



**INDIAN TARIFF BOARD**

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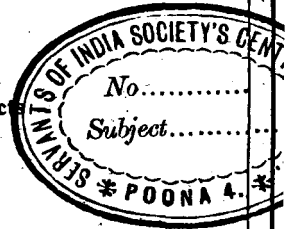
**STATUTORY ENQUIRY—1933**

**Steel Industry**

**Volume III**

**Written Statements received by the Indian  
Tariff Board from those interested in—**

- (1) Re-Rolled Steel
- (2) Fabricated Steel
- (3) Tinplate
- (4) Wire and Wire Nails
- (5) Iron and Iron Products



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No. 260-T. (8)/33.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

*Simla, the 26th August, 1933.*

RESOLUTION.

TARIFFS.

The protection afforded to certain manufactures of iron and steel by the Steel Industry (Protection) Act, 1927, as subsequently amended, will determine on the 31st day of March, 1934. Clause 3 of that Act provides that the Governor General in Council shall, not later than the 31st day of March 1934, cause to be made by such persons as he may appoint in this behalf, an enquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry in British India and as to the manner in which any protection found necessary should be conferred. The Government of India have decided that the prescribed Statutory Enquiry should be undertaken by the Tariff Board and the following terms of reference have been framed for its guidance:—

- (a) The Board is requested to re-examine the measures of protection now enjoyed by the steel industry under the Steel Industry (Protection) Act of 1927, as subsequently amended, the Wire and Wire Nail Industry (Protection) Act of 1932 and the Indian Tariff (Ottawa Trade Agreement) Amendment Act of 1932 and to report in respect of each protected article whether it is still necessary to continue protection and, if so, whether the existing measure of protection should be increased or diminished or whether the manner in which protection is conferred should be altered.
- (b) In dealing with the wire and wire nail industry the Board will bear in mind the considerations set forth in paragraphs 3, 4 and 5 of its 1931 Report on the Wire and Wire Nail Industry and will consider whether the first of the conditions prescribed by the Indian Fiscal Commission in paragraph 97 of its Report is now satisfied.
- (c) In making its recommendations the Tariff Board will take all relevant considerations into account including that stated in part (b) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923.
- (d) The Board will also be at liberty to examine the claims for protection of industries making iron and steel products which do not come within the scope of the present

Acts and to report whether, having regard to the principles laid down in paragraph 97 of the Report of the Indian Fiscal Commission such claims should be admitted, and, if so, the nature and extent of the protection that should be given.

2. Firms or persons interested in the iron and steel industry or industries dependent on the use of iron and steel, who desire that their views should be considered by the Tariff Board should address their representations to the Secretary of the Board.

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ORDER.—Ordered that a copy of the above Resolution be communicated to all local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue, the Indian Trade Commissioners, London and Hamburg, the Secretary, Tariff Board, the High Commissioner for India, London, His Majesty's Trade Commissioner in India, the Canadian Trade Commissioner in India, all Chambers of Commerce and Associations, the French Trade Commissioner in India, Burma and Ceylon, the Secretary, Imperial Council of Agricultural Research, and the Chief Controller of Stores.

Ordered also, that it be published in the *Gazette of India*.

T. A. STEWART,  
*Offg. Secretary to the Government of India.*

**Press Communique issued by the Tariff Board on the 4th September, 1933.**

In the Resolution of the Government of India (Department of Commerce) No. 260-T.(8)/33, dated the 26th August, 1933, the Tariff Board is directed to examine the extent, if any, to which it is necessary to continue the protection now granted to the Steel industry and the manner in which any protection found necessary should be conferred. The Board is also authorised to enquire into the claim for protection which may be raised by any industries manufacturing iron and steel products which do not come within the scope of the existing scheme of protection. All representations intended for the Tariff Board in connection with this enquiry should be submitted (with six spare copies) so as to reach the Secretary of the Board at 1, Council House Street, Calcutta, not later than the 23rd September, 1933.

*Re-Rolled Steel.*

## The India Co., Ltd., Madras.

(1) Letter dated the 16th September, 1933.

Over 10 years have elapsed since the question of protection to the Steel Industry was mooted. In the first period of protection the Tariff Board recommended to the Government that a subsidy should be given to the Steel Industry for a period of about three years. In the second enquiry in 1926 on account of the objections raised by those interested in the Steel trade and allied industries, the Tariff Board had to revise their recommendations with regard to the manner of protection that was to be given to this Industry and they recommended differential protective duties on steel imported from the Continent and that imported from England into this Country.

There is no reason to assume that the manner of affording relief to the Steel Industry in the next period will be any other than an indirect taxation on the consumer as in the last.

Though the Tariff Board had no other materials on which to base their recommendations than those supplied by the Tata Iron and Steel Co., Ltd., they clearly stated that any relief that was given to this concern should bring other steel concerns in the field.

The calculations of the Tariff Board that there is a wide scope for further steel manufacturing concerns to spring up to meet the gap in the demand of the country that existed beyond the production of Tatas' have unfortunately been temporarily set at naught owing to the lower purchasing power of the people on the one hand and the high prices ruling on account of the heavy duty on the other hand.

The recommendations of the Board took into account a return of 8 per cent. per annum on the block capital in the year 1926 assessed according to the prevailing world prices of machinery at that time. The Tata Iron and Steel Company have passed six years since the protection was given and they have not been able to declare any dividend to the shareholders excepting in the year 1932, when they had to utilise a portion of the reserve for declaring the dividend.

It is unnecessary for the purpose of this representation to go either into the causes that contributed to the failure of the Tata Iron and Steel Co. to produce results anticipated by the Tariff Board in their Report in 1926, or into the causes of paucity of other industrial concerns growing up under the aegis of the protection granted, as expected by the Tariff Board; suffice it to say that the method adopted has proved a failure for two reasons, viz. :—

- (a) that the large capital that is required to smelt and roll finished steel could not be drawn from the public on account of the failure of the Tata Iron and Steel Co. to produce enough profits to declare dividends to shareholders in spite of protection,
- (b) that small mills could not spring up owing to certain difficulties which are being overcome.

The Tariff Board have definitely refused to entertain the idea that the taxpayer in India should meet any of the charges that Tatas have had to incur on account of the over-capitalisation of their plant, as will be seen in the Tariff Board Report, Vol. I, 1926. It is not possible to anticipate the recommendations of the Tariff Board in the present enquiry for protection of steel, but it is not at all doubted that their recommendations will attempt to solve the defects that have been found in the method suggested by them previously. There will be distinct disadvantages in allowing this gargantuan steel company of Tatas to have its own way without allowing other concerns to come into the field.

As experience has shown that the present method of tackling the problem of assistance to the Steel industry in general has failed of its purpose, other methods require consideration and we submit that no obstacles should be placed in the way of small mills coming into existence in this Country to roll from semis, resulting in the following benefits:—

- (1) overcome the disadvantages that now exist on account of the heavy railway freight from one portion of India to the other,
- (2) bring down the cost of production which is now difficult for Tatas to attain, by having careful and close supervision and by reduction of overhead expenses and thus encourage capital,
- (3) encourage other small industries that may be started from this key industry,
- (4) utilise the cheap electrical power that is available in different parts of India for purpose of rolling,
- (5) utilise in course of time the scrap steel that is being exported in large quantities from Indian and also the surplus pig iron that is available in this Country after export.

The average export of scrap mostly consisting of either mild or cast steel for the three years ending 31st December 1931 amounted to about 80,000 tons per annum and this national wealth which brings only about Rs. 20 to Rs. 25 a ton at the ports or about Rs. 15 in the interior could all be utilised in course of time by the re-rolling mills by smelting and conversion into billets, when once this industry is established.

If the billets are imported for re-rolling they will replace only the finished sections that are coming into this Country to supplement Tatas' production and will benefit India to the extent of about Rs. 15 to Rs. 20 per ton being the cost of conversion in Europe of billets into finished goods. This is another advantage to Indian industries.

It will be almost impossible to get capital for a steel smelting furnace and rolling mill on a large scale as the investors have at the present time lost all confidence in the Steel Industry.

An assurance therefore is necessary for industrialists who are desirous of establishing factories that no protection will be given to the Tata Iron and Steel Co., Ltd. for billets.

If this assurance is given only for a period of 5 years, i.e., up to 31st March, 1939, it will give an opportunity for the expansion of this industry and confidence will be created in the minds of investors to bring capital for the purpose of steel smelting also. The protection on steel billets can be given after 5 years to encourage other capitalists to start smelting furnaces as the next stage in the steel industry. It will be entirely against the interests of the consumer to look to one steel company to cater for the entire needs of the Country on account of the long distance and the consequent heavy freight and this is a point that we have no doubt will be given careful consideration by the Tariff Board.

It is the intention of our firm to put up one or two small Rolling Mills with private capital to demonstrate to the public that steel materials can be rolled from imported billets and sold at such rates as are not possible for Tatas'.

When once this is worked successfully, other industrialists will come forward to start similar rolling mills in all the Provinces, thus giving an opportunity for existing pig iron manufacturers or other new companies to smelt steel on a large scale either from available scrap in the country or from pig iron and sell the billets to the different rolling mills that are bound to be established in several places within the next five years.

By arranging this, the Tata Iron and Steel Company will have other competitors and thereby they will have to introduce economical methods to produce steel at as nearly the cost of other small rolling mills, which will be to the benefit of the consumers.

In spite of the fact that the Tariff Board have made it abundantly clear that the protection that was given to Tatas' was not intended to any particular set of shareholders but was to be availed of by other steel manufacturers, no other firm has come forward to smelt steel and roll the same into finished products for purposes of marketing in India, on account of the difficulties expressed above. The duty therefore of the Tariff Board is to find ways and means of encouraging as many rolling mills as possible in India, so that by competition the cost of production may be cut down and the consumer may be benefited.

It will also create an opportunity for other industrialists to start other subsidiary industries such as bolts and nuts, rivets, screws, barbed wire, wire nails and other steel materials, so that the imports of these products into this country may be ultimately stopped.

Even in the depressed days the imports of bars, beams and channels into this Country to supplement the manufactured goods of the Tata Iron and Steel Company amounted to 100,000 tons in 1931.

When conditions improve or when the price of steel is reduced, there is bound to be an increase in the imports.

We are not concerned in this submission as to the extent of protection that may be applied by Tatas and the extent to which the Tariff Board might think that Tatas are entitled to, as we are perfectly certain that any protection that is given to Tatas' Steel will be more than ample for any other small rolling mill that may be started provided that no additional duty is imposed on steel billets and provided that the duty on the finished steel is at least Rs. 25 per ton more than the billets.

It is not at all unlikely that Tatas may feel uncomfortable at the position that may be created by several small rolling mills in different parts in India rolling steel from imported billets and may ask for special protection for billets even.

In the interests of the Industry and in the interests of the consumer, we would request the Tariff Board not to countenance any such application as this will set back the establishment of Steel Industry by many years, which cannot be the object of the Tariff Board. As the cost to Tatas' of producing pig iron and semi-finished steel should be much lower than the cost in other countries, the protection that they have been obtaining all this time is only for the purpose of converting the semi-finished steel into finished steel and it is but right for other industrialists also to get similar protection to that of Tatas' in the matter of developing the Indian Steel Industry.

We have already completed negotiations for starting one Rolling Mill in the Madras Presidency and before we commence the erection of the plant, we would request the Tariff Board to give us the assurance above requested of keeping the *ad valorem* duty on billets at the present level, even though the duty on finished steel sections such as squares, flats, rounds and channels, angles and tees is reduced or increased. It is not our intention to roll any sheets or plates now.

Messrs. The Tata Iron and Steel Co., Ltd., have been getting concession rate of railway freights from Tatanagar to almost all the important stations in India and we understand that the contract with the Bengal Nagpur Railway and other Railways for this concession is over from the beginning of this year. If Messrs. The Tata Iron and Steel Co. get the same concession again both for bringing their raw materials to Tatanagar and sending out their finished products from their Works, it is but right that all Rolling Mills in India must get similar concession of railway freight for bringing their raw materials, *viz.*, billets and scrap steel from different ports and other places and for despatching finished bars from the places where the Rolling Mills are situated to a radius of 500 miles.

We are prepared to give any oral evidence that may be required by the Tariff Board. From the figures that we have on hand we can convince the

Tariff Board that these rolling mills can be made a complete success, provided there are no special handicaps for the small mills, created by legislation.

(2) *Letter dated the 28th November, 1933, from The India Co., Ltd.*

Since sending you our representation of the 16th September, we have had a chance of studying the representation of the Tata Iron and Steel Co., Ltd., and we submit the following points for your consideration.

1. In Para. 131 the Tata Iron and Steel Co. expresses the hope that other outlets for steel will develop and promises to support them. In the evidence so far gathered we find that they insist as a condition precedent to their supplying billets that the sections rolled by them should not be rolled by the mills which purchase their billets. In this connection we would refer to the Statement 4 on page 71 of their representation where the total demand of protected bars in the country during 1932-33, which was the lowest on record for a considerable time was 123,000 tons.
2. Even assuming that during the next few years the demand does not in any way rise above this figure, there will still be a deficit of 43,000 tons per annum to be met from other sources than that of Tata Iron and Steel Co. as they have programmed to roll only 80,000 tons of protected bars per annum as stated in table 1, paragraph 33 of their representation.
3. The annual demand during normal times of protected bars may be taken on a conservative basis of 150,000 tons, leaving a deficit of 70,000 tons.
4. We, therefore, submit that the restriction on rolling of sections from Tata's billets is not fair to those mills which are being put to meet the deficit in the demand of the country especially in distant areas which are distinctly disadvantageous in the matter of freight, to the Tata Iron and Steel Co., Ltd.
5. The total imports of protected bars in the Madras and southern ports run at an average of about 26 to 27 thousands during normal times and may be reckoned as 20,000 tons during sub-normal times. As this tonnage is very much below the deficit and as we do not expect to roll more than 12,000 tons per annum this restriction of rolling only sections which are not rolled by the Tata's if imposed, will be unfair to us. We have no doubt that the Board will give their usual careful consideration to this point.
6. We also note from the representation of the Tata Iron and Steel Co. that in addition to asking for fair selling price at their works they want an additional protection for the disadvantage in freight to be fully added on the fair selling price instead of working on a total quantity of billets produced and sold by them. The method adopted in the case of finished products is to reckon the total disadvantage in the freight and work out the rate on the entire tonnage sold in all areas namely advantageous and disadvantageous areas.
7. As it cannot be the intention of the Board to discriminate between mills situated at or near Tatanagar and those that are or will be situated away from Tatanagar and as the protection given will be applied automatically at all ports it is submitted that the freight disadvantage should be distributed over the entire tonnage of semis sold by Tata's whether at Tatanagar or at other places in India. If this method is not adopted, it will result in the Board granting more protection on billets than what Tata Iron and Steel Co. will require.
8. It would no doubt be recognised by the Tariff Board, that any industry selling its finished products will have to base its fair selling price on a landed, duty paid, imported prices of continental or other materials and works that are established away from Tatanagar, will suffer distinctly from the disadvantage if the basis of the fair selling price should be f.o.r. Tatanagar for supplies to them.



9. The Tata Iron and Steel Co. have applied for an additional protection to compensate the disadvantage to them of freights at distant centres and though we do not make any claim on similar basis we do submit to the Board that it will be the barest justice to us to distribute any disadvantage in freight on billets over the entire tonnage sold.

10. In view of the above we leave to the Tariff Board to consider our claims before fixing the protective duties on billets so that it does not work any hardship to our new industry in the South as we do not come in competition with the Tata Iron and Steel Co. and as we are only starting up an industry for meeting the gap in the demands left by the Tata Iron and Steel Co.

11. There are apprehensions in our minds based on complaints from other re-rolling mills that the Tata Iron and Steel Co. might wage a rate war against new entrants into the field and if the Tariff Board have satisfied themselves that there is a foundation for such complaints it will be to the interest of the country if the Tata Iron and Steel Co., Ltd., are advised not to adopt such methods in future.

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### The Lakshmi Iron and Steel Manufacturing Co., Ltd., Delhi.

*Letter No. H. O./K 280/33, dated the 21st September, 1933.*

As desired by the communique issued by the Government of India we enclose herewith our Memorandum for kind and careful consideration of your Board. We are prepared to lead oral evidence to further elucidate the points raised in our enclosed Memorandum.

We have purposely avoided details, and have reserved the same for our oral statement.

---

Enclosure.

THE LAKSHMI IRON AND STEEL MANUFACTURING CO., LTD., GHAZIABAD, U. P.

#### *1. Early History.*

Towards the close of the year 1930, Lala Dina Nath Khandelwal, realising that Tata alone could not meet the demand of the country and a very large quantity of the Bar Mill material was being imported from the foreign countries, thought of starting a Rolling Mill, in close vicinity of Delhi, just sufficient to deal with the manufacture of square, round and flat steel bars of smaller sections and got the patterns made for a complete Rolling Mill with 10" Rollers early in the year 1931. He was so keen and interested in this particular work that during a short space of six months' time, he got the said Rolling Mill, casted, turned, machined and fitted up and the Mill was cut into service to start with square bars on the 21st of July, 1931.

It was only a month after that he was convinced that the goods turned out of the said Mill found an immediate market; and served exactly the same purpose as the bars manufactured by any other firm in India, rather on the other hand, there was a great demand for square and round bars from the neighbouring districts, which the factory could not meet at that stage and he was compelled to start manufacturing round bars as well as the square bars and the round bars were put in the market in the month of November, 1931.

The whole of the year 1932, was spent in reducing the production cost and bringing up the efficiency of the works, by vital modifications in the design of the machinery, furnace, etc., and improving the quality and the workmanship of the goods manufactured and being convinced, that

while purchasing the raw material at slightly higher cost than Tata could get his steel for Rolling, we could very easily manufacture bars at much lower production cost than Tata, keeping at the same time the quality and workmanships of the bars exactly identical with Tata. The said Lala Dina Nath Khandelwal, floated a company from the 1st of January, 1933, as given in the Memorandum and Articles of Association of the above Company. Copy enclosed herewith for your perusal.\*

#### 2. Capital Invested.

The capital of the Co. is Rs. 3,00,000 consisting of 300 shares of Rs. 1,000 each with the power to increase, as the works expands.

#### 3. Objects for which the Company is established.

The objects for which the Company is established are:—

- (a) To manufacture Bar Mill Materials such as square round, flat, angle, channel bars, etc.
- (b) To manufacture Sugar Cane Mills and Coldruns, etc.
- (c) To manufacture Workshops machinery, such as lathes, etc.
- (d) To manufacture various other articles and goods as fully described in the Memorandum of Association enclosed herewith.

#### 4. Sources of the Raw Material.

Unfortunately the Northern India, being deprived of any suitable Mine from which the steel could be manufactured, has to search for steel pieces for Rolling purposes and we get our supply from the following sources:—

- (1) D. H. Steel Rails from the North Western, East Indian and Great Indian Peninsular Railways.
- (2) Carriage axles from the above Railways.
- (3) Mild Steel pieces from any place where it is obtainable.

We can very well foresee that this supply is to end one day and we have to fall back upon manufacture of our own steel, or to purchase from Tatas as ingots and we seek Tata's support in the manner as stated below hereafter.

#### 5. Product of the Mill.

We manufacture bars from  $\frac{1}{2}$ " to  $1\frac{1}{2}$ " rising by  $\frac{1}{8}$ " of inch both square and round and of mild steel as well as of high carbon.

We are putting in market by the middle of October 1933 flat bars of various sections, for which our all arrangements are complete and waiting till our all orders for square bars have been complied with.

#### 6. Daily out-turn of the Rolling Mill.

In the beginning the out-turn of Mill on the average was just over two tons in the year 1931 and the average of the year 1932 was just over 4 tons, while working the 10" Rolling Mill about 8 hours a day and manufacturing bars mostly from  $\frac{1}{2}$ " to 1" in section.

This year we expect that the average out-turn of the Mill would be about 5 tons a day and we had realised that the existing 10" Rolling Mill could not increase the out-turn any further, with that in view we have already manufactured another Rolling Mill of the same size and are assembling the same. So that the capacity of the plant would be doubled.

Ordinarily the factory works 8 hours-a day, but during the season, it works double shift turning out about 8 tons of bars each day, but by the present arrangements as mentioned above, we hope to manufacture bars at the rate of about 15 tons a day, during the season.

### 7. Production Cost.

As already pointed before, we have to purchase our raw material from the Railways either in the shape of D. H. Steel Rail or carriage axles hence our Raw material cost fluctuates with the ups and downs of the market, but from the past three years experience we can say that we could obtain D. H. Rails at an average of Rs. 35 per ton f.o.r. Ghaziabad and we had to spend another seven rupees per ton to cut the rails and make into ingots or in other words we purchase our raw material at about 42 Rupees per ton.

But the works costs and the overhead charges are comparatively very low when compared to Tatas and it is really very strange to note that the production cost of a firm, manufacturing about 300 tons of bars each day, is much higher than a firm only manufacturing about 5 tons of bars each day, which clearly impresses that we have been more successful in keeping our production cost a minimum and if we are given the same facilities which the Tata enjoys at present and our difficulties removed as innumeraled hereafter, we are confident that our selling price would be much below than Tatas, the details of the production cost would be very gladly supplied to the Tariff Board if asked for.

### 8. Area of the supply.

The area through which our product can find its market is very limited or within the radius of 150 miles of Ghaziabad as beyond that the selling price of the Mill plus the Railway freight, when taken collectively is higher than the bars which could be imported from the foreign countries or supplied by Tata, as we have to pay 2nd class Railway freight on the goods we manufacture and Tatas only pay 40 per cent. of 2nd class Railway freight. Hence if we keep the same selling price f.o.r. Works Tata has the privilege of supplying 2½ times the distance we can supply at the same rates and if we want to increase the area of the supply we have naturally to cut down our profits and we earnestly seek from the Government the same privilege as enjoyed by other Steel Manufacturing Companies.

### 9. Tatas efforts to eliminate small enterprises.

1. *Selling at lower price than production cost.*—In April, 1933, a representative of Tata Iron and Steel Manufacturing Co., Ltd. had a tour round Northern India and sold about 2,800 tons of square and round bars at Rs. 90 per ton f.o.r. Ghaziabad and Lahore, to their agents totally disregarding his own production costs and the Railway freight of Rs. 17 per ton from there to Ghaziabad which means that the selling price f.o.r. works was Rs. 73, which is much below their production cost and when supplying to Lahore at the same rate as to Ghaziabad, f.o.r. Works selling price would be still below the production cost.

2. *Contracting with a firm to purchase raw material for the Rolling Mills and exporting it to Japan.*—(a) In January, 1932, Messrs. Tata Iron and Steel Co., Ltd., contracted with a firm to supply all Tatas output of scrape sheets, bars, joists, etc., etc., including rejected and defective material at a special low price and in return the same firm contracted to export the entire Rolling Mill material available in India to Japan.

