

9439

REPORT

OF THE

Indian Tariff Board

REGARDING

**Certain Railway Materials
made of Steel**



CALCUTTA; GOVERNMENT OF INDIA
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Report of the Indian Tariff Board regarding certain railway materials made of steel.

The claim of Messrs. Henry Williams (India), Limited, that the import duty should be raised on certain steel articles (mainly railway material) was referred to this Board under the Government of India, Commerce Department, Resolution No. 38-T. (16), dated the 15th May, 1930, which runs as follows:—

“ The Government of India have received a representation from Messrs. Henry Williams (India), Limited, stating

(1) Chrome steel points and crossings.	that the manufacture in India of
(2) Bearing plates.	the articles specified in the margin is hampered by the fact that
(3) Fish bolts.	the import duties on the manufactured articles are lower than,
(4) Rivets.	equal to or insufficiently above
(5) Dogspikes.	the protective duties levied on the
(6) Dog spikes.	materials required for their manufacture and asking
(7) Stretcher bars.	that the Tariff Board may be directed to enquire into
(8) Gibs and cotters.	the question whether higher duties should be imposed on all or any of the articles mentioned. The Government of India have decided to refer this question to the Tariff Board. The Board is requested to examine the representation and make such recommendations as it deems fit.

2. Firms and persons interested in the above enquiry should address their representations direct to the Secretary of the Tariff Board ”.

2. The terms of reference are such that the enquiry is not confined merely to the question of tariff equality. This will appear on a comparison with the Government of India, Department of Commerce, Resolution No. 38-T. (2), dated 28th March, 1925, under the terms of which all questions of tariff equality have heretofore been investigated by this Board. That resolution runs as follows:—

Scope of the present enquiry.

“ The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list* of such representations is appended to this resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations and any others of a

* Not printed.

similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit.

2. Firms or persons interested in the above enquiry should address their representations direct to the Secretary of the Tariff Board."

It will be seen that the Resolution under which questions of tariff inequality have hitherto been investigated refers only to cases where the duty on the finished article is lower than the duties on the materials required for their manufacture. The present resolution applies also to cases where the industry is hampered by the fact that the duty on the finished article is equal to or insufficiently above the duties on the materials imported. Our terms of reference in this enquiry are therefore wider and leave it open to the Board to examine whether any assistance is required otherwise than by equalising duties. No such assistance, however, can be considered which is not in general accordance with the scheme of protection as laid down by the Steel Protection Act III of 1927.

3. We propose to commence our report by setting out in brief the case from the point of view of tariff equality in respect of each of the articles referred to us. We do not

Tariff equality considered first. propose to discuss in detail such matters as prices of imported articles, prices of material or amount of wastage in manufacture. The prices we have taken represent current quotations of articles which may be regarded as typical of each class and of the materials required for their manufacture. The percentage of wastage of material represents our conclusions reached after consultation with manufacturers and after inspection of different works and examination of the processes of manufacture.

Separate items considered:—

A. (i). Chrome steel switches and crossings.

4. The position as regards chrome steel switches and crossings is shown by the following figures.

Imported chrome steel switches and crossings, one set.

	Approximate price c.i.f.
	Rs.
Points and crossings imported 15'-6" switches and 1 in 8½ crossings 90 R. B. S. F. F. rails.	979
Duty at 10 per cent.	98

Indian made chrome steel switches and crossings, one set.

Materials required for manufacture.	Rate of duty.	Amount.
		Rs.
46 cwts. rails	Rs. 13 per ton	29.9
4 cwts. pig iron	10 per cent. on tariff valuation Rs. 73.	1.5
26.6 cwts. steel (British Standard Specification).	Specific duty Rs. 26	34.5

Since the total duty on the imported article is Rs. 98 and on the materials Rs. 65.9 it is clear that, on grounds of tariff equality only no case for assistance is established.

