Carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.*

	YEAR ENDING 31ST AUGUST	
	1937. Thousand bales (400 lbs.)	1936. Thousand bales (400 lbs.)
Exports to United Kingdom	587	518
„ to Continent (Europe excluding United Kingdom) ..	1,079	995
„ to China	30	95
„ to Japan	2,404	1,993
„ to Other Countries	167	108
Total ..	4,267	3,709
Home Consumption—		
Mills†	2,631	2,678
Extra—factory or local‡	450	450
Total ..	3,081	3,128
Approximate crop	7,348	6,837
Estimated in forecast	6,204	5,824
Excess (+) or deficit (—) neglecting carry-over	+1,144	+1,013

* Stocks of cotton in Bombay were 682,000 bales on 31st August 1937 and 786,000 bales on 31st August 1936.

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

TABLE No. 6.

STATEMENT SHOWING THE STOCKS OF COTTON HELD BY INDIAN MILLS ON 1ST AUGUST 1937 AND ON 1ST FEBRUARY 1938.

(In bales regardless of weight.)

	Bombay City and Island.		All-India.	
	1-8-37.	1-2-38.	1-8-37.	1-2-38.
COTTON MILL STOCKS.				
(In actual bales regardless of weight.)				
(a) American (Linters and waste not included)	5,647	22,493	7,300	24,251
(b) East India	220,695	211,578	972,182	874,355
(c) Egyptian	5,530	7,360	15,613	24,195
(d) Sundries	35,340	27,686	93,687	69,363
Total ..	267,212	269,117	1,088,782	992,164

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

(Figures are approximations.)

TABLE No. 7.

The following Table gives details of cotton arrivals into Bombay during the 1936-37 season compared with the total of the nine previous years.

(Actual weight converted into bales of 3½ cwts. each.) (Season ending 31st August in each case.)

NOTE.—The following figures are extracted from the daily returns issued by the Bombay Chamber of Commerce.

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Khandeish	307,249	365,837	294,922	324,940	121,806	220,402	326,265	254,473	308,848	206,505
Central India	299,680	392,022	411,394	339,182	118,798	208,096	243,550	110,745	291,231	338,845
Barsi Naggar and Hyderabad Gaorani	437,759	348,875	355,162	255,074	103,145	190,544	222,445	155,618	217,960	276,179
Berar	730,789	792,419	731,747	593,289	250,475	471,173	502,736	403,738	344,040	579,602
Central Provinces	310,327	393,745	406,227	373,926	75,094	136,713	117,698	96,808	99,823	114,551
Dholleras	384,608	249,115	198,899	281,614	250,430	297,573	156,431	196,518	335,935	183,099
N. W. Provinces	65,213	62,338	140,446	93,552	26,970	8,246	9,184	35,306	63,996	10,399
Rajputana	56,155	51,886	58,599	53,365	56,570	84,484	61,623	51,925	115,558	97,443
Sind-Punjab	137,416	135,491	153,145	124,112	140,672	107,256	190,913	335,372	473,626	354,809
Broach	269,272	196,453	287,060	303,695	260,317	327,831	252,100	133,579	413,597	343,200
Compta Dharwar	145,150	137,799	160,648	98,274	86,693	96,406	92,421	94,076	112,062	74,887
Western Northerns	53,777	67,321	71,241	49,378	48,586	75,428	65,472	74,629	78,563	40,743
Coconada	7	6	103	24	10	115	475	435	201	155
Tinnevelly and Cambodia	37,082	40,357	46,250	42,670	16,851	61,326	52,368	86,593	2,629	22,333
Persians	5,770	1,774	704	1,438	2,951	8,063	2,829	2,686	9	14
Americans	102,910	11,719	15,889	140,296	280,808	75,196	26,622	75,235	27,023	20,546
Egyptians	2,199	1,636	12,387	148,947	121,032	32,745	49,971	134,623	81,236	181,525
East Africans	78,119	107,747	134,533	179,473	133,162	133,448	143,304	258,070	185,218	284,248
Comilla, Burmah and Other Sorts	275	47	858	702	322	188	28	1,155	482	246
TOTAL	3,423,757	3,356,587	3,480,214	3,403,951	2,094,692	2,535,233	2,516,435	2,501,584	3,170,039	3,129,329

TABLE No. 8.

STATEMENT SHOWING THE WEEKLY PRICES OF COTTON IN BOMBAY
(IN RUPEES PER CANDY OF 784 lbs.)

The figures are extracted from the Weekly Statistics of the East India Cotton Association, Ltd.

Week ending:	BENGAL F. G.		BROACH.		OOMRA FINE.	
	Price.	Delivery.	Price.	Delivery.	Price.	Delivery.
7th January 1937	177	Spot.	228	Apl./May.	209	Spot
14th "	185	"	231	"	211	"
21st "	179	"	227	"	207	"
28th "	184	"	228	"	211	"
4th February	182	"	228	"	212	"
11th "	178	"	225	"	210	"
18th "	179	"	221	"	205	"
25th "	180	"	223	"	208	"
4th March	189	"	236	"	217	"
11th "	"	Market	closed	"	"	"
18th "	201	Spot	251	"	239	"
25th "	199	"	244	"	224	"
1st April	205	"	250	"	239	"
8th "	199	"	245	"	234	"
15th "	198	"	241	"	231	"
22nd "	195	"	238	"	229	"
29th "	186	"	228	"	219	"
6th May	190	"	230	"	220	"
13th "	"	Market	closed	"	"	"
20th "	199	Spot	231	"	226	"
27th "	199	"	238	July/Aug	230	"
3rd June	200	"	239	"	233	"
10th "	196	"	232	"	227	"
17th "	190	"	225	"	218	"
24th "	190	"	227	"	219	"
1st July	181	"	217	"	209	"
8th "	176	"	214	"	208	"
15th "	175	"	212	"	208	"
22nd "	164	"	204	"	197	"
29th "	160	"	196	"	189	"
5th August	154	Dec/Jan.	194	"	189	Dec/Jan.
12th "	148	"	186	"	183	"
19th "	149	"	185	"	181	"
26th "	144	"	192	Apl./May.	174	"
2nd September	142	"	187	1938.	170	"
9th "	"	Market	closed	"	"	"
16th "	142	Dec/Jan.	186	"	166	"
23rd "	140	"	183	"	163	"
30th "	131	"	171	"	151	"
7th October	127	"	163	"	143	"
14th "	"	Market	closed	"	"	"
21st "	130	Dec/Jan.	164	"	145	"
28th "	128	"	161	"	141	"
4th November	"	Market	closed	"	"	"
11th "	131	Dec/Jan.	161	"	144	"
18th "	136	Spot.	158	"	142	"
25th "	137	"	162	"	147	"
2nd December	133	"	161	"	145	"
9th "	132	"	164	"	147	"
16th "	135	"	168	"	150	"
23rd "	138	"	172	"	155	"
30th "	134	"	167	"	151	"

TABLE NO. 9.

STOCKS OF YARN AND CLOTH HELD BY BOMBAY MILLS.

The following table shows the stocks of Yarn and Cloth held by Bombay Mills compiled from returns received by the Association :—

Date of Returns.	YARN STOCKS IN BALES.			CLOTH STOCKS IN BALES.		
	Approximation of stocks for all Bombay Mills.			Approximation of stocks for all Bombay Mills.		
	Sold but delivery not taken.	Unsold.	Total unclear- ed.	Sold but delivery not taken.	Unsold.	Total unclear- ed.
1934.						
January 31st	7,000	10,000	17,000	41,000	63,000	104,000
February 28th	8,000	10,000	18,000	42,000	54,000	96,000
March 31st	9,000	11,000	20,000	39,000	52,000	91,000
April 30th	7,000	10,000	17,000	40,000	43,000	83,000
May 31st	3,000	8,000	11,000	31,000	31,000	62,000
June 30th	5,000	7,000	12,000	33,000	27,000	60,000
July 31st	5,000	6,000	11,000	38,000	29,000	67,000
August 31st	6,000	6,000	12,000	48,000	26,000	74,000
September 30th	7,000	7,000	14,000	48,000	25,000	73,000
October 31st	7,000	7,000	14,000	41,000	22,000	63,000
November 30th	6,000	6,000	12,000	39,000	19,000	58,000
December 31st	7,000	4,000	11,000	42,000	19,000	61,000
1935.						
January 31st	6,000	5,000	11,000	46,000	22,000	68,000
February 28th	8,000	6,000	14,000	53,000	23,000	76,000
March 31st	10,000	8,000	18,000	56,000	24,000	80,000
April 30th	12,000	5,000	17,000	54,000	24,000	78,000
May 31st	11,000	6,000	17,000	58,000	23,000	81,000
June 30th	11,000	8,000	19,000	72,000	26,000	98,000
July 31st	11,000	7,000	18,000	79,000	27,000	106,000
August 31st	12,000	8,000	20,000	86,000	26,000	112,000
September 30th	12,000	7,000	19,000	73,000	24,000	97,000
October 31st	11,000	5,000	16,000	61,000	23,000	84,000
November 30th	11,000	7,000	18,000	61,000	24,000	85,000
December 31st	11,000	10,000	21,000	64,000	28,000	92,000
1936.						
January 31st	11,000	13,000	24,000	67,000	31,000	98,000
February 29th	10,000	13,000	23,000	69,000	31,000	100,000
March 31st	10,000	13,000	23,000	60,000	33,000	102,000
April 30th	12,000	11,000	23,000	68,000	32,000	100,000
May 31st	12,000	11,000	23,000	74,000	33,000	107,000
June 30th	12,000	12,000	24,000	84,000	34,000	118,000
July 31st	13,000	9,000	22,000	95,000	35,000	130,000
August 31st	12,000	10,000	22,000	104,000	34,000	138,000
September 30th	11,000	9,000	20,000	94,000	34,000	128,000
October 31st	9,000	9,000	18,000	73,000	31,000	104,000
November 30th	9,000	7,000	16,000	57,000	26,000	83,000
December 31st	10,000	6,000	16,000	54,000	24,000	78,000
1937.						
January 31st	10,000	5,000	15,000	54,000	19,000	73,000
February 28th	11,000	5,000	16,000	53,000	18,000	71,000
March 31st	12,000	6,000	18,000	47,000	18,000	65,000
April 30th	12,000	5,000	17,000	45,000	16,000	61,000
May 31st	11,000	6,000	17,000	51,000	14,000	65,000
June 30th	10,000	5,000	15,000	60,000	13,000	73,000
July 31st	8,000	5,000	13,000	70,000	12,000	82,000
August 31st	7,000	4,000	11,000	73,000	12,000	85,000
September 30th	6,000	2,000	8,000	58,000	9,000	67,000
October 31st	7,000	3,000	10,000	52,000	10,000	62,000
November 30th	9,000	4,000	13,000	49,000	9,000	58,000
December 31st	12,000	5,000	17,000	50,000	12,000	62,000

TABLE No. 10.
 AVERAGE WHOLESALE PRICES OF PIECEGOODS AND YARN
 PRODUCED BY BOMBAY MILLS.

Date.	PIECEGOODS.			YARN.	
	Longcloth.	T. Cloths.	Chadars.	Twist. No. 10's.	Twist. No. 20's.
	As.	As.	As.	As.	As.
Year ending December 31st, 1905 ..	9.39	9.56	9.30	5 29/32	7.0
Year ending December 31st, 1906 ..	9.46	9.45	9.38	5 29/32	7 5/16
Year ending December 31st, 1907 ..		Not Available.			
Year ending December 31st, 1908 ..	9 7/16	9 1/16	8 15/16	5 3/32	6 1/4
Year ending December 31st, 1909 ..		Not Available.			
Year ending December 31st, 1910 ..	9 15/16	9 3/16	9 3/16	6 27/32	7 13/16
Year ending December 31st, 1911 ..		Not Available.			
Year ending December 31st, 1912 ..	10 13/16	10 1/2	9 1/2	7 5/32	8 1/2
Year ending December 31st, 1913 ..		Not Available.			
Year ending December 31st, 1914 ..	9 1/2	9 3/16	9 5/16	5 1/2	6 23/32
Year ending December 31st, 1915 ..	9 1/16	8 7/16	8 7/16	5	6 1/32
Year ending December 31st, 1916 ..	11 1/2	11 1/2	10 1/2	6 7/16	8 9/32
Year ending December 31st, 1917 ..	17 1/2	16 3/16	14 15/16	9 7/16	12 29/32
Year ending December 31st, 1918 ..	29 1/2	26 1/2	25 1/2	16 29/32	20 31/32
Year ending December 31st, 1919 ..	26 1/2	24 9/16	24 1/2	16 19/32	21 3/16
Year ending December 31st, 1920 ..	29 1/2	27 1/2	27 9/16	16 11/16	24 1/2
Year ending December 31st, 1921 ..	26 3/16	24 1/2	24 5/16	12 9/32	17
Year ending December 31st, 1922 ..	25 11/32	22 1/2	23 1/2	12 1/2	16 15/16
Year ending December 31st, 1923 ..	21 1/2	19 15/16	19 13/16	12 1/16	15 19/32
Year ending December 31st, 1924 ..	22 1/2	21 1/2	20 9/16	14 1/2	17 11/32
Year ending December 31st, 1925 ..	19 1/2	18 9/16	18 1/8	12 3/32	13 31/32

TABLE No. 10—contd.

AVERAGE WHOLESALE PRICES OF GREY UNBLEACHED PIECEGOODS IN 1937.