(b) Moreover, Tata issued a circular in the fourth week of December, 1931, prohibiting his dealers to purchase double headed rails from Railway auctions on pain of forfeiture of the Tata dealers rebate which on representation of several big dealers was withdrawn in the third week of February, 1932, intending that no firm should purchase and sell the same to the Rolling Mills.

(c) The movements of the firm contracted to export available Rolling Mills raw material from India to Japan were very closely watched by Tata. All details are being dropped for lengthy description.

(d) At Alambagh auction sale held in Lucknow in March, 1932, the said firm received a letter signed by the Managing Agents of Tatas to purchase all Steel rails and carriage axles up to Rs. 70 per ton f.o.r. Lucknow and the said firm did purchase the rails at that price. In short the said agreement to export rails to Japan was determined for the reasons that can be better narrated than written at this stage. This was done with a view that the raw material cost for the Rolling Mills should be abnormally high.

3. *Tatas competition with other small Rolling Mills in India.*—It is but a bare fact that Tata since the year 1929, competed with all the small Rolling Mills in India and made them to incur heavy losses by reducing the selling price very low and these small Rolling Mills had to kneel down and come to a compromise on such terms and conditions that no small Rolling Mills in India could ever rise or prosper in the years to come. We have ample proof in support of the above statement and if asked for we can very gladly supply. In the current year two Rolling Mills at Lahore and our Rolling Mill are the prey of Tata and it is very early to foretell the results of this competition.

4. *Forfeiture of Tata dealers rebate if they purchase materials from the other Rolling Mills.*—In a circular issued on the 23rd February, 1933, Tatas have clearly forbidden their dealers to purchase materials manufactured by other Rolling Mills, failing which the Tata dealers rebate agreement would be considered as cancelled. Consequently no Tata dealers on the above restrictions in force would purchase goods manufactured by us as Tata manufactures various other articles and we only manufacture Bars, with the result that small industries finding no market for the goods manufactured would ultimately die down.

Hence from the foregoing facts it is quite explicit that Tatas efforts, to stop supply for the Rolling Mills raw material, stopping Tata dealers to purchase materials manufactured by other Rolling Mills and reducing the prices extremely low irrespective of the cost of production, are taking undue advantage of the Government bounties and various other privileges enjoyed by them and with the help of this bounty he wants to eliminate all small enterprises in India. What a fine it would have been if Tata would have allowed the small Industries to flourish and would have reaped a good profit by supplying them the Steel he manufactures for the Rolling Mills.

#### 10. *Our difficulties and if removed, how we are effected.*

##### (a) *Railway freight on finished goods.*

As already pointed out under para. 8 above, we have to pay second class Railway freight, on the goods manufactured by us and sent to our customers to various places whereas Tatas only pay about 40 per cent. of the actual 2nd class freight, if we are granted the same concession as enjoyed by Tatas, we can extend our area of our supply six times the present area of supply and can meet the demand of the country six times greater than we can meet at present.

If the above concession is granted we can make another Rolling Mill which may be capable of manufacturing bars from  $\frac{1}{4}$ " to  $3\frac{1}{4}$ " both squares and round and we are quite confident that as our out-turn increases our cost of production would be reduced still further.

##### (b) *Railway Freight on raw material.*

(i) *Coal.*—The Railway freight on the steam coal is abnormally high. The cost of the coal is Rs. 3-4 per ton but the railway freight from the Mohuda Collieries is Rs. 9-12-6 per ton or exactly three times the cost of the coal purchased. The Railway administration should be pressed for a reasonable revision of coal freight.

(ii) *Easy way of procuring raw material.*—Bearing in mind the Government of India's sincere desire to uplift the Indian Industries and helping local small enterprises by giving them bounties and allowing them various other privileges and restricting the imports, it would not be out of place to seek protection from the Indian Government to restrict the export of D. H. Rails in India, by issuing necessary orders to the Indian Railways to sell the said rails to the Rolling Mills in preference to other dealers at the same rate obtainable elsewhere.

(iii) *Competitions.*—As described under para. 9 "Tata's efforts to eliminate small enterprises", competition should not be allowed to such an extent as the selling price in much below their cost of production. Tata can very easily afford to sustain any amount of loss in Bar Mills and can recoup the same in Angles, Channels, Plate, Sheet, etc., etc., but the fate of a Mill dealing only with the manufacture of square and round bars in such competition is quite explicit—wiser to stop and foolish to incur loss in proportion to out-turn of the Mill.

**Mr. Gayadin Ram, Calcutta.**

*Letter dated the 22nd September, 1933.*

I am the proprietor of a Rolling Mill at Benares. My Works are called the Kashi Iron Foundry and I ask the leave to place before the Board my interest in the matter of protection for steel which the Board is about to enquire into.

#### Railway Freight.

It is a standing grievance of myself and others in similar position that the Railways carry steel from Jamshedpur to compete with us at very cheap rates while they refuse to carry our materials at any thing but the full rates. On the East Indian Railway the rates for Tata Steel Works work out to about 12 pie per maund per mile while we pay 43 pie. On the Bengal Nagpur Railway the rates were formerly under a contract with Tata and we could say nothing. New rates have been published which mean to us 166 pie per maund per mile. We have applied to the East Indian Railway for similar rates without getting a reply. The Bengal Nagpur Railway freights are for every one but they apply to material booked from Tata only so in effect they are only for Tatas.

We pray that the Tariff Board will look into this grievance. It is useless for the East Indian Railway to say that special rates are justified by the volume of traffic. Tatas may deliver three or four wagons daily of Bars at Gomoh and it can be argued that that justifies giving them rates equally favourable rates for small quantities from Tatanagar. The only re-rolling mill that enjoy similar facility is the Eagle Rolling Mill, Barakar.

These rates have been used to sell material at very cheap rates which have been less than those obtainable by ordinary sales and made only to try to cripple mills like mine. There is no justification for a big concern put on its feet by the taxpayer taking up this attitude and still less justification for a state Railway helping it therein.

#### Scrap.

We would like to draw attention to the fact that Mills like mine are of considerable aid to the Railways in consuming their scrap and in this case too the policy of the Tata Company should be enquired into.

I have with me an agreement drawn up by their solicitors Messrs. Morgan & Company which indicates most clearly that at one time their policy was to so regulate the price of scrap that no competitor could

live. Needless to say having killed their competitors they would not have continued to help the Railways. I shall be glad to show this to the Board. I submit that no big corporation which does this sort of things should be aided by protection.

#### Duty on Billets.

I have not started to use billets yet but shall have to do so when my production increases and I want to roll angles and tees, etc.

The duty is now 10 per cent. British and 20 per cent. continental. I urge that on no account should this be increased. I shall be glad to buy billets from the Tata Iron and Steel Company if they will supply at competitive rates and if they ask for an increase in the duty on the billets it is not because they want to supply at higher rates but because they wish to make it impossible for mills like mine to succeed.

We are not asking for any special measure of protection. We are content with whatever duty the Board determines is right but we do ask as the fore-runners of many more mills of our sort which will roll first bars, and then angles and small joists and then sheets that we should be allowed to live and not put at the mercy of the only big works in this country which has started and which as far as we are able to say can never be imitated.

A cutting from the "Statesman" is enclosed herewith which will show the public feelings as regards the future of the Industry based on Scrap materials.

Enclosure.

*Copy of cutting from the "Statesman", dated the 19th November, 1932.*

### JAPAN'S TRADE IN IRON AND STEEL GOODS.

#### INDIA UNDERSOLD.

#### *Re-manufacture of Local "Scraps".*

#### Growing Trade.

A trade which has been steadily growing of recent years and shows still further signs of great development, is the export from India of scrap iron and steel. This trade in scrap metal is, on first thought possibly, all to the good; a use has to be found for the waste material and it might as well be exported and be out of the way. This however is not so for various reasons.

It means that Japan, who is the principal buyer, can secure all the material she wants at very low prices, melt it, improve it and, with it produce goods which she ultimately returns to India to compete in the latter's markets and at lower rates than any rival can possibly offer.

That to-day is the position, and valuable opportunities for Indian manufacturers would appear to be going a begging.

Japan now builds her own ships, her own Railways and makes all the various metal products which modern civilization has brought into general use and, therefore constant demand. In former years Japan would import all her steel requirements from Britain and America; now, she is in a position almost to supply them.

#### Cheap rates.

She can improve the scrap stuff she buys and with it snap her fingers at any competition. At the moment of course, she has the advantage of low money rates, but even should Exchange veer round, it is reckoned

that Japan would still be able to retain this position which she has slowly but methodically been acquiring.

Japan is now buying scrap material—as much of it as she wants—at extremely cheap rates, while pig iron, the real 'raw' material as it were, costs on an average very much more.

Kidderpore Docks where the Japanese Steamers load, is well worth a visit. Yesterday, a ship was loading old rail bogey wheels, rails and the like—all excellent steel which can be turned to good use. As soon as this ship is full, another will take its place and another shipment will go off. Scarcely a month passes without thousands of tons of scrap being exported and the following rough figures show how much Japan is taking:—

	Tons.
1926-27 . . . . .	29,141
1927-28 . . . . .	41,869
1928-29 . . . . .	60,306
1929-30 . . . . .	64,967
1930-31 . . . . .	50,354
1931-32 . . . . .	83,830

“Amazing Figures”.

In the last six years, as will be seen the growth of Export has been almost steadily maintained. While, of course, Japan has to pay duty on these manufactured articles which she sends back to India, there is, nevertheless, still a fair margin of profit which allows her to put them on the Indian market at cheap and very competitive rates.

One striking comparison which might be given to show to what extent Japan can vie with other competitors is in the price of bicycles. She can sell complete machines for Rs. 20 while a saddle of the best English make costs equally as much. A tour of the bazaars, too, will provide plenty more evidence. Knives are sold at amazingly low figures and in various small lines the cost is a trifle. In bigger things such as galvanized iron sheetings, for instance, the same applies.

It is agreed that most of the goods are possibly not as good as those of British make, but the cheaper price attracts the buyers just as Japanese shoes because of their low price, are being eagerly sought by the poorer class of the walking public.

Indian industry in these days is crying for help; here possibly is one small way in which it can indulge in a little self-help by turning to advantage what is at hand and not allowing competitors to use it as a lever against them.

### Mukund Steel Rolling Mills, Lahore.

*Letter No. 8620, dated the 28th September, 1933.*

With reference to the communique issued by the Government of India, regarding the examination of the question of the continuance of the protective duties on iron and steel, we have the honour to submit hereunder our views on the said question, and to thank you for your kind reply to our letter No. 5338, dated the 24th August, 1933, on this matter which we trust will be given deep consideration. We are glad to learn that due consideration is to be given by the Tariff Board and recommendations made for bounties to deserving firms such as ours after going deeply into details submitted by various bodies, submitting their views on this matter.

We trust from what we have seen in the leading Indian dailies that Government and the public are ready to help Indian industries: and ours being in its infancy would be treated liberally and helped to survive and

make greater progress. For we have been striving from the year 1928 to bring it to its present condition after spending ten lacs of rupees and a great deal of experiment and failures in doing so. It is a matter therefore for gratification to learn that the Indian Government has referred the matter for the imposition of duties on foreign products to the Tariff Board who have undertaken to make certain recommendations on them after weighing opinions submitted by producers and consumers.

In our opinion the safeguarding of the smaller growing concerns should be equally looked after as that of the bigger ones like Tatas.

The steel and iron producing concerns in India are so few and far between and it is incumbent therefore that every assistance should be rendered to them to thrive. Undoubtedly Tata Iron and Steel Company is the largest and premier concern; but of late several smaller concerns have been started in various parts of India and we are one of them. From the time these mills were brought into existence we were hoping that Government would have come forward and given us all the assistance they could afford. We regret to say up to date nothing has been done. On the contrary by giving Tata facilities in freight transport for their finished articles, bounties and every assistance they could, the Government have allowed Messrs. Tata and Company to crush the smaller industries now springing up.

In the interest of a healthy growth of the steel industry and trade in the whole of India we trust that cut-throat competition is practised at present by Tata Company should be put a stop to, for it will be noticed from circular letters No. S./24880, dated the 21st July, 1932, issued by Tata Company to their merchant houses and semi-circular letters of Tatas, copies of some of which we attach for your kind perusal, they undoubtedly mean to injure us with determination and thus scotch not only ours but other smaller rising firms.

Now that the Tariff Board is to enquire into the question of protection to the several branches of these industries we would request that they would make such recommendations to Government to prevent this internal useless competition being allowed to continue. The idea of giving Tatas these facilities, bounties, etc., was to compete against foreign competition and not to try to suppress internal competition with indigenous firms.

Some time back such an unhealthy competition between Tatas and the Eagle Rolling Mills at Kumardhoby as is now going on between Tata and ourselves made the merchants dealing in steel and iron and bar producing firms, suffer largely due to the fluctuating price prevailing. Tatas by their selfishness went to the extent to forbid merchants dealing with their products from purchasing stocks from the latter firm.

Whenever certain Rolling Mills start business, Tatas at once create by issuing circulars, inducing the merchant houses and consumer not to purchase their material and by threats compels them from encouraging such firms. Specially was this so in our case as they are under agreement with him, he adopts this method of using force by reducing the rebate due to them and even cancelling them in some cases, thus compelling them to abide by his wishes, which are not to buy material from them, even though they are cheaper than his own. If this were done against foreign products one could see the force of their gist: but to try to crush indigenous concerns is bound to react by restricting the output or otherwise injure the growth and trade of the swadeshi iron and steel industry bringing in untold misery and ruin to Indian merchants as a whole.

After going through the Tariff Board Report on Tata's manufacture we noticed that their cost for bars is about Rs. 110 per ton at Tatanagar. Freight from Tatanagar to Lahore is about Rs. 35 per ton. The total cost per ton in consequence should be Rs. 145 per ton whereas they are selling their material which they call high carbon for competition's sake at Rs. 100 per ton at Lahore which is only due to their enjoying the cheap freight and Government help and bounties of which they are taking advantage.



The Tariff has rendered the Company immune, from foreign competition and owing to its long established and organised system of distribution, and sale, combined with the facilities granted by the Railways, they are in a position, to kill all internal competition, and the newly started small businesses. If the smaller firms were scotched, by this action of Tatas, as he is endeavouring to do, it would be disastrous not only to the firms concerned; but the Government will be a great loser in the deal. As these firms purchase large quantities of axles, rails and other scrap material from the several State Railways, it brings them and through them the Government large revenue; which will automatically cease in case they are compelled to close down. As for instance, the original price of old axles, sold as scrap by the Railways, were then sold at about Rs. 16 per ton, as against the current price of the axles; on account of the keen competition among the smaller growing firms requiring them, the price has gone up to Rs. 50 per ton.

In our case, they have taken it upon themselves to issue circular letters and instructions, singling out our firm by name and asking their dealers under threat to see that they do not buy our bars. They have sent large stocks of bars of the sizes we manufacture (and not others) of high carbon to the Punjab and Lahore in particular with definite instructions to sell them at Rs. 100 per ton or in other words to undersell us while this is not the case in other places; where they still sell their material at the higher prices quoted by them; which is by far higher than what we sell in market and also the other material which we do not manufacture they sell at higher all round prices.

The principle on which the state railways allow concession rates to this particular firm of Tatas should be extended to all the rising smaller firms too; so as to enable them, to still further help the merchants, situated at longer distances from their places of business to purchase stocks at reasonable prices; instead of being compelled to place a monopoly in the hands of Messrs. Tatas. We are as much entitled to the same concessions and privileges of the bigger firms for we have spent our all, to bring our places of business, to the high standard of perfection, in the output of our material involving large sums of money in doing so.

If these concessions, bounties and other privileges were extended to us as well, we too could compete with foreign firms by producing articles of equal quality and finish and secure greater sales. Adding more and more income to the Government coffers; encouraging trade largely and bringing prosperity to India as a whole.

We appeal to Government to assist us in gradually extending our business premises by granting us the help we need and see:

- (1) That Tata be forbidden from hindering these smaller firms from manufacturing and selling their produce in the open market and boycotting these firms through their dealers so as to enable merchants to carry on their business with whomsoever they please instead of being bound by the wishes of Tata and Company.
- (2) Tata not to be allowed to draw up such binding agreements and contracts so as to compel the merchants to only carry out what is wanted by them; instead of being allowed to please themselves which is against all rules of business and the law.
- (3) The facilities of freight now granted by the State Railways to Tata and the Tariff Board be asked to recommend the same in the interest of all growing smaller swadeshi firms.
- (4) The bounties now granted to Tata should be equally distributed to all small concerns in proportion or it should completely be stopped in the case of Tata where he has the advantage of making use of it against smaller firms. Finally we request that should the Tariff Board come to Lahore we would be prepared to give our views in person if so desired or if the Board considers our presence necessary at Simla or any other place, we shall be most happy to come down in person.

Enclosure.

*Copy of Circular No. Cir./2992, dated the 8th August, 1932, of the Tata Iron and Steel Co., Ltd., at Lahore.*

Re: HIGH CARBON MATERIALS.

It is hereby notified that we are prepared to supply to all our Tata Dealers and *bonâ fide* consumers in the Punjab only in lots of 5 tons only to each customer at a time, the following High Carbon Round and Squares from our Jalle, Jullundur and Meerut stockyards:—

Rounds:—1", 1½", 1¾", 1¾", 2", 2½", 2¾" and 2¾".

Squares:—1", 1½", 1¾", 1¾", 1¾" and 2".

2. The price of these high carbon bars to Tata Dealers would be Rs. 100 per ton f.o.r. Lahore base, *plus* actual freight from Lahore to destination. There would be no stockyard extra, and no cash discount and no Tata Dealers' rebate.

3. All orders should be sent direct to us with a deposit of 50 per cent. of the value of the order in advance and the balance payable against railway receipt. If, however, the dealers or the consumers do not desire to deposit the advance then they may book the orders through any one of the following merchant houses:—

R. B. Shivratan G. Mahatta, Charing Cross, Lahore.

Messrs. Beharimal Jaggamal, Nisbet Road, Lahore.

Messrs. Sudarshan and Brothers, Grand Trunk Road, Jullundur Cantt.

Messrs. Bhanamal Gulzarimal, Chawari Bazar, Delhi.

Messrs. Delhi Iron Syndicate, Ajmeri Gate, Delhi.

4. We can also supply to any *bonâ fide* consumer direct at Rs. 3 per ton more than the above base on the above terms.

5. These materials are sold to our dealers to enable them to sell in competition with Mukand's materials and a list of the stations to which these materials would be sold is attached herewith.\*

6. We would like to make it quite clear that the materials would be supplied in strict rotation as and when we find it to supply. Thus we may not be able to book the orders for a particular dealer, as our object is to distribute this all over the places where our dealers are at a disadvantage owing to Mukand's competition. Moreover it is distinctly understood that all orders would be booked on the strict understanding that no dealer should make more than Rs. 3 per ton profit otherwise such steps as thought necessary would be taken against him.

7. Finally we have to request all our dealers to co-operate with us to make this scheme a success.

The above sales are subject to our usual terms of business.

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#### INSTRUCTIONS TO ALL CANVASSERS.

*Copy of Tata's letter No. S/2488 of 21st July, 1932, to Messrs. The Delhi Iron Syndicate, Ajmeri Gate, Delhi.*

To compete with the Mukand Steel Rolling Mills, we have booked approximately 600 tons of high carbon rounds and squares for immediate delivery and distributed them between Jalle, Jullundur and Meerut Stock Yards. Further stocks will be sent later when these stocks require replenishment. We have asked our Lahore Office to sell this material in maximum lots of 5 tons at a time to dealers in those places where Mukand's competition is

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\* Not printed.

most felt. The price will be Rs. 100 f.o.r. Lahore *plus* freight from Lahore and there will be no rebate or rebates or discounts not even the cash discount. Lahore Office will control the sales.

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### **The Cawnpore Rolling Mills, Ltd., Cawnpore.**

*Letter dated the 25th November, 1933.*

This Company has recently been formed for the purpose of erecting a Rolling Mill in Cawnpore, and the order for the Rolling Mill has been placed in England.

This Company has been formed by Indians and entirely with Indian capital and the objects of the Company are to roll light sections for the market. It is not the intention of the Company to manufacture such quantities of sections as to affect the other producers in India nor is it the intention of the Company to undercut present prices. The Company's objects are to use Indian material and to purchase their billet requirements from the Tata Iron and Steel Co., Ltd., provided their price is competitive and allows of a profit being made.

With the prices of billets in India at their present level, it is impossible to re-roll at a profit and we combine with other Companies with the question, that the duty of imported billets be entirely abolished, as otherwise, the other small Rolling concerns like ourselves, cannot possibly exist.

We are, like other interests, agreeable to purchase our billets from the Tata Iron and Steel Co., Ltd., at the equivalent price of imported billets, less duty, and the only safeguard that we have in restricting prices of the raw material to an economical level, is by a total abolition of duty and having competitors for the supply of raw material in the market.

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### **S. K. Sawday, Esq., Calcutta.**

*Letter dated the 16th September, 1933.*

With reference to the invitation from the Tariff Board to persons interested in the Steel industry—I have some knowledge of this subject and beg leave to put the following observations before the Board.

1. The Board will find that the works have worked very closely to the standard set by the Board and perhaps may have improved on it in some cases. In the past Boards have devoted most of their time to the works costs problems. I would like to suggest that in the present enquiry matters of general direction and commerce are likely to be more profitable lines.

2. Although it will be found that works costs have approximated closely to Tariff Board's anticipations and that prices of imported materials have not been very greatly different from anticipations, there is a very great difference between the results achieved and those which the Tariff Board calculated on.

I am without any information as to recent costs but from calculations made a year or two ago I believe that this is due to errors in the cost sheets. If the costs shown to the Board were too low it would follow that the Company could not achieve the results expected.

Taking the costs for one year and multiplying them by the output will not, after making all the allowances required for pig iron sold, by-products, etc., give anything like the figure shown in the revenue accounts. I believe this line of enquiry is well worth pursuing. Mr. Marshall's report of 1930 or 1931 on the costs might be called for.

3. Protection was started to encourage the growth of an industry. No industry has grown and I believe the Board has always been mistaken in thinking it can ever grow. The Jamshedpur works have done well but

costs cannot fall a great deal further and indeed for some reasons may rise. I anticipate that the Steel Company will ask for much the same protection as they are getting now and if that is so it would seem tantamount to a confession that protection must always continue. Moreover the Tariff Board estimated formerly that a works to be efficient must produce somewhere round 4 lakhs of tons a year. No enquiry was ever made as to what material that would cover and it will be found that there is no scope for such production unless the same range as the Taṭa range is covered. Further the competition would inevitably be in the good areas and another works would ruin both itself and Tata's. I do not think there is any denying this conclusion and if it is correct no amount of protection will start another such works.

4. The Board, then will be faced with the difficult problem of deciding whether it has to drag on a country's policy for one big concern. To fail to do so now would cause too big a stir to be faced but at any rate the Board should be certain that a continuation of protection cannot be justified by the hope that others will start on the same lines.