Bearing plates have in the past been manufactured in many forms. The most usual forms are two, viz.:—(1) a flat plate, (2) a plate with a raised shoulder. In each case the materials from which such bearing plates are made are imported in the shape of bars. Whether a flat bar is liable to the protective duty or not depends on its dimensions [Statutory Schedule No. 62 (c) (iii), (iv)] but we understand most of the flats from which bearing plates are made are liable to the protective duty of Rs. 26 or Rs. 37 per ton according to origin. Imported bearing plates are liable to a duty of 10 per cent. *ad valorem*. The position is thus as follows:—

	Amount.
	Rs.
<i>Imported bearing plates.</i>	
Price c.i.f. per ton—Rs. 127 (Duty 10 per cent. <i>ad valorem</i>)	12.7
<i>Indian made bearing plates.</i>	
Material required for manufacture per ton—22 cwts. (Duty per ton Rs. 37).	40.7
Disadvantage against the Indian manufacturer (per ton)	28

We are informed by the Great Indian Peninsula Railway authorities that the most recent standard specification of the Railway Board for bearing plates requires that the plate should have a shoulder. The material for this type is also imported in the form of bars, but these bars fall under Statutory Schedule 62 (c) (vi) and are liable not to the protective duty but to an *ad valorem* duty of 10 per cent. As regards this kind of plate the position is as follows:—

	Amount.		
	Rs.		
<i>Imported bearing plates.</i>			
Price c.i.f. per ton—Rs. 127 (Duty 10 per cent. <i>ad valorem</i>)	12.7		
<i>Indian made bearing plates.</i>			
Material required for manufacture per ton finished article.	Cost of material.	Duty per ton 10 per cent. <i>ad valorem</i> .	Total duty on materials.
Cwts.	Rs. Per ton.	Rs.	Rs.
22	120	12	13.2
Disadvantage against Indian manufacturer Rs. .5 per ton.			

In the case of all remaining articles, except stretcher bars, competition is mainly from the Continent. We have not thought it necessary therefore in our calculations to give the figures regarding

British material and finished articles. Indeed as regards the latter it would be a matter of considerable difficulty to ascertain quotations for typical sizes.

B. (i) Fish bolts and nuts. The position in regard to import duties is shown below:—

Imported fish bolts and nuts.

Price c.i.f. Calcutta per ton.	Duty 10 per cent. <i>ad valorem.</i>	Amount.
Rs.	Rs.	Rs.
188	18·8	18·8

Indian made fish bolts and nuts.

Material per ton of finished article.	Duty.	Amount.
Cwts.	Rs.	Rs.
26	37	48·1

Disadvantage against Indian manufacturer Rs. 29·3 per ton.

In our Steel Report of 1927 we recommended a duty of Rs. 2 per cwt. on imported bolts and nuts to secure substantial tariff equality. In making this recommendation we took into consideration the fact that generally speaking only bolts were made in India, nuts being imported. The rate of wastage is substantially lower in the manufacture of bolts than in that of nuts and we based our proposals on a 10 per cent. wastage. The position has now changed. Messrs. Henry Williams manufacture not only bolts but also nuts and a higher rate of wastage should therefore be allowed. The position is explained below:—

Imported nuts and bolts.

Duty per cwt.	Total per ton.
Rs.	Rs.
2	40

Indian made bolts and nuts.

Materials per ton finished article.	Duty.	Amount.
Cwts.	Rs. Per ton.	Rs.
25½	37	47·6

Disadvantage against Indian manufacturer Rs. 7·6.

(iii) Rivets. The position as regards rivets is explained below:—

Imported rivets.

Price c.i.f. per ton.	Duty 10 per cent. <i>ad valorem.</i>	Amount.
Rs.	Rs.	Rs.
175	17·5	17·5

Indian rivets.

Material per ton finished article.	Duty per ton.	Total duty.
Cwts.	Rs.	Rs.
23	37	42·5

Disadvantage against Indian manufacturer Rs. 25.

(iv) Dogspikes. The position as regards dogspikes is as follows:—

Imported dogspikes.