	Longcloth Standard Quality 37×37½×9 Per lb.	Shirtings 35×38×9 Per lb.	Leopard Cloth 43×38×11½ Per lb.	Dhories (up to ¼" Nakhi border), 32×9×1½ Per lb.	Dhories Calcutta ¾" P.B. 44×10×1½ Per lb.	Drills 29½×40×13½ Per lb.	Domestics 24×48×10 Per lb.	Domestics 26×61×11 Per lb.	Salita 40×66×25 Per lb.	Chadars 50×6×2½ Per lb.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Year ending 31st December, 1926 ..	1 0 5	0 15 5	....	1 0 5	....	0 14 0	0 15 2	0 14 9	0 15 2	0 15 6
Year ending 31st December, 1927 ..	0 15 1	0 14 6	....	0 15 4	....	0 12 7	0 14 7	0 13 10	0 13 10	0 14 4
Year ending 31st December, 1928 ..	0 15 4	0 14 9	....	0 15 9	....	0 12 11	0 14 9	0 14 6	0 14 5	0 14 3
Year ending 31st December, 1929 ..	0 15 5	0 14 9	....	0 15 9	....	0 13 1	0 15 0	0 14 11	0 14 6	0 14 11
Year ending 31st December, 1930 ..	0 12 9	0 12 2	....	0 13 5	....	0 10 5	0 12 9	0 12 3	0 11 11	0 12 6
Year ending 31st December, 1931 ..	0 11 3	0 10 6	....	0 11 6	....	0 9 3	0 11 6	0 11 0	0 10 6	0 11 0
Year ending 31st December, 1932 ..	0 11 0	0 10 6	....	0 11 1	....	0 8 10	0 10 6	0 10 7	0 10 6	0 10 9
Year ending 31st December, 1933 ..	0 10 4	0 9 9	....	0 10 6	....	0 8 5	0 9 7	0 10 0	0 9 10	0 10 1
Year ending 31st December, 1934 ..	0 10 3	0 9 9	....	0 10 5	....	0 8 6	0 10 3	0 10 5	0 9 9	0 10 1
Year ending 31st December, 1935 ..	0 10 0	0 9 9	0 9 7	0 10 0	0 14 6	0 8 5	(35×40×13½)	(35×40×12)	0 8 7	0 10 1
Year ending 31st December, 1936 ..	0 9 8	0 9 3	0 9 3	0 9 8	0 14 2	0 8 2	0 8 1	0 8 2	Not quoted	0 9 8
Fortnight ending :—										
6th January, 1937 ..	0 9 8	0 9 4	0 9 4	0 9 7	0 14 1	0 8 5	0 8 3	0 8 3	"	Not quoted
22nd January, 1937 ..	0 9 11	0 9 5	0 9 6	0 9 7	0 14 2	0 8 5	0 8 3	0 8 3	"	"
5th February, 1937 ..	0 9 10	0 9 7	0 9 5	0 9 6	0 14 2	0 8 5	0 8 3	0 8 3	"	"
19th February, 1937 ..	0 9 10	0 9 6	0 9 5	0 9 7	0 14 2	0 8 5	0 8 3	0 8 3	"	0 9 7
5th March, 1937 ..	0 9 10	0 9 6	0 9 5	0 9 6	0 14 2	0 8 6	0 8 3	0 8 3	"	0 9 7
19th March, 1937 ..	0 10 1	0 9 7	0 9 8	0 9 6	0 14 6	0 8 6	0 8 4	0 8 3	"	0 9 9
2nd April, 1937 ..	0 10 1	0 9 7	0 9 8	0 9 6	0 14 8	0 8 6	0 8 4	0 8 3	"	0 9 9
16th April, 1937 ..	0 10 0	0 9 6	0 9 8	0 10 3	0 15 0	0 8 6	0 8 5	0 8 3	"	0 10 1
30th April, 1937 ..	0 10 0	0 9 6	0 9 5	0 10 3	0 15 0	0 8 6	0 8 4	0 8 3	"	0 10 1
14th May, 1937 ..	0 9 11	0 9 6	0 9 7	0 10 3	0 14 11	0 8 6	0 8 6	0 8 5	"	0 9 8
28th May, 1937 ..	0 10 0	0 9 6	0 9 7	0 10 3	0 14 11	0 8 6	0 8 6	0 8 5	"	0 9 9
11th June, 1937 ..	0 10 0	0 9 6	0 9 7	0 10 3	0 14 11	0 8 6	0 8 6	0 8 5	"	0 9 9
25th June, 1937 ..	0 9 11	0 9 6	0 9 7	0 10 3	0 15 0	0 8 6	0 8 6	0 8 5	"	0 9 9
9th July, 1937 ..	0 9 10	0 9 6	0 9 6	0 10 3	0 15 0	0 8 6	0 8 5	0 8 5	"	0 9 9
23rd July, 1937 ..	0 9 8	0 9 4	0 9 4	0 10 3	0 15 3	0 8 6	0 8 5	0 8 5	"	0 9 11
6th August, 1937 ..	0 9 8	0 9 3	0 9 5	0 10 3	0 15 2	0 8 5	0 8 3	0 8 3	"	0 9 11
20th August, 1937 ..	0 9 8	0 9 3	0 9 4	0 10 3	0 14 11	0 8 5	0 8 3	0 8 3	"	0 9 11
3rd September, 1937 ..	0 9 9	0 9 3	0 9 4	0 10 3	0 14 11	0 8 5	0 8 3	0 8 3	"	0 9 11
17th September, 1937 ..	0 9 9	0 9 4	0 9 4	0 10 3	0 15 0	0 8 5	0 8 3	0 8 0	"	0 9 11
1st October, 1937 ..	0 9 8	0 9 4	0 9 2	0 10 3	0 15 0	0 8 5	0 8 2	0 8 0	"	0 9 9
15th October, 1937 ..	0 9 7	0 9 3	0 9 3	0 10 3	0 15 0	0 8 5	0 8 2	0 7 9	"	0 9 11
29th October, 1937 ..	0 9 7	0 9 2	0 9 3	0 10 3	0 15 0	0 8 5	0 8 1	0 7 9	"	0 9 11
12th November, 1937 ..	0 9 7	0 9 1	0 9 3	0 10 3	0 14 10	0 8 5	0 8 1	0 7 10	"	0 9 11
27th November, 1937 ..	0 9 7	0 9 2	0 9 3	0 10 3	0 14 9	0 8 5	0 8 3	0 8 0	"	0 9 10
10th December, 1937 ..	0 9 6	0 9 2	0 9 2	0 10 3	0 14 9	Not quoted	0 8 1	0 7 9	"	0 9 7
23rd December, 1937 ..	0 9 5	0 9 1	0 9 2	0 10 3	0 14 7	"	0 8 0	0 7 9	"	0 9 7

NOTE :—Figures extracted from the current quotations issued by the Association.

TABLE NO. 10—contd.

AVERAGE WHOLESALE PRICES FOR WHITE PIECEGOODS AND GREY YARN IN 1937.

	WHITE BLEACHED.		YARN (Price per lb.)											
	Long-cloth 34 X 40 Per Piece.	Drill 27 X 42	4s. All Waste.	6½s. All Waste.	8½	10½	12½	16s.	20s.	24s.	32s.	40s.	60s.	80s.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Year ending 31st December, 1926				0 6 4	0 7 5	0 8 4	0 9 2	0 10 2	0 10 8	0 12 5				
Do. 1927				0 6 11	0 8 0	0 8 8	0 9 9	0 10 3	0 10 10	0 11 4				
Do. 1928				0 7 8	0 8 7	0 9 5	0 10 0	0 11 1	0 11 10	0 12 5				
Do. 1929				0 7 4	0 8 4	0 9 1	0 9 6	0 10 8	0 11 9	0 12 6				
Do. 1930				0 5 7	0 6 5	0 6 10	0 7 3	0 8 6	0 9 2	0 9 9				
Do. 1931				0 4 3	0 5 3	0 5 8	0 6 0	0 7 0	0 7 5	0 8 0				
Do. 1932				0 4 4	0 5 6	0 6 1	0 6 4	0 7 4	0 7 10	0 8 7	0 10 2			
Do. 1933				0 3 10	0 4 11	0 5 4	0 5 8	0 6 5	0 7 0	0 8 4	0 9 6			
Do. 1934				0 4 2	0 4 11	0 5 3	0 5 7	0 6 7	0 7 1	0 7 10	0 9 4			
Do. 1935	9 8 2	8 7 9	0 3 6	0 4 0	0 5 5	0 5 10	0 6 2	0 7 6	0 8 1	0 8 9	0 10 5	0 11 11	1 1 0	1 6 7
Do. 1936	9 14 10	8 1 11	0 3 6	0 3 11	0 5 1	0 5 7	0 5 10	0 6 8	0 7 5	0 7 11	0 9 7	0 11 0	1 0 0	1 4 6
8th January, 1937	10 0 6	8 3 0	0 3 10	0 4 4	0 5 4	0 5 10	0 6 1	0 6 11	0 7 5	0 7 10	0 9 8	0 11 0	1 0 11	1 5 2
22nd January, 1937	10 0 6	8 3 0	Not quoted.	Not quoted.	0 5 5	0 6 0	0 6 4	0 7 0	0 7 8	0 8 0	0 9 11	Not quoted.	1 0 10	1 5 3
5th February, 1937	10 0 0	8 3 0	"	"	0 5 6	0 6 0	0 6 4	0 6 11	0 7 9	0 8 1	0 9 11	"	Not quoted.	1 5 9
19th February, 1937	10 0 0	8 3 0	"	"	0 5 3	0 5 10	0 6 1	0 6 11	0 7 9	0 8 2	0 9 11	"	1 1 7	1 5 10
5th March, 1937	10 8 0	8 3 0	0 3 8	0 4 2	0 5 6	0 6 0	0 6 3	0 7 3	0 7 11	0 8 5	0 10 0	0 10 8	1 0 11	1 5 10
19th March, 1937	10 8 0	8 8 0	0 3 9	0 4 6	0 5 8	0 6 2	0 6 6	0 7 3	0 8 1	0 8 5	0 10 2	0 10 9	1 1 3	1 6 1
2nd April, 1937	10 8 0	8 8 0	0 3 10	0 4 9	0 5 10	0 6 4	0 6 7	0 7 5	0 8 1	0 8 6	0 10 2	0 10 9	1 0 11	1 6 7
16th April, 1937	10 12 0	8 9 3	0 3 10	0 4 10	0 5 10	0 6 5	0 6 8	0 7 10	0 8 2	0 8 7	0 10 3	0 11 0	1 2 5	1 7 6
30th April, 1937	10 12 0	8 8 3	0 3 10	0 4 9	0 5 9	0 6 4	0 6 7	0 7 4	0 8 2	0 8 8	0 10 3	0 11 0	1 2 5	1 7 6
14th May, 1937	10 12 0	8 8 3	0 3 10	0 4 9	0 5 9	0 6 4	0 6 7	0 7 4	0 8 2	0 8 8	0 10 2	0 11 0	1 2 5	1 7 6
28th May, 1937	10 12 0	8 8 3	0 3 10	0 4 9	0 5 9	0 6 3	0 6 7	0 7 4	0 8 2	0 8 6	0 10 5	0 11 0	1 2 3	1 7 1
11th June, 1937	10 12 0	8 8 3	0 3 11	0 4 11	0 5 9	0 6 4	0 6 7	0 7 4	0 8 2	0 8 6	0 10 5	0 11 0	1 3 4	1 7 9
25th June, 1937	10 12 0	8 8 3	0 4 0	0 4 10	0 5 8	0 6 3	0 6 5	0 7 3	0 8 0	0 8 5	0 10 1	0 11 0	1 3 0	1 7 6
9th July, 1937	10 12 0	8 8 3	0 4 0	0 4 9	0 5 7	0 6 1	0 6 5	0 7 2	0 7 11	0 8 4	0 10 0	Not quoted.	1 3 0	1 7 8
23rd July, 1937	11 0 0	8 5 0	0 4 0	0 4 7	0 5 6	0 6 1	0 6 4	0 7 3	0 7 11	0 8 3	0 10 1	"	1 2 9	1 7 6
6th August, 1937	10 12 0	8 4 6	Not quoted.	0 4 4	0 5 4	0 5 11	0 6 1	0 7 0	0 7 7	0 8 1	0 9 10	"	1 2 8	1 7 4
20th August, 1937	10 8 0	8 4 6	0 3 11	0 4 3	0 5 5	0 5 9	0 6 1	0 7 1	0 7 6	0 8 1	0 9 10	"	1 2 1	1 7 9
3rd September, 1937	10 8 0	8 4 6	0 3 11	0 4 3	0 5 6	0 5 10	0 6 2	0 7 2	0 7 6	0 8 1	0 9 11	"	1 2 4	1 7 6
17th September, 1937	10 8 0	8 4 6	0 3 11	0 4 4	0 5 7	0 5 11	0 6 2	0 7 1	0 7 7	0 8 2	0 9 11	"	1 2 4	1 6 10
1st October, 1937	10 8 0	8 2 6	0 3 11	0 4 3	0 5 8	0 6 0	0 6 3	0 7 2	0 7 8	0 8 4	0 10 0	"	1 2 3	1 6 10
15th October, 1937	10 10 0	8 2 9	0 3 10	0 4 4	0 5 7	0 5 10	0 6 3	0 7 1	0 7 7	0 8 3	0 10 0	"	1 2 3	1 6 7
29th October, 1937	10 10 0	8 2 9	0 3 10	Not quoted.	0 5 7	0 5 11	0 6 2	0 7 1	0 7 7	0 8 3	0 10 0	"	1 2 4	1 6 7
12th November, 1937	10 12 0	8 0 9	0 3 10	"	0 5 6	0 5 10	0 6 2	0 6 11	0 7 6	0 8 2	0 9 10	"	1 1 8	1 6 7
26th November, 1937	10 12 0	8 2 6	0 3 11	"	0 5 6	0 5 10	0 6 1	0 7 0	0 7 5	0 8 2	0 9 11	"	1 1 8	1 6 7
10th December, 1937	10 12 0	8 0 9	0 3 10	0 4 2	0 5 5	0 5 9	0 6 1	0 6 11	0 7 4	0 8 1	0 9 9	"	1 1 8	1 6 7
23rd December, 1937	10 12 0	8 0 9	0 3 10	0 4 2	0 5 3	0 5 8	0 6 0	0 6 8	0 7 4	0 7 10	0 9 7	"	1 1 8	1 6 7

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TABLE NO. II.

EXCHANGE VARIATIONS IN 1937 FOR TELEGRAPHIC TRANSFERS, DEMAND
DRAFTS AND THE PRICE OF SILVER.