5. It remains then to see whether any other variety of a steel industry is possible in this country and I would suggest that the Board enquires into the prospects of the various rolling mills which are springing up in various parts. I am in a position to say that their growth would have been more rapid of late but for the uncertainty introduced by the Board's re-appointment. These mills can roll from scrap. Most are using rail heads. Kumardhubi used to packet and one works will do that. One is relying on imported billets. India is a big exporter of scrap at cheap rates and whatever happens that source of supply will be available and will be used. These mills are cheaply constructed and their overheads are almost nil. They produce an article which is acceptable enough in the bazaar and would seem to be in accord with the genius of this country. Above all they overcome that appalling difficulty of distribution. That is a figure to which the Board has given little attention in the past but the difference between the best of Tata sales and the worst due to freight only goes as high as Rs. 40 per ton. That figure is so large as to outweigh minor considerations in works costs.

6. These small works have been started by the present scale of protection and will continue to grow under it. You will undoubtedly be faced with a demand from Tata's for an increase in the duty on billets and sheet bar. The argument must necessarily be used that the manufacture of steel from imported billets and not from the original ore is not in compliance with the formula of the Fiscal Commission. That is certainly true to a large extent. On the other hand it is fair to say that protection for the sake of a single works or a continuance of protection after a period of years which have had no effect on the need for protection is also against the tenets of the Fiscal Commission. In any case these works cannot obtain their billets at anything like the cost of billets to Tata and they have all the advantage of their efficiency and size.

7. I am interested in some of these small works and submit that it will be out of the question for the Tariff Board to recommend a policy of smothering these infants for the benefit of their big brother.

8. In this connection I would urge the Board to enquire into the policy of the Steel Company in this matter. There are very definite indications that they are prepared to sacrifice their profits to squash these little works. That may be very well in ordinary competition but a Company enjoying help from the taxpayers who include the owners of these little works should have other standards. Note may also be taken of the considerable help given to the railways by these works. They have helped to use railway scrap and one at least have given to the railways bars of special steel which they certify to be better in quality than anything obtainable elsewhere.

9. The policy of the Company in the sale of scrap should be enquired into. I submit that there are mathematically certain principles which have been

forgotten of late to the Company's detriment. The consumption of steel in any area at a certain price level is independent of the efforts of the Company. Most scrap replaces good material up to almost 100 per cent. If good material in that area gives a certain works profit, it cannot be worth while selling scrap there unless the price is the export price plus X. Under certain circumstances it is better to dump some scrap in the Bay of Bengal than sell it in good markets. This principle has been recognised in the past but forgotten of late.

10. Protection has in the past been based on certain freights. These are disappearing and are likely to disappear still faster. The main objection to them is that they help the Company to compete against smaller rolling mills to whom the railways offer no corresponding facilities. This state of things offends so clearly against the provisions of the Railway Act that it cannot continue for long. The rates to Bombay or Madras are logical because they are what the traffic can bear. In other cases they are very much below this standard and I suggest that the Tariff Board might work on the assumption that this cannot continue for long. If protection is worked out accordingly it will be very much to the benefit of Tata's. The freight advantage system has brought in a lot of money but is difficult to work. Selling is for them much simpler in Madras than in the United Provinces.

11. I suggest that the methods of bazaar distribution should be a subject of enquiry. This Company has been made a monopolist by Government action and owes consideration to the difficulties of the trade which have been considerably enhanced. Traders will probably make their own representation so I leave the matter at that.

12. The direction of the Company has always been at Bombay. Latterly the Company has wisely appointed a local agent but even now much detailed control is exercised from Bombay. This is very harmful to the interests of the Company. Calcutta is the centre of the steel and coal trades besides being near the works. Clearly the Board should be at Calcutta. One drawback is that the directors are seldom able to visit the works and have very little knowledge of the problems of Jamshedpur. As an instance, I will mention that I was urged to abandon the whole of the selling to get freight advantage system because two directors were unable to understand it. That is clearly very wrong indeed. There are obvious difficulties but if the taxpayer is to help they ought to be overcome. The Board would have little sympathy with an appeal for assistance from a coal manager at Tuticorin.

13. This para. should really be part of para. 9. There is really one logical way of disposing of scrap and defective material. A search of any Indian bazaar will show many articles of which an inferior but acceptable substitute is made out of Indian scrap. Such articles have to be made so cheaply that they can be made only of scrap. The Steel Company can improve its own sales and do a great service to Indian cottage industry by reserving its scrap for such purposes. It needs boldness, trust and a willingness to make promises. I tried to adumbrate such a policy once but was deterred by misguided opposition again from Bombay.

I shall be glad to give oral evidence if desired by the Board.

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*Letter No. 439, dated the 4th October, 1933, from the Secretary, Tariff Board, to (1) Messrs. Gayadin Ram, 8, Muktarom Row, Calcutta, (2) Messrs. S. K. Sawday & Co., Norton Building, 2, Old Court House Corner, Calcutta, (3) The Indian Co., Ltd., Mount Road, Madras, (4) The Lakshmi Iron and Steel Manufacturing Co., Ltd., Delhi, and (5) Mukund Steel Rolling Mills, Lahore.*

With reference to your letter No. \_\_\_\_\_, dated \_\_\_\_\_, I am to ask that the following information may be supplied to the Board (with six spare copies) not later than the 4th November, 1933:—

- (1) When were your works started (or when do you propose to start them)?

- (2) Total capacity of existing (or proposed mill).
- (3) Classes of steel products which you roll (or propose to roll).
- (4) In the case of bars, please state what proportion of your output falls or is likely to fall within the categories which are now unprotected (see serial No. 102-C Indian Customs Tariff issued by the Department of Commercial Intelligence and Statistics).
- (5) Actual output per year of each class of steel.
- (6) What is the principal material used—steel scrap or billet?
- (7) Principal kinds of steel scrap used.
- (8) Sources from which steel scrap is obtained.
- (9) Prices of steel scrap (if possible for the past three years)—
- (i) F.o.r. source.
  - (ii) Freight from source to works.
- Total.
- (10) Approximate total quantity of suitable steel scrap available in your area.
- (11) Please give a full description of your plant and process of manufacture.
- (12) Total capital expenditure incurred or proposed—
- (i) On plant and machinery.
  - (ii) Buildings.
  - (iii) Land.
- (13) Works cost (actual or estimated) under the following heads:—
- (i) Steel scrap.
  - (ii) Other materials.
  - (iii) Labour.
  - (iv) Power and fuel.
  - (v) Establishment, office charges.
  - (vi) Repairs and maintenance.
  - (vii) Miscellaneous.
- Total.
- (14) Works cost in the same form as in question (13) if imported billets are used instead of steel scrap.
- (15) Countries from which steel billets are or are likely to be imported.
- (16) Current prices of imported billets—
- C.i.f. Indian port.
  - Port dues, landing charges, etc.
  - Duty.
  - Freight to your works.
- Total.
- (17) Prices at which steel billets may now be obtained from the Tata Iron and Steel Co.—
- F.o.r. Tatanagar.
  - Freight to your works.
- Total.
- (18) Prices realized for your products—
- (i) at the principal market or markets to be named,
  - (ii) f.o.r. works.
- (19) Prices for corresponding products at the same market—
- (i) manufactured by the Tata Iron and Steel Co.,
  - (ii) imported.

- (20) How does the quality of your products compare with Tata's and with imported articles?
- (21) Do you make steel of standard specifications? If so, please state the quantity made so far and supply copies, if any, of certificates obtained from the Government Metallurgical Inspector.
- (22) Please state (i) the quantity of coal consumed per ton of finished steel in your works, (ii) the quality of coal used and (iii) the price of coal delivered at your works.
- (23) Please state the rates of wages paid to the principal classes of labour in your works. What is the total labour force employed?

### Mukund Steel Rolling Mills, Lahore.

(1) *Letter No. 8891, dated the 1st November, 1933.*

We beg to enclose herewith our replies to the general questionnaire received with your letter No. 439, dated the 3rd October, 1933. We beg, however, to point out that the following remarks require special consideration which are relevant to the protection case but in which our interests are somewhat different from those of Messrs. Tata Iron and Steel Co., Ltd.

1. We are subjected to a competition by Tata which is unhealthy, unreasonable and mischievous in as much as Tata sell their steel in order to crush us at rates which may be considered below their cost as per their statements. Before granting protection therefore we request and earnestly hope the Tariff Board will consider the control of sale policy of Tatas as against other Rolling Mills, which are likely to grow up in near future all over the country.

2. The railway freight rates for Tatas are favourable and similar freight concessions are not available to the smaller units either due to small quantities dealt with or due to special contract by Tatas with the railways concerned. It is absolutely essential that the question of railway freight concession with reference to protection of iron and steel should be dealt with at the same time as of tariff, and the Government of India should include in the reference this question of freights now.

3. With a view to reduce the chances of establishment of small rolling mills producing bars and commercial sections, Tatas suggest protection at a lower scale, to this class of production in their representation. This appears from the brief notes which have appeared. Whereas the small rolling mills at present stand in need of protection of the commercial sections. Protection for sections here referred above should also be on the same scale as protection for sections which the small rolling mills are unable to undertake at present.

4. In order to make a demand for suitable tariff we request to be supplied with a copy of representation by Messrs. Tata Iron and Steel Co., Ltd.

5. That in view of providing us with cheap and abundant raw material in this country the export of Iron and Steel from India in all forms may be restricted by law, at the same time along with tariff protection.

6. That Tariff Board may be pleased to visit Lahore and inspect our and other works.

Generally we would support the representation of Tatas for protection, subject to a settlement by which our interests are equally protected and provision of arrangements in the Act by which Tatas cannot attempt to crush us by unreasonable means.

Enclosure No. 1.

*Replies to questionnaire.*

1. Works started 1930.

2. 45 tons for 24 hours existing plant and 60 tons on completion of New Mills under construction.

3. (i) Commercial sections of rounds, squares and flats.

(ii) Plates.

4. We do not manufacture unprotected sections at present; nor do we propose to undertake them in the near future.

5. Our Mills have worked intermittently and had to be closed down for long periods; due to circumstances beyond our control of technical and un-economical factors.

Actual out-put has been 1931 worked 8 hours a day of 6 months and made about 1,000 tons of round square and flat.

Actual out-put has been 1932 worked 8 hours a day of 9 months and made about 2,500 tons of round, square and flat.

Actual out-put has been 1933 worked 8 hours a day of 6 months and made about 1,500 tons of round, square and flat.

Plate Mill has only been lately erected and it started working on the 20th October, 1933. The out-put of the last day is about 60 tons.

6 & 7. Steel scrap from Railway, mainly axles, rails, tyres, Steel sleepers and boiler plates.

8. Indian State and Company Railways.

9. (i) 1931 and 1932 from Rs. 25 to Rs. 30 and 1933 from Rs. 35 to Rs. 40 per ton.

(ii) 1931 to 1933 freight average Rs. 10 per ton, i.e., a total of Rs. 35 to Rs. 40 in 1931 and 1932 and Rs. 45 to Rs. 50 in 1933 per ton.

10. About 3 to 4,000 tons per annum.

11. Our plant consists of steam engine for driving which develops about 250 H.P. and 4 sets of Rolling Mills with different varieties of rolls for different sections of steel and two sets, for rolling or thinning down plates.

We have also 4 sets for new mills under construction and other spare sets either for additions in the near future or for replacement.

There is also a workshops and foundry, consisting of a variety of machine and steam hammers; for manufacturing our own equipments and repairs.

12. (i) About two and a half lacs.

(ii) About one lac.

(iii) About two lacs.

13. (i) About Rs. 50 per ton.

(ii) Do not use.

(iii) Labour, about Rs. 12 per ton.

(iv) Power and fuel about Rs. 20 per ton.

(v) Establishment Rs. 5 per ton.

(vi) Repairs and maintenance about Rs. 3 per ton.

(vii) Miscellaneous about Rs. 5 per ton.

Total of the above = Rs. 95 per ton.

14. No experience will obtain billets hereafter only if it works out favourably as compared with scrap.

15—17. We are not in a position to answer.

18. Lahore, Amritsar, Batala, Ambala, Ferozepur, Gujranwala, Multan, Lyallpur, Sialkot and Delhi, etc.

(i) F.o.r. prices at Lahore are based on adding the public freight, viz., II Class, to our works f.o.r. price.

(ii) Our price f.o.r. works were about Rs. 115 to Rs. 125 per ton prior to Messrs. Tata & Co.'s competition in August, 1932. After that reduced to Rs. 100 to Rs. 110.



19. Tata prices in competition with us for such sections manufactured by us is Rs. 95 to Rs. 100 per ton f.o.r. Lahore.

(i) To such places in the markets where we sell at public rates, II Class. Tata also sells his products at the same public freights added to the figures quoted by him, viz., Rs. 95 to Rs. 100 per ton. Those not manufactured by us, he sells at Rs. 145 to Rs. 160 per ton. f.o.r. Lahore and other stations.

(ii) Practically no imported material of the sections we manufacture is sold in the market.

20. Since we roll sections from acid open hearth steel of British make, our steel in every respect is superior to Tata's basic steel and as good as imported tested steel. We had our steel tested by the Metallurgist, N. W. Railway, and has been approved of as "B" Class for that Railway. Copy attached. We have so far never sent it to Alipur for test. But if need be, we are prepared to do so as required.

21. No.

22. Quantity for power generating 12 cwts. to 1 ton product of Steel, and 8 cwts. for re-heating the material in furnaces.

(i) Steam Coal, selected grade.

(ii) Price at works, about Rs. 17 per ton f.o.r. works.

23. Power, Rolling, Mechanic, Labour, and machine shop. Engineer Rs. 200, Foreman Rs. 250, Tongsmen Re. 1-8 to Rs. 2-8, Fitter Rs. 70, Turner Rs. 70, Coolies Rs. 20 to Rs. 30.

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*Copy of letter No. Met. F. C. 9/289, dated the 3rd February, 1932, from the Metallurgist, N. W. Railway, Moghalpura, to the District Controller of Stores, Moghalpura.*

Samples S. M. Round bars marked Nos. 1 and 2. 2½" and 3" "B" Class, manufactured by Mukand Steel Rolling Mills, Badamibagh, Lahore—sample submitted by D. S. K. P. L. D., Moghalpura, for examination and report. I have given the samples a very thorough examination and beg to report as follows:—

1. *Structure*.—Microscopically, the structure is practically ideal for this type of steel. Evidently, the rolling has been finished at precisely the correct temperature. This confirms my personal observation during a visit to the works.

2. *Physical*.—The hardness is very uniform and agrees with the proper tensile strength for "B" Class Steel. Actually, the tensile would be about 30-31 tons.

3. *Finish*.—Here my report is not so favourable. The 2½" bar has numerous radial haircracks extending a short distance in from the surface. I have indicated them by pencil marks in red, and return the section for your inspection.

These defects are superficial, and would not matter if, say, ¼" is going to be machined off the bar.

The 3" bar had no small haircracks, but there is a large in of rolled-over metal which is not integral with the main bar. I return the samples for your inspection.

*Conclusion*.—This firm evidently can produce good work, but the finish is apparently liable to be imperfect. This is not altogether unexpected from an inspection of the plant. Metallurgically the chief difficulty working at incorrect temperatures, seems to have been triumphantly overcome, and the firm is to be congratulated. I would suggest that bars may be ordered freely from them; but it will be necessary to give them a very careful inspection for surface defects.

I enclose sulphur prints, which show absolutely no segregation.

## Enclosure No. 2.

*Copy of letter dated the 1st November, 1933, from the Manager, Mukand Steel Rolling Mills, to the Secretary, Railway Board.*

We beg to submit that, in view of the reference to Tariff Board by Government of India of consideration of measures for protection of iron and steel industry in India and the effect of freight rates on the industry, the Railway Rates Advisory Committee may be directed to study and formulate rates on iron and steel immediately in co-operation with or independent of the Tariff Board and in consultation with all the railways concerned. The small units of iron and steel industry which exist in Northern India and which are rapidly growing all over the country suffer invariably due to invidious treatment available to Messrs. Tata Iron and Steel Co., Ltd., in matters of freight. In view of the growing industries it is necessary in our opinion that an equitable and just policy may be adopted and freight rates should be available to all concerned on the same basis. In view of these facts, we solicit the favour of an early action.

Hoping to be favoured with early attention in this behalf.

## Enclosure No. 3.

*Copy of letter dated the 1st November, 1933, from Messrs. Mukand Steel Rolling Mills, Lahore, to the Secretary to the Government of India, Department of Commerce.*

*Subject:—PROTECTION OF IRON AND STEEL INDUSTRY IN FUTURE.*

We beg to submit for your consideration and decision of Government of India the following points:—

- (1) That we, amongst several others, are manufacturers of commercial steel section in Northern India on a small scale.
- (2) That although our interests so far as protection of iron is concerned are identical with Tata's we are subjected to unreasonable competition by Tata by "dumping" and other methods with a view to crush our existence.
- (3) That we propose in the near future to put up steel furnaces and extend our works considerably.
- (4) That railway freights and other concessions assist Tata Iron and Steel Co., Ltd., amongst other factors materially to crush us.
- (5) The Tariff Board is incompetent under the reference to go into the question of railway freights on iron and steel and products of iron and steel.
- (6) That the Government of India may therefore be pleased to add to the reference study of freights and require the Tariff Board to report and recommend freights on iron and steel in different directions either by themselves or in co-operation with Railway Rates Advisory Committee and the Railways concerned.

We beg to add that we have approached the Tariff Board to take into consideration the control of sales policies of Iron and Steel by Tata Iron and Steel Co., Ltd., when granting protection to this industry so that dumping against small units by them is avoided. This we believe they are competent to consider under the present terms of reference.

We have also represented that in view of providing us with cheap and abundant raw material, the export of iron and steel from India may be restricted by law at the same time.

We hope the Government of India will be pleased to give this matter their earnest and close attention and direct the Tariff Board to take necessary action in this behalf.

(2) *Letter No. 8994, dated the 14th November, 1933, from Messrs. Mukand Steel Rolling Mills, Lahore.*

With further reference to our representation dated 1st November, 1933, we are in receipt of your letter dated 7th November, 1933, along with enclosures, for which we thank you.

We notice that Messrs. Tata Iron and Steel Co., Ltd., have represented, that they have suffered a certain loss due to external factors.

We would point out, that Tatas must have secured lower prices intentionally, due to internal competition with us, and other small rolling mills, of which there seems to be no mention, in the representation.

### **Lakshmi Iron and Steel Manufacturing Co., Ltd., Ghaziabad.**

*Letter No. CD/82/1933, dated the 2nd November, 1933.*

#### **ANSWERS TO THE QUESTIONNAIRES.**

With reference to your letter No. 439, dated the 3rd October, 1933, we have the pleasure in submitting herewith our answers to the questions asked therein, along with six spare copies and seven copies of the Memorandum already submitted to you for your kind perusal:—

1. The Works started on the 2nd day of January, 1931, and the Rolling Mill started manufacturing bars since the 21st of July, 1931.

2. The capacity of the existing plant is 5 tons a day of 8 hours and about 9 tons a day while working double shifts but the capacity of plant would be doubled to about 18 tons a day with 2 Rolling Mills from the commencement of the year 1934, as fully described under para. 6 of the enclosed copy of the Memorandum.

3. We manufacture bars from  $\frac{1}{2}$ " to  $1\frac{1}{2}$ ", rising by  $\frac{1}{4}$ " both square and rounds and the flat bars of various section would be shortly put in the market.

4. We only manufacture square and round bars sugar cane Mills, and small machines.

5. The annual output at present is 1,800 tons but the output would be doubled in the next year, while working 2 Rolling Mills side by side.

6. The principal material used in the manufacture of bars is scrape steel.

7. The principal kinds of the scrape steel available are as under:—

- (a) Double headed rails.
- (b) Bull headed rails.
- (c) Meter Gauge Railway axles.
- (d) Broad Gauge Railway axles.
- (e) Railway steel tyres.
- (f) Broken Kolhu axles.
- (g) Various other steel scrapes.

8. (a) The scrape steel is purchased from the Railways auction or from the contractors who may carry the stock of item (a to e).

(b) Broken Kolhu axles are collected from the Kolhu manufacturers, or Godown keeper, who ply the sugar cane Mills on hire, this quantity is found in abundance, as in our area from Cawnpore to Ludhiana sugar cane is cultivated in a very large quantity and a handsome supply is effected of the broken axles.

9. The prices at which we could obtain the scrape steel f.o.r. Works during the past three years were as follows:—

- (a) D. H. Rails from Rs. 22, 25, 27, 30 and 35 per ton.
- (b) B. H. Rails from Rs. 22, 25, 27, 30 and 35 per ton.
- (c) Meter Gauge axles from Rs. 35-40 per ton.

(d) Broad Gauge axles from Rs. 55-61 per ton.

(e) Steel tyres—not yet purchased but can get about Rs. 30 per ton.

(f) Broken Kolhu axles, from Rs. 28, 30, 35 and 40 per ton.

N.B.—The prices of the raw material are increasing.

10. If the export of the steel rails to Japan is stopped as requested in our Memorandum under para. 10 (ii) we have sufficient supply in our area to pull on our manufacture without using billets manufactured either by Tata or imported from the foreign countries, as Broken Kolhu axles together with D. H. Rails, tyres and Railway axles could be obtained in large quantities from Railways, as there are only 4 Rolling Mills in India besides Tata.

11. As given in details under the early history of our works in the enclosed Memorandum the 2 Rolling Mills have been manufactured at our own works with 10 Rollers and is capable of manufacturing bars from  $\frac{1}{2}$ " to  $1\frac{1}{2}$ " in section both square and round.

*Process of manufacture.*—The said Rolling Mill can take up billets up to  $3\frac{1}{2}$ " squares and any raw material of bigger section is first brought to that size, the rails are cut in two pieces and are rendered fit to be taken up by the machine, of the required length to give a definite length of a definite section of the bars rolled and such pieces are heated while not in the furnace specially designed, such that any required section can be rolled in a single operation and the piece is not put in the furnace for the second time. The bars after passing through the graduated openings of the rough Rollers, to the required section are polished in the polish Rollers and their straightened and put on the tooling bed, wherefrom they are removed when sufficiently cold and the ends are cropped. We, of course admit that there is a great manual work in the process of our manufacture but our attention is already directed to eliminate as far as possible the manual labour, and to make the plant more or less automatic and we hope that it would not be long before we find that our ideas are put in practical shape.

12. The capital expenditure incurred are as under:—

	Rs.	A.
Machinery . . . . .	40,320	0
Buildings . . . . .	9,002	8
Total . . . . .	49,322	8

The land for the Rolling Mills, machines shop and foundry measuring 7,000 sq. yards is on lease and the office, Godowns, Workmen quarters, Staff Bungalows are on rent attached to the Rolling Mills and on a plot measuring 8,250 sq. yards, which we are contemplating to purchase at an earliest opportunity.