Duty per ton	Rs. 37
------------------------	-----------

Indian manufacture.

Material per ton finished article.	Duty per ton.	Amount.
Cwts.	Rs.	Rs.
23	37	42·5

Disadvantage against Indian manufacturer Rs. 5·5.

Stretcher bars are made of spring steel and when imported are generally of British manufacture. They are seldom imported except as parts of switches when they pay a 17 per cent. *ad valorem*

(v) Stretcher bars. according to the evidence of the Calcutta Customs Department, whether they would be liable to the protective duty or to a 10 per cent. *ad valorem* duty. The figures below show the position according as stretcher bars are charged the protective duty or not—

Stretcher bars imported.

C.i.f. per ton.	Duty.	Amount.
Rs.	Rs.	Rs.
170	Protected 17 per cent.	28·9
	Non-protected 10 per cent.	17

Indian made stretcher bars made of British Spring Steel.

Material per ton finished article.	Duty per ton.	Total.
Cwts.	Rs.	Rs.
22	26	28·6

Disadvantage against Indian manufacturer—

(a) at protective duty	nil.
(b) at revenue duty	11·6

These are fastenings for cast iron and steel sleepers. We have included keys though these are not mentioned in our terms of (vi) Gibs, cotters and reference, as it appears to us that the process of manufacture is substantially the same and that it would be difficult to draw a distinction between keys and gibs. The position is as follows:—

Gibs, cotters and keys imported.

C.i.f. per ton.	Duty.	Amount of duty.
Rs.		Rs.
210	10 per cent. <i>ad valorem</i> .	21

Indian made gibs, cotters and keys.

Material per ton finished article.	Duty per ton.	Amount of duty.
Cwts.	Rs.	Rs.
22	37	40·7

[Disadvantage against Indian manufacturer 19·7 per ton.]

5. We tabulate below the duties applicable on strict principles of tariff equality to the articles for which a claim to an increase of Summary of Tariff in duty can be substantiated on these equality calculations. grounds:—

Article.	Duty applicable per ton.
	Rs.
Fishbolts and nuts	43·1
Ordinary bolts and nuts	47·6
Dogspikes	42·5
Gibs, cotters and keys	40·7
Rivets	42·5

6. In our Steel Report dated 14th December, 1926, we recommended an *ad valorem* duty on fabricated steel, since the range of articles included under this term was so wide and the prices so various that no system of specific duties could be introduced which would have afforded effective protection in all cases. Although most of the articles included in our terms of reference may be regarded as fabricated steel, the same considerations do not apply in the case of the present enquiry. With the exception of switches and crossings, stretcher bars and bearing plates to which we shall refer later, the articles under consideration are of much the same character, processes of manufacture are not dissimilar and the duties indicated approximate to each other. A specific duty is preferable to an *ad valorem* duty from the protective point of view, particularly where, as at present, prices are liable to considerable fluctuation. We, therefore, consider the duties proposed should be specific duties and in the interests of simplification of the tariff schedule

we think the entries should be as few as possible. The articles shown in the Table in paragraph 5 may be classified into two groups, for each of which a single duty may be considered appropriate. The first comprises fishbolts and nuts, ordinary bolts and nuts and dogspikes. The competition in these articles is mainly Continental and the figures would indicate duties of Rs. 48 per ton for the first two and Rs. 42.5 per ton for the last article. We must not, however, overlook the fact that in the case of the first two articles there is some British competition, about one-third of the imports being from this source which reduces to some extent the assistance necessary, while Indian manufacturers are also occasionally in a position to obtain better prices for accommodation orders. On the other hand, in the case of dogspikes our information is that the competition is entirely continental. Taking this into account and averaging the duties on the various articles we consider a specific duty of Rs. 2.4-0 per cwt. would be appropriate. The second group comprises rivets, gibs, cotters and keys. The duties indicated on a consideration of tariff equality are Rs. 42.5 per ton in the case of rivets and Rs. 40.7 per ton in the case of gibs, cotters and keys. Taking into account the fact that to a small extent higher prices are obtained by Indian manufacturers in competition with British imports and on orders for urgent requirements, we consider a duty of Rs. 2-0-0 per cwt. appropriate. The duties which we recommend are, therefore, as follows:—