1937.				Bombay/ London. Selling T. T. Rate.	Bombay/ Yokohama Per 100 yens Selling T. T. Rate.	Bombay/ Hongkong Per 100 dollars Selling D. D. Rate.	Bombay/ Shanghai Per 100 dollars. Selling D. D. Rate.	Bombay/ New York Per 100 dollars. Selling D. D. Rate.	Price in Bombay for 100 tolas of reddy silver.
				s.	Rs.	Rs.	Rs.	Rs.	Rs. a. p.
Jany.	Highest	..	..	1/6 1/8	77½	84	82	271	52 14 0
	Lowest	..	..	1/6 1/8	76½	84	81½	270	50 2 0
Febry.	Highest	..	..	1/6 3/32	77½	84	82	271½	51 9 0
	Lowest	..	..	1/6 3/32	77½	83½	81½	271	49 12 0
March	Highest	..	..	1/6 3/32	77½	83½	82½	276½	54 0 0
	Lowest	..	..	1/6 3/32	77½	83½	81½	271½	50 15 0
April	Highest	..	..	1/6 3/32	77½	83½	82½	271½	55 15 6
	Lowest	..	..	1/6 3/32	77½	83½	81½	269	52 9 0
May	Highest	..	..	1/6 3/32	77½	83½	81½	269½	53 1 0
	Lowest	..	..	1/6 3/32	77½	83½	81½	269	52 8 0
June	Highest	..	..	1/6 3/32	77½	83½	81½	269½	52 13 6
	Lowest	..	..	1/6 3/32	77½	82½	81	268½	51 2 0
July	Highest	..	..	1/6 3/32	77½	82½	81	269½	52 9 0
	Lowest	..	..	1/6 3/32	77½	82½	79½	267	51 8 6
Aug.	Highest	..	..	1/6 3/32	77½	84½	81½	267½	52 0 0
	Lowest	..	..	1/6 3/32	77½	83½	79½	266½	48 14 0
Sept.	Highest	..	..	1/6 3/32	77½	84½	81½	269	51 10 6
	Lowest	..	..	1/6 3/32	77½	84½	80½	267½	50 8 6
Octr.	Highest	..	..	1/6 3/32	77½	84½	81	268½	51 4 0
	Lowest	..	..	1/6 3/32	77½	84½	80½	266	50 9 6
Novr.	Highest	..	..	1/6 3/32	77½	84½	80	267	50 14 6
	Lowest	..	..	1/6 3/32	77½	84	80	264½	49 11 6
Decr.	Highest	..	..	1/6 3/32	77½	84½	80	266½	50 0 0
	Lowest	..	..	1/6 3/32	77½	84½	80	265½	46 1 6

NOTE.—These figures were supplied by Messrs. Premchand Roychand & Sons, Exchange Brokers, Bombay.

TABLE No. 12.

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN INDIA.
(In thousands of pounds.)

	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928. †	Calendar Year 1929. ‡	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
BRITISH INDIA—																				
1 to 10	84,663	81,044	81,180	94,251	97,603	80,123	87,505	89,339	110,470	104,801	54,412	94,337	101,283	104,200	104,901	86,681	95,679	97,741	87,326	91,727
11 to 20	282,365	321,738	334,403	345,887	348,815	299,062	343,396	316,531	353,712	353,501	250,954	322,659	338,667	362,721	406,845	378,659	369,876	368,152	393,351	378,110
21 to 30	180,218	174,240	188,824	193,330	197,325	168,219	205,347	191,063	221,702	240,298	181,581	233,098	233,830	253,019	272,051	229,891	239,129	247,875	238,325	249,465
31 to 40	18,588	16,635	14,888	16,707	15,836	19,143	16,774	18,499	24,849	29,808	33,066	43,185	53,411	64,251	73,071	68,314	82,395	102,461	106,003	138,703
Above 40	4,503	3,542	2,067	2,364	2,195	3,255	5,809	5,816	10,292	11,685	9,200	13,838	22,751	31,987	34,245	34,040	39,018	51,953	51,409	75,528
Wastes	231	258	314	472	162	324	330	1,319	2,590	5,925	5,227	6,375	5,933	4,891	5,346	5,349	5,668	5,360	7,637	9,692
TOTAL	580,561	597,355	621,653	653,011	661,936	570,125	661,162	623,371 †	723,903 †	745,819	534,442	713,543	755,725	821,069	896,459	810,945	831,766	803,182	868,951	943,225
NATIVE STATES—																				
1 to 10	2,657	3,143	2,763	4,816	5,375	4,721	5,291	6,385	5,935	7,911	8,756	10,421	11,150	12,997	13,222	10,742	12,994	13,088	14,580	16,307
11 to 20	22,175	25,262	25,125	25,565	26,902	28,005	33,619	32,493	37,046	49,643	48,966	55,315	64,166	66,102	75,467	72,969	82,387	87,706	86,231	103,191
21 to 30	8,989	9,417	10,262	9,832	11,634	13,758	18,465	22,726	23,594	24,064	27,334	30,816	31,603	31,309	33,248	30,228	34,838	38,272	36,810	41,559
31 to 40	606	545	156	94	94	524	593	1,239	1,797	1,835	2,304	2,534	3,245	3,971	4,495	6,818	8,305	8,706	7,810	9,749
Above 40	53	19	....	26	....	6	14	18	142	212	254	373	361	1,174	1,749	2,435	3,289	4,694	5,657	5,756
Wastes	....	19	41	20	52	190	247	196	187	484	256	268	275	283	283	297	293	293	289	441
TOTAL	34,480	38,405	38,347	40,452	43,958	47,204	58,228	63,057	68,702	84,149	87,870	99,726	111,300	116,835	128,465	123,486	143,105	153,029	161,177	177,605
GRAND TOTAL, BRITISH INDIA AND NATIVE STATES—																				
1 to 10	87,320	84,188	83,943	99,067	102,978	84,843	92,796	95,724	116,415	112,512	63,168	104,809	112,432	117,197	118,123	107,432	108,673	110,830	111,905	108,634
11 to 20	314,541	347,000	359,527	371,452	375,617	327,067	377,015	349,024	390,759	403,144	299,920	377,974	402,833	428,823	462,312	451,629	452,762	475,859	489,582	481,301
21 to 30	189,204	183,657	199,086	203,162	208,959	181,977	223,812	213,789	245,295	264,362	208,915	263,913	265,233	284,328	305,268	260,117	273,666	286,147	274,935	291,024
31 to 40	19,189	17,080	15,024	16,900	15,930	19,667	19,368	19,737	26,645	31,643	35,370	45,719	56,657	68,222	77,566	73,137	91,201	111,166	113,813	148,452
Above 40	4,555	3,560	2,067	2,369	2,195	3,261	5,822	5,834	10,435	11,899	9,454	14,212	23,612	33,161	35,994	36,475	42,307	56,557	57,066	81,286
Wastes	231	275	355	492	214	514	578	1,515	2,777	6,409	5,483	6,643	6,258	5,174	5,630	5,646	5,982	5,653	7,826	10,133
GRAND TOTAL	615,040	635,760	660,003	693,463	705,894	617,329	718,390	686,423 †	792,606 †	829,968	622,312	813,269	867,025	936,904	1,024,924	934,431	974,871	1,046,212	1,055,128	1,120,830

* During the years 1923-24 and 1925-26 all the mills in the City and Island of Bombay were closed for about 2 months and 2½ months respectively.

† Includes 805 lbs. for which details are not known.
‡ Do. 288 do. do.

Note.—The periods covered by all the Statistics included in the report are, unless otherwise stated, official years ending 31st March.

§ During the year 1928 all the mills in the City and Island of Bombay were closed for about 6 months and for about 4½ months during 1929.

TABLE NO. 13.

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN BOMBAY CITY AND ISLAND.

(In thousands of pounds.)

Descriptions.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	* 1923-24.	1924-25.	* 1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
Nos. 1 to 10..	55,970	56,406	58,242	71,274	74,226	56,123	61,164	56,982	75,498	66,995	28,436	54,055	54,381	53,321	52,094	44,725	37,822	43,497	37,566	36,221
Nos. 11 to 20..	151,433	173,435	183,839	175,505	171,828	125,910	156,150	116,959	152,442	142,755	58,298	105,766	103,861	115,740	128,178	97,266	90,480	112,848	105,349	103,152
Nos. 21 to 30..	90,604	81,274	94,134	94,753	95,406	79,538	98,955	79,114	102,169	110,397	48,697	81,295	85,229	101,541	103,225	76,754	76,990	94,587	80,129	94,655
Nos. 31 to 40..	6,669	5,161	5,178	6,000	5,587	6,605	7,961	5,885	8,858	11,290	8,024	12,891	20,517	27,206	33,468	22,040	27,200	37,685	34,372	51,136
Above 40 ..	1,447	1,405	921	989	1,028	1,338	3,212	2,503	3,834	5,306	2,769	4,768	9,053	12,351	13,487	10,180	13,514	18,702	18,739	28,696
Wastes, etc. ..	67	38	143	173	24	73	101	520	1,085	1,204	628	967	576	745	655	796	1,148	803	833	504
TOTAL ..	306,190	317,719	342,457	348,694	348,099	269,587	327,543	261,963	343,887	337,948	146,853	259,741	273,617	310,903	331,108	251,762	247,154	308,122	276,987	314,363

* Please see footnote to table 12 regarding strikes in Bombay Mills.

TABLE No. 14.

DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN INDIAN MILLS.

GRAND TOTAL, INDIA (British India and Indian States).

(Figures in thousands.)

Description.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
GRAY AND BLEACHED PIECEGOODS																				
Chudars Yards ..	37,914	68,093	59,194	59,428	63,202	58,003	61,614	62,076	65,108	66,659	55,669	65,342	57,500	54,520	59,690	54,161	59,115	57,649	67,764	66,126
Dhutis Yards ..	369,357	337,602	340,129	455,637	431,145	399,214	458,404	516,394	530,425	614,199	551,191	726,656	829,348	941,398	1,050,443	999,906	1,073,325	1,220,306	1,156,289	1,145,572
Drills and Jeans Yards ..	54,284	80,845	74,305	60,452	56,306	54,974	77,191	74,150	80,076	90,872	73,668	96,330	80,327	100,232	115,224	105,346	117,120	126,067	135,477	150,687
Cambrics and Lawns Yards ..	5,195	3,473	5,951	7,347	5,554	3,649	5,353	3,167	3,135	4,998	5,204	3,132	17,236	37,574	68,582	70,925	112,652	132,317	115,635	181,543
Printers Yards ..	23,067	29,337	28,284	35,622	39,073	34,831	32,777	35,874	22,513	20,876	21,630	18,751	19,294	21,764	16,008	18,403	18,922	19,196	12,300	23,221
Shirtings and Longcloth Yards ..	393,779	444,531	456,240	487,034	470,549	449,948	525,524	521,126	587,363	612,076	466,134	591,417	605,150	769,607	787,789	714,640	827,316	845,047	856,409	1,062,830
T-cloth, Domestic and Sheetings .. Yards ..	110,511	122,402	87,388	84,117	81,002	68,075	77,742	74,073	83,806	98,233	72,057	90,270	104,404	149,956	158,257	129,787	158,623	155,074	158,327	192,833
fant Cloth Yards ..	38,870	5,671	7,503	7,255	6,583	6,573	9,894	9,005	7,907	5,960	6,791	7,458	9,268	5,126	6,405	5,357	5,777	7,107	9,369	10,878
Khadi, Dugree or Khaddar Yards ..	..	..	..	..	..	..	87,153	87,408	96,625	113,738	88,226	129,329	185,778	124,074	117,947	96,127	101,629	113,861	124,456	124,602
Other Sorts Yards ..	45,733	66,649	60,886	87,859	116,371	128,488	46,675	41,035	43,408	43,252	33,573	41,960	39,587	49,532	59,103	62,771	76,962	79,357	90,661	119,788
TOTAL .. Yards ..	1,076,711	1,164,073	1,129,883	1,284,752	1,271,790	1,197,654	1,382,368	1,414,304	1,580,362	1,676,853	1,374,083	1,756,644	1,927,791	2,268,779	2,439,447	2,257,422	2,551,441	2,756,120	2,726,667	3,078,079
Coloured Piecegoods Yards ..	374,015	475,706	430,967	446,822	453,494	503,920	538,078	540,157	645,153	693,896	486,149	600,741	566,315	646,703	763,775	686,002	734,366	798,014	801,711	872,078
Grey and Coloured Goods other than Piecegoods Dozens.	721	659	707	629	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575
Cotton Goods mixed with Silk or Wool Pounds	307	204	227	178	165	207	272	708	1,876	4,273	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587	8,119
Grand Total { Pounds	307	204	227	178	165	207	272	708	1,876	4,273	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587	8,119
Yards	1,450,726	1,639,779	1,590,850	1,731,573	1,725,284	1,701,574	1,970,447	1,954,461	2,225,515	2,371,849	1,860,232	2,357,385	2,494,108	2,900,482	3,203,223	2,943,423	3,285,807	3,554,134	3,528,899	3,950,157
Dozens	721	659	707	629	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575

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Until the year 1924-25, Khadi, Dugree or Khaddar production was included in 'other sorts.'

Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured.') (Please see footnote to table 12 regarding strikes in Bombay Mills)

TABLE No. 15.
DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN BOMBAY CITY AND ISLAND.
 (Figures in thousands.)

Description of Goods.		1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
		GREY AND BLEACHED GOODS—																			
Chadars	Yds.	14,820	29,010	25,102	28,248	25,239	24,318	25,734	26,795	29,995	31,057	13,044	19,279	18,935	10,576	16,487	16,427	14,406	16,474	16,441	13,160
Dhuties	"	88,605	78,919	77,547	121,793	102,025	97,624	110,997	115,412	145,998	170,800	80,484	159,927	224,301	278,577	326,893	258,583	247,321	390,158	350,672	323,485
Drills and Jeans	"	33,292	50,170	46,034	35,504	31,523	33,294	49,907	38,408	49,323	58,202	36,514	55,743	46,294	66,263	71,944	61,017	61,199	62,576	64,868	71,425
Cambrics and Lawns	"	3,190	3,897	2,470	4,448	2,186	1,500	2,443	1,449	340	1,856	2,216	840	4,176	14,706	14,634	13,603	26,789	41,678	35,702	75,716
Printers	"	314	449	376	1,479	1,674	280	105	1,041	927	..	..	26	13	1,047	933	321	..	..	..	3,796
Shirtings and Longcloths	"	233,227	255,628	270,724	311,600	289,340	278,940	326,482	306,776	371,738	380,759	179,243	272,161	319,384	414,754	436,910	331,573	330,702	387,196	367,825	480,569
T-Cloths, Domestics and Sheetings	"	64,672	82,792	66,848	53,722	48,427	39,457	45,034	36,195	42,239	46,105	18,293	25,345	33,133	66,817	68,290	55,833	56,407	55,087	61,788	67,603
Tent Cloth	"	21,026	2,745	2,924	2,499	1,924	1,488	2,201	2,205	2,399	1,330	1,626	1,842	1,644	698	1,205	814	461	1,198	1,486	1,453
Khadi, Dungri or Khaddar .. .. .	"	..	..	..	..	..	..	30,574	27,514	46,721	55,340	18,332	34,186	58,677	27,769	15,648	13,831	11,975	11,330	13,442	10,327
Other Sorts	"	12,669	14,827	12,313	26,633	44,980	45,897	11,549	10,302	10,898	13,595	8,179	14,581	14,116	18,111	20,835	14,686	18,823	23,964	20,657	36,490
TOTAL	"	471,814	518,436	504,339	585,926	547,318	522,859	605,145	566,097	700,581	759,044	358,472	583,929	720,674	905,318	973,779	766,687	768,082	989,662	938,884	1,084,024
COLOURED PIECEGOODS	Yds.	286,090	344,856	332,168	336,001	322,966	333,024	380,883	305,744	386,085	409,377	186,974	278,103	239,193	268,712	292,969	203,432	178,048	242,956	217,595	236,055
GREY AND COLOURED GOODS other THAN PIECEGOODS	Doz.	616	486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369
COTTON GOODS MIXED with SILK OR WOOL	Lbs.	113	58	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460
GRAND TOTAL	Yds.	757,904	863,292	836,507	921,927	870,285	855,883	986,028	871,841	1,086,666	1,168,421	545,446	862,032	959,867	1,174,030	1,266,748	970,119	946,130	1,232,618	1,156,479	1,320,079
	Doz.	616	486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369
	Lbs.	113	58	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460

NOTE.—Until the year 1924-25, Khadi, Dungere or Khaddar production was included in 'other sorts.'
 Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured.')
 See footnote to Table 12 for strikes in Bombay Mills.