13. The actual working cost for the year ending 30th September, 1933, was as under:—

	Per ton.	
	Rs.	A. P.
(1) Steel scrape—	35	0 0
(a) Rails . . . . .	7	0 0
(b) Cutting charges . . . . .	1	4 0
(2) Oil Grease and Stores . . . . .	8	1 0
(3) Labour . . . . .	6	6 0
(4) Electricity for Motive Power . . . . .	5	5 0
(5) Coat . . . . .	2	4 0
(6) Rent and taxes . . . . .	0	2 5
(7) Postage and telegrams . . . . .	2	8 3
(8) Repairs and Renewals . . . . .	3	5 0
(9) Miscellaneous . . . . .	27	1 6
(10) Establishment, Head Office and Managing Director's fee, etc. . . . .	98	5 2
or Total cost . . . . .		

14. We do not feel the necessity of using imported billets.

15. We presume, that billets, imported from the foreign countries and after paying port dues, landing charges, duties and freight to our works, under no circumstances, can be cheaper than steel scrape available in our area, and we conclude that no foreign country can import billets at or about the prices we pay for the steel scrape in India.

We have absolutely no idea if any country is importing steel billets or is likely to import billets at or about the price we pay for the steel scrape.

16. We have no knowledge as to on what price the billets are imported in India.

17. We had asked Messrs. Tata Iron and Steel Co., Ltd., in our letter No. CD/3/33, dated the 9th October, 1933, copy enclosed and two subsequent reminders to quote the prices of the steel billets, but as far we have not received any reply. Under the circumstances, we regret very much that we cannot give a definite reply as to on what rate the steel billets can be had from Tata.

18. *Selling price.*—During the years 1931-32 when Tatas did not compete with us, we sold our product at Rs. 115-120 per ton f.o.r. Ghaziabad. But early in the year 1933, a representative of Messrs. Tata Iron and Steel Co. realising that our production cost is about Rs. 98 per ton sold about 3,000 tons of H. C. Bars at Rs. 90 per ton f.o.r. Ghaziabad and also at Rs. 90 per ton f.o.r. Lahore (fully described under para. 9 of our enclosed Memorandum) with the instructions to their House Merchants not to see below Rs. 98 per ton to their dealers, who in return sold the bars at Rs. 100-105 per ton. Tata in addition to that said 3,000 tons orders booked further orders upto an extent of 2,500 tons extra in small quantities, but did not supply, further Tatas. when started supplying bars, supplied only a part of the orders and Tata's booked orders stand uncompleted with even to-day.

Under the foregoing circumstances we were compelled to sell first 200 tons of H. C. bars to a single merchant at Rs. 95 per ton f.o.r. Ghaziabad for his U. P. Districts, which was much below our production cost. Fortunately, Tatas intention to make the Rolling Mills to incur heavy loss by the said cut throat competition failed and could not supply the promised quantity of the bars to their dealers during the promised months for the reasons best known to them and their dealers annoyed with Tatas delay had to purchase bars from us at the prices varying between Rs. 115-125 per ton f.o.r. Ghaziabad. However the price of our mild steel bars remains constant at Rs. 125 per ton during this competition as Tatas mild steel rates were between Rs. 155 to 162 per ton f.o.r. Delhi.

The markets through which our products are supplied, are within the radius of 150 miles of Ghaziabad all round, and we cannot extend further owing to the Railway freight being so high and difficulties beset in our way as described under para. 8 of our Memorandum enclosed.

19. The Tata's rate for H. C. bars were Rs. 90 per ton f.o.r. Ghaziabad and Lahore and Rs. 160 per ton for mild steel bars at f.o.r. Delhi.

The sizes of the bars, we manufacture, are not imported from foreign countries in the area we sell our product only bars either from Lahore Rolling Mills or Cawnpore Rolling Mills are only sold in the market besides that of Tata.

20. The quality and the workmanship of the bars, we manufacture, is more or less identical with the bars manufactured by Tata Iron and Steel Co., Ltd.

21. We do not manufacture steel of our own.

22. The coal consumption for the furnace is 10 maunds 22 seers and 4 chhataks for each ton at the bars manufactured, while using Mohuda collieries 13 Seam Steam Coal purchased Rs. 3-4 per ton and paying

Rs. 9-12-6 per ton as the Railway freight or in other words we purchase coal at Rs. 13-6 per ton f.o.r. Ghaziabad.

23. The wages of the labour varies from annas 5 to Rs. 2 per day according to the nature of the work done, the rate of the wages paid to the principal classes of the labour are as under:—

Engineer Rs. 250 per mensem.

Mistry Rs. 100 per mensem.

Assistant Foreman Rs. 60 per mensem.

Turners from Re. 1-4 to Re. 1-10 per day.

Fitters from As. 8 to Re. 1-8 per day.

Coolies from As. 5 to As. 12 per day.

There are 137 men working in the Mill at present out of which 60 men are working in Rolling Mill Section.

We are prepared to give any further information on the said points on our examination.

Enclosure.

*Copy of letter No. CD. 3/33, dated Ghaziabad, the 9th October, 1933.*

The Sales Manager, Tata Iron and Steel Co., Ltd.,

100, Clive Street,

Calcutta.

Dear Sir,

We have been given to understand that you supply billets for the Rolling Mills, if so, we shall be pleased to know your rates at which you can supply suitable billets for our Rolling Mill, f.o.r. Ghaziabad while manufacturing the following sizes and undernoted lengths:—

(1) Squares,  $\frac{1}{2}$ " to  $1\frac{1}{2}$ " 12 to 18 ft. long.

(2) Rounds,  $\frac{1}{2}$ " to  $1\frac{1}{2}$ " 12 to 18 ft. long.

(3) Flats, 1" to  $2\frac{1}{4}$ " 12 to 18 ft. long and  $\frac{3}{8}$ " to 1" wide.

We are, Dear Sir,

Yours faithfully,

For the Lakshmi Iron and Steel  
Manufacturing Co., Ltd.,

(Sd.) B. S. Yamdagni,

Chief Engineer and Manager.

**Mr. Gayadin Ram, Calcutta.**

*Letter dated the 3rd November, 1933.*

[Reference your letter No. 439 of 3rd October, 1933.]

With reference to your above I have the honour to submit below the following informations:—

(1) Cast Iron Foundry started on December, 1931, and Rolling Mill on December, 1932.

(2) 400 tons per month.

(3) Bars and later on angles and tees.

(4) All protected.

(5) Now producing 200 tons of bars only per month.

(6) Scrap at present; I want to use billets later on.

(7) Scrap, double-headed rails, axles, rod, etc., but later on I will make scrap into packets.

- (8) Railways at present.
- (9) (i) Rs. 35 per ton since 1931.  
(ii) About Rs. 10.
- (10) About fifty thousand tons of double-headed rails alone I estimate in next 3 or 4 years.
- (11) This consists of a re-heating furnace and 4 stands of rolls of 11 inches, and Machine shop. Propose to make 16" Rolling Mill very soon.
- (12) (i) Rs. 50,000 for Plant and Machinery and propose to lay out another Rs. 50,000.  
(ii) Rs. 8,000 for the buildings. The land I have taken is under long lease and I had to spend about Rs. 1,25,000 on Rolling Mill and Foundry.
- (13) (i) Scrap allowing for wastage Rs. 40 per ton.  
(ii) Power and Fuel Rs. 10 per ton. Re-heating Rs. 6 per ton.  
(iii) Labour Rs. 8 per ton.  
(iv) Repair and miscellaneous Rs. 4 per ton. Depreciation Rs. 2 per ton. Total Rs. 70 per ton.
- (14) If imported billets are used costs will be about Rs. 35 more.
- (15) Belgium and England.
- (16) No enquiry been made.
- (17) Tata would not supply but they exported to Japan at Rs. 44 per ton f.o.b. approximately.
- (18) Now selling for about Rs. 100 per ton at Benares and Cawnpore.
- (19) Tata mild steel bars at about Rs. 140: High Carbon bars not sold at Benares by Tata as far as I know.
- (20) Mine is high carbon and so, much inferior to mild steel.
- (21) No.
- (22) Per ton of steel, one ton of coal or a little more. I use steam coal from Dishergarh costing about Rs. 11 per ton.
- (23) Roll making mistry about Rs. 60 per month. Roll turner Rs. 60 per month and Rolling man about Rs. 40 per month and some cooly. Altogether 50 men.

### The India Co., Ltd., Madras.

(1) Letter No. 670, dated the 10th November, 1933.

With reference to your letter No. 439, dated the 3rd October, 1933, we enclose herewith the answers to your questions. We will give any further information that may be required in our oral evidence.

- (1) Machinery expected. Expect to start in about May, 1934.
- (2) Proposed initial outputs—1,000 tons per month to be increased to 2,000 tons after a period of two years.
- (3) Bars, viz., squares, rounds and flats and light section joists.
- (4) It is not intended to roll any materials, which are now unprotected according to Serial No. 1020 of the Indian Customs Tariff issued by the Department of Commercial Intelligence and Statistics.
- (5) In proportion of 3 to 1 between bars and joists.
- (6) Bundled scrap and billets.
- (7) Rails and bridge scrap for re-rolling.
- (8) Railways and P. W. D.
- (9) The estimate of price delivered works will be between Rs. 25 to Rs. 30 per ton.
- (10) About 4,000 tons of scrap. We intend to roll mostly from billets,

(11) The Mill consists of 3 stands of 3 high rolls and 2 stands of 2 high rolls in one train. The barrel lengths of the rolls are as under:—

1st Roughing	4'-6"
2nd Roughing	3'-6"
Strand Rolls	3'-6"
Guide Rolls	2'-0"

It is intended to drive this mill with electricity that will be available. It is also intended to put up a re-heating furnace to be fed by coal.

	Rs.
(12) Capital cost on plant and machinery	2,00,000
Buildings and Land	50,000
Working Capital	2,50,000

(13) (1) Rs. 25 to Rs. 30 a ton, (2) (ii to vii) Rs. 25 to Rs. 30 a ton.

(14) Works cost with imported billets are likely to be lower by about Rs. 5 or Rs. 20 to Rs. 25 a ton. Price of billets if imported is always based on the price of finished articles.

(15) Great Britain and the Continent.

(16) Current price of imported billets, c.i.f. Indian port is 20s to 22s lower than finished materials. Port dues and landing charges about Rs. 5 per ton. The actual figures will be given later.

Duty:—Rs. 10 to Rs. 20.

Freight to works:—Nil, as it is a port.

(17) The Tata Iron and Steel Co., Ltd., have not so far made us any definite offer for the supply of billets.

(18) (1) It is expected to realise at our Works Rs. 10 lower than the c.i.f. landed price for Continental materials, viz., £5-10 to £6, plus the duty and landing charges, this being the price fixed by the International Cartel. The duty will depend upon the Legislative enactments for the next period of protection that may be considered by the Tariff Board. As there is no freight advantage from the Works to the markets, viz., Trichinopoly, Madura, Salem, Erode, Palghat and Dindigul, which we expect to tap in the beginning and as these markets will be very nearly of the same distance from our Works as from other ports, the question of freight has not been taken into account. (2) Please see answer above.

(19) (1) About Rs. 5 lower than the imported price, with duty and landing charges added. (2) This question is answered above.

(20) It may be expected that there will be a certain inferiority in the materials produced by us in the beginning, but it is expected to reach the standard of either Tatas' untested materials or the imported articles, in due course of time, say a year.

(21) No.

(22) (i) About 6 cwts. for heating one ton of semis for rolling into sections. (ii) Quality of coal used: Bengal coal. Calorific value: about 10,000 to 12,000 B. T. U. (iii) Between Rs. 17 to Rs. 19 per ton.

(23) Not in a position to give.

(2) Letter No. CT-33, dated the 2nd December, 1933, from The India Co., Ltd., P-14, Central Avenue South, P. O. Bowbazar, Calcutta.

In our representations and oral evidence a point of importance in connection with the arriving at the fair selling price on billets was we regret, not pressed. We have no doubt that the Tariff Board would have already been thinking of this important point but if it is not, may we crave the indulgence of mentioning the same in this letter.

In the representation of the Tata Iron and Steel Co., Ltd., the calculation on overhead charges and profit and the depreciation was taken at Rs. 24



per ton based on an estimated sale of 90,000 tons of sheet bars and billets per year.

Since this representation was made it was admitted by the Tata Iron and Steel Co.'s representatives in their oral evidence that they will be in a position to offer for sale a further tonnage of 60,000 tons per year over and above the quantity mentioned in their representation.

It is submitted, that a correct fair selling price can be arrived at only by taking the additional tonnage of available semis which would minimise the overhead charges, etc., to Rs. 15 per ton.

The total of 199 lacs per year for overhead charges, etc., has been distributed over a tonnage of 5,30,000 tons and an incidental of Rs. 24 per ton has been arrived at for semis. As the Tata Iron and Steel Co., require only Rs. 21,60,000 as overhead charges, etc., on semis at Rs. 24 per ton on 90,000 tons, the average overhead will work out to at least Rs. 15 per ton, on 150,000 tons of semis available for sale per annum.

We leave to the Board to consider any revisions in figures of overhead charges in the light of the above alteration in the estimate of tonnage that will be available for sale.

Thanking you in advance.

***Fabricated Steel.***

**National Federation of Iron and Steel Manufacturers in the United Kingdom, Westminster.**

(1) *Letter dated the 9th November, 1933.*

ENQUIRY INTO THE STEEL INDUSTRY (PROTECTION) ACT, 1927.

I have the honour to enclose herewith, for the consideration of your Board in their forthcoming Enquiry into the Duties applicable to imports of iron and steel into India, six copies of the Application of the Iron and Steel Industry of the United Kingdom, and to inform you that the industry has appointed Mr. I. F. L. Elliot, a Director of the British (Guest, Keen, Baldwins) Iron and Steel Co., Ltd., to give such oral evidence in support of the Application enclosed herewith as the Board may require. Mr. Elliot will be accompanied by Mr. J. W. Baird, who is in charge of the Tariff Section of this Federation.

I am to add that the services of this organisation are at the disposal of the Board to furnish any additional information or assistance that may be required, though it is fully anticipated that the representatives of the industry will be able to deal adequately with any questions that may arise in connection with the Enquiry.

Enclosure.

APPLICATION OF THE NATIONAL FEDERATION OF IRON AND STEEL MANUFACTURERS OF THE UNITED KINGDOM.

1. The period of protection which the Indian iron and steel industry has enjoyed which is now coming under the review of the Tariff Board has been remarkable for the fact that, in spite of a general world depression, the results anticipated both by the Tariff Board and the Indian iron and steel industry in 1926 have been so fully realised. This progress has naturally been followed by the industry in the United Kingdom with the greatest interest, India being one of the most important markets for United Kingdom iron and steel products. Although the progress tends to reduce the consumption of iron and steel products of the United Kingdom in the Indian market, the industry believes that the consuming power of the Indian market can be greatly increased, and that this progress has itself rendered possible much closer co-operation between the iron and steel industries of India and the United Kingdom, in the interests of the Indian consumer, than was the case when the last review took place in 1926.

2. The National Federation of Iron and Steel Manufacturers, on behalf of the iron and steel manufacturers of the United Kingdom, request the consideration by the Indian Tariff Board of Items in Schedule II of the Indian Customs Tariff with a view to their amendment.

The following appendices are attached:—

- (1) Representation of the Railway Tyre, Axle and Wheel Makers' Associations.
- (2) Representation of the Railway Carriage and Wagon Builders' and Financiers' Parliamentary Association.
- (3) Representation in regard to Wrought Iron and Steel Tubular Poles.
- (4) Lists of the items in Schedule II which this memorandum is designed to include. These lists include:—
  - (a) List of alterations desired in the classification.
  - (b) Items in Schedule II for which free entry is requested.
  - (c) Items at present classified with certain other items for which separate classification and free entry are requested.

Separate representations will be made to the Board on behalf of the Sheet and Tinplate Industries.

3. The Federation desire to place on record their appreciation of the courtesy of the Tariff Board and also of the Tata Iron and Steel Co., Ltd., in forwarding for the consideration of the Federation the representation submitted to the Indian Tariff Board by the Tata Iron and Steel Co., Ltd. The Federation propose to comment in the first place on the submissions of the Tata Company, and secondly to put forward their own proposals for the consideration of the Board. In all cases where a paragraph or page is quoted, the reference is to a paragraph or page in the Tata Company's representation.

4. In the introduction, paragraph 1, page 1, reference is made to the adoption by the United Kingdom of a policy of substantial protection for its iron and steel industry; this was the result of the very unfair and uneconomic competition at prices below the cost of production which the producers in the United Kingdom experienced in their home market from Continental makers, and to which the Indian producers are still subject in the Indian market. Moreover, it should be noted that the United Kingdom import duties do not apply to Indian iron and steel products which are subject to neither protective nor even revenue duties. It is also claimed that a further measure of protection is necessary to enable the Tata Company to live in competition with older established industries. The relatively high wages in the United Kingdom, which are approximately 100 per cent. above the Continental wage levels, preclude the possibility of competition in India from United Kingdom makers.

5. It is stated at the end of paragraph 3, page 2, that "the fall of many of these prices to unprecedentedly low levels is an important factor in the failure of the current scheme of protection to the steel industry to achieve its aims." In the opinion of the Federation, the fall in world demand has been the major influence in the fall in prices. Indian producers have no doubt been faced with the "dumped" prices of Continental steel as have producers in the United Kingdom, and the scheme of protection may well have failed in its intentions in regard to Continental steel. It cannot be said, however, that the scheme of protection has failed in its application to imports of iron and steel from the United Kingdom, as it can be shown that United Kingdom prices throughout the whole period have been higher than those estimated by the Board, with the consequent effect that Indian producers have received protection against makers in the United Kingdom in excess of that which was intended.

6. It is further stated in paragraph 5, page 2, that it is due to the failure of the protection granted that no new works have been established during the last nine years. The Federation submit that this is not an argument for increased protection, but is due to the natural effect of world depression. It is the opinion of the Federation that the reason no new steel works have been established in India during the last nine years is because there has been no economic justification for any such undertaking, and not because of the failure of the scheme of protection.

7. In paragraph 11, page 5, attention is drawn to Statement No. 4 as being evidence of the large extent to which the Tata Company has met the demand in those classes of steel which it can produce. Examination of the statement shows that the Tata Company's percentage has, in the main, increased as the consumption has fallen. The average consumption of those classes of steel produced by the Tata Company over the ten years in question was 936,150 tons, and the average annual percentage supplied by the Tata Company over this period was 39.23 per cent. If, however, the Tata Company are able to maintain during the next seven years an average annual output of 530,000 tons, and taking the average consumption over the past ten years in those classes of steel which can be produced by the Tata Company as a reliable indication of future demands, it is evident that the Tata Company would then supply a maximum of 56.6 per cent. of this market.

8. In regard to the prices for structural sections, bars and plates, shown in Statements 5 and 7, the Federation submit that these figures do not represent the prices which have ruled for some time. The Federation have been advised by the United Kingdom makers that prices of structural sections and plates have been controlled for a number of years. These controlled prices have remained unaltered for the past seven years at £8-7-6 per ton basis for structural sections, and £8-15 per ton  $\frac{3}{16}$  in. basis for plates, both c.i.f. Indian ports. It should be noted that the  $\frac{3}{16}$  in. basis price of £8-15 c.i.f. Indian ports is for plates  $\frac{3}{16}$  in. thick, and that extras apply to thinner plates. The extra on plates  $\frac{3}{16}$ " thick is 15 shillings per ton, and the price of  $\frac{3}{16}$ " thick plates is therefore £9-10 per ton c.i.f. Indian port, and not £8-7-6 per ton as stated by the Tata Company. The Federation have ascertained that the present United Kingdom price of untested bars is £7-12-6 per ton c.i.f. Indian ports. This, however, is the lowest price quoted, and when the price of tested bars is taken into consideration, the average United Kingdom price of bars c.i.f. Indian ports is considerably higher than £7-12-6 per ton. It therefore follows that in the submissions, where the Tata Company use United Kingdom prices, the conclusion drawn by the Tata Company should be amended to take account of the difference between the prices which the Tata Company quote and the *actual* United Kingdom prices.

9. The Federation invite the attention of the Board to the additional protection which the Tata Company have received in the past against United Kingdom iron and steel products by reason of the extras on United Kingdom iron and steel material. The Tata Company in their representation to the present Board have not taken into account any extras chargeable on United Kingdom material.

10. Statement 14 shows the change in the proportion of tested to untested steel as sold by the Tata Company over the past six years. No doubt the falling-off in orders for rails has been an important contributory factor, but it may also be that the spending power of the consumer in India has been lowered by world economic conditions resulting in the greater use of cheaper grade steels. The fall in the percentage of tested steel sold is quite marked, but it will be noted that it is within the last two years that the biggest change has taken place, admittedly the worst two years in industrial history. If the averages over the past six years are taken it will be seen that the position is not very far removed from the estimations of the Board in 1926, except in regard to structural sections. The figures are as follows:—

*Average percentage of orders booked, tested and untested materials.*

Product.	Tariff Board Estimates, 1926.		Average 1927-28 to 1932-33.	
	Tested per cent.	Untested per cent.	Tested per cent.	Untested per cent.
Structural Sections . . . . .	57.1	42.9	39.15	60.85
Bars . . . . .	28.6	71.4	25.85	74.15
Plates . . . . .	71.4	28.6	66.03	33.97

11. The Tata Company estimate that their average annual output of steel for sale during 1934-41 will be 530,000 tons. It follows therefore that in a normal year, when India could be expected to consume from 1,500,000 to 2,000,000 tons of iron and steel products per annum, the Tata Company's maximum proportion of the total market for iron and steel would be of the order of one-third. It would appear that the duties should be adjusted to the condition that in a normal year two-thirds of India's consumption of iron and steel would be subject to duties, and take into consideration the fact that any undue increase in prices to the consumer must limit his powers of consumption.

12. The Tata Company have stated that the progress and efficiency of their plant have exceeded the estimations of the Tariff Board at their Enquiry in 1926, and the Federation therefore submit that the Tata Company do not now require protection against imports of iron and steel from the United Kingdom. On the other hand, they have referred to estimated losses due to various factors. The Federation submit that many of these factors were common to iron and steel producers all over the world, and that the losses of the Tata Company have been over-estimated. It is interesting to consider what the Tata Company's position would have been had the world economic conditions which have prevailed not so affected their returns. The latest balance sheet of the Tata Company shows a profit which is satisfactory during a period when most other British steel companies showed a loss. The production of the Tata Company has also increased in a period when reduced outputs were general.

13. The Federation do not propose at the moment to comment on the other submissions of the Tata Company, as these will no doubt have been fully investigated by the Board. The Federation, however, are anxious to assist the Board to the fullest possible extent, and are arranging for their representative to be present during the oral evidence.

14. On the Tata Company's submissions it is clear that they do not now require protection against imports of iron and steel from the United Kingdom. The Federation therefore request the Board to consider favourably:—

- (i) The granting of free entry to iron and steel products of United Kingdom manufacture.
- (ii) The extension of the policy adopted by the Board in 1926 in regard to the difference in prices between tested and untested iron and steel by increasing the existing duties on iron and steel items of other than United Kingdom manufacture.