	Rs. A. P.
	per cwt.
Fishbolts and nuts }	
Ordinary and nuts }	2 4 0
Dogspikes }	
Rivets }	2 0 0
Gibs, cotters and keys }	

7. These figures may be compared with the duties which would be leviable if the present rate of duty on fabricated steel were Comparison with duties applied to these articles. The figures are on fabricated steel. as follows:—

	Price c.i.f.	Fabricated steel duty 17 per cent. <i>ad valorem</i> plus Rs. 15 additional.
		Rs.
Fishbolts and nuts	188	47
Ordinary bolts and nuts	220	52
Rivets	175	45
Dogspikes	140	39
Gibs, cotters and keys	210	51

It will be observed that in one case only *viz.*, dogspikes, do these duties exceed the amount which would result from the application of the rate on fabricated steel. The excess in the case of dogspikes amounts to Rs. 6-0-0 per ton. This difference, however,

does not invalidate our proposal since in the scheme of protection recommended by the Tariff Board both in 1924 and in 1926 dogspikes were treated differently from fabricated steel. The duty which the Board regarded as suitable for dogspikes was the duty leviable on bars. No allowance, however, was made by the Board in either report for the wastage on bars used in the manufacture of dogspikes. This is an anomaly which is clearly unfair to the Indian manufacturer and which our proposal is intended to remove.

8. Although we have considered the claim for an increase in the duty on the various articles entirely from the point of view of tariff equality, we desire to add that this

Gain to Indian Steel Industry as a whole. is not the only ground on which assistance to this branch of the Steel Industry can be

justified. Throughout all the reports of the Tariff Board on the Steel industry the view has been advanced that the manufacture and fabrication of steel are inseparably connected, that the market for various kinds of steel made in India depends on the existence of the engineering industry and that, therefore, it is unnecessary to discuss whether this industry fulfilled the conditions for protection laid down by the Fiscal Commission. This view has never been challenged and constitutes an additional argument in favour of the proposals now put forward. The materials for all these articles are manufactured by the Tata Iron and Steel Company. The trade returns do not distinguish these items in such detail as to enable us to form an estimate of the total tonnage imported, but in the case of bolts and nuts (excluding fishbolts and nuts) some 12,000 tons were imported in 1929-30. If the total demand for these articles were met by Indian manufacture a considerable improvement in the position of the Indian Steel industry would be effected. We claim, therefore, that our proposals are not only justified on the ground of tariff equality, but are in full accordance with the policy laid down by the Steel Industry (Protection) Act.

9. There remain three articles in respect of which little or no increase in duty is required on grounds of tariff equality, viz.,

Various anomalies considered :— Bearing Plates, Switches and Crossings and Stretcher Bars. In regard to the first of

(a) Bearing plates. these, the manufacture of bearing plates from flats appears to us to be of little practical importance, since this type will shortly be obsolete. We understand that the new standard type of bearing plate likely to be adopted by the Railway Board is to have a raised shoulder. The bars which form the material for this article will be liable to a 10 per cent. *ad valorem* duty under Statutory Schedule No. 62 (c) (vi). We have been informed, however, by the Tata Iron and Steel Company that they are in a position to roll such bars in sufficient quantities. It would therefore be in general accordance with the policy of the Steel Protection Act to declare such bars protected, specifying their shape and dimensions in the Tariff Schedule. In that event, since competition is almost entirely from the Continent, a duty of Rs. 2 per

cwt. on imported bearing plates would be appropriate. This matter is, however, one which cannot be decided until the Railway Board has definitely determined the standard specification for bearing plates. Meanwhile until a protective duty on such bars is imposed the difference in duty on such bearing plates and the material required for their manufacture in India is so small, amounting only to a few annas, that no action is called for. We therefore refrain from making any recommendation.