TABLE No. 16.
IMPORTS OF COTTON YARN INTO INDIA.
(Quantities in thousands of pounds.)

Classifications of Yarn.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
GREY SINGLES—																				
15 to 10S	99	41	216	91	89	107	99	80	85	354	17	103	10	..	..	8	39	..	19	126
11S to 15S	99	114	148	55	36	102	81	22	26	551	30	6	5	10	10	13	2	..	6	10
16S to 20S	7,660	182	6,993	6,555	12,652	6,377	6,629	4,201	2,008	1,069	748	836	334	143	660	150	162	81	6	35
21S to 25S .. .. .	..	32	128	900	449	231	168	168	136	140	357	78	49	5	7	11	54	16	1	9
26S to 30S	1,927	531	3,436	4,063	4,650	893	677	415	202	348	127	245	103	425	823	559	641	1,017	1	204
31S to 40S	12,805	2,079	13,885	19,035	21,061	12,943	21,383	21,680	20,924	25,049	13,826	15,996	14,897	13,025	18,299	15,085	6,100	11,618	7,077	863
41S to 50S	3,316	1,061	1,429	2,517	2,131	2,078	1,983	1,288	2,031	1,324	1,118	937	600	257	419	544	391	460	650	437
Above 50S	2,718	..	(See classifications below)	&	foot note.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
51S to 60S .. .. .	..	767	1,776	2,708	1,772	2,490	3,123	2,883	3,559	3,019	4,357	4,638	1,792	2,445	3,714	2,639	3,686	4,901	6,626	1,861
61S to 100S .. .. .	..	1,143	851	2,742	1,957	2,403	1,997	1,756	2,000	1,705	1,961	1,956	1,064	901	1,505	1,439	1,915	1,663	1,610	975
Above 100S .. .. .	..	50	37	135	123	137	114	242	165	117	137	153	137	113	82	75	128	118	80	102
GREY Two Folds (Doubles) .. .. .	..	840	3,183	4,974	4,063	3,434	5,023	5,222	5,799	6,656	3,815	5,600	3,072	3,440	5,149	3,713	5,848	8,137	4,877	3,780
WHITE (BLEACHED) .. .. .	..	1,077	2,040	2,520	1,894	2,650	3,427	3,751	4,112	4,985	4,555	5,570	4,132	3,614	4,238	3,016	3,276	3,642	2,986	3,219
COLOURED SINGLES—																				
15 to 20S	132	120	234	260	292	271	361	469	293	445	266	201	197	177	247	125	182	152	153	46
21S to 25S	461	308	304	319	352	242	309	375	396	220	248	200	204	208	315	219	206	143	162	44
26S to 30S	136	136	321	174	58	100	257	160	199	114	78	28	23	25	6	5	12	10	13	18
31S to 40S	3,980	4,773	8,958	7,705	5,596	6,864	6,305	4,614	4,165	4,167	2,176	3,126	1,196	552	552	432	280	304	280	311
41S to 50S	221	92	455	221	5	68	50	84	2:2	87	52	92	40	40	15	58	24	25	10	4
Above 50S	480	478	473	558	235	503	391	433	533	459	270	446	248	181	224	132	133	177	266	241
COLOURED Two Folds (Doubles) .. .. .	..	448	1,060	772	490	598	810	973	694	579	498	433	420	280	348	256	347	263	206	48
MERCERISED COTTON YARN	902	470	1,280	794	1,320	2,019	2,664	2,845	4,165	5,181	3,895	5,874	3,674	4,624	7,547	5,225	6,509	9,932	10,621	8,816
UNSPECIFIED DESCRIPTION	3,161	353	127	24	49	4	57	27	29	76	27	30	11	21	40	40	16	30	17	..
SEWING THREAD	1,360	1,705	1,496	1,004	1,230	1,534	1,660	2,154	2,1:5	2,387	2,085	2,360	2,049	1,815	2,034	1,939	2,511	2,841	3,126	2,527
ARTIFICIAL SILK YARN	51	168	74	71	225	406	1,171	2,671	4,012	8,478	6,927	7,992	6,016	8,045	12,354	8,024	15,279	15,913	15,055	33,853
TOTAL	39,506	16,970	48,903	58,200	60,729	46,515	58,738	56,513	57,900	67,509	47,570	56,900	40,343	40,353	58,572	43,707	47,764	61,429	54,993	57,547

NOTE.—Before the year 1919-20 all yarns above 50 Counts were grouped as "above 50s." It was only in 1920 that Government introduced the three additional classifications, viz., 51s to 60s, 61s to 100s, and above 100s. Before 1919-20 Greyfolds (doubles), white bleached and Coloured two folds were not separately shown.

TABLE No. 17.
IMPORTS OF COTTON YARN INTO BOMBAY.
 (Quantities in thousands of pounds.)

Classifications of Yarn.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.
GREY SINGLES—																				
1S to 10S	97	40	110	49	80	73	17	30	..	260	16	102	10	..	..	8	39	..	..	2
11S to 15S	42	71	29	8	..	..	4	4	5	541	13	..	..	1	..	12	..	..	2	..
16S to 20S	6,265	144	5,295	4,716	8,445	4,003	2,044	1,365	299	226	6	40	23	16	578	97	146	46	4	28
21S to 25S .. .. .	..	8	73	737	300	41	37	..	6	3	228	..	1	..	..	38	9	2	3	..
26S to 30S	1,384	451	2,362	3,354	4,486	833	574	397	152	210	89	182	106	8	10	9	26	16	15	21
31S to 40S	8,208	1,046	7,510	10,300	11,244	8,238	11,933	12,874	12,250	15,820	6,075	6,334	3,282	3,183	4,493	2,123	1,351	1,304	1,525	123
41S to 50S	3,089	775	682	1,673	1,482	1,372	1,358	743	884	856	521	588	422	69	96	207	221	297	207	43
Above 50S	1,864	..	(See classifications below)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
51S to 60S .. .. .	..	564	784	912	343	297	627	926	665	649	1,132	1,047	327	67	162	56	1,146	1,710	2,357	574
61S to 100S .. .. .	..	509	381	1,178	838	888	803	385	654	427	321	448	237	48	62	135	133	396	654	403
Above 100S .. .. .	..	8	22	33	13	17	39	127	41	51	19	22	37	..	2	..	2	15	1	..
GREY TWO FOLDS (Doubles) .. .. .	..	839	3,089	3,948	3,564	2,888	3,954	4,123	5,521	5,323	3,124	4,509	2,240	2,504	3,618	2,105	3,306	5,538	3,098	3,229
WHITE (BLEACHED) .. .. .	..	587	1,234	1,482	1,060	1,585	1,916	1,990	2,217	2,525	2,144	2,099	1,806	1,668	1,853	1,354	1,189	1,097	754	409
COLOURED SINGLES—																				
1S to 20S .. .. .	..	2	24	2	7	3	36	3	..	1	..	2	1	1	..	1	..	4	2	1
21S to 25S .. .. .	..	..	13	1	2	..	..	..	1	..	2	1	1	..	..	5	..	..	..	..
26S to 30S	30	49	91	72	35	8	61	22	4	13	16	7	5	..	..	..	..	..	..	..
31S to 40S	445	630	1,172	1,146	443	892	753	376	339	254	171	240	50	23	2	11	6	1	..	..
41S to 50S	79	71	100	211	..	58	31	57	62	86	43	26	13	22	6	18	..	..	..	2
Above 50S	17	5	16	25	1	6	13	27	8	..	2	..	..	..	..	..	..	..	4	..
COLOURED TWO FOLDS (Doubles) .. .. .	..	306	2,743	566	242	385	487	463	430	213	123	84	50	6	..	2	..	10	6	2
MERCERISED COTTON YARN	874	453	1,209	770	1,286	1,964	2,607	3,731	4,076	5,162	3,799	5,502	3,045	4,123	6,338	4,054	4,514	7,342	8,098	6,011
UNSPECIFIED DESCRIPTION	707	..	..	..	..	..	22	11	2	6	27	20	4	17	10	7	8	6	24	8
SEWING THREAD	642	412	545	384	465	601	681	721	664	822	721	830	747	661	816	756	974	994	1,123	1,036
ARTIFICIAL SILK YARN	51	168	69	63	201	356	879	2,002	3,367	7,295	4,981	4,996	3,087	5,540	7,675	4,900	8,951	10,754	9,854	21,759
TOTAL	23,794	7,139	25,556	31,631	34,535	24,509	28,875	29,376	31,647	40,743	23,573	27,080	15,494	17,958	25,721	15,860	22,052	29,541	27,732	33,655

(See footnote to Table 16.)

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TABLE No. 20.
SUMMARY OF IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong.)			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.				
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937		
Grey Singles	5,812	5,242	3,353	5,114	4,898	1,180	8,934	7,061	86	19,875	17,206	4,622
Coloured Singles ..	774	847	644	3	16	1	..	11	..	..	..	..	1	..	..	..	..	..	27	9	18	..	..	..	6	1	1	810	885	664
White Bleached. . .	2,534	1,689	2,592	1,098	1,045	603	10	21	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	22	23	3,642	2,987	3,219
Grey Folded	477	180	129	2,145	2,634	3,647	5,500	2,063	15	..	4	8,137	4,877	3,780	
Coloured Folded ..	245	160	46	18	43	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	..	263	206	48
Mercerised	50	76	152	9,870	10,532	8,661	2	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	2	9,932	10,621	8,816
Artificial Silk .. .	393	368	539	9,220	13,077	20,438	13	19	..	..	..	..	5,941	1,181	2,730	170	160	61	..	66	11	6	48	..	170	135	72	15,913	15,055	33,853
Unspecified Descriptions	11	28	17	5	2	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	16	30	17
Rope	733	536	628	21	17	18	..	..	..	4	3	5	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	760	556	652
Sowing Thread .. .	1,976	1,919	1,650	482	785	496	..	..	..	..	..	..	..	..	..	194	187	180	..	..	..	4	16	12	184	218	188	2,841	3,128	2,527
TOTAL	13,015	11,257	9,752	27,977	33,050	45,027	14,459	9,175	86	5	3	5	5,942	1,181	2,730	364	347	241	27	75	30	10	64	13	391	396	814	62,189	55,550	58,199		

TABLE No. 22.
SUMMARY OF IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Grey Singles ..	1,156	1,227	954	653	1,138	208	1,989	2,388	14	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	15	4	22	3,798	4,767	1,197
Coloured Singles ..	..	7	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	..	1	..	7	4
White Bleached ..	548	276	50	533	476	335	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	23	1,097	754	409
Grey Folded ..	433	146	88	1,640	1,652	3,137	3,450	1,300	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	15	..	4	5,588	3,098	3,229
Coloured Folded ..	10	6	1	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	10	6	2
Mercerised ..	61	54	96	7,279	8,032	5,912	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	2	7,348	8,098	6,011
Artificial Silk ..	80	195	411	5,252	3,201	18,591	13	19	..	..	..	..	5,150	1,051	2,626	82	156	57	..	66	7	7	31	..	169	135	66	10,754	9,856	21,759
Unspecified ..	6	24	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	24	8
Rope ..	608	439	514	14	16	14	..	..	..	4	3	5	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	627	458	534
Sewing Thread ..	815	856	797	15	102	60	..	..	..	..	..	..	..	..	..	114	85	100	..	..	..	3	13	7	18	67	70	914	1,123	1,036
TOTAL ..	3,718	3,230	2,924	15,392	19,617	28,257	5,444	3,717	14	4	3	5	5,150	1,051	2,626	198	241	157	..	67	8	10	44	7	216	220	169	30,168	28,191	34,189

TABLE No. 23.
DETAILED IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hong-kong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.					
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937			
SINGLE GREY:—																																	
1 to 10 .. ..	..	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
11 to 20 .. ..	..	4	7	41	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
21 to 30	1	15	23	15	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
31 to 40	115	13	48	507	723	73	680	789	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
41 to 50	237	29	23	60	177	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
51 to 60	430	634	492	27	223	78	1,253	1,499	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Above 60	373	532	359	2	13	34	36	110	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
SINGLE COLOURED:—																																	
1 to 20 .. ..	..	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
21 to 30 .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
31 to 40 .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
41 to 50 .. ..	..	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Above 50 .. ..	..	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
White, Bleached ..	548	278	50	33	478	192	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Grey, Folded	439	148	89	1,640	1,652	3,137	3,450	1,800	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Coloured, Folded ..	10	6	1	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mercerised	61	54	96	7,279	8,032	5,912	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Artificial Silk	60	185	411	5,252	3,201	18,591	13	19	..	..	..	..	5,150	1,051	2,828	82	156	57	..	66	7	7	31	..	169	135	66	10,754	9,855	21,759	..	..
Unspecified sorts ..	8	24	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Rope	608	429	514	14	18	14	..	..	..	4	3	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sewing Thread	815	858	797	15	102	60	..	..	..	..	..	..	..	..	..	..	111	85	100	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL ..	3,718	3,230	2,924	15,392	19,617	28,257	5,444	3,717	14	4	3	5	5,150	1,051	2,828	196	241	157	..	67	8	10	44	7	253	220	169	30,168	28,191	34,199	..	..

TABLE No. 24.
DETAILED EXPORTS FROM INDIA OF INDIAN-MADE YARN BY SEA.
(In thousands of pounds.)