*Free Entry into India of United Kingdom Iron and Steel Products.*

15. United Kingdom makers consider that greater facilities for the export of their iron and steel to India should be extended to them by removing the duties on iron and steel items of United Kingdom manufacture, while increasing the duties on items of other than United Kingdom manufacture. In the first place, while India enjoys at present free entry into the United Kingdom it is necessary to the development of a policy of co-operation between Indian and United Kingdom producers that such free entry should be reciprocated; and secondly, because of the very unfair competition of a dumping character which the United Kingdom manufacturers now experience in the Indian market from Continental, and may in the future experience from Japanese suppliers.

16. One of the conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission was that if an industry desired to apply for protection, it would require to prove that it would eventually be able to face foreign competition without protection. The Indian iron and steel industry satisfied this condition, and the Tariff Board at their enquiry in 1926 no doubt had this point in view when they stated:—

“ We believe that by 1933-34 the Indian industry should be able to meet British competition without the assistance of any protective or revenue duty, but that if Continental prices remain at their present level some measure of protection may still be required.”

17. It appears to the Federation that the Board at their Enquiry in 1926 estimated with remarkable accuracy the position which has undoubtedly arisen to-day, and the Federation submit that having regard to the progress made by the Indian iron and steel industry since 1926, the industry does not now require protection against imports of United Kingdom iron and steel.

18. Experience has shown that any industry can only operate efficiently and economically within a radius of the centre of its operations, limited by the cost of transport, which, all other things being equal, defines the limit of its competitive power in relation to other producing centres more favourably situated for such markets. The Federation, therefore, submit that it is necessary in the interests of the consumer, and to the increase of consuming power in India, that there should be co-operation between the Indian and United Kingdom producers, possibly governed by geographical considerations.

19. The Federation are of the opinion that the Indian iron and steel industry is sufficiently protected against imports of United Kingdom iron and steel by the cost of freight and landing charges. If in any particular items further consideration in the interests of the Indian producer is necessary, suitable provision could be made in this respect under such a scheme of co-operation.

20. The Federation submit that the granting of free entry to iron and steel products of United Kingdom manufacture would ultimately, by reason of lower cost to the consumer, result in increased demand which would benefit both Indian and United Kingdom producers. It is only by the consumer being able to purchase at such economic prices that consumption and, therefore, production can expand.

*Increasing the Existing Duties on other than United Kingdom Material.*

21. The Indian exporter not only enjoys free entry of his iron and steel products into the United Kingdom, but also benefits under a margin of 33½ per cent. *ad valorem* preference over non-Empire suppliers. It may be pointed out that all iron and steel items of United Kingdom manufacture enjoy differential treatment on entering all parts of the Empire with the exception of India, where differential duties at present apply to certain items only. The Federation submit that the reasons which persuaded the Board at its Enquiry in 1926 to recommend differential duties apply in greater force to the conditions which exist to-day, and that, apart from the implications of the Ottawa Agreements, there is ample justification for an extension of the policy of the Board in this direction. Due to the uneconomic price warfare on the part of the Continental suppliers, the difference between the prices of tested and untested qualities of steel has greatly increased since the Tariff Board Enquiry in 1926. The Board then held that the only way of protecting the interests of the consumer which was administratively possible was to apply lower duties on United Kingdom than on other than United Kingdom material. The Federation, therefore, submit that unless the duties are increased on iron and steel items of other than United Kingdom manufacture, there may be, as was contemplated by the Board in 1926, a danger that the standards of the steel consumed will be lowered by the very low actual and potential prices of Continental and Japanese makers. It is universally admitted that United Kingdom iron and steel is of a much higher quality than Continental or Japanese iron and steel.

22. Prices of United Kingdom iron and steel products are practically unchanged from those prevailing in 1926, while those of Continental suppliers, due to their uneconomic competition, show a very serious decline with a very adverse effect on exports from the United Kingdom.

23. Exports to India from Belgium, for instance, have shown a steady increase, and in common with other Continental countries Belgium is making a determined effort to oust United Kingdom makers from the Indian market. This competition is both unfair and uneconomic as in the bulk of cases the Continental makers are supplying the material at prices which bear no relation whatever to the actual cost of production in the country of origin. In this connection it is desired to draw the attention of the Board to the first report of the National Committee for the Iron and Steel

Industry to the Import Duties Advisory Committee which is published in Cmd. 4181, dated October, 1932, in which it is stated that:—

“ For example, it was admitted in the annual report of the Comité des Forges de France at a meeting held in May, 1932, that at the beginning of the year steel was being exported at 30 to 40 per cent. below the cost of production. Prices have fallen considerably since that date. In the journal of the German iron and steel industry, *Stahl und Eisen*, for June 30th, 1932, Dr. Reichert, the head of the German Iron and Steel Federation, states ‘ the confusion in prices has never caused such large losses as it did from the summer of 1930 to the spring of 1932. Price losses of £2 to £2-10 per ton were the rule. . . . A mania prevailed for maintaining the exports, especially with the object of being able to claim as high quotas as possible in connection with future international syndicate negotiations.’

“ The following table shows the prices of typical products on a gold basis f.o.b. Antwerp at the end of August, 1929, 1931 and 1932:—

	Aug., 1929		Aug., 1931		Aug., 1932	
	£	s. d.	£	s. d.	£	s. d.
Sheet Bars . . . . .	4	17 6	2	19 0	1	19 0
Joists . . . . .	5	3 0	3	2 0	2	2 0
Merchant Bars . . . . .	5	13 6	3	4 0	2	7 6
Heavy Plates . . . . .	6	6 0	3	17 0	2	15 0

“ In order to offset the effects first of sterling depreciation, and secondly of protective duties, Continental producers are now quoting prices even below the levels at which they were admittedly incurring losses previously. It will be seen that current prices are about 60 per cent. less than the levels of three years ago.”

24. The continuance of such competition must clearly operate to the detriment of the Indian consumers by lowering the competitive power of both Indian and United Kingdom producers in the Indian market. If and when such competitive power is weakened or ultimately destroyed, prices will rise to any level dictated by Continental producers acting together under the International Steel Cartel.

25. The following are prices of Continental steel on gold and sterling bases f.o.b. Antwerp at the end of June, 1933:—

	Gold.		Sterling.	
	£	s. d.	£	s. d.
Sheet Bars . . . . .	2	8 0	3	4 1
Joists . . . . .	2	15 0	3	13 5
Merchant Bars . . . . .	3	0 0	4	0 1
Heavy Plates . . . . .	4	1 0	5	8 1

26. The safeguarding of Industries Act, 1933, by giving the Governor-General in Council power to impose on any goods “ a duty of such amount as he considers necessary to safeguard the interests of the industry affected,” affords protection to the Indian industry, but from the nature of the case this can only operate after such competition has been experienced. While this is useful as an emergency measure to meet a deliberate attack on Indian industry, it does not dispense with the necessity for higher duties on Continental material.

27. The United Kingdom industry feels that it cannot be too strongly emphasised that the dumping of manufactured products in a market is a dangerous form of economic war. The result must be the weakening, if not the ultimate destruction, of domestic industries in the country suffering therefrom. It is essential, therefore, that the existing measures for dealing with dumping should be applied promptly when necessity arises,



28. On the other hand, the United Kingdom industry fully recognises that a national policy must be so designed as to protect the consumer against exploitation, and submit that neither the Indian nor the United Kingdom industry, even if it so desired, is in a position to exploit the Indian consumer under any form of tariffs either domestic, or differential as applied to United Kingdom products, since the result of so doing would be to defeat the object which both industries have in view, namely, to secure a larger consuming power in the Indian market and a greater volume of production for their respective industries.

29. The United Kingdom industry is prepared, in this connection, to co-operate with the Indian producers to the fullest possible extent to ensure that the lowest economic price for iron and steel products is quoted to the Indian consumer. One method is by the allocation, on a geographical basis, of markets most readily accessible to the Indian and United Kingdom producers respectively, another the adoption of a policy of complementary production, both of which are designed to give the Indian consumer the best service at the lowest price.

30. The Federation submit that the evidence adduced demonstrates that the Indian iron and steel industry does not require, under present conditions, any protection against the United Kingdom producer. Experience, however, in the United Kingdom home market has proved conclusively that the economic warfare waged by Continental countries as a result of competition between themselves can only be met by an adequate margin of protection. On the basis of free entry of all iron and steel items of United Kingdom manufacture, the Federation submit that the duties on material of other than United Kingdom manufacture should be increased to the extent necessary to make the protection effective.

#### *Complementary Agreements.*

31. The Federation submit that the interests of the Indian and United Kingdom producers, and also those of the Indian consumer, would be best served by the Indian and United Kingdom producers arriving at an agreement whereby the iron and steel market in India would be retained to the fullest possible extent between them.

32. There is a point of common interest between the Tariff Board, Indian industry and United Kingdom producers, that of the interests of the Indian consumer. It is essential to the welfare and economic expansion of any community that it should be able to purchase its supplies of iron and steel at prices which are economic to both supplier and consumer.

33. It will be apparent to the Board that although the Indian industry may be able under existing abnormally depressed conditions to meet, to a considerable extent, the requirements of the iron and steel market in India, this would not be the position if consumption was normal.

34. In conclusion the Federation desire to assure the Board that, while their objective is naturally to improve the position for the United Kingdom industry in the Indian market, they fully recognise that the position of the Indian industry, having due regard to the interests of the consumer, must be reasonably safeguarded. They are of the opinion that the consuming power of India in iron and steel could be materially developed by an active policy of co-operation between United Kingdom and Indian producers. Also that such development of the Indian market—since iron and steel products are for the most part capital goods—would have the effect of assisting materially the economic progress of India in other directions. The United Kingdom industry is prepared to take the requisite steps to ensure the maintenance of an effective organisation, provided it is assured of co-operation on the part of the Indian producers and the benevolent interest of the Government of India in its development. Recognising that, as the consuming power of India develops, it is likely that the productive power of the Indian iron and steel industries will legitimately increase,

the basis of the co-operative policy which they envisage is to secure at any moment to the Indian consumer the most efficient service at the minimum economic price.

For and on behalf of the National Federation of  
Iron and Steel Manufacturers.

(Signed) W. J. Larke,  
Director.

#### APPENDIX No. 1.

##### RAILWAY TYRES, AXLES AND WHEELS.

(Serial No. 99 Stat. Sched. No. 59D and Serial No. 118, Stat. Sched.  
No. 63A.)

The Railway Tyre and Axle and Wheel Makers' Associations strongly urge the amendment of the tariffs on loose tyres and axles and complete wheels and axles for railways and tramways which are scheduled:—

- (a) 15½ per cent. *ad valorem* on tyres and axles and complete wheels and axles for carriages and wagons.
- (b) 10 per cent. *ad valorem* on tyres and axles and complete wheels and axles for locomotives.

The railways of the Indian Empire have always evinced a preference for tyres and axles and wheels and axles of United Kingdom manufacture, and it is unquestionable that the responsible officers have a greater confidence in the reliability and enduring service of these important component parts of rolling stock imported from the United Kingdom than supplied from other countries. Such preference has been appreciated by United Kingdom makers, and they have been encouraged in the past by the realisation that the great bulk of the requirements of the Indian Railways were ordered from them.

The proportion of orders awarded to United Kingdom makers has, however, considerably declined, and within fairly recent times it has been disappointing that United Kingdom tenders have been very frequently unsuccessful, and many important orders have been given to makers in foreign countries, whose reciprocal imports of Indian produce do not compare with India's shipments to the United Kingdom. The differences in the prices tendered by the United Kingdom and by foreign makers are understood to be often quite narrow, and the officers responsible for the maintenance of rolling stock on the Indian Railways will appreciate that it is real economy to purchase at higher prices United Kingdom tyres and axles and wheels and axles which afford the maximum durability in service, and enable them to maintain their locomotives, carriages and wagons on the road, and produce revenue, for longer periods without being interrupted by having them brought into the shops for returning or replacement. There is the further saving in workshop costs, and the longer ultimate running life of tyres, axles or wheels, postpones replacement and is an important offset to first cost.

With particular regard to the percentage of orders placed in Sweden as compared with the United Kingdom, these Associations wish to suggest that it may be disproportionate to the import of Indian produce to the two countries respectively.

It is recalled that a preference of 10 per cent. in favour of scheduled United Kingdom steel was talked of at the Ottawa Conference, but that is deemed to be inadequate in the case of tyres and axles, and wheels and axles where labour enters so largely into the cost of production. We are directed to suggest that in lieu of the existing scheduled tariffs hereinbefore mentioned, that tyres and axles and wheels and axles—for locomotives as well as railway carriages and wagons and tramcars—supplied from the United Kingdom be admitted free of customs or revenue duty, and that a

duty of 33½ per cent. *ad valorem* be imposed on these products if not of United Kingdom manufacture.

Tyres and axles and complete wheels are not manufactured commercially in India, and the question of providing for the interests of the Indian iron and steel industry does not, therefore, arise.

#### APPENDIX No. 2.

##### STEEL RAILWAY COACHES.

(Serial No. 117, Stat. Sched. No. 63.)

The members of the Railway Carriage and Wagon Builders' and Financiers' Parliamentary Association are aware that it is now the policy of the Government of India to order locally everything which can be manufactured in the country, and that following that policy all their wagon orders and steel underframe orders will, in future, be placed in India up to the capacity of local works.

There remains, however, the question of steel coaches. It seems probable that in future steel coaches will be widely adopted in India in place of wooden stock. At the present time, no facilities exist in India for the manufacture of steel coaches and it would probably be considered uneconomic to develop such manufacture in India.

At the present time, United Kingdom manufacturers receive no preference at all over German and other foreign manufacturers. The existing duty on all such stock is 15½ per cent. *ad valorem*.

The members of the Railway Carriage and Wagon Builders' and Financiers' Parliamentary Association suggest to the Indian Tariff Board that it would be reasonable to admit steel coaches of United Kingdom manufacture free of duty, and impose a duty of 33½ per cent. *ad valorem* on those of other than United Kingdom manufacture.

The reasons for asking for a differential duty on steel coaches are that United Kingdom builders have alone been responsible for the development of the all-steel coach designs for India. They incurred considerable expense in developing these designs. Every order which has been received by foreign manufacturers for steel coaches has been to British designs.

The members of this Association are not aware whether the Indian Tariff Board will cover railway rolling stock in the enquiry which is to be instituted, but it is hoped this is a subject to which they will be able to give consideration.

#### APPENDIX No. 3.

##### WROUGHT IRON AND STEEL TUBULAR POLES.

Wrought Iron and Steel Tubular Poles are at present classified under Serial No. 96, Statutory Schedule 59a (5) and are subject, therefore, to the standard rate of duty for Electrical Goods of 10 per cent. *ad valorem*, with no preference for United Kingdom manufacturers.

These Tubular Poles are essentially an iron and steel product, being an important sideline of the Iron and Steel Tube Manufacturers, and have a wide range of use outside of Electrical Power Transmission Lines. They are used, for example, as Tramway Poles, for Street Lighting, Railway Signal Posts, etc.

We would request that they be classified, therefore, under Serial No. 103 H, Statutory Schedule No. 236, and we propose that the wording of this Clause be accordingly altered so as to read:—

“Iron or steel pipes: also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks, and the like, also iron or steel tubular poles, but excluding pipes, tubes, and fittings therefor otherwise specified.”

It should be noted that in making this Application we are not putting any additional burden on the Indian Electrical Industry, insofar as purchases of United Kingdom Tubular Poles are concerned, since United Kingdom pipe pays at present the same rate of duty of 10 per cent. *ad valorem*. We are, however, asking that the same differential duty compared with that applicable to foreign supplies should be given to these Wrought Iron and Steel Poles as is at present, or will at any future date, be given to pipe and material classified under Serial 103H, Statutory Schedule No. 236.

It should also be noted that this reclassification need not prejudice in any way the development of the Indian Electrical industry, since:

- (a) A very considerable quantity of these poles is already supplied from the United Kingdom proving that the United Kingdom article is already almost competitive.
- (b) They are used in India in competition with poles made locally from wood, concrete, lattice steel, old rails, etc., all of which sell at prices substantially below the tubular pole, whose only claim lies in its superior quality and fitness for the job. As an instance, it may be taken that the average selling price of tubular poles is in the region of £16 per ton, whilst old rails are sold for about £8 per ton and lower.

#### APPENDIX No. 4.

#### ITEMS IN SCHEDULE II OF THE INDIAN CUSTOMS TARIFF (EIGHTH ISSUE) COVERED BY MEMORANDUM OF THE NATIONAL FEDERATION OF IRON AND STEEL MANUFACTURERS.

##### (a) List of alterations desired in the classification.

Serial No.	No. in Statutory Schedule.	Names of Articles.
75	142	Add to definition "excepting underframes, draw bars, hooks, links, wheels and axles, pedestals, tub greasers and prop withdrawers, and tub controllers".
77	87	Insert "excepting springs, tyres and axles, spring plates and spring buckles," after "component parts and accessories thereof."
96	59a	(5) Add "excepting wrought iron and steel tubular poles" at end of definition.
99	59d	Add at end of definition "excepting drill chucks for use on power machines requiring not less than $\frac{1}{2}$ brake horse power. High-speed steel hacksaw blades, 12" long and upwards. (a) Hacksaw blades of a length not less than 14", and width not less than $\frac{3}{8}$ ", or, (b) more than 14" long whatever the width. Machine reamers for power over $\frac{1}{2}$ ". Machine knives, shear blades. Railway tyres and axles for locomotives. Milling cutters of high speed steel. Lathe chucks above 12". Band saws $\frac{3}{8}$ " wide and above. Twist drills, high-speed or carbon over $\frac{1}{2}$ ". Drill sleeves and sockets for taking drills over $\frac{3}{8}$ ".

Serial No.	No. in Statutory Schedule.	Names of Articles.
		Circular saws for wood.
		Circular saws for metal.
		Steel balls, capable of being used in bearings, if the diameter exceeds $\frac{3}{4}$ ". Forgings and balls (if parts of industrial machinery). Springs for locomotives, spring plates, spring buckles".
100	194	Add at end of definition "excepting twist drills, high-speed or carbon up to and including $\frac{1}{2}$ ". Drill sleeves or sockets for taking drills up to $\frac{1}{2}$ ". Stocks, dies, taps, chaser die stocks, tube expanders, ratchet braces, Clyburn spanners, tube wrenches, double-ended spanners, blacksmiths' tools, hand reamers, lathe chucks up to 12" diameter, drill chucks for hand machines, band saws up to $\frac{5}{8}$ " wide, crowbars, cramps, cold chisels, wire gauge, coach wrenches, ratchet brace planes, rasps, files, hacksaw frames, pick axes, miners' picks, hammers (handled or unhandled), shovels, spades, forks (except agricultural), coke and stone forks, tin openers, augers, adzes, axes, bradawls, chisels, gimlets, pliers, pincers, vices, squares, spoke shaves, gouges, carbon and tungsten alloy hacksaw blades below 14" by $\frac{3}{4}$ ", hand saws, and hand saw blades".
101d	144	Add "including hammered bars" at end of definition.
101e	235	Add "including hammered bars" at end of definition.
102c	237	Add after "vi., all other shapes," "any size including:— Alloy steels or high-speed steels. Nickel chrome steel. Stainless steel bars. Flat bars, 8" wide and over, and not over $\frac{1}{2}$ " thick. Silico-manganese spring steel. Cold rolled hoop steel. Cold rolled belting steel. Steel in bar and special shapes. Hollow drill steel. Solid drill steel. Coal cutter steel. Tool steels. Special alloy steel (heat resisting and corrosion resisting). Die steels. Road studs, manganese and other alloy steels. Mining drill steel. Carbon spring steel in certain shapes and sizes. Wire rod in coils."
102d	152	Add at end of definition: "including carbon steel not otherwise specified, carbon spring steel and carbon steel billets."
102e	237	Add at end of definition: "stainless steel sheets, die blocks of alloy steel and steel forgings."
102f	237	Add at end of definition: "including spring steel."
103d	236	Add at end of definition: "including steel strip."

Serial No.	No. in Statutory Schedule.	Names of Articles.
103h	236	Insert after "valves, cocks and the like,"— "also wrought iron and steel tubular poles."
103o	236	Add at end of definition: "links and pins, ramps and sole-plates."
103p	236	Add after "switches, crossings"—"links and pins, sole-plates."
103r	149	Add to (a) at end of definition—"including round or square spring steel wire and welding wire."
104	195	Add at end of definition: "including steel in coils for the manufacture of band saws, die blocks, and excluding crusher balls."
117	63	Add at end of definition: after "railway administration"—"excepting all-steel coaches."
118	63a	Add to definition: after "for any other purpose"—"excepting tyres and axles, wheels and wheel centres, and axle boxes. Springs for cranes and carriage springs."

(b) *Items for which free entry is requested.*

101a (235),	101b (143),	101c (235),	101d (144),
101e (235),	101f (235),	101g (235),	102a (237),
102b (151),	102c (237),	102d (152),	102e (237),
102f (237),	102g (237),	102h (153),	103a (236),
103b (145),	103c (236),	103d (236),	103e (145a),
103f (236),	103g (146),	103h (236),	103i (147),
103j (236),	103n (150),	103o (236),	103p (236),
103q (236),	103r (149),	103a (236),	103t (149a),
104 (195),			

(c) *Items at present classified with certain other items for which separate classification and free entry are requested.*

Serial No.	No. in Statutory Schedule.	Names of Articles.
75	142	Underframes, drawbars, hooks, links, wheels and axles, pedestals, tub greasers, prop withdrawers and tub controllers for coal tubs, tipping wagons and the like conveyances for use on light rail track.
77	87	Springs, tyres and axles, spring plates and spring buckles for tramcars, passenger lifts, and other sorts of conveyances not otherwise specified.
99	59d	Drill chucks for use on power machines requiring not less than $\frac{1}{2}$ brake horse power. High-speed steel hacksaw blades 12" long and upwards. (a) Hacksaw blades of a length not less than 14" and width not less than $\frac{1}{2}$ ", or. (b) more than 14" long whatever the width. Machine reamers for power over $\frac{1}{2}$ ". Machine knives, shear blades, springs for locomotives. Railway tyres and axles for locomotives.