Although on grounds of tariff equality no case can be established for an increase in the duty on chrome steel switches and crossings and stretcher bars, their exemption from the protective duty, however justifiable at the time that the Steel Protection Act was enacted, constitutes at present an anomalous feature in the tariff schedule. The words "not made of alloy steel" in article 150B of the Statutory Schedule were inserted because at that time the Tata Iron and Steel Company were manufacturing no chrome or alloy steel. This justification has now disappeared since the Tata Iron and Steel Company are manufacturing chrome steel rails of satisfactory quality at present and are in a position to manufacture other alloy steel as required. But in any case this exemption must to some extent defeat the purpose of the Steel Protection Act, since the use of chrome steel rails for switches and crossings diminishes the demand for carbon steel rails made by the Tata Iron and Steel Company. We therefore propose that this exemption should cease. Stretcher bars are a part of switches and crossings and should as such be liable to the same duty. We believe that Messrs. Henry Williams' claim will be sufficiently met by making it clear that stretcher bars whether imported with switches and crossings or separately are liable to the protective duty. Although stretcher bars are made of spring steel, we cannot contemplate a reduction of the duty on spring steel for administrative reasons, since there is considerable difficulty in distinguishing between spring steel bars and mild steel bars liable to the protective duty.

10. It is difficult to estimate precisely the incidence of the duties we have proposed on the industries using these articles.

Burden on other industries. We have been supplied with statements showing the quantity of each of these articles purchased during the past three years by the following railways:—

- Great Indian Peninsula Railway.
- Bombay, Baroda and Central India Railway.
- Rohilkund and Kumaon Railway.
- Assam Bengal Railway.

These statements have been carefully examined by us. Allowing for the fact that the specific duties proposed will involve no increase in the duties payable at a 10 per cent. *ad valorem* rate on articles of special quality and also that in the case of some railways a large

part of the purchases during the past three years represents demand of a non-recurring kind, we believe that on the whole the increase in the burden on the railways will be insignificant. The increase in the duty on dogspikes may amount approximately to $2\frac{1}{2}$ annas per ton of rails and on gibs and cotters and keys to 3 annas per sleeper. The effect as regards the engineering industries will also be slight. The following figures indicate the possible increase in the duties payable on engineering products—

	Rivets.			Bolts and nuts.		
	Rs.	A.	P.	Rs.	A.	P.
Light structurals per ton . . .	0	6	4	0	4	0
Girders per ton	1	0	0	0	1	8
Shipwork per ton	1	3	0	...		
Wagons—per wagon	5	0	0	0	2	0

No consequential alteration therefore in the duty on fabricated steel is required.

Proposed amendment of Statutory Schedule. 11. If our proposals are accepted the following alterations will be required in the Statutory Schedule:—

No. in Statutory Schedule.	
61	Delete the words " and fastenings therefor other than tie bars", and the word ' rivets '.
63	Delete the words " fishbolts and nuts" and the words " switches and crossings and the like materials made of alloy steel ".
145	For the words " Rs. 2 " in column substitute Rs. 2-4.
150B	For the present entry substitute:—Switches and crossings and stretcher bars and other component parts thereof including switches and crossings, stretcher bars and other component parts thereof for tramway rails, etc., etc.
150C	Delete the words " and keys and distance pieces and the like for use with such sleepers ".
150D	For present entry substitute:—" Spikes other than dogspikes and tie bars ".
	Add fresh entries:—
E	Dogspikes Rs. 2-4 per cwt.
F	Gibs, cotters, keys, distance pieces and other fastenings for use with iron or steel sleepers. Rs. 2 per cwt.
	Add a new entry:—
	Iron or steel rivets Rs. 2 per cwt.

A. E. MATHIAS,
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G. S. BOZMAN,
Secretary.

17th October 1930.