Description.	European Countries.			China including Hongkong.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			Total.				
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.		
GREY YARN:—																																			
1 to 10	418	992	2,172	..	..	697	28	34	34	801	785	1,122	120	122	145	154	169	394	713	850	1,142	667	796	900	..	1	22	..	..	49	2,903	3,749	6,676
11 to 20	429	781	3,493	..	92	2,203	210	792	1,015	944	538	578	138	93	126	3,508	2,991	4,794	812	645	1,998	499	541	766	3	2	3	..	9	56	6,548	6,482	15,032		
21 to 30	10	11	292	..	..	183	2	..	..	32	32	4	6	..	..	77	45	84	9	4	163	15	8	12	..	..	..	..	1	18	145	55	757
31 to 40 .. ..	..	..	131	..	..	799	..	..	..	..	3	1	..	..	..	..	..	9	4	..	429	1	2	17	..	..	..	..	..	2	6	16	1,369
Above 40 .. ..	..	..	44	..	..	162	..	..	..	..	..	..	..	..	..	..	..	..	..	..	64	..	..	..	..	..	..	..	..	..	..	..	270
TOTAL GREY ..	858	1,784	6,131	..	92	4,044	240	826	1,049	1,778	1,357	1,704	264	215	211	3,799	3,160	5,281	1,633	1,509	3,796	1,182	1,347	1,696	4	3	26	..	10	125	9,598	10,302	24,123		
COLOURED YARN:—																																			
1 to 20	2	13	14	35	67	25	9	1	1	7	1	15	24	15	59	102	66
21 to 40	3	6	3	3	1	1	..	42	2	6	1	5	12	50
Above 40	3	4	3	4	4
Total Coloured ..	..	5	19	..	..	14	..	..	..	38	70	24	9	1	..	..	1	..	1	10	47	17	30	16	..	..	..	..	..	64	117	120	
White Bleached .. ..	..	4	..	..	..	2	..	..	..	72	41	74	1	..	1	..	..	..	68	61	128	4	2	12	..	..	..	..	..	..	165	108	218
Grey Doubles	45	34	13	..	..	36	..	10	..	..	13	..	..	..	..	..	7	..	..	48	..	4	34	1	..	..	..	..	..	..	49	146	49
Coloured Doubles .. ..	..	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5
Unspecified Descriptions ..	11	..	9	..	..	15	2	..	12	..	..	..	..	..	..	..	..	..	96	128	126	..	..	..	..	1	..	..	11	..	109	188	162
Sewing Thread	2	..	..	..	..	..	..	..	..	9	13	21	55	59	58	..	..	..	4	10	7	55	39	28	2	2	2	..	..	..	127	124	115
GRAND TOTAL ..	915	1,827	6,177	..	92	4,111	242	836	1,061	1,896	1,494	1,824	329	276	330	3,739	3,168	5,281	1,723	1,763	4,103	1,261	1,452	1,752	6	6	28	..	21	125	10,112	10,998	24,793		

NOTE:—"Egypt and North Africa" include Tripoli and Tunis.

"Red Sea Ports" include Anglo-Egyptian Sudan, Abyssinia, British Somaliland, French Somaliland, Somaliland Protectorate and Aden and Dependencies.

"East Africa" includes Italian East Africa, Somaliland and Eritrea, Kenya, Uganda, Tanganyika Territory, Portuguese East Africa, Zanzibar and Pemba and Seychelles.

"Levant and Black Sea Ports" include Palestine, Syria, Smyrna and Asiatic Turkey.

"Ceylon and Straits Settlements and beyond" include Labuan, Java, Siam, Indo-China, Federated Malay States, Maldives Islands, Fiji Islands, Sumatra, Dutch Borneo, Celebes, Philippines and Formosa.

"Persian Gulf" includes Iraq, Muskat Territory and Trucial Oman, other Native States in Arabia, Persia and Bahrein Islands.

"South Africa" includes Natal, Transvaal, Cape of Good Hope, Mauritius and Madagascar.

"Other Countries" include Japan, America, Reunion Islands, New Zealand, Canada, British Guiana, and Australia.

TABLE No. 25.
DETAILED EXPORTS OF INDIAN-MADE YARN BY SEA FROM BOMBAY.
(In thousands of pounds.)

	European Countries.			China Including Hongkong.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			TOTAL.			
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	
GREY YARN:—																																		
1 to 10	418	984	2,172	..	..	697	28	27	34	801	785	1,122	120	122	145	151	169	394	707	843	1,127	667	798	900	..	..	19	..	..	42	2,897	3,727	6,652
11 to 20	348	533	2,808	..	..	1,377	130	545	738	944	1,388	568	138	99	126	3,338	2,991	4,128	808	689	1,923	478	525	753	3	2	3	..	4	50	6,183	5,870	12,474
21 to 30	8	..	26	..	..	17	..	..	..	11	12	4	..	..	..	71	..	66	1	3	158	14	8	12	..	..	..	..	..	18	104	23	802
31 to 40 .. .. .	..	..	..	..	..	359	..	..	..	..	3	..	..	..	..	..	..	9	3	9	83	1	2	17	..	..	..	..	..	2	5	15	451
Above 40 .. .. .	..	..	24	..	..	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	34
TOTAL GREY	774	1,518	5,028	..	..	2,460	158	572	772	1,758	1,837	1,694	258	215	272	3,583	3,159	4,598	1,515	1,494	3,271	1,160	1,331	1,683	3	2	23	..	5	113	9,189	9,635	19,918
COLOURED YARN:—																																		
1 to 20	2	13	14	35	67	23	9	1	1	3	1	15	24	15	59	99	66
21 to 40 .. .. .	..	3	6	..	..	..	..	..	..	3	3	1	..	..	..	..	..	..	..	..	..	2	6	1	..	..	..	..	..	..	4	12	8
Above 40
TOTAL COLOURED .. .. .	..	5	19	..	..	14	..	..	..	37	70	24	9	1	..	..	1	..	..	3	1	17	30	16	..	..	..	..	..	..	63	111	74
White Bleached .. .. .	..	4	..	..	..	2	..	..	..	72	41	74	1	..	1	..	..	..	86	60	127	4	2	11	..	..	..	..	..	..	163	107	216
Grey Double	45	34	13	..	..	36	..	10	..	..	13	..	..	..	..	7	..	..	48	..	4	34	..	..	..	..	..	..	..	49	146	49	
Coloured Doubles .. .. .	..	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5
Unspecified Descriptions .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sewing Thread	2	..	..	..	..	..	..	..	..	9	13	21	55	59	53	..	..	..	4	10	5	54	39	28	2	2	2	..	..	127	124	114	
GRAND TOTAL	821	1,561	5,065	..	..	2,512	158	582	772	1,874	1,474	1,813	329	276	331	3,583	3,168	4,598	1,605	1,615	3,404	1,239	1,437	1,738	5	4	24	..	5	113	9,580	10,123	20,373

See footnote to Table 24.

TABLE No. 26.

SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO INDIA.

(In thousands of yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.					
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.			
Grey Plain	23,872	15,968	8,948	190,978	178,999	82,055	316	156	9	215,217	190,180	91,013
Grey Bordered	68,479	47,342	21,648	63,858	68,955	23,292	122,337	106,304	44,940
White Bleached	214,386	170,147	144,798	58,801	61,653	57,420	1	2	..	14	3	3	236	49	338	1,440	1,527	1,436	3,568	4,543	6,135	146	88	194	895	816	888	279,487	228,827	211,211	933		
Printed	79,746	54,582	47,266	139,655	150,297	103,472	..	..	..	70	17	12	1	21	186	1	13	..	28	9	7	..	90	18	106	50	..	219,608	205,074	150,990
Dyed	85,370	67,395	62,617	21,903	15,228	19,391	321	108	3	287	245	416	713	484	563	188	261	100	2,916	2,708	3,270	37	44	101	690	661	703	112,424	87,112	87,369			
Woven Coloured... ..	9,324	4,985	3,602	21,692	12,527	7,367	24	67	15	4	..	..	288	38	79	13	9	7	108	80	39	162	144	183	174	159	96	31,800	18,010	11,387	
Fents of all descriptions	7,634	9,545	12,284	38,890	64,660	27,640	12	1	..	5,278	3,724	6,946	16	6	..	..	..	..	106	90	136	10	..	13	55	7	4	52,001	78,032	47,008
Towels in the piece	4	5	4	..	22	9	4	27	13		
Piecegoods of Cotton and Artificial Silk	2,991	1,322	1,353	71,066	105,438	111,361	5	7	55	1	7	..	773	140	286	2	1	..	3	33	14	104	209	282	315	239	450	75,259	107,405	113,806			
Canvas	674	458	482	138	100	81	..	..	..	1	..	8	..	..	..	..	..	..	..	..	..	108	124	80	1	1	1	921	684	653
TOTAL	492,480	371,780	303,207	596,976	632,678	482,088	374	185	74	5,970	4,152	7,394	2,028	718	1,457	1,644	1,812	1,543	8,727	7,455	9,601	570	699	872	2,287	1,976	2,160	1,109,037	1,021,654	758,386			

(See footnote to Table 18 regarding figures of Fents)

TABLE No. 27.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of yards.)

	United Kingdom.			Japan.			China including Hongkong.			U.S.A.			Italy.			Netherlands.			Switzerland.			Germany.			All other Countries.			Total.			
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	
GREY UNBLEACHED.																															
PLAIN GREY.																															
Chadars .. .. .	..	..	..	15	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis Saris & Scarves	56	77	123	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	29	28	13	1,203	629	497	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels & Flannelettes	7	..	..	14	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets including Madapollams, etc.	20,709	14,001	7,335	9	59	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings	1,982	1,278	455	186,008	171,940	81,128	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	2,225	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings	4	..	..	1,003	1,618	376	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloth & Domestics .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	1,112	804	1,021	494	355	61	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Plain Grey	23,872	15,988	8,948	180,973	173,999	82,055	..	..	..	316	156	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
BORDERED GREY.																															
Chadars	241	74	42	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris & Scarves	68,231	47,268	21,598	53,858	58,955	23,292	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, etc.	6	..	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloths & Domestics .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Bordered Grey	68,479	47,342	21,648	53,858	58,955	23,292	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Grey Unbleached	92,351	63,330	30,596	244,831	232,954	105,347	..	..	..	316	156	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
WHITE BLEACHED.																															
Checks, Spots & Stripes	4,665	4,617	4,284	2	38	241	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris & Scarves	5,635	3,262	1,910	..	28	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	3,134	3,287	3,225	437	31	181	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered all overs	61	153	497	160	85	277	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes	30	2	4	24	..	47	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, Madapollams, etc.	18,083	16,570	11,427	3,064	2,319	4,460	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Laws	7,088	4,663	1,921	91	17	15	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings	35,939	31,261	25,550	33,624	34,511	29,072	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Muls	123,649	95,084	87,635	15,915	12,285	20,950	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nainsooks	5,254	1,501	2,308	5,230	2,009	2,069	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings	61	44	82	16	..	24	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloths & Domestics	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	9,421	8,304	5,850	15	47	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	1,364	1,399	706	223	282	83	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total White Bleached	214,386	170,147	144,798	58,801	61,853	57,420	1	2	..	14	3	3	236	49	333	1,440	1,528	1,436	3,568	4,543	6,135	146	86	194	895	816	886	279,487	228,827	211,211	

COLOURED PRINTED OR DYED.		PRINTED GOODS.		DYED GOODS.		WOVEN COLOURED GOODS.		TOTAL COLOURED, PRINTED OR DYED.		TOTAL PIECEGOODS.		TOWELS IN THE PIECE.		PIECEGOODS OF COTTON AND ARTIFICIAL SILK.		CANVAS.		TOTAL.		
Cambrics, etc.	15,425	9,605	4,329	186	3,540	1,986	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Checks, Spots & Stripes	6,244	3,132	1,015	4,057	30,137	12,821	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhulis	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	6,004	3,570	3,371	50,857	72,364	52,599	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered All-Overs	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes	278	1	12	5,180	3,899	4,555	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lungs	2,665	1,020	619	6,947	2,359	327	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Prints & Chints	11,696	6,768	5,276	8,142	2,722	1,185	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Saris & Scarves	18,498	17,610	15,273	1,120	768	151	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sateens	779	322	329	350	240	368	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings	13,681	9,708	13,504	58,729	31,416	27,577	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	407	290	421	1,767	1,260	1,123	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Woven Lungis & Sarongs	508	55	..	939	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	3,555	1,893	3,133	1,375	1,591	780	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Printed Goods	79,746	54,582	47,286	139,855	150,297	103,472	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dyed Goods	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cambrics, etc.	30,183	24,777	23,816	235	245	405	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Checks, Spots & Stripes	6,754	5,510	3,175	380	1,558	2,352	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhulis	75	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills and Jeans	2,757	1,604	1,812	4,566	4,371	6,199	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered All-Overs	27	23	12	5	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes	191	62	116	3,843	2,387	9,787	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Italian Cloths & Sateens	9,318	6,188	8,174	1,228	1,328	1,021	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lungs	30	57	8	5	33	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Prints & Chints	1,052	369	538	976	233	22	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Saris & Scarves	997	497	66	5	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings	9,947	6,820	4,438	6,380	1,569	1,908	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	10,391	10,051	8,286	1,410	1,908	1,411	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Woven Lungis & Sarongs	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	13,648	11,652	12,375	2,557	1,513	2,336	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Dyed Goods	85,370	67,395	62,817	21,903	15,228	19,391	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Woven Coloured Goods	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cambrics, etc.	542	192	54	41	27	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Checks, Spots, etc.	740	455	..	763	1,851	1,398	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Coatings & Trouserings	1,924	1,061	1,564	1,182	760	630	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhulis	55	19	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	74	..	..	1,007	392	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered All-Overs	8	5	4	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes	96	103	50	768	728	159	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lungs & Sarongs	322	87	53	7,597	4,347	461	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Prints & Chints	23	13	94	50	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Saris & Scarves	915	279	47	12	15	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings	8,898	1,315	327	4,085	1,301	198	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	54	40	..	307	305	22	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Velvets & Velveteens	429	341	318	5,210	2,622	4,855	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	743	533	528	661	159	110	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Woven Coloured.	9,324	4,985	3,601	21,692	12,527	7,367	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Coloured, Printed or Dyed	174,440	126,962	113,704	183,251	178,051	150,230	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Fents of all Descriptions	7,634	9,545	12,263	36,890	64,660	27,840	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL PIECEGOODS.	483,811	369,985	301,362	525,773	527,319	320,637	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Towels in the Piece..	4	5	4	..	22	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Piecegoods of Cotton and Artificial Silk	2,991	1,332	1,358	71,066	105,438	111,361	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Canvas	674	458	482	138	100	81	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	492,480	371,780	303,207	596,977	632,878	432,088

(See footnotes to Table 18 regarding figures of Fents)

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TABLE No. 28.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.
(In Thousands of Yards.)