Serial No	No. in Statutory Schedule	Names of Articles.
		Milling cutters of high-speed steel, lathe chucks above 12". Band saws $\frac{3}{4}$ " wide and above. Twist drills, high-speed or carbon over $\frac{1}{2}$ ". Drill sleeves and sockets for taking drills over $\frac{1}{2}$ ". Circular saws for wood. Circular saws for metal. Steel balls capable of being used in bearings, if the diameter exceeds $\frac{3}{4}$ ". Forgings and balls (if parts of industrial machinery), springs for locomotives, spring plates, spring buckles.
100	194	Twist drills, high-speed or carbon up to and including $\frac{1}{2}$ ". Drill sleeves or sockets for taking drills up to $\frac{1}{2}$ ". Stocks, dies, taps, chaser die stocks, tube expanders, ratchet braces, Clyburn spanners, tube wrenches, double-ended spanners, blacksmiths' tools, hand reamers, lathe chucks up to 12" diameter, drill chucks for hand machines, band saws up to $\frac{3}{4}$ " wide, crowbars, cramps, cold chisels, wire gauges, coach wrenches, ratchet brace planes, rasps, files, hacksaw frames, pick axes, miners' picks, hammers (handled or unhandled), shovels, spades, forks (except agricultural), coke and stone forks, tin openers, augers, adzes, axes, bradawls, chisels, gimlets, pliers, pincers, vices, squares, spoke shaves, gouges, carbon and tungsten alloy hacksaw blades below 14" by $\frac{3}{4}$ ", hand saws and hand saw blades.
104	195	Crusher balls.
117	63	"All steel" railway coaches.
118	63a	Tyres and axles, wheels and wheel centres and axle boxes. Springs for cranes and carriage springs.

(2) Letter dated the 12th December, 1933, from the National Federation of Iron and Steel Manufacturers in the United Kingdom.

I have the honour to enclose a Memorandum supplementary to the printed Memorandum of this Federation which is already in your possession.

**APPLICATION OF THE NATIONAL FEDERATION OF IRON AND STEEL MANUFACTURERS TO THE INDIAN TARIFF BOARD.**

**SUPPLEMENTARY MEMORANDUM.**

*General.*

1. The application of the Federation referred to above was prepared without knowledge of certain local factors and conditions and it has been the duty of the Federation's representatives to investigate these after arrival in India.

2. It is now desired to make further submissions for the consideration of the Board particularly in regard to the question of Complementary Agreements referred to in paragraphs 31 to 34 of the Federation's application.

3. The need for such Complementary Agreements is, in the Federation's view, based on the fact that the Tata Company's estimated production of steel represents approximately  $\frac{1}{3}$ rd only of the normal consumption of iron and steel in India. The average consumption during the six years ending 1932, which includes years of extreme depression, was substantially in excess of  $1\frac{1}{2}$  million tons. It is submitted that a scheme of protection for a period of years cannot be based on present day exceptional conditions.

4. The Federation wish it to be clearly understood that they are in full sympathy with the further development of the Steel Industry in India and of secondary industries using iron and steel products. In their view, any scheme of co-operation must provide for such further development on economic lines. The Federation have no doubt that the Board themselves will take the view that any further scheme of protection will be judged not so much by its effect on the balance sheets of existing Indian industries as by the encouragement it gives to the further development of existing and the inception of new industries.

5. The Federation, therefore, submits that the protection proposed for the next period should be based not solely on requirements of the Tata Company but should be so designed as to give such security as will lead to the erection of new steel works and the development of secondary industries using iron and steel products.

6. It is probably unnecessary to point out to the Board that the somewhat monopolistic growth of a company such as the Tata Company may in itself be a powerful deterrent to the full development of the Steel Industry in India. The Tata Company is, at present, by reason of the existing duties, in a position to secure the most profitable parts of the country's requirements of iron and steel and if conditions are created which establish, in fact or by inference, that the Tata Company has a prescriptive right to this trade, the prospect of the erection of new steel works in India must be regarded as very remote. Naturally as the enquiry concerns the Steel Industry as a whole and not the requirements of any individual company engaged in the industry, the Federation requests the Board to give full weight to this consideration.

7. The Federation, therefore, considers it essential in the best interests of India that Complementary Agreements should be effected under which the Indian industry would associate itself with a "temporary partner" in a manner which would not prevent the existing Indian industry disposing of its whole output but which would secure that the output would be spread fairly over all iron and steel products which can economically be produced by the existing Indian industry.

8. On the question of providing security for the further development of the steel industry in India and the secondary industries using iron and steel products, the Federation desires to submit that only by such a scheme of co-operation as they have in mind can the requirements of India be fully met without serious hardship to certain classes of consumers and at the same time effectively protect the Indian producers.

9. It is the view of the Federation that protection to be effective must, provided that the whole requirements of the Indian consumer can be met from other sources, be sufficiently high to prevent the possibility of a continuance of the kind of competition which the Indian producers have experienced during the past seven years from Continental countries and which they are otherwise likely to experience in the near future from Japan.

10. The Tata Company in its representation paragraphs 112-113 deals with this point. The Federation is of opinion that the proposals of the Tata Company in this respect fall far short of what is required and suggests that a more satisfactory method of dealing with an emergency situation (the possibility of which may not be entirely eliminated at the outset) is that which is provided under the Sheet Agreement at present in force between the Indian and the British industry, viz.:—

"(1) In the event of further reductions in the price of sheet imported into India and not made in the United Kingdom, the Government of India, as soon as they are satisfied that a fall in prices had in fact occurred, would, without an enquiry by the Tariff Board, take prompt and effective action to meet the situation by the imposition of an additional duty. The amount of the additional duty would not necessarily be limited to the amount of



the price reduction actually made but would be sufficient to make clear the intention of the Government of India to maintain prices.

- (2) Each Government would remain at liberty to take appropriate measures to prevent sales at unfair prices by the manufacturers in the other country or to check an unnecessary increase in prices against the consumer by a combination of manufacturers in both countries.'

11. It is clear, however, if effective protection on these lines is introduced that until such time as the whole requirements of India can be met by the Indian industry under other than monopolistic conditions, the consumer has a right to expect that his requirements will be supplied at economic prices.

12. The Federation desires to take this opportunity of assuring the Board that the British Industry is able and willing to meet the whole of the requirements of India in untested as well as tested steel at such prices as may be decided by the Board to be the fair selling prices for the Tata Company which would include reasonable allowance for overhead expenses, depreciation and profit, provided that the cost to the consumer of the British product is not increased by duties.

13. The Federation also wishes to suggest that the industrial needs of India demand discrimination in regard to the levying even of revenue duty on iron and steel products and that British imports of iron and steel for industrial purposes which can be classed as "Capital Goods" should, at any rate, be granted free entry even if a revenue duty is still considered necessary on iron and steel products for general consumption.

14. In conclusion to the foregoing general considerations, the Federation desires to emphasise the great value of stability of prices in developing consumption when prices are liable to wide fluctuations and, particularly when the general direction is downwards, there is naturally a reluctance to embark on major or even minor expenditure of a capital nature and the tendency inevitably is to restrict consumption to the barest possible minimum both in capital goods and in goods for general consumption.

15. The Federation also submits that specific duties are less disturbing to trade than duties on an "ad valorem" basis and that only by the imposition of specific duties whether revenue or protective can a proper balance be preserved.

*Further Comments on the Tata Company's submissions relating to the Question of Co-operation.*

16. The Federation feels that the Tata Company's system of establishing an average fair selling price for the different products for the purpose of calculating duty required, tends to obscure the real position and leaves the consumer without any guarantee that the sales policy of the Tata Company will be framed to meet the needs of the country rather than the convenience of the Steel Company itself. For instance, it has the effect of raising the imported price of certain products in the *untested* category to a higher price than for the same products in the *tested* category. If this were reflected in the actual selling price, it would appear to penalise the consumer of untested steel to the benefit of the consumer of tested steel and would thereby tend to restrict the demand for steel at its weakest points.

17. The Tata Company's admission that by establishing theoretical uniform duties a surplus for remission of duties might be made available clearly indicates that they are asking for protective duties in excess of those which are actually necessary.

18. The Federation submits that the only sound method of establishing a fair selling price is to base on the average estimated costs of the Tata Company for the period for each product, in the *tested* and *untested* categories separately, so that the fair selling prices established may be regarded as approximate actual selling prices bearing a relation to cost and not as theoretical averages.

19. It would follow from this that there would be no inducement to the Tata Company to develop the sale of one product or quality rather than another in a manner contrary to the requirements of India (its profit in all cases being approximately equal).

20. It is felt that the Tata Company has not, in its representation, brought out the advantage and even necessity for having a certain balance in the various products between tested and untested material to secure economical operation. It is a matter requiring the highest form of works management to ascertain the proportions of tested and untested material which give the best result in terms of yield.

21. In this connection it is interesting to compare the Tata Company's statement of yields for 1932-33 (Statement 33) with average British practice which is as follows:—

	Tata Company. 1932-33.	Average British practice.
Sheet Bar and Billet Mill . . . . .	80.6	83.8
*New 28" Mill . . . . .	71.2	79.9
*Rails . . . . .	...	78.3
*Fishplates . . . . .	...	80.0
Merchant Mill . . . . .	73.3	78.6
Plate Mill . . . . .	69.1	65.2

\* These represent average British practice for structural sections, rails and fishplates respectively.

22. It is only to be expected that the practice of the British industry due to its long establishment, its varied market and other factors, should show better yields than those of the Tata Company, notwithstanding that the yields given above are based wholly on tested steel.

23. The Board's attention is, however, particularly drawn to the Tata Company's yield in the Plate Mill. This is a remarkable yield and the best American practice gives no more than 65 per cent. It would appear to be due to the large proportion of untested material which the Tata Company admits it has had to roll as well as to the selection of the most suitable specifications and sizes in tested material.

24. If this assumption is correct, it will be seen that the production of a fair proportion of untested material in conjunction with tested material has great advantages in the case of the Tata Company which advantages should, it is submitted, be reflected in its costs for the two qualities.

25. In this connection reference must also be made to the Tata Company's statement No. 36 giving the "Cost above net Metal". This shows that the cost of open-hearth ingots is 8.8 rupees higher than for Duplex ingots. It is assumed that the whole of the open-hearth ingot output goes into tested material with a proportion of the Duplex ingot output, untested material being rolled entirely from Duplex ingots. The inference from these figures would certainly appear to be that a substantially lower price for untested, as against tested, material would, from a proper costing point of view, still give the Tata Company equally satisfactory results.

26. As regards the sales policy of the Tata Company in the past, this would appear to have been, frankly, opportunist. That is to say the Tata Company's selling prices appear to have been fixed in relation to the price of the imported product and without any special regard to the cost of production. As submitted earlier in this representation, if the Tata Company is to be protected effectively in future, the consumer also has the right to demand protection.

27. Before elaborating the British industry's proposals in this regard, reference must also be made to the question of the support for and development of secondary industries using iron and steel products, e.g., the building

of rolling stock, bridges, and fabricated steel structures, the manufacture of tinplate and re-rolling of railway material and rods for wire products. It is noted that the Tata Company in paragraphs 131, 132 and 133 of its representation refers to the encouragement it has already given and will continue to give to such industries and the need for their effective protection in order to secure the market for the basic industry.

28. It is submitted, however, that something much more definite than such an assurance as this is required to encourage the flow of capital into such secondary industries, particularly if there is a possibility of competition with the Tata Company resulting, *e.g.*, in the rolling of small sections, bars, etc., in order to secure an economic load for a mill primarily producing products complementary to and not competitive with those of the Tata Company such as wire rod.

29. It may be of interest at this stage of the representation to indicate briefly for the Board's information the steps which are being taken in Great Britain to protect the Re-rollers and secondary industries generally who, as a result of the introduction of the policy of protection, are now virtually cut-off from supplies of imported steel.

30. The Steel makers of Great Britain have, after very full investigation and discussion with the Re-rollers and other secondary industries, established national prices for all classes of semi-finished steel. The Re-rollers and secondary industries, wherever situated, are therefore enabled to obtain their raw material at a common price. Further the Steel makers who, in many cases, themselves are engaged in rolling the same product as the Re-rollers have agreed to observe national minimum prices for the various classes of rolled products which prices represent a sufficient differential over the price of the semi-finished material to cover the conversion costs of the Re-rollers and secondary industries *plus* a reasonable margin for overhead expenses, depreciation and profit.

31. These and similar arrangements have been urged insistently upon the British Steel Industry by His Majesty's Government even with the implication that the steel protective duties might otherwise have to be lowered or withdrawn altogether, or alternatively, the industry placed under statutory control. The Import Duties Advisory Committee, a standing body which corresponds in a general way to the Board, has closely scrutinised the progress of these arrangements at every stage and will no doubt continue to do so.

#### *Governing Principles for Complementary Agreements.*

32. Having dealt with certain main considerations which appear to the Federation to indicate the governing principles which should apply to any scheme of co-operation resulting in Complementary Agreements between the British industry and the Indian producers, it remains to state for the consideration and, it is hoped, approval of the Board, what—in the Federation's view—these governing principles are.

33. The Board will appreciate that the British industry cannot advance this matter further at the present stage since they have received no indication either from the Tata Company's representation or subsequently that they are prepared to enter into any arrangements for co-operation in the Indian market. This notwithstanding the fact that they have already reaped a very substantial benefit from the co-operation in the British market which resulted from the Ottawa Agreements, co-operation entered into by the British industry in a liberal spirit in the full expectation that the earliest possible opportunity would be taken of reciprocation in the Indian market.

34. The governing principles in any scheme of co-operation to which the British industry would subscribe are as follows:—

- (a) That the Indian producers must be enabled to sell the whole of their output.
- (b) That the consumer must be given the benefit of the lowest possible price for each class of product based on the Indian producers

actual cost and a reasonable allowance for overhead expenses, depreciation and profit.

- (c) That subject to (a) agreed minimum basis prices and extras where applicable shall be established both for the Indian producers and the British industry which shall be the same in the Indian producers freight disadvantage areas as in their freight advantage areas.
- (d) In the event that the Indian producers are unable to dispose of their output on the basis of the minimum prices and extras, the British industry would advance its prices temporarily, firstly in the Indian producers freight advantage areas and thereafter, if necessary, in the freight disadvantage areas, by such amounts as may be mutually agreed.
- (e) That the Tata Company's output of steel shall be apportioned to its various rolled products in order of priority on the following basis:—

- (1) For rails and fishplates.

*N.B.*—No price arrangement would appear to be necessary here, the price of the imported product without duty being, in any case, higher than the Tata Company's probable selling prices.

- (2) For the requirements of Re-rollers of steel, wherever situated, in the form of billets, tinplate bars, merchant bars, sleeper plates, etc., on the basis of national prices for such semi-finished material with agreed prices for the finished products if competitive with the Tata Company's products.
- (3) In the case of steel sold both in the tested and untested categories in the proportions of the two categories (approximately) which have been established over the last seven years.
- (4) In the case of sheets in accordance with such agreement as may be entered into between the British Sheet Makers' Conference and the Indian industry. These very broadly would appear to the Federation to be the requisite governing principles as far as they can be stated without discussion with the Indian producers themselves.

*N.B.*—The Federation has already stated in its main application that the United Kingdom industry is prepared to take the requisite steps to ensure the maintenance of an effective organisation, provided it is assured of co-operation on the part of the Indian producers and the benevolent interest of the Government of India in its development. This organisation would be responsible for the effective co-ordination and satisfactory working of the scheme of co-operation.

35. The smooth and satisfactory working of the agreement at present in force between the Indian producers and the British industry with regard to sales of pig iron in the British market gives the Federation every confidence in saying that the co-ordination and satisfactory working of such agreements as may be entered into for the Indian market should present no difficulty.

36. While under the proposed scheme of co-operation, the interest of the British industry in the Indian market for products produced in India would, in effect, be limited to requirements surplus to Indian production, the Federation desires to make it clear that the British industry could only agree to such co-operation if it is reasonably secured in regard to its interests in such surplus requirements by the imposition of adequate duties on iron and steel products from all other countries whether of a size, class or kind at present produced in India or not so produced.

37. The Federation has already in this representation assured the Board in regard to the ability of the British industry to supply all the surplus requirements of India in untested as well as tested steel at fair selling

prices based on the Tata Company's actual cost provided that the British iron and steel products are admitted to India free-of duty or bearing a small revenue duty only.

38. Effective protection for the Indian producer against the competition of the Continental and Japanese steel makers is clearly necessary in any case and it is submitted that the proposals of the British industry, so far from imposing any additional burden on the consumer, go a very long way to mitigate the burden which the policy of protection for the producer must impose in any case.

39. At the same time they provide a means of assuring that the surplus requirements of India will be fully met without injury to the Indian producers pending the legitimate increase of the Tata Company's output or the erection of further steel works in India. In this connection the Federation desires it to be understood that the British industry's scheme of co-operation includes not only the Tata Company but any other producer.

40. Further such co-operation encourages the expectation that other branches of British industry would co-operate in the same spirit with any other allied industry in India and it is hoped that the Government of India will assist such development by instituting further preferences and increasing existing preferences for British products.

(3) *Letter dated the 24th January, 1934, from Mr. I. F. L. Elliot.*

As requested by the President of the Board during the hearing of my evidence on the 18th December, 1933, I have pleasure in giving as attached two recent instances showing the current invoiced prices of British tested bars c.i.f. Bombay without landing charges or duties.

I regret that I have been unable to obtain a wider range of invoiced prices owing to the apparent absence of orders for British imported bars for some time. The instances given, however, show that the Board can rely upon the price of such bars as are at present or are likely to be imported from the United Kingdom being based on the Steel makers recognised basis price of £8-7-6 per ton f.o.b. for bars with varying extras according to the specification for tensile and other factors ranging from Rs. 10 per ton to considerably higher figures.

*Actual Invoiced Prices of British Tested Bars c.i.f. Bombay without landing charges or duties.*

Date.	Size.	Quantity.	Actual invoiced price c.i.f. Bombay.
22nd August, 1933.	3½" dia . . .	10 tons . . . . .	£9-17-6 (includes 10s extra for 23/27 tons tensile quality).
30th September, 1933.	5", 4½", 4¼" and 3½".	About 3 tons each size (supplied along with considerable quantity of plates, angles, etc.).	£9-7-6.

(4) *Letter dated the 24th January, 1934, from Mr. I. F. L. Elliot.*

I beg to refer to a question put to me by a Member of the Board in the course of the evidence tendered by me on the 18th December last in regard to the possibility of steel being admitted to India at a lower rate of duty than that applicable for the country of origin.

I have discussed this matter with the Member for the Central Board of Revenue and with the Assistant Collector of Customs in charge of Imports

and it does not appear, in fact, that any evasion of duty has occurred. Furthermore, it is considered that the Indian Tariff Act and the arrangements made under the Ottawa Agreements preclude such a possibility. In order to qualify for preferential rates of duty, the Indian Customs Authorities insist upon the invoices being signed by the Indian Trade Commissioner in London and, in the case of galvanised sheets, the invoices must also bear the signature of the Oriental Steel Company.

(5) *Letter dated the 24th January, 1934, from Mr. I. F. L. Elliot.*

I beg to refer to the request made by the President of the Board during the course of the evidence tendered by me on the 18th December last for a statement of the Federation's view on paragraph 100 of the Tata Company's representations. I have to reply as follows:—

It is noted that in paragraph 100 of the Tata Company's representations it is suggested that the adjustment of Rs. 7 per ton required to give effect to the difference in prices of tested and untested steel, should be weighted in accordance with the proportions of tested and untested steel sold by the Tata Company in 1932-33.

The Federation agree with the principle of enabling the purchaser of untested steel to purchase his supplies at prices less than the prices of tested steel. While the method of apportionment adopted by the Board in 1927 would appear to be something of a mathematical "tour de force" if the Board is satisfied that it has the desired effect, the Federation does not wish to suggest any change in the method. The Federation is, however, of opinion that the prices and proportions of tested and untested steel shown by the Tata Company for the year 1932-33 do not represent normal conditions and, if this period were taken, there would undoubtedly be placed upon the consumers of tested steel an undue burden. It is submitted that the apportionment should be made on the basis of the figures used in this connection by the Board in 1927 as more applicable to normal conditions of trading and with the object of avoiding any undue incentive to lower the standards of quality in structural work in India.

(6) *Letter dated the 26th January, 1934, from Mr. I. F. L. Elliot.*

In the course of a recent interview with the President of the Board when the question of the comparative incidence of depreciation, interest on working capital and overheads on the cost per ton in British steel practice was under discussion, I mentioned that the Federation had already examined this question and had ascertained that, in the case of six representative British Steel Companies, the average cost per ton worked out at 41s. 11d., based on interest on working capital for three months (this is in accordance with general British practice) or if six months were taken 45s. per ton. Since, however, "overheads" for the purpose of this calculation included works overheads, which it is understood that the Tata Company cover in their cost, the figures would not, of course, be strictly comparable with those submitted by the Tata Company.

In accordance with the President's request I have communicated with the Federation in the hope that it might be possible to adjust these figures to a strictly comparable basis, but I regret that the Federation are unable to do this owing to the impossibility in British practice of separating general administration charges from works overheads.

The Federation inform me, however, that, according to the inland revenue valuation, the average depreciation of steel plant is taken at 7½ per cent. No allowance is made for buildings or furnaces but the inland revenue allows renewals as charges against income. I trust that this information will be of service to you.

(7) *Letter dated 3rd February, 1934, from Mr. I. F. L. Elliot.*

I beg to refer to the request made by the President of the Board during the course of the evidence tendered by me on the 18th December last that the Federation should consider the difficulties of the Structural engineers in India, both in regard to the supply of steel for fabrication in India and the competition of imported British fabricated steel work, and to submit proposals in regard thereto.

To enable me to arrive at a clear understanding of these difficulties I have by the kind permission of the Board, studied the representations made by the structural engineers established in India and the replies given by them to questions put by the Board.

I have also had numerous discussions with the structural engineers themselves, and with the representative of the Indian Branch of Dorman Long & Co., Ltd., as well as discussions with certain important consumers and purchasing authorities.

As a result I have been able to make a very full report through the Federation, for the consideration of the British Steel Makers and British Structural Engineers, and I am now in a position to make certain proposals and to give the Board certain assurances, which the Federation hopes will completely satisfy the Board.

There are two main aspects of the problem with which I propose to deal separately:—

- (1) A correct appreciation of the circumstances which are represented as being the cause of the difficulties referred to and the inferences to be drawn therefrom.
- (2) The British industry's proposals for the future.

In order that the Board may understand the general point of view of the British industry in regard to this problem, I wish to emphasise the fact that, in the case of two of the leading structural engineers established in India, the parent companies in the United Kingdom are two of the most prominent members of the Structural Engineering Industry and as such are intimately associated with the Federation of the British Steel Makers. In the case of Dorman Long & Co., Ltd.,—important steel manufacturers—they are of course also prominent members of the Federation. Further the structural engineers in India as a body are probably the most important actual and potential consumers of British steel in India. The Federation is therefore concerned in regard to the prosperity of the structural engineers in India and must regard their difficulties from the most sympathetic point of view possible, especially when it is represented that such difficulties have been aggravated, if not caused, by the action of their members.

The Board will also appreciate that the last thing the Federation desires is to attempt to apportion blame or to minimise the difficulties of the structural engineers in India. The Federation's main concern is to make constructive proposals, which it is hoped will relieve these difficulties and will bring back prosperity to the Indian industry.