	United Kingdom.			Japan.			China (including Hongkong.)			U. S. A.			Italy.			Netherlands.			Switzerland.			Germany.			Other countries.			Total.				
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937		
GREY (Unbleached):—																																
Plain Grey:—																																
Chadars	
Dhutis, Saries, etc.	
Drills and Jeans	
Flannels and Flannelettes	
Jaconets	
Longcloth	
Printers	
Sheetings	
T-cloth and Domestics	
Unspecified Sorts	
TOTAL PLAIN GREY	10,710	7,892	8,551	78,232	80,592	44,122	318	158	9
BORDERED GREY:—																																
Chadars	
Dhutis, etc.	
Drills and Jeans	
Flannels, etc.	
Jaconets etc.	
Longcloth, etc.	
Printers	
Sheetings	
T-cloth, etc.	
Unspecified Sorts	
TOTAL BORDERED GREY	2,862	1,016	860	54	444	554	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL GREY	13,572	8,907	4,411	78,286	81,036	44,676	..	..	..	318	158	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
WHITE BLEACHED:—																																
Checks, etc.	
Dhutis, etc.	
Drills and Jeans	
Embroidered All-Overs	
Flannels, etc.	
Jaconets, etc.	
Lawns	
Longcloth	
Mulls	
Nainsooks	
Sheetings	
T-cloth, etc.	
Twills	
Unspecified Sorts	
TOTAL WHITE BLEACHED	27,373	23,635	18,629	18,485	15,505	21,974	..	..	..	1	2	3	204	49	300	669	520	656	1,564	1,775	2,323	119	82	172	524	531	455	48,929	42,100	44,510	

TABLE No. 29.
SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.
(In thousands of yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U.S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.						
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.				
Grey Plain	10,710	7,892	3,551	79,232	60,592	44,122	316	156	9	90,267	68,675	47,682
Grey Bordered	2,862	1,016	860	54	444	554	2,916	1,460	1,414
White Bleached	27,373	23,635	18,629	18,485	15,505	21,973	..	..	..	1	2	3	204	49	300	659	520	656	1,564	1,775	2,323	119	82	172	524	531	456	48,929	42,100	44,510	48,929	42,100	44,510
Printed	22,988	20,005	12,367	67,224	65,452	59,465	..	..	..	62	11	11	1	21	54	..	1	..	26	3	6	..	90	18	71	41	..	90,372	85,624	71,922	90,372	85,624	71,922
Dyed	27,282	21,458	19,920	4,560	3,660	5,216	1	..	..	266	206	379	321	35	78	1	3	2	2,498	1,976	1,752	14	20	70	333	410	416	35,275	27,769	27,820	35,275	27,769	27,820
Woven Coloured	1,230	925	1,350	2,607	3,017	4,325	..	..	..	..	..	..	62	8	15	..	4	3	..	..	1	45	74	128	27	73	19	3,972	4,101	5,842	3,972	4,101	5,842
Fents of all descriptions	4,519	4,993	3,595	35,379	54,941	21,840	5	1	..	4,928	3,189	6,701	2	..	..	..	..	..	98	60	184	1	..	2	49	7	..	44,981	63,204	37,272	44,981	63,204	37,272
Towels in the piece	2	4	3	..	22	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	26	12
Piecegoods of Cotton and Artificial Silk	1,867	556	699	52,838	88,527	95,539	..	1	49	..	3	..	498	86	167	..	..	..	2	33	12	22	89	119	226	159	396	55,453	89,449	96,982	55,453	89,449	96,982
Canvas	209	183	201	15	46	45	..	..	..	..	..	3	..	..	..	..	..	..	..	..	..	54	54	58	..	..	..	278	283	318	278	283	318
TOTAL	99,042	80,667	66,176	260,394	292,206	253,088	6	2	49	5,573	3,570	7,105	1,085	200	609	660	529	660	4,188	3,856	4,228	257	411	568	1,237	1,251	1,285	372,445	382,692	333,769	372,445	382,692	333,769	

(See footnote to Table 18 regarding figures of Fents.)

TABLE No. 31.
EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM BOMBAY.
(In thousands of yards.)

	European Countries.			China.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			TOTAL.		
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.			
GREY (Unbleached):—																																	
Chadars and Dhutis .. ..	..	..	..	..	..	..	..	..	13	28	22	29	950	1,144	2,299	..	..	..	36	13	9	35	24	28	..	6	1	..	..	..	1,050	1,209	2,376
Drills and Jeans	56	45	55	..	..	..	..	..	14	..	..	38	842	851	842	..	..	..	17	56	241	30	..	..	2	30	16	..	..	81	948	783	1,288
T-Cloths and Domestics .. ..	..	..	..	..	..	..	..	..	14	93	22	..	..	..	4	..	..	..	78	..	..	..	..	..	..	..	..	..	..	..	100	14	97
Shirtings	388	135	62	..	..	34	..	2,094	4,635	277	625	419	118	616	206	..	..	13	572	583	1,501	169	34	212	1,693	1,033	940	121	465	3,139	3,337	5,536	11,162
Other Sorts	708	416	1,367	..	..	20	121	6,312	11,382	199	194	501	1,184	1,005	1,685	..	..	86	30	500	613	38	24	386	1,013	581	1,050	14	129	5,851	3,578	9,142	23,223
TOTAL GREY ..	1,151	596	1,485	..	..	64	121	6,391	16,133	527	641	989	3,094	3,417	5,016	..	..	100	1,002	1,133	2,664	271	62	623	2,709	1,681	2,007	135	694	9,071	9,010	16,665	39,146
WHITE (Bleached):—																																	
Chadars and Dhutis .. ..	..	..	..	..	..	..	..	..	..	17	38	49	19	8	14	..	..	..	12	25	14	..	1	4	2	3	6	..	..	..	61	75	87
Drills and Jeans	5	2	..	..	..	..	..	82	40	..	..	..	71	32	41	..	..	..	8	6	98	16	3	34	..	..	4	..	..	201	102	125	359
T-Cloths and Domestics .. ..	..	..	..	..	..	..	..	54	..	14	..	..	8	..	..	..	..	..	..	..	..	4	..	1	..	..	..	..	..	..	28	54	1
Shirtings	1	55	65	..	..	11	..	7	2,690	157	235	236	78	12	46	2	..	..	145	732	2,557	10	11	1	..	..	83	118	119	887	510	1,191	6,357
Other Sorts .. ..	..	8	64	..	..	111	..	..	930	18	113	268	25	25	134	..	..	40	250	920	980	42	193	304	28	60	173	..	100	258	361	1,420	3,260
TOTAL WHITE ..	6	65	129	..	..	123	..	143	3,661	208	387	551	201	78	235	2	..	40	413	1,703	3,589	74	207	344	27	63	266	118	219	1,126	1,050	2,865	10,065
COLOURED, PRINTED OR DYED:—																																	
Lungs and Saris .. ..	..	..	..	..	..	..	..	..	1	890	1,715	1,409	28	19	8	..	..	..	30	99	184	50	44	11	94	222	108	..	..	20	1,091	2,198	1,691
Drills and Jeans	125	21	42	..	..	..	..	106	147	..	40	52	318	230	668	..	..	..	26	21	118	2,317	4,490	8,158	10	6	17	..	93	86	2,797	5,006	9,291
Other Sorts	388	316	399	..	..	1	3	24	4,798	1,011	1,462	1,829	3,522	3,854	7,364	2	5	13	7,265	6,726	13,981	11,444	11,180	16,295	2,096	1,809	1,441	6,221	6,077	5,164	31,954	31,456	50,984
TOTAL COLOURED, PRINTED OR DYED	513	337	441	..	..	1	3	130	4,946	1,901	3,217	3,290	3,667	4,102	8,039	2	5	13	7,321	6,846	13,933	13,812	15,714	24,466	2,202	2,138	1,566	6,221	6,170	5,270	35,842	33,660	61,966

See foot-note to Table 24.

TABLE No. 32.

RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BRITISH INDIA.

	YARN (In thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			Total.			Grey.			White.			Coloured, etc.			Fents.			Total.		
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.
European Countries ..	..	1	2	..	..	..	..	..	..	..	1	2	18	2	..	6	29	71	187	247	8	..	30	8	226	307	88
China & Hongkong ..	..	..	32	..	..	..	..	..	..	..	..	32	..	..	..	3	..	7	30	5	10	..	..	..	33	6	17
Egypt & North Africa ..	21	11	..	..	..	..	..	..	..	21	11	..	..	..	..	..	..	..	..	..	8	..	..	6	..	..	14
Red Sea Ports ..	9	44	1	..	..	..	..	..	..	9	44	1	2,127	1,548	3,223	152	168	304	111	342	196	..	6	14	2,390	2,064	3,737
East Africa ..	3	..	1	..	..	..	4	3	3	7	4	4	297	392	707	357	193	479	514	344	348	..	..	..	1,168	929	1,534
Levant & Black Sea Ports ..	62	44	8	..	..	..	..	..	..	62	45	3	..	..	..	..	..	..	1	1	1	..	..	..	1	1	1
Ceylon & Straits ..	7	2	2	..	..	..	2	2	1	9	4	3	297	104	134	524	142	123	581	341	80	..	..	1	1,403	587	339
Persian Gulf ..	90	10	14	..	..	..	4	5	2	94	14	16	1,827	1,094	1,071	882	1,479	1,688	2,513	3,267	1,482	..	..	22	5,222	5,839	4,264
South Africa ..	..	..	..	..	..	..	12	6	6	12	6	6	..	..	..	..	4	56	19	21	38	..	2	..	20	27	94
Other Countries ..	4	48	..	..	..	..	..	..	..	4	43	..	2	5	..	..	2	7	61	45	37	469	205	69	532	257	113
TOTAL ..	197	155	55	..	..	..	22	17	12	220	173	67	4,589	3,144	5,135	1,924	2,016	2,738	4,017	4,614	2,208	469	244	120	10,994	10,018	10,200

TABLE No. 33.

RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BOMBAY.

Countries	YARN (In thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			TOTAL.			Grey.			White.			Coloured.			Fents.			TOTAL.		
	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.	1935.	1936.	1937.
European Countries ..	..	1	2	..	..	..	..	..	..	..	1	2	18	..	..	6	..	2	61	83	2	..	16	8	85	50	13
China and Hongkong ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	..	7	30	3	10	..	..	6	32	3	22
Egypt and North Africa ..	21	11	..	..	..	..	..	..	..	21	11	..	..	..	..	..	..	..	..	..	9	..	..	..	..	..	9
Red Sea Ports ..	9	44	1	..	..	..	..	..	..	9	44	1	2,127	1,548	3,223	152	168	304	103	342	198	..	6	14	2,381	2,064	3,737
East Africa ..	3	..	1	..	..	..	4	3	3	7	4	4	297	392	707	350	190	479	514	344	348	..	..	..	1,161	926	1,584
Levant and Black Sea Ports ..	62	44	2	..	..	..	..	..	..	62	44	2	..	..	..	..	..	..	1	..	..	..	..	..	1	..	..
Ceylon and Straits ..	7	2	2	..	..	..	2	2	1	9	4	3	283	79	134	520	139	70	406	239	55	..	..	..	1,210	458	260
Persian Gulf ..	90	10	14	..	..	..	4	5	2	94	14	16	1,779	1,056	1,012	821	1,465	1,659	2,241	3,139	1,407	..	..	23	4,840	5,661	4,102
South Africa ..	..	..	..	..	..	..	12	6	6	12	6	6	..	..	..	..	4	8	19	21	38	..	..	..	20	25	46
Other Countries ..	2	..	..	..	..	..	..	..	..	2	..	..	2	..	..	..	..	7	56	30	36	326	102	51	385	132	94
TOTAL ..	184	113	21	..	..	..	22	17	12	217	129	33	4,506	3,075	5,076	1,851	1,967	2,538	3,431	4,152	2,101	326	124	101	10,115	9,319	9,817

TABLE No. 34.
TABLE SHOWING THE APPROXIMATE YARDAGE OF PIECEGOODS AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of yards.)

	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.
Total Indian Mill Production	1,451	1,640	1,581	1,732	1,725	1,792	1,970	1,954	2,259	2,357	1,893	2,419	2,561	2,990	3,170	2,945	3,397	3,571	3,572
Less—Exports by Sea	149	197	146	161	157	165	181	165	197	169	149	133	98	105	66	56	58	71	102
Exports by Land	38	42	24	26	29	36	49	68*	83*†	88*†	95*†	86*†	90	103	103	113*	99	120	121
Balance	1,264	1,401	1,411	1,545	1,539	1,591	1,740	1,721	1,979	2,100	1,649	2,200	2,373	2,782	3,001	2,776	3,240	3,380	3,349
Imports	1,212	1,081	1,510	1,090	1,593	1,486	1,823	1,564	1,788	1,973	1,937	1,919	890	776	1,225	796	943	995	832
Total	2,476	2,482	2,921	2,635	3,132	3,077	3,563	3,285	3,767	4,073	3,586	4,119	3,263	3,558	4,226	3,572	4,183	4,375	4,181
Less—Exports by Sea	114	89	61	74	75	81	54	35	29	34	24	22	17	16	22	25	11	10	11
Exports by Land	53	56	44	36	51	51	59	116*	131*†	118*†	121	89	64	75	70	74	76	86	109
Total quantity of Piecegoods available for consumption in India	2,309	2,337	2,816	2,525	3,006	2,965	3,450	3,134	3,607	3,921	3,441	4,008	3,182	3,467	4,134	3,473	4,096	4,279	4,061

From 1918-19 to 1924-25 the figures in both the tables are taken *en bloc* from the "Notes on Hand Loom Weaving" by Mr. R. D. Bell.

NOTE:—With effect from 1st April 1925, the Government of India discontinued the publication of "Accounts relating to the trade by land of British India with other countries". Since then, the statistics in question are published in Special Supplements to the *Indian Trade Journal* in an abbreviated form. The revised form does not affect the above table materially but in Table 35 it has not been possible to separate the land export figures for Indian and foreign yarn. This, however, does not affect the approximate accuracy of the figure showing the balance of yarn available for consumption in India.

† Maunds converted into lbs. and lbs. converted into yds.: 1 Maund=62½ lbs.; 1 lb.=4.27 yds.

TABLE No. 35.
TABLE SHOWING THE APPROXIMATE POUNDAGE OF YARN AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of Lbs.)