With regard to the first aspect of the problem. In order that the Board may have as complete a picture as possible from the point of view of those engaged in the structural engineering industry in India, at my request the representatives of the Indian Branch of Dorman Long & Co., Ltd., has prepared a memorandum dealing with a number of points raised by the other structural engineers in India which memorandum I enclose herewith.

The federation, naturally, can accept no responsibility for the statements made in this memorandum, which are made from the point of view of an individual concern engaged in the Industry in India, and one which may perhaps feel that some misrepresentation has taken place with regard to their activities.

The Federation desires however to point out that, while the capital investment of Dorman Long & Co., Ltd., in India is not comparable with that of Braithwaite & Co., it is at any rate, sufficient to ensure that the

parent Company would not willingly adopt a policy detrimental to the structural engineers in India, including their Indian branch, and to suggest that the primary causes of the present deplorable state of the structural engineering industry in India are to be sought elsewhere.

As it is possible that the Board may desire further information, particularly in regard to conversion costs and effective output capacity of the Indian industry, I have to state that Dorman Long & Co.'s representative is prepared to appear before the Board to answer questions or to give any further information in his power, if so desired.

It would appear to the Federation as self evident that the primary cause of the present position of the Indian industry is insufficient demand, a feature which, unfortunately has been common to industry all over the world, and secondly, the failure of the Indian industry to adjust itself to this state of affairs in a manner which would at any rate minimise losses, if not actually conserve profits. It would appear that the industry instead of cutting down expenses and capital commitments has tended to expand more rapidly than could be justified under conditions existing.

This has led to a suicidal internal competition in every branch of the industry, and as a result, unfortunately feelings have become embittered and possible grievances exaggerated. Under these conditions it would seem that all the structural engineers have felt compelled to compete for every kind of structure regardless of the comparative suitability of their plants for fabricating such structure.

It will be noted, for instance, Messrs. Jessop & Co., in paragraph 35 of their representation suggest a fair selling price, based on full output and steel at Rs. 120, of Rs. 245 in the case of heavy bridge work and Rs. 225 for ordinary structural work. On the other hand Braithwaite & Co. in paragraph 38 of their representation, item 4, indicate the cost of conversion for heavy bridgework as Rs. 80 per ton and for structural work Rs. 90 per ton. That is to say, that in the case of one plant heavy bridge work is stated to cost Rs. 20 per ton more than ordinary structural work whereas in the other case it is stated to cost Rs. 10 less. There would seem to be only one explanation of this discrepancy possible, viz., that the one plant is laid out for ordinary structural work and the other plant especially for heavy bridgework. It is clear, under these circumstances, that very substantial savings could be effected by some arrangement to concentrate, so far as possible, the most suitable type of work in each plant.

The Federation cannot avoid the conclusion that the crying need of the Indian industry to-day is some kind of rationalisation and suggests that, in view of the seriousness of the position, the Board should even consider making a continuance of protection conditional upon satisfactory assurances being given that this will be done.

Where anything approaching such conditions have existed in British industry, His Majesty's Government has not hesitated to adopt this attitude, with most beneficial results to the industry itself.

The alternative remedy proposed by Messrs. Jessop & Co. and Messrs. Braithwaite & Co., that there should be, in effect, prohibition of imports of fabricated steel work, within which framework the consumer would be protected from having to pay undue price by continuance of internal competition, appears to the Federation entirely unsound and uneconomic.

Under the present protective duties, the British structural engineers have found that, except in the case of special products of their industry in which reputation and design are at least as important a factor as cost, the possibility of competing with the Indian industry does not exist. The figures of importations during recent years fully bear out this view.

It is noted that Messrs. Jessop & Co. at the commencement of their representation state "that the (Indian) manufacturers have done their part in meeting the expectations of the Board by up to date improvements in the plant and organisation, and they could now stand on their own could they but secure enough work". The Federation is satisfied that this is



indeed the case and that the conversion costs of the structural engineers in India, including a fair allowance for depreciation and profit, would certainly not exceed conversion costs in the United Kingdom with little or no profit. In addition the structural engineers in India are likely to receive substantial relief in the fair selling price established by the Board for Indian rolled steel.

The Federation therefore submits that, so far from increased protection being necessary, the position of the Indian industry will be secured against British competition with no protective duty whatever, particularly having regard to the assurances which I am now authorised to give to the Board on behalf of the British industry, and which will be stated later in this representation.

As regards the request of the structural engineers in India, that protection should be extended to various classes of structures not at present subject to protective duties, the Federation desires to comment as follows:—

*Electric transmission line towers or pylons.*

Apart from any other consideration, it appears that the cost of galvanising such structures in India is prohibitive owing to the fact that no suitable galvanising plant for such work exists. Since there is no regular demand for such structures, it could not be considered an economic proposition that the heavy expense of installing suitable plant should be incurred to meet occasional demands, but which spread over a period of years can hardly be expected to give a satisfactory return.

Here the question of freight disadvantages is likely also to be a serious difficulty. A galvanising plant situated in one part of India would be ill-suited from the point of view of transport charges to carry out the necessary work for the whole of India, and it would certainly be impossible to consider installing more than one galvanising plant for this purpose.

In the question of freight disadvantage generally the Federation wishes to suggest that a very onerous burden would be placed upon the consumer if this consideration were entertained for the benefit of an industry mainly centered round Calcutta, and that some scope should be allowed for the operation and development of smaller structural engineering concerns in other parts of India who can use Indian steel upon which freight disadvantage has already been allowed for.

*Pressed Steel Tanks.*

The Federation considers that in view of the reduced fair selling price for steel plates of Indian manufacture, which is likely to be established by the Board, so far from there being need for any surcharge on the present duty to ensure fabrication in India for this class of work, fabrication will be bound to take place in India based on Indian steel, even without any duty at all.

*Structural part of cranes and conveying machinery.*

The efficiency of the Indian steel and structural engineering industries are, in the opinion of the Federation, unquestionably such as to ensure a progressive development of the manufacture in India of special structural products of this character, even if duties existed. The importance of design and reputation from the purchaser's point of view should not, however, be lost sight of. The Federation submits that it would be a great mistake to attempt to accelerate this development by the imposition of unnecessary duties.

*Barrage gates and Canal regulators.*

In regard to these special products which are only in occasional demand in connection with major capital projects, the same considerations apply with even greater force, particularly in view of the fact that the proportion of the cost of fabricated steel work is only about 50 per cent.

With the exception of pressed steel tanks, these products are, in any case, "Machinery" imports to which the Government of India has decided that special considerations with regard to the imposition of duties apply.

The Federation appreciates that the proposal that protective duties should be applied to these products is due to the desperate need for a greater volume of work for the Indian industry. In the opinion of the Federation, however, an increase in the volume of work, having regard to the needs of the country as a whole, should be sought in other ways.

It is noted that Messrs. Jessop & Co. on page 34 of their representation deal with the question of "State competition". If the figures given, as applicable to one railway, are correct, it would appear that the Government of India itself has in its power to remedy most of the difficulties of the structural engineers, probably with a substantial saving to itself. The Federation, however, cannot help feeling that there must be some mistake about these figures. Nevertheless it seems very desirable to investigate this matter further.

In all industrial countries the realisation is rapidly growing that the competition of railway workshops with private enterprise is a very undesirable feature in any national economy. Vested interests are thereby created which naturally seek to defend themselves, generally contrary to economic factors, and there is no doubt that grave injury to the national economy results.

It would perhaps interest the Board to know that efforts are being made with increasing success in the United Kingdom to deal with this problem by the gradual elimination of railway competition with private enterprises. A notable example is furnished by the closing down some two years ago of the railway and structural mills of the London-Midland and Scottish Railway at Crewe, by an arrangement with British Steel Makers who are paying to this railway in annual instalments spread over ten years, a sum of money representing an agreed valuation for the value of the products transferred by this railway to the steel makers. The incidence of these payments, having regard to the value of the additional work, is extremely light.

The Government of India also has in its power to assist structural engineering industry to a very marked degree by instituting and encouraging the development of capital schemes and replacements.

The Federation respectfully submits that a bolder policy in this direction is overdue. With financial stability and cheap money the conditions favourable to such development already exist. The psychological effect of Government giving a bold lead in this way cannot be too strongly emphasised. It cannot be regarded as merely a coincidence that the remarkable revival of the basic industries in the United Kingdom, which took place during the latter part of 1933, dates from the inauguration with Government assistance of such schemes as, for example, the building of large numbers of wagons of increased capacity, in collaboration with the coal owners, to replace existing wagons still in service, but not lending themselves readily to maximum economy in transport, owing to loss of working time for constant repairs, as well as to inadequate capacity. A similar situation has developed in the ship building industry, where a revival is taking place in spite of the volume of tonnage laid up, on account of the infinitely greater economy of operating ships of modern design.

With regard to the second aspect of the problem, it is clear to the Federation that the British steel makers have, although without any such deliberate intention, contributed to the difficulties of the structural engineering industry in India, through their export refund arrangements, designed for the assistance of the British structural engineers.

Reference is made to this in Braithwaite & Co.'s representation and in the memorandum prepared by Messrs. Dorman Long & Co.'s representative. As a member of the Joint Committee operating these refunds since their inception, I am able to inform the Board that the original intention of the refunds, so far as the Indian market is concerned, was to bring the home price of British steel supplied to the British structural yards down to the current export price for India and, with this object, for a long time, no refunds were granted in excess of 10 shillings per ton, representing approximately the difference between the home price and the export price for rolled steel for India.

Owing to shortage of work in the British structural yards and under pressure from the British structural engineers these refunds were increased, notably in the case of the Nerbuda Bridge to a figure of 30 shillings per ton. Otherwise, so far as I can recollect, no refund in excess of 15 shillings to 20 shillings per ton has been granted.

On behalf of the British steel makers, I am now authorised to inform the Board that, subject to the continuance of differential duties on fabricated steel at such a level in the case of countries other than the United Kingdom, as may reasonably be expected to eliminate their competition, the British industry undertakes not to grant refunds for fabricated steel work exported to India beyond what is necessary to bridge the gap between the home price current at the time and the established export price for plain material for India.

The Federation hopes that the Board will be fully satisfied by this assurance that one aspect of the difficulty is thereby completely removed.

There remains the question of the competition of an integrated concern such as Dorman Long & Co. with a Branch fabricating steel work in India. There is no other concern in the United Kingdom at present in this peculiar position but it is of course conceivable that this might result in other cases from amalgamations.

The Federation believes that the probable lowering by the Board of the fair selling price for Indian rolled steel will entirely remove the possibility of what might be considered, under the circumstances, unfair competition of this nature. The Federation is however satisfied that Dorman Long & Co. and any other British Steel Maker who might, by amalgamation, be in the same position, will be willing and anxious to fall in with any equitable scheme of rationalisation for the Indian industry which may be proposed.

I am also authorised by Dorman Long & Co. to inform the Board that it is their intention, seriously and energetically to discuss with the Structural Engineers in India co-operation in regard to fabrication in India, particularly in connection with the project of the Howrah Bridge and, at the same time, general arrangements for such co-operation in the future.

While the precise form for co-operation, both in regard to fabrication in India and the use of a very substantial proportion of Indian steel, is a matter for Dorman Long & Co. themselves to arrange with their present competitors in India and one which cannot be pursued very far until the design of the bridge is definitely settled and the proportion of steel within the Indian industry's capacity known, the Federation is satisfied, from the indications given by way to meet the desires of the Indian Steel industry and of the structural engineers in India.

It may be mentioned that Dorman Long & Co. are prepared to negotiate with the Indian steel industry for the right to manufacture, for the Indian market, their special High Tensile "Chromador" steel, should this be specified for the bridge. They would naturally require to be satisfied that the Indian steel industry is able to produce "Chromador" to their satisfaction—a difficult material to manufacture involving special heat treatment—since otherwise its reputation might be seriously damaged, to their detriment.

In this connection, the proposals made by Braithwaite & Co. for special duty on high tensile steel are not understood. The use of large spans in the Howrah Bridge would have been inevitable for economic design with mild steel just as much as with high tensile steel. Messrs. Braithwaite & Co.'s proposals, if adopted, would appear to have the effect of denying to India the benefits to be gained by the use of high tensile steel as against mild steel. These benefits may be greater in the case of large structures, but they also apply to a large extent to small structures, and, on that account, it is understood that high tensile steel is likely to be used on an increasing scale in other kinds of structural work such as wagon building.

There can be no doubt that the Indian steel industry will be able to manufacture high tensile steel at least as economically as it can be manufactured in Great Britain, and there cannot possibly be any adequate reason for distinguishing between high tensile steel and mild steel for purposes of protective duty.

The Federation hopes that the obvious advantages of co-operation amongst the structural engineers in India with regard to fabrication of the steel work for the Howrah Bridge in their own interests, will ensure that discussions to that end will be brought to a satisfactory conclusion.

To appreciate the position fully, however, it is necessary to state for the information of the Board that Dorman Long & Co. are, in this instance, in a somewhat unique position, in alone having in their possession very expensive equipment necessary for the erection of a bridge of this magnitude—a competitive advantage which the Federation feels sure the Board will agree should not be denied to the purchasing authority under any scheme of co-operation covering the supply of steel and its fabrication.

The position resulting from the assurances which the Federation has already given in regard to plain steel and is now able to give with regard to fabricated steel, so far as the British steel industry, which it represents, is concerned, can therefore be summarised as follows:—

- (1) The possibility of British rolled steel being imported into India for fabrication at any lower price than is likely to be established by the Board as the fair selling price for the Indian steel industry can be dismissed. In any case the provision for the application of off-setting duties would entirely remove the incentive to do so, even if it were possible.
- (2) The British Structural Engineers will not in future subject to the continuance of adequate differential duties in India on imported fabricated steel work from countries other than the United Kingdom, be able to obtain steel at less than the export price for rolled material.

In addition to this, the Indian fabricating industry is protected by the higher rate of freight applicable to structural steel work from the United Kingdom, as compared with plain steel, which is at present 42s. 6d. per ton (rebated by special arrangement for large tonnage to 30s.) as against 20s. per ton.

Since British conversion costs are certainly not lower than conversion costs in India, it is impossible to see how British fabricated steel work can be sold in India at a lower price than any fair selling price which the Board is likely to establish for the Indian structural industry, even if no duty at all applies.

- (3) The possibility of a concern such as Dorman Long & Co. having an advantage in the use of their own steel for fabrication in India may be regarded as entirely removed by the probable reduction in the fair selling price of Indian structural steel.

The fact that Dorman Long & Co. have been compelled recently to quote and accept ruinous prices for fabricated steel work is explained, not by any

advantage with regard to the supply of steel but simply as suggested by a representative of Braithwaite & Co. during their evidence as follows:—

“They may have got rolled steel at Rs. 145 and they are recovering only making wages and no overhead expenses whatever at this end.”

As Dorman Long & Co.'s representative states in the attached memorandum, it is possible to incur even greater losses through failure to obtain any work at all.

The desire of Dorman Long & Co. to terminate this state of affairs can certainly be no less than that of the other structural engineers in India.

The Federation earnestly hopes that the assurances given and the suggestions made in this representation will serve to that end.

Enclosure.

MEMORANDUM SUBMITTED BY MESSRS. DORMAN LONG & Co., LTD., CALCUTTA.

We, the Branch in India of Dorman Long & Co., Ltd., would like to make the following observations on the Representations to the Tariff Board of our competitors which if not corrected would undoubtedly cause incalculable damage to British Steel Makers generally and to British Structural Engineers in particular.

It should be clearly understood that our activities alone are referred to in these Representations, for no other Steel Maker possesses large Bridge Shops in England and a Branch Works in India.

It is no doubt a matter of concern to competitors that our bridge and steel works in close proximity to one another at the Sea port of Middlesborough are excellently placed for the world wide export trade we enjoy, but we do not think there is a parallel case in the whole of Great Britain.

Undoubtedly if we thought fit we would be quite within our rights in transferring material from the Mills to the Bridge Department at specially low rates. Our competitors, however, have endeavoured to give the Board the impression that the possibilities of the inter-departmental arrangements of our Company in Great Britain are common practices throughout the British Steel Trade, which is not the case, and that British Structural Engineers in league with British Steel Makers are making a deliberate attempt to capture the Indian market by methods calculated to defeat the purpose of the present Tariff system.

(a) *Imported Bridgework.*

Our competitors have cited the contract placed in the early part of 1933 for the Nerbudda Bridge as proof of their allegations. In selecting this solitary contract from several similar ones let in recent years, they have been influenced by the knowledge that a comparison of British and Indian prices was less unfavourable to themselves in this case than in any other.

Table No. 1 gives a comparison of Dorman Long's and Braithwaite's prices for this contract and Table No. 2 a List of all the Tenders received and it will be seen that in every case British prices were substantially higher than those quoted by Indian firms. It will also be observed that although 3 British Firms tendered for this work, our tender alone has referred to in the representations made to the Board. Furthermore, of the six prices submitted by us, one only has been taken and without reference to the context used as a basis on which to put up a case against the British Industry as a whole,

TABLE No. 1.

## THE NEBBUDDA BRIDGE.

Schedule.	Description.	Tender by	The Winning
		Dorman Long & Co., Ltd., London.	Tender by Braithwaite & Co., (India), Ltd., Calcutta.
		Rs.	Rs.
Ib.	About 11,390 tons of fabricated steelwork in the Bridge proper delivered f.o.r. site .	24,12,303	21,54,564
III.	Erection of the above . . .	12,32,039	6,76,270
	Total cost of 11,390 tons of steel superstructure delivered and erected . . . .	36,44,342	28,30,834
Ia.	About 1,747 tons of fabricated steelwork in curbs cylinders and grillages for the piers f.o.r. site . . . .	3,94,570	3,19,157
II.	Cost of pier construction on the site . . . . .	31,73,616	22,05,608
	Total cost of the Bridge . . . . .	72,12,528	53,55,599

TABLE No. 2.  
BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

*Nerbudda Bridge.*

List of Tenders.

Name of Contractor.	Address.	Schedule No.				Total Ia, Ib, II & III.
		Ia. (About 1,747 tons of fabri- cated steel work in curbs, cylinders and grillages for the piers f.o.r. site.)	Ib. (About 11,390 tons of fabri- cated steel- work in the bridge proper delivered f.o.r. site.)	II (Cost of pier construction on the site.)	III (Erection of the bridge proper.)	
		Rs.	Rs.	Rs.	Rs.	Rs.
Martins, Burns and Jessops . . . . .	Calcutta . . . . .	3,30,180	21,38,886	22,48,488	14,57,664	61,75,217
Rai Bahadur Seth Fatehohund and Sons . . . . .	Sukkur . . . . .	..	..	29,50,872	..	..
The Hindustan Construction Co. . . . .	Bombay . . . . .	3,26,649	21,76,711	22,21,163	8,72,533	55,97,056
Kumardhubi Engineering Works . . . . .	Kumardhubi . . . . .	..	24,27,454	..	..	..
Rai Bahadur Jagmal Raja . . . . .	Allahabad . . . . .	..	..	28,76,058	14,98,397	..
Dorman Long & Co., Ltd. . . . .	London . . . . .	3,94,569	24,12,303	31,73,615	12,32,039	72,12,528
Ditto . . . . .	Calcutta . . . . .	4,42,663	25,84,298	..	..	..
Cleveland Bridge Co. . . . .	Darlington . . . . .	4,58,783	28,72,592	31,19,570	14,93,801	79,44,748
Sir William Arrol and Co. . . . .	Glasgow . . . . .	4,26,689	28,23,447	..	..	..
Krupp . . . . .	Germany . . . . .	6,18,137	34,51,288	..	..	..
Braithwaite and Co. . . . .	Calcutta . . . . .	3,19,157	21,54,564	22,05,608	6,76,270	53,55,599

We were most anxious to carry out the entire contract for this Bridge and tendered what were thought to be the keenest possible prices: that our tender was much higher than others submitted in India is in itself a commentary on the unreasonable internal competition then and now prevailing.

When making up a tender of this nature the right reserved to the purchaser of dividing the work has to be taken into account. In this case the order only for the erection of steelwork was not desired by us as it would have meant the provision of plant and organisation on a scale disproportionate to the value of this section of the work.

As a safeguard against this contingency the price for erection was kept high and the price of steelwork delivered to site decreased correspondingly, the estimated total cost, *viz.*, 36,44,342 being maintained.

It may therefore be taken that the figure of 24,12,303 does not apply to imported British Fabricated Steelwork but is actually based on and is somewhat lower than the amount of the alternative tender submitted by our Calcutta Works for steelwork fabricated in India.

This alternative tender amounting to Rs. 25,84,298 when divided by the tonnage 11,390 gives a rate of Rs. 227 per ton *f.o.r.* Broach corresponding to Rs. 205 *f.o.r.* Calcutta Works: the latter rate allows for fabrication with Tata Tested Steel at an assumed all round figure of Rs. 115 per ton delivered *f.o.r.* Calcutta Works. On making the further assumption that Tatas would supply similar material *f.o.r.* Bombay at an extra of Rs. 5 per ton over Calcutta prices, the figure of Rs. 210 *f.o.r.* Bombay or Rs. 217 *f.o.r.* Broach is obtained as the probable basis of competitors tenders.

Our tender for British steel and British fabrication, *viz.*, Rs. 24,12,303, *i.e.*, at the rate of Rs. 211-8 *f.o.r.* Broach—Rs. 205 *f.o.r.* Bombay, could therefore be reasonably assumed as meeting internal competition, but at the same time leaving open the door for subletting, it being inconceivable that the work would be permitted to go abroad.

Had we been quoting for imported British Bridgework without reference to erection, the rate on this occasion would have been Rs. 222 *f.o.r.* Bombay, equivalent to £12 per ton *f.o.b.* Middlesbrough.

With material costing £6-10 per ton this would leave a margin for conversion of £5-10 say Rs. 73 at which price we think big lots of repetition work of this character would have been attractive to our Middlesbrough Works at the end of 1932, the time of the tender, but not necessarily so at the present time.

Since December, 1929, British Export Prices for Plain Materials have been as follows:—

	<i>£ s. d.</i>
Beams and Sections . . . . .	7 7 6
Plates . . . . .	7 15 0

which are considerably below home prices.

There is however an arrangement in force whereby Constructional Firms can obtain an export refund on plain material delivered to their works for fabrication and ultimate export.

The actual amount of the refund varies according to the merits of the enquiry but is arranged to bridge the gaps between home and export prices for plain material and the difference between ocean freights on plain and fabricated material.

The price for material on this occasion was fixed exceptionally low, but it should be remembered that unusually keen competition was anticipated for this contract.

We are informed that up to the present no large contracts have been booked for India under this scheme.



It should be pointed out that when preparing our alternative tender for Indian fabrication our Calcutta Works had to assume a rate for Tata material due to Tatas refusal to quote us except on unacceptable terms.

From table No. 2 it will be seen the joint tender of Messrs. Martins, Burns and Jessops for the supply of this bridge f.o.r. Broach was Rs. 21,38,886 Dividing by the tonnage 11,390 we obtain a rate of—

Rs. 188 delivered Broach.