	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.
Total Indian Mill Production	615	636	660	693	706	617	719	686	807	809	648	833	867	906	1,016	921	1,001	1,058	1,054
Less—Exports by Sea	64	152	83	81	57	39	37	32	42	25	24	25	23	22	15	16	13	10	12
Exports by Land	8	9	6	7	7	7	9	7*	8*†	5*†	5*†	6*†	7*†	6*†	6	8	7	8	7
Balance	543	475	571	605	642	571	673	647	757	779	619	802	837	938	995	897	981	1,040	1,035
Imports	38	15	47	57	59	45	56	52	49	52	44	44	29	32	45	32	34	45	29
Total	581	490	618	662	701	616	729	699	806	831	663	846	866	970	1,040	929	1,015	1,085	1,064
Less—Exports by Sea	1	3	..	1	2	2	1	1	1	1	..	..	..	..	..	..	..	..	..
Exports by Land	5	4	3	3	5	4	4	..	..	..	..	..	..	..	..	..	..	..	..
Quantity of Yarn available for consumption in India	574	483	615	658	692	610	724	698	805	830	663	846	866	970	1,040	929	1,015	1,085	1,064
Cloth produced in India in millions of pounds. ..	350	384	367	403	405	402	459	465	539	568	446	562	590	672	695	646	736	761	782
Approximate equivalent in Yarn (taking 100 lbs. of yarn =112 lbs. of piecegoods).	312	342	328	360	362	359	410	415	481	507	384	502	527	600	621	577	657	679	698
Real balance of Yarn available for sale in India ..	262	141	287	298	335	251	314	283	324	323	279	344	339	370	419	352	358	406	366

* Includes re-exports also.

† Maunds converted into lbs. at the rate of 82½ lbs.—1 Maund.
See foot-note to Table 12 regarding strikes in Bombay mills.

TABLE No. 36.

PROGRESS OF JAPANESE COTTON MILLS DURING THE LAST 17 YEARS.

(The information is extracted from the half-yearly statistics published by the Japan Cotton Spinners' Association.)

Term.	No. of Companies.	Capital.		Reserve Funds.	No. of Mills.	Spindles		Doubling Spindles.	Looms.
		Authorised.	Paid up.			Ring.	Mule.		
Half-year ending		Yen.	Yen.	Yen.					
June, 1921	58	410,017,650	286,789,308	172,110,853	201	3,939,534	49,370	492,204	51,761
December, 1921	61	429,577,650	295,648,358	182,040,774	217	4,116,616	44,510	533,384	54,994
June, 1922	67	472,807,650	319,612,328	194,010,558	232	4,338,759	44,510	573,486	59,693
December, 1922	64	462,107,650	317,148,075	202,774,376	235	4,472,112	45,500	602,032	60,765
June, 1923	62	468,427,650	321,654,393	209,984,818	235	4,618,946	48,470	635,212	62,205
December, 1923	70*	530,277,650	376,272,935	217,407,870	241	4,422,428	14,370	510,031	64,460
June, 1924	69*	559,750,000	396,081,600	213,411,662	245	4,832,552	17,340	581,583	66,283
December, 1924	69*	575,302,500	398,163,443	219,043,315	247	5,100,546	25,150	685,995	68,579
June, 1925	64*	570,612,500	394,507,318	223,098,069	242	5,266,000	26,040	723,824	71,702
December, 1925	64*	551,362,500	382,714,817	223,531,448	243	5,413,094	34,090	759,632	73,381
June, 1926	65*	558,416,650	394,488,167	228,827,952	247	5,551,607	34,420	780,404	74,193
December, 1926	64*	539,237,500	391,305,247	231,149,181	247	5,644,772	35,080	789,688	77,043
June, 1927	64*	539,527,500	390,703,307	233,953,175	247	5,892,620	36,994	788,916	76,163
December, 1927	64*	535,977,500	391,550,767	238,367,331	257	6,079,272	36,994	787,490	78,352
June, 1928	68*	562,902,500	426,376,017	243,987,627	258	6,230,512	41,674	792,138	79,777
December, 1928	72*	552,196,250	419,792,127	249,978,831	259	6,425,500	41,674	809,452	81,209
June, 1929	72*	558,696,250	428,098,852	257,406,526	259	6,487,720	41,674	807,100	78,870
December, 1929	70*	560,846,250	429,415,222	259,756,504	258	6,795,502	41,014	808,324	77,896
June, 1930	73*	567,596,250	433,048,087	258,259,496	262	7,047,832	41,464	801,184	77,850
December, 1930	74*	561,989,750	425,346,487	252,094,974	263	7,171,527	42,474	803,094	79,466
June, 1931	74*	560,664,750	421,327,167	243,860,512	262	7,269,120	42,474	810,294	79,173
December, 1931	72*	537,964,750	398,855,292	240,828,488	263	7,498,152	36,994	801,594	77,782
June, 1932	71*	545,114,750	397,903,277	242,704,877	265	7,762,448	35,320	798,420	77,528
December, 1932	71*	540,561,100	397,674,627	245,939,643	265	7,929,530	35,320	810,492	79,277
June, 1933	71*	540,261,100	397,974,777	249,828,487	267	8,173,994	35,320	833,016	81,552
December, 1933	69*	543,761,100	403,898,752	255,398,338	268	8,608,608	35,320	842,808	86,343
June, 1934	70*	555,222,600	413,338,448	261,998,722	272	9,090,344	35,320	849,870	89,766
December, 1934	72*	567,228,600	438,573,910	273,315,614	275	9,495,254	35,320	868,440	91,146
June, 1935	74*	606,802,600	455,985,565	279,359,885	276	9,925,680	35,320	906,844	93,260
December, 1935	74*	609,202,600	458,955,945	282,588,696	281	10,613,728	35,320	912,912	95,982
June, 1936	75*	621,377,600	467,590,453	285,684,455	285	10,970,128	19,780	988,697	98,080
December, 1936	71*	670,302,600	476,592,095	289,359,293	276	11,967,664	7,920	1,166,720	95,813
June, 1937									
December, 1937									

* Including non-members of the Japan Cotton Spinners' Association.

TABLE No. 37.
JAPAN'S COTTON CONSUMPTION.

(Figures extracted from the half-yearly publication of the Japan Cotton Spinners' Association.)

Years.	Indian.	American.	Chinese.	Egyptian and African.	Annam and Saigon.	Korean.	Sundries.	Total.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1911	297,798,250	111,540,908	110,200,125	13,506,525	1,837,833	..	4,321,184	539,204,825
1912	368,062,933	214,251,250	31,654,633	15,086,558	3,735,384	..	3,441,058	636,231,816
1913	434,685,666	202,441,016	46,621,309	16,699,942	7,547,250	..	4,143,508	712,138,691
1914	549,868,658	170,397,933	36,528,292	15,161,483	4,742,225	..	7,158,842	783,857,433
1915	559,320,525	209,035,492	18,389,108	13,436,266	2,641,083	..	4,998,742	807,821,216
1916	593,978,108	235,615,875	29,506,075	16,421,546	9,069,166	6,744,540	4,251,590	895,586,900
1917	590,521,080	242,144,925	42,305,808	14,717,091	3,715,905	8,194,558	4,344,308	905,943,675
1918	453,072,641	280,374,975	83,091,375	14,769,342	3,187,334	11,790,775	6,941,733	853,228,175
1919	376,648,588	355,589,221	130,970,193	15,588,908	2,265,292	11,454,470	5,037,182	897,553,824
1920	482,881,416	310,370,393	30,684,616	11,558,208	2,041,258	9,412,820	5,367,604	852,316,315
1921	521,998,441	304,763,617	3,037,340	14,600,500	3,923,158	8,744,408	3,479,358	860,546,824
1922	615,242,183	389,759,225	3,626,017	19,652,842	5,563,967	8,354,600	5,680,941	1,047,879,775
1923	652,798,508	296,423,592	25,836,858	22,140,542	2,519,492	12,054,233	7,929,408	1,019,702,633
1924	563,969,233	282,197,025	58,888,450	36,176,192	1,461,775	20,443,692	5,877,333	969,013,700
1925	637,749,440	378,526,322	47,050,425	34,567,864	2,712,025	18,994,691	9,742,440	1,129,343,210
1926	664,655,716	486,464,350	19,956,425	43,557,383	1,011,383	12,512,942	8,763,400	1,236,921,599
1927	551,571,275	562,091,700	15,841,558	39,414,575	2,958,633	9,768,591	7,474,050	1,189,120,382
1928	510,871,795	511,694,394	60,928,568	36,900,193	1,663,337	11,052,982	7,069,534	1,140,180,803
1929	643,388,869	565,561,191	29,004,654	42,942,636	572,363	14,876,498	7,260,005	1,303,606,216
1930	627,594,598	468,778,932	11,443,473	34,718,189	1,931,984	20,269,592	6,330,650	1,171,067,418
1931	580,912,185	562,947,021	2,600,976	34,950,377	1,218,158	14,086,629	4,837,025	1,201,552,371
1932	331,599,316	908,859,160	2,029,745	37,576,519	482,167	5,054,240	7,185,856	1,292,787,003
1933	461,207,207	870,256,491	7,857,146	51,725,839	575,257	16,659,397	10,823,516	1,419,104,853
1934	608,343,495	856,692,099	11,402,307	71,522,108	1,286,479	16,101,950	31,506,901	1,596,855,339
1935	672,895,959	838,550,421	4,362,554	76,872,190	286,537	22,164,430	40,612,537	1,655,544,628
1936	728,982,817	694,618,808	21,289,342	101,600,534	337,233	30,890,117	111,657,816	1,689,376,667
1937	..	..	..	..	..	..	..	..

NOTE.—Korean cotton before 1916 is totalled under "Sundries."

TABLE No. 38.
JAPAN'S COTTON YARN PRODUCTION AND EXPORTS.

YEAR.	Average Working Spindles.	Production. (Bales of 400 lbs.)				Exports. (Bales of 400 lbs.)								
		16s. warp.	20s. weft	Others.	Total.	China.	Hongkong.	British India.	Philippine Islands.	Korea.	Other countries.	Total.		
1910	1,741,168	338,175	258,412	538,193	1,134,780	301,535	17,953	701	3,503	19,825	4,118	347,635	
1911	1,784,064	295,065	262,298	571,904	1,129,267	234,324	12,918	1,809	3,076	22,828	10,054	285,009	
1912	1,984,191	346,844	335,821	669,544	1,352,209	304,199	29,091	989	3,625	21,034	15,994	374,933	
1913	2,167,926	396,645	371,522	749,815	1,517,982	389,297	34,031	3,258	3,296	15,237	23,620	468,739	
1914	2,369,801	388,992	439,672	837,517	1,666,181	455,124	66,124	3,144	4,791	19,020	21,787	569,990	
1915	2,463,376	393,027	443,040	884,197	1,720,264	463,921	65,241	1,565	3,629	26,688	14,848	575,892	
1916	2,757,299	409,053	497,291	1,019,235	1,925,579	440,158	50,381	11,744	1,889	26,137	16,839	547,148	
1917	2,850,637	359,623	528,603	1,035,615	1,923,841	356,576	58,405	9,313	3,260	27,597	15,702	470,853	
1918	2,936,495	228,818	511,539	1,063,509	1,803,866	231,689	62,598	79,426	5,685	13,053	29,062	421,513	
1919	3,179,568	204,486	539,748	1,176,548	1,920,782	156,261	35,638	4,753	693	16,047	16,945	230,337	
1920	3,191,753	196,928	191,141	1,128,907	1,816,976	166,711	58,349	47,615	2,548	5,535	24,167	304,925	
1921	3,162,353	215,682	436,629	1,159,039	1,811,350	174,584	56,211	37,164	1,418	..	22,884	292,261	
1922	3,967,265	205,489	746,731	1,276,026	2,228,246	212,862	83,394	68,319	2,896	..	26,591	394,062	
1923	4,079,855	170,357	680,708	1,320,088	2,171,153	121,568	40,108	58,937	2,267	..	28,778	248,325	
1924	4,115,692	135,844	631,476	1,305,497	2,072,817	96,536	61,493	80,840	1,799	..	29,692	270,361	
1925	4,669,753	142,796	779,203	1,514,784	2,436,783	132,778	58,788	87,172	3,176	..	28,888	310,801	
1926	5,002,932	146,983	795,170	1,665,593	2,607,746	72,640	29,286	72,283	3,201	..	28,140	205,550	
1927	4,831,429	140,924	784,673	1,605,095	2,530,692	28,762	12,887	54,508	1,921	..	19,577	117,654	
			Under 20.	20s.	Medium Counts.	Fine Counts.	Total.							
1928	4,983,089	721,557	736,767	906,924	86,614	2,451,862	22,626	15,921	17,260	1,217	..	14,632	71,656
1929	6,149,305	827,363	878,405	984,992	101,826	2,792,586	17,667	6,988	27,514	1,826	..	13,436	67,401
1930	5,698,030	780,498	808,560	834,426	101,215	2,524,699	13,493	13,272	20,390	1,255	..	10,976	59,386
1931	5,904,342	809,622	803,442	814,398	139,471	2,567,133	3,839	2,349	16,094	1,367	..	7,793	31,442
1932	6,307,884	797,180	896,921	957,915	158,421	2,810,437	9,100	8,103	50,591	962	..	20,049	88,895
1933	6,771,692	877,043	941,139	1,145,009	136,665	3,099,856	428	1,133	18,286	638	(a) 13,260	14,178	47,923
			20s—22s	23s—44s	Above 45s									
1934	7,502,504	962,110	1,100,937	1,305,406	103,989	3,472,442	324	353	24,318	1,085	(a) 13,803	24,961	64,844
1935	8,197,422	999,282	1,026,007	1,412,900	122,643	3,560,832	419	3,518	44,880	2,509	(a) 18,979	26,277	96,582
1936	8,392,024	1,015,599	1,027,276	1,425,635	138,948	3,607,458	565	6,783	42,176	4,646	(a) 24,954	31,399	110,524
1937													

(a) Manchuria.

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TABLE No. 39.
JAPAN'S CLOTH PRODUCTION.

Year.	Average Working looms.*	Production of cotton piece-goods.*	Yarn consumed.*
		Yards.	lbs.
1909	11,585	181,976,972	57,388,586
1910	14,911	226,313,958	71,197,654
1911	17,884	289,039,671	82,498,136
1912	20,208	342,584,684	93,562,721
1913	23,299	416,725,357	11,159,616
1914	24,911	454,901,674	126,863,966
1915	27,687	502,076,621	124,632,631
1916	30,110	560,181,108	136,413,408
1917	31,920	594,649,419	142,770,758
1918	36,365	656,935,420	160,301,569
1919	40,969	739,390,012	179,788,560
1920	44,635	762,037,360	189,651,320
1921	44,109	700,697,985	179,427,501
1922	51,033	869,327,652	214,327,505
1923	52,972	1,000,708,890	240,979,975
1924	56,351	1,030,905,658	241,319,095
1925	62,976	1,179,524,733	274,472,668
1926	65,699	1,277,726,954	294,334,545
1927	66,733	1,294,668,822	293,166,913
1928	70,606	1,382,034,413	303,008,225
1929	67,070	1,538,249,015	336,276,152
1930	62,767	1,388,423,325	296,592,495
1931	64,392	1,404,668,382	301,231,848
1932	68,028	1,532,850,514	325,907,959
1933	73,966	1,673,880,702	362,300,980
1934	79,606	1,793,845,440	384,958,215
1935	82,397	1,843,470,714	392,640,350
1936	85,974	1,802,400,624	384,296,367
1937			

*Sub-work by spinners only.

Sub-work by spinners means that the table in question was prepared from the reports of the weaving companies which are affiliated to the Japan Cotton Spinners' Association.

TABLE No. 40.
STATISTICS.

STATEMENT of Imports of Piecegoods of British Manufacture (Grey Bleached, Coloured and Printed) and of Yarns (Grey and Dyed) from Great Britain into Bombay, Calcutta and Madras, from the years 1867 to 1937, both inclusive.

YEAR.	PIECEGOODS.			YARNS.		
	Bombay.	Calcutta.	Madras.	Bombay.	Calcutta.	Madras.
	Sq. Yards.	Sq. Yards.	Sq. Yards.	Lbs.	Lbs.	Lbs.
1867.....	316,784,109	528,434,956	23,258,498	6,568,619	13,006,019	4,684,638
1868.....	555,337,050	619,101,683	31,793,397	7,780,033	13,236,453	6,873,398
1869.....	296,158,439	518,741,346	29,683,469	7,981,949	11,858,210	7,773,636
1870.....	272,898,226	687,639,911	45,750,099	9,946,299	16,816,936	6,649,598
1871.....	305,416,233	684,926,367	47,560,133	6,097,531	12,041,848	8,876,841
1872.....	262,849,273	657,123,291	48,177,871	6,163,813	11,490,636	8,616,040
1873.....	349,631,830	664,987,114	57,666,809	8,667,090	11,192,248	8,918,841
1874.....	292,843,697	765,762,164	49,878,834	8,867,978	14,041,520	10,510,639
1875.....	305,917,934	744,439,224	44,683,288	6,863,763	12,945,102	10,104,020
1876.....	356,940,508	733,913,330	54,875,423	8,246,211	12,090,167	9,664,609
1877.....	354,779,192	885,688,850	39,106,318	10,624,710	14,364,841	8,683,595
1878.....	344,068,807	749,233,431	47,038,579	7,754,005	13,967,396	8,373,916
1879.....	343,811,233	788,759,250	61,375,691	7,469,113	10,580,436	9,581,363
1880.....	531,050,559	1,007,531,497	77,010,037	13,024,923	16,446,089	12,108,002
1881.....	544,890,697	947,329,460	82,451,852	12,326,706	13,597,371	11,099,762
1882.....	500,248,293	883,611,784	106,615,818	12,019,123	14,780,667	13,069,871
1883.....	572,738,196	878,949,353	107,868,579	16,220,463	13,478,764	11,033,824
1884.....	568,220,318	908,294,475	120,841,003	14,299,380	15,313,840	13,114,875
1885.....	547,773,459	911,987,148	93,757,204	14,132,372	13,473,067	99,597,197
1886.....	700,061,881	1,159,407,968	143,318,736	17,087,709	14,177,149	13,937,810
1887.....	585,502,258	988,370,500	117,502,619	14,990,151	14,040,137	13,432,638
1888.....	652,344,548	1,045,951,384	138,271,060	16,595,176	14,778,545	14,570,258
1889.....	634,608,171	1,031,000,980	144,140,943	13,011,348	11,836,681	13,393,848
1890.....	665,550,786	1,037,911,379	115,224,797	15,805,515	12,455,601	13,284,690
1891.....	572,065,309	961,686,226	108,083,576	15,526,869	12,484,617	14,666,189
1892.....	548,944,867	1,013,742,658	93,892,712	12,427,053	10,108,327	10,380,439
1893.....	604,439,138	1,009,441,511	106,086,291	10,466,233	13,124,097	11,387,889
1894.....	719,324,449	1,161,138,343	140,749,235	11,723,808	10,529,734	12,547,763
1895.....	484,780,087	925,203,136	99,427,368	10,857,586	10,689,066	10,188,466
1896.....	574,410,316	1,163,967,702	86,265,292	11,649,977	13,403,663	15,402,931
1897.....	472,597,133	932,328,974	121,396,515	11,788,246	13,299,211	13,650,022
1898.....	557,597,951	1,202,254,978	91,950,978	10,238,969	11,412,068	11,673,878
1899.....	611,556,220	1,266,926,546	93,492,746	10,441,484	10,729,842	11,532,812
1900.....	461,938,302	1,086,463,274	120,383,837	5,892,081	9,435,371	9,496,085
1901.....	629,976,200	1,127,753,500	129,392,500	7,911,750	11,050,890	9,564,200
1902.....	475,541,800	1,176,051,500	119,878,000	6,299,820	7,411,640	9,438,560
1903.....	520,373,400	1,119,542,300	129,898,800	5,300,460	6,442,050	6,699,580
1904.....	593,591,100	1,193,265,900	145,618,800	6,221,400	6,613,460	8,056,710
1905.....	637,039,600	1,292,516,900	119,829,700	11,368,420	11,443,550	10,175,810
1906.....	611,705,100	1,189,552,900	142,636,200	10,548,720	10,300,210	10,260,270
1907.....	646,598,400	1,298,662,500	131,107,800	10,419,750	9,921,670	7,601,280
1908.....	470,956,400	1,005,027,600	200,636,400	10,894,540	9,019,320	10,432,380
1909.....	481,389,100	1,180,586,000	108,497,400	16,251,580	8,448,010	6,169,190
1910.....	624,859,600	1,129,898,600	109,976,800	8,410,140	6,384,450	6,891,410
1911.....	622,516,400	1,226,065,400	138,414,300	12,842,440	9,179,460	8,364,340
1912.....	658,026,700	1,451,819,200	173,698,700	13,298,110	11,913,170	10,745,130
1913.....	804,333,100	1,547,872,400	210,797,700	13,628,700	7,519,860	9,497,740
1914.....	617,498,700	1,378,930,300	160,552,000	13,538,110	9,985,330	8,280,700
1915.....	354,966,900	1,052,246,400	106,332,200	15,423,650	8,974,950	10,801,200
1916.....	481,857,500	1,035,437,900	88,153,700	8,931,510	5,922,490	7,583,020
1917.....	851,853,300	898,872,200	78,886,500	5,185,900	5,646,600	6,295,900
1918.....	429,754,300	449,044,800	33,046,000	2,054,500	2,211,400	3,490,800
1919.....	275,575,100	423,299,200	37,684,300	3,217,300	2,401,100	3,201,100
1920.....	569,054,700	656,277,100	69,872,000	10,850,000	5,096,900	6,011,600
1921.....	265,737,000	744,049,100	50,486,100	18,383,900	7,573,200	7,257,800
1922.....	410,565,000	854,974,300	77,837,700	21,204,800	7,284,200	7,471,600
1923.....	476,873,200	797,622,700	89,096,800	9,024,500	5,154,800	5,978,300
1924.....	553,405,800	938,652,800	91,324,300	9,281,600	4,280,600	5,613,800
1925.....	524,457,900	767,338,700	72,441,200	6,244,300	4,184,500	4,465,500
1926.....	504,044,100	902,411,700	93,138,100	8,809,600	4,286,100	6,244,000
1927.....	576,045,900	924,941,700	84,499,100	8,681,600	5,262,900	6,660,400
1928.....	687,653,200	710,112,300	92,249,700	9,089,800	4,960,500	6,791,500
1929.....	511,977,900	687,826,200	108,049,200	8,318,800	4,031,000	8,447,700
1930.....	317,968,200	345,331,500	75,803,600	4,734,900	1,959,400	4,620,200
1931.....	231,407,000	77,021,300	59,272,200	3,407,400	2,608,000	4,785,400
1932.....	339,930,400	129,501,100	78,127,500	3,792,200	2,964,900	7,036,100
1933.....	258,655,100	131,375,900	66,094,000	2,416,400	3,088,000	4,740,800
1934.....	326,065,000	161,206,000	59,385,000	2,106,300	2,968,600	3,687,300
1935.....	306,200,000	138,804,000	56,439,000	2,569,000	3,744,600	3,896,000
1936.....	258,847,000	96,010,000	36,014,000	2,173,100	3,018,400	2,996,400
1937.....	224,502,000	67,803,000	30,901,000	1,378,000	3,497,200	2,096,200

Figures from "Accounts relating to Trade and Navigation of the United Kingdom."

Report for the year 1937.

Section VI.

RULES AND REGULATIONS.

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
13th February 1930.*

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) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible
for membership.

4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the
term "member."

5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of
members.

6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuracy, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuracy, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuracy, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuracy or otherwise as the case may be.

12. If the name of any person shall be notified as a person empowered to act and vote on behalf of a member by virtue of being the holder of a power to sign per procuracy, the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter 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 papers for

- (a) the election of a Chairman of the Committee,
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association whom 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 whom 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 whom he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the
Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time. Minutes Book of the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meetings of members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time.

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

Special General Meeting for concerted general action.

92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increases or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations.

Expulsion of members for contravening resolutions adopted at the General Meeting.

93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

Funds and properties of the Association.

96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir Hormasji) Mody and Mr. Ratansi D. Morarji. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage, happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, his heirs, executors or administrators shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages and expenses whatsoever incurred or sustained by him in the execution of his power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

Responsibility of
the Chairman,
Deputy Chairman,
Secretary and
members of the
Committee.

The date when
the rules come into
force and the mode
of altering the
rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 3rd March 1927.

1. Throughout all these rules the following words shall bear and include the following Interpretation.
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.

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.

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.

Registers.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same.

5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

7. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member.

9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register.

10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register.

11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed ; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods.

Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

(a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register ;

or

(b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

20. If any member, being the owner of a trade mark which shall have been registered in the Permanent Register shall so alter the trade mark as in the opinion of a majority of the Trade Marks Sub-Committee to render it likely to deceive, or materially different, either in name or design, from the registered trade mark, and shall use the mark so altered on goods of a class or classes similar to the class or classes of goods for use on which registration of the original mark was obtained, the member concerned may be required to apply in the manner prescribed for registration of the altered trade mark as a new trade mark and in default of compliance with any such requisition within one month after receipt thereof by the member concerned, the altered trade mark shall be deemed an unregistered trade mark.

Liberty to refuse to refer to arbitration in certain cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have

sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any

- (a) application to register a trade mark,
- (b) application to remove a trade mark from the Suspense Register,
- (c) application to remove a trade mark from the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules:—

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

- (a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;
or
- (b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed ;
or

- (c) a matter in dispute shall stand referred to an umpire but such umpire shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

(a) No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
or
(b) any objection to a trade mark being entered in the Permanent Register,

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notifica-

tion is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register.

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register.

44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register.

45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

*Adopted at the Special General Meeting of the Members of the Association
held on 10th October 1932.*

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

Definitions.

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
- (d) "Number" means and includes :—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely :—

Unregistra-
ble Numbers.

- (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.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers).

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered ;
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, Search by 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.

16. A number shall be deemed to be so nearly resembling a registered number as to be calculated to deceive if it does not differ from the registered number :— What is calculated to deceive.

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator ;

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

- (xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

- (xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to "BALANCED NUMBERS."

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

of (c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application. Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks. Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration. Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register. Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered. Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member. Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR THE REGISTRATION OF TRADE NAMES.

1. These Rules shall be called the " Rules for the Registration of Trade Names " and shall come into force on such day as may be fixed by the Committee of the Association in this behalf.

Definitions.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

- (a) " The Association " means " The Millowners' Association, Bombay."
- (b) " Member " means a member of the Millowners' Association, Bombay.
- (c) " The Secretary " means " The Secretary of the Millowners' Association, Bombay."

Registrable Trade Names.

3. For the purposes of these Rules a registrable trade name shall be :

- (a) An invented word or words printed or written in English characters ; or
- (b) An English Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used; or
- (c) An Indian vernacular Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used.

PROVIDED that such vernacular word or words shall only be used in the vernacular or vernaculars from which it/they is/are taken and shall be recorded in the Trade Names Registers of the Association (phonetic spelling) in English characters.

Unregistrable Trade Names.

4. Notwithstanding anything contained in the foregoing Rules, the following types of words shall not be registrable :—

- (a) Personal Names.
- (b) Geographical Names.
- (c) Mis-spelt Words.
- (d) Names of Gods and Goddesses.
- (e) Names of mythological persons.
- (f) Word or Words describing scenes from scriptures, or mythology of any religion whatsoever.
- (g) Word or words likely to offend religious susceptibilities.
- (h) Indecent or obscene word or words.
- (i) Trade names known to be current on imported goods.
- (j) Recognized textile terms, for example, African Domestics, Alhambra Quiltings, etc.
- (k) Word or words already registered with the Association as the name of a trade mark,

(l) Monograms;

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

5. These Rules shall be applicable only to cotton mill members of the Association. Application

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the " Exclusive Register " and the other the " Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name. Agreement as to user of names in Suspense Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name. Effect of an entry in the Suspense Register or Exclusive Register.

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used. Exclusive Register (New Trade Names).

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules. Use of a new Trade Name.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. Form of application for Registration.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record Search by Secretary.

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

Temporary
Certificates.

16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

Certificate
Registration.

16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 *days*, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

Notice of Rejection
to be given to
Applicant.

18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 *days* from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application.

APPEALS.

19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

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 difference 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, which specifically provide for arbitration in accordance with these rules, and also to any dispute or difference arising out of similar contracts entered into between any other parties who shall have applied in writing to the Secretary to have such dispute or difference decided by arbitration in accordance with these rules, and whose application shall have been sanctioned by the Committee.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitration or Umpire panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent. (c) No person shall be appointed to act as arbitrator under these Rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association. (d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 60, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested. 8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators. 9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements. 12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection. 14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute

and may, in such a case, 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 a final 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 be extended for a period not exceeding 28 days.

20. 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.

21. If the arbitrators fail to make an award or to agree upon their award within the prescribed period or any permitted extension thereof or if the arbitrators make an award on part only of the subject-matter of the reference, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference. The arbitrators shall, in such case, 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 for awarding on part only of the subject-matter of the reference as the case may be.

22. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

23.* 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.

24. 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.

25. 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 21 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.

26. 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.

27. 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.

* Amended on 24-5-1938.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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 31 hereof.

33. 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 27, and shall be paid within seven days of the receipt thereof.

34. In addition to the fees mentioned in Rule 31, 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.

35. 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.

36. The provisions of the Indian Arbitration Act, 1899, 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.

37. These rules shall come into force on the Eleventh day of October 1932, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods.

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 unmerchantable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

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

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

**RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.**

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.
10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOMBAY MUNICIPAL CORPORATION.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

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.

(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.

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