=Rs..166 f.o.r. Calcutta Works.

TABLE No. 3.

## IMPORTANT INDIAN BRIDGE CONTRACTS, 1928-33.

Date of Tender.	Name of Bridge.	Quantity of Steel.	Country of Fabrication.	Tenders by Dorman Long & Co., Ltd.		Winning Tenders.	
				Total price.	Price per ton.	Total price.	Price per ton.
March, 1928	* Bally or Willingdon, E. I. R.	Tons. 17,000	British Steel Fabricated in England.	Rs. 48 lakhs.	Rs. 282 f.o.r. Calcutta.	Rs. 47 lakhs.	Rs. 276 f.o.r. Calcutta Works.
December, 1929	* Irrawaddy, or Ava, Burma Rlys.	9,741	Ditto	24½ lakhs.	250 f.o.r. Rangoon.	23½ lakhs.	Rs. 240 f.o.r. Calcutta Works.
February, 1932	Betwa and Narayan, G. I. P. Rly.	2,429	Ditto	6,39,132	263 f.o.r. Bombay.	4,74,269	Rs. 195 f.o.r. Bombay Works.
July, 1932	†Jumna, N. W. Rly.	5,663	Ditto	13,05,000	230 f.o.r. Karachi.	11,73,798	Rs. 207 f.o.r. Calcutta Works.
January, 1933	Rutlam-Khandwa, B., B. & C. I. Rly.	488	Ditto	1,25,473	257 f.o.r. Bombay.	99,393	Rs. 203 f.o.r. Bombay Works.
March, 1933	Chambal, G. I. P. Rly.	3,636	Tata Steel Fabricated in India.	7,88,693	212 f.o.r. Calcutta.	6,97,175	Rs. 192 f.o.r. Calcutta Works.
March, 1933	Sindh, G. I. P. Rly.	832	Ditto	1,76,542	212 f.o.r. Calcutta.	1,57,391	Rs. 189 f.o.r. Calcutta Works.

\* The prices for the Willingdon and the Ava Bridges are approximate. Except in the case of the Ava Bridge, the above-mentioned contracts were solely for the supply or fabricated steelwork—the rates were not influenced by related tenders for erection and civil engineering at the site.

† It should also be pointed out that the Jumna Bridge has two floors—one for a roadway and the other for a railway, consequently a larger proportion than usual of the weight consisted of relatively cheap floor construction. The price for this work is therefore lower than that given for other imported Bridges.

Table No. 3 shows the prices quoted by ourselves and the successful tenderer for all the more important Bridge Contracts let since the Company opened an Indian Branch at the end of 1927. It will be seen that works prices for high class Indian bridgework including Cast Steel bearings, have fallen from Rs. 276 per ton to Rs. 189 in 5 years. Prices for plain tested material have varied very little throughout the period, so the margin for conversion has been lowered from Rs. 125 to Rs. 50 per ton approximately; in other words conversion figures were 150 per cent. higher in 1928 than 1933. If the Calcutta Works price apparently based on by Jessops and their associates for the Nerbudda bridge is taken into account, viz., Rs. 166 per ton, the fall in the margin for conversion is even more startling. We are of the opinion, however, that this price should not be taken for comparative purposes any more than the price deducted by Braithwaites for Dorman Long Bridgework delivered f.o.r. Bombay, viz., Rs. 202 per ton, as obviously both are inseparably linked to the relatively much higher prices concurrently quoted for Erection.

(b) *Steelwork Fabricated in Calcutta by Dorman Long & Co.*

In Appendix V of their Representation, Braithwaites have given a partial list of the orders we have carried out at our Victoria Works, Calcutta, in the course of 2 years.

These orders are described as "Examples where a *Foreign* rolling mill which has put up fabricating works in India has imported plain material and converted it into bridgework and sold it at dumping prices".

This statement is quite misleading.

In the case of the first item on the list, viz., The Bharat Insurance Co.'s Building, 112 tons of Broad Flange Beams of Continental manufacture were used under instructions from the Architect and the cost of this material delivered into our Works was Rs. 123 per ton.

A proportion of Tata material was used for most of these orders: this was acquired from Tata stockists and other sources on account of Tatas refusal to sell to us direct.

These orders amount to 2,130 tons out of a total output of approximately 5,000 tons and as they were taken in keen competition do not show representative prices.

It should be pointed out that the loss of an order is not necessarily proof of lower rates having been quoted: of the 2,130 tons in question approximately 1,400 tons were lump sum contracts awarded to us on our own designs and goodwill excellence of design and speed of delivery are often determining factors: the large stocks of plain material carried at our Victoria Works frequently enable us to give earlier deliveries than competitors.

Were they so minded, no doubt Braithwaites could give much longer lists of the orders they have lost to their other competitors whose operations are on a larger scale than our own, judging from their claims of effective capacity.

TABLE No. 4.

CALCUTTA TENDERS.

Date.	Name.	Tonnage.	Dorman Long's Price.	Accepted Price.
May, 1929 .	Great Eastern Hotel .	1,250	Per ton. 256	Rs. per ton. 230
December, 1929 .	New Offices for C.E.S. .	750	230	205

Date.	Name.	Tonnage.	Dorman Long's Price.	Accepted Price.
			Per ton.	Rs. per ton.
September, 1930	New Offices for "The Statesman."	750	205	Not divulged.
May, 1933 . . .	Southern Generating Station, C.E.S.	175	197	" "
September, 1933.	New Offices for United India Life Assurance Co.	500	173	" "

Above prices include delivery in Calcutta and erection.

TABLE No. 5.

RANGOON TENDERS.

Date.	Name.	Tonnage.	Price per ton.	Remarks.
			£ s. d.	
January, 1928 . .	University . .	2,150	} 14 17 6	
" " . . .	New Law Courts . .	3,000		
December, 1928 .	Town Hall . . .	1,005	16 12 6	
January, 1929 . .	National Bank . .	865	16 13 0	
May, 1929 . . .	Strand Hotel . . .	675	16 10 0	
July, 1931 . . .	Irrawaddy Flotilla Co.'s New Offices.	900	16 17 6	
	Total . . .	8,595	15 12 0 average.	Rs. 208 per ton c.i.f. Rangoon <i>excluding</i> duty equivalent to Rs. 252 duty paid.

Date.	Extension to the Municipal Offices.	Tonnage.	Tender.	Rs. per ton.	
			Rs.		
February, 1932 .	Dorman Long, Calcutta	} 478	1,04,225	218	} c.i.f. Rangoon. duty Free. Works price would be about R23 per ton less.
	Jessops " . . .		94,298	197	
	Braithwaites " . . .		95,628	200	
	Burns " . . .		82,875	173	

TABLE No. 6.

Purchaser.	Tender No.	Date.	Description.	Quantity.	Name of Tenderer.	Rate per ton.
N.-W. Ry.	211-S/160	1st December, 1931	M. S. Bearing Plates for 75 lb. Rails.	Tons. 3,412	Dorman Long & Co. . . . Continent . . . . Henry Williams . . . . Braithwaites . . . . Jessops . . . .	Rs. 174 f.o.r. Karachi. 164 " " 119-8 " Calcutta. 112 " Bombay. 104 " Calcutta.
			M. S. Bearing Plates for 60 lb. Rails.	482	Dorman Long & Co. . . . Continent . . . . Henry Williams . . . . Braithwaites . . . . Jessops . . . .	174 " Karachi. 164 " " 127-8 " Calcutta. 115 " Bombay. 105 " Calcutta.
<p>We understand Tata's offered plain bars to Indian fabricators at Rs 86 per ton f.o.r. Calcutta.                      The contract was awarded to Jessop &amp; Co. (see cutting "Indian Trade Journal" dated the 11th February, 1932) and assuming Tata's figure                      of Rs. 86 is correct, the margin for conversion was Rs. 18 and Rs. 19 per ton respectively.</p>						
N.-W. Ry.	211-S/161	4th January 1933 .	M. S. Bearing Plates for 60 lbs. Rails.	585	Dorman Long & Co. . . . Braithwaites . . . .	157-8 f.o.r. Karachi. 108-15-4 " Calcutta or Bombay.
(See cutting "Indian Trade Journal" dated the 27th April, 1933.)						
N.-W. Ry.	211-S/170	24th July, 1933 .	M. S. Steel Sleepers at 171 lbs. each.	13,800 Nos. 1053-9-2-16	Dorman Long & Co. . . . Tatas (accepted tender)	10-2 Each. 6-14 "
			Steel Loose Jaws at 6-12 lb. each.	59,340 Nos. 162-2-2-0	Dorman Long & Co. . . . Tatas (accepted tender)	0-5-9 " 0-3-11 "
			Steel Keys at 4-56 lbs. each.	59,340 Nos. 120-15-3-26	Dorman Long & Co. . . . Tatas (accepted tender)	0-4-3 " 0-2-4 "
			Dorman Long's all round price per ton . . . . .			
Tatas . . . . .				" 89-10		
(See cutting "Indian Trade Journal" dated the 9th November, 1933.)						

We think the Board will now realise that India has been practically closed market to the Bridge builders of Great Britain for the last 5 years and during that time no important Bridge contract has been placed with Continental fabricators. Dumping has not occurred and prices quoted by British Bridge Builders while unremunerative have not been cut throat in any sense of the word: far from their competition having been of a sporadic and erratic nature, it has been continuous and consistent, but unsuccessful.

So far we have confined our remarks to Bridge building, which demands the highest class of workmanship and in which branch of structural engineering we are chiefly interested. We have however found internal competition just as severe for the other classes of fabricated steel mentioned hereafter.

Table No. 4 shows the competition we have experienced for steel framed buildings for private owners in Calcutta, while Table No. 5 indicates the contrast in prices we received for fabricated steelwork in Rangoon in the years 1928-31, with those subsequently tendered by Indian Fabricators when they commenced to compete in this market at the beginning of 1932.

Table No. 6 gives prices quoted in recent years for Bearing Plates and Pressed Sleepers for which lines it will be seen that the mere fear of non-existent Foreign competition has depressed Indian prices to levels at which this market is also closed to the British.

With regard to other classes of fabricated work referred to in the representations, we would like to make the following comments:—

*Transmission Towers.*—In recent years huge grid systems of overhead electrical transmission have been constructed in Great Britain and the consequential demand for Transmission Towers has been so large that works specialising in this form of construction have come into existence. The closure of this source of cheap supply by high tariffs would, in our opinion, put Electrical Undertakings and the public they serve to needless expense solely for the benefit of Indian Fabricators whose works are not laid out for this class of work.

Indian fabricators are also handicapped by the high cost of Galvanising which works out at about £9 per ton in Calcutta and also by the fact that lengths are limited to 10 ft. for one immersion and 20 ft. for two—we understand that lengths up to 30 ft. are Galvanised in England for about £5-10 per ton.

On the rare occasions when Towers are in the market large numbers are generally required, quite beyond the capacity of existing galvanising plant and the capital expenditure for additional plant to cope with such work is not warranted on account of the spasmodic nature of the demand.

*Sluice Gates and Cranes.*—Experience, reputation and individuality of design, which is usually protected in some measure by patents, and the interdependence of the electrical, mechanical and structural components are factors that have led up to the practice of specialist firms of keeping technical work of this character largely in their own hands.

This practice permits complete assembly of the finished article in working order for test and inspection which is most important from the point of view of the overseas buyer who generally has to make payment against shipment and welcomes previous proof that his purchase complies with makers guarantee of performance.

We therefore doubt whether the separation even if practicable, of the structural framework from the rest of the work, for assessment at a higher rate of duty would have much effect on imports as buyers are alive to the advantages of established practice. The value of the imports in question is we imagine relatively small and if structural work accounted for half of it, we do not think the total volume of such work could assist the Indian fabricating industry appreciably.

Admittedly there are advantages of manufacture within the country from the point of view of transport, but they carry most weight in the case of overhead gantry cranes of large span, the demand for which is not extensive;

it is only fair to assume that when makers in competition forego this obvious advantage they have sound reasons for doing so and furthermore that buyers can be relied upon to look after their own interests.

*High Tensile Steel and the new Howrah Bridge.*

The advent of the new High tensile steel that this Company has patented in Great Britain under the name "Chromador Steel" has disconcerted our competitors in India.

After many years of research we have found it commercially practicable to make and sell this steel at a price at which its adoption is economical for all structural purposes where strength is the governing factor. Compared with Mild Steel, Chromador Steel provides 50 per cent. greater strength at an increase in cost of only 15 to 20 per cent. with much greater resistance to corrosion.

There appears to be confusion of thought with regard to the exigible duty; Chromador is a structural steel and as such is subject to the same tariff as structural steel of ordinary quality as distinct from expensive Alloy Steels.

The essential metallic elements that are added to give Chromador its unique properties are present in small amounts, *viz.*, none exceeding 1.1 per cent. and it is incorrect to state that this material can be classified as an "Alloy" Steel such as Tool Steel, Stainless Steel for Cutlery, etc., in which metals other than iron occur in proportions up to 50 per cent. and the duty on which is assessed at 10 per cent. *ad valorem*.

The proposal that any fees we might fix for the royalties under which this material may be made in India should be nullified by the fiscal policy of Government is one which we venture to suggest should not be considered by the Tariff Board.

In their written representation Braithwaites have referred to a multi storied building in China for which the use of High Tensile steel resulted in substantial economies and thereby they contend that Indian export trade was "robbed" of 2,500 tons of steel. Adopting this line of argument, it would appear that a robbery is committed every time a steel structure is erected, no matter where, of steel not of Indian origin. We can only say that until the Steel Trade in India is conducted in all its Branches with an efficiency approaching that of Foreign Industry, it will find it impossible to compete in free markets overseas should such exist. In oral evidence they have given the Board to understand that the wide spread use of Chromador will render much of their existing plant obsolescent. We however know from experience that it is just as workable and behaves in identically the same manner as Mild steel at all stages of fabrication which is borne out by the fact that our mills are constantly receiving orders from users of steel in diverse industries. Braithwaites have also contended that there will be a general increase in the size of bridges so that in many cases the spans will exceed the capacity of their present Works: as practical bridge builders we have no hesitation in stating that except in the case of the Howrah Bridge their fears in this connection also are groundless.

India contains many of the longest bridges in the world but they invariably consist of a series of spans of moderate length—a span of 350 ft. having been exceeded in three instances only, so far as we are aware. The New Howrah Bridge of a clear span of 1,500 ft. will be the first really big bridge attempted and we do not think the need for another such will be felt for many years.

The importance of this Bridge to the Steel Industry of India has, however, been exaggerated—the steel required for its construction is approximately 25,000 tons, which spread over a construction period of 4 years will average 500 tons a month or about 1 per cent. of Tata's monthly capacity.

We do not think it is generally realised in India that we are the only Bridge Engineers in the British Empire who have designed, manufactured and

erected work of greater magnitude. If contrary to its welfare the community is denied the benefit of our experience and the economies that would result from the use of the expensive plant we already possess for such work, it will be at a price.

Nevertheless no stone is being left unturned by Steel makers who have never made high tensile steel on a commercial scale and Bridge builders who have never built a span longer than 350 ft. and whose yearly capacity is less than our monthly output, to make it impossible for us to carry out this work. Our patent for *Chromador Steel*, though fully accepted in Great Britain is being opposed in India, and if trade interests could bring it about they would have the tariff policy for the whole of British India modified with a view to confining to themselves the contract for this Bridge, which when all is said and done is only of local interest.

We have no hesitation in saying that the advent of Chromador has made the building of the Bridge at long last possible with the funds available for the purpose and if our competition for the work is eliminated, costs will rise to such a level that construction will be postponed indefinitely.

#### *Structural Engineering in India.*

The deplorable condition to which the fabricating Industry of India has been reduced at the present time is in no way attributable to British Tenders but is entirely due to internal competition resulting from insufficient work.

Bridge works have been equipped and staffed on too lavish a scale, even should Trade revive, and figures for overheads based on the restricted production to which they are consequently committed should not enter into calculations of fair selling prices.

The necessity of constantly employing large covenanted staffs in this Branch of Engineering results in overheads out of all proportion to labour costs: the latter for example for heavy Bridge work with much repetition are of the order of Rs. 20 per ton, whereas the salaries of covenanted staffs are between Rs. 30 and Rs. 40 per ton. For lighter work, labour costs might easily be doubled—say Rs. 40 per ton, but as output would be halved, the fixed charge for salaries would also be doubled, viz., Rs. 60 to Rs. 80 per ton.

Five out of six of our competitors are not dependent on structural engineering for recovery of general overheads but can look to their departments engaged in other branches of Engineering and their interests in other industries to make good the losses they incur on bridge building and consequently such firms can quote extremely low prices without jeopardising their financial position as a whole. To meet such competition a firm like the Calcutta Branch of this Company, relying principally on Structural work for existence must in turn sell well below absolute cost and be satisfied with a small margin over the prime cost of material and labour to keep unavoidable overhead losses as low as possible. It might sound paradoxical but the fact remains that less money is lost by taking contracts below cost and keeping works open than by closing down altogether; it should be remembered that fixed charges such as rental, depreciation, salaries, etc., have to be met in all conditions of trade.

This state of affairs cannot be remedied by high duties on non-existent imports but only by agreement between the Works affected to quote higher prices.

A good deal of our rivals' representation is devoted to a fanciful description of the imaginary difficulties of the future that will arise out of the proposals for rationalisation only recently initiated for the resuscitation of the British Steel Industry. We ourselves prefer the view that now Great Britain has embarked on a policy of protection as a result of which the home market is assured, export prices for plain material which have been steady for years will rise and with a revival of shipping due to the constantly improving trade position of Great Britain, freight rates will also rise.



On the other hand if it is admitted that the Indian Steel Industry no longer has a case for protection and as a consequence a reduction in duties is probable, then Indian fabricators can reasonably expect a fall in prices for plain material.

We hope that all these factors will be considered by the Board in their attempt to establish a fair selling price. In this connection we also hope that our rivals will be told that one of the objects of protection is not the suppression of British trade, but the raising of costs of imports to established fair selling prices; they should also be reminded that protection cannot be devised where there is nothing to protect.

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**Messrs. Dorman Long & Co., Ltd., Calcutta.**

*Letter No. AO/MB/10845, dated the 26th February, 1934.*

Before Mr. I. F. L. Elliot, Delegate for the United Kingdom Iron and Steel Industry, left Calcutta he asked us to send estimates of fair selling prices for common types of fabricated steelwork direct to the Board.

We have therefore prepared this information in the form of an Appendix in continuation of our previous Memorandum which Mr. Elliot attached to the proposals he submitted to the Board on 3rd February, 1934.

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**APPENDIX No. 1.**

Tables Nos. I and II give estimated fair selling prices of five common types of fabricated steelwork.

These Tables are based on experience gained in our recently established Works at Calcutta.

We estimate the total capacity of the 7 leading Bridge Firms in this country to be 50,000 tons to 60,000 tons of high class work per annum which divided over their 10 workshops gives an average of about 500 tons per month per shop. We have therefore taken as representative a Works designed for a maximum output of 500 tons of high class bridge work per month.

In practice it is found that maximum output cannot be maintained over long periods and in our opinion the effective capacity of such a works would therefore be about 5,000 tons per annum for bridge work: furthermore we have assumed that output for simpler work would be greater in inverse proportion to the labour cost per ton.

We have made the following assumptions:—

- (1) A block value for the buildings and plant of Rs. 8 lakhs exclusive of land: depreciation on this sum has been taken at the rate of 6½ per cent. per annum, i.e., Rs. 50,000.
- (2) Another 8 lakhs would be necessary for working capital.
- (3) During times of good trade shareholders could reasonably expect a dividend of 10 per cent. per annum and 10 per cent. of the total capital of Rs. 16 lakhs is Rs. 1,60,000: on the other hand if trade were so bad that production was reduced to 50 per cent. of capacity most probably they would be very pleased with a 5 per cent. dividend or Rs. 80,000 in all.
- (4) Overheads comprising chiefly: Salaries, Rent, Stores, Repairs, Fuel, Electricity and General Expenses would be Rs. 2½ lakhs per annum for production to capacity and Rs. 2 lakhs per annum for production to half capacity.
- (5) For facility of adjustment the cost of material has been taken at Rs. 100 per ton: any variation in this rate would cause an equal variation in the fair selling price.

Fair selling prices established on the above basis only apply to works specialising in one particular class of work: in a limited market this is never possible and different classes of work in varying proportions must be taken into account.

Table III has therefore been based on an assumed proportion of work of different classes. It will be seen that in the two cases (I) Production to Capacity and (II) Production to Half-capacity, average fair selling prices are Rs. 97 and Rs. 126 per ton higher than the cost of plain material.

These figures should however be used with caution as they are based on two indeterminate and variable factors, *viz.*, the proportions of mixed work and the ratio of output to capacity.

NOTE.—With regard to the figure we have estimated as the effective capacity of the 7 leading bridge firms in India, *viz.*, 50,000 tons to 60,000 tons per annum it should be pointed out that 2 of these firms have wagon building departments, the operations in which are not very different from those in bridge building shops and could therefore undertake a certain amount of structural work in their wagon shops should it be expedient.

There is also a considerable amount of fabrication carried out in small workshops all over the country and in the case of multi-storied buildings the steel framework is not infrequently fabricated on the site by primitive methods: for such work either Tata Untested or Continental Steel is generally used.

TABLE No. I.—Fair Selling prices for Constructional Steelwork Fabricated in a works designed for an output of 5,000 tons of high class bridgework per annum.

Total prices exclusive of Bolts and Castings.

STEEL—III

	First Class Bridgework.						(4) Steel Framework for multi-storied Buildings.	(5) Light Framework with disproportionate amount of labour.		
	(1) Plate Girder and Truss Spans.		(2) Plated-beam Spans.		(3) Beam Spans.					
	5,000		7,500		10,000					
Effective annual capacity . . . . . Tons.	5,000		7,500		10,000		12,000	4,000		
Restricted output=50 per cent. annual capacity . Tons.	2,500		3,750		5,000		6,000	2,000		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Material . . . . .	5,00,000	2,50,000	7,50,000	3,75,000	10,00,000	5,00,000	12,00,000	6,00,000	4,00,000	2,00,000
Waste . . . . .										
Rivets . . . . .	75,000	37,500	93,750	46,875	1,00,000	50,000	90,000	45,000	40,000	20,000
Paint . . . . .										
Labour . . . . .										
Shop Erection . . . . .	1,25,000	62,500	1,25,000	62,500	1,25,000	62,500	1,25,000	62,500	1,25,000	62,500
Inspection . . . . .										
Prime cost . . . . .	7,00,000	3,50,000	9,68,750	4,84,375	12,25,000	6,12,500	14,15,000	7,07,500	5,65,000	2,82,500
Overheads . . . . .	2,50,000	2,00,000	2,50,000	2,00,000	2,50,000	2,00,000	2,50,000	2,00,000	2,50,000	2,00,000
Depreciation $6\frac{1}{2}$ per cent. of 8 lakhs. . . . .	9,50,000	5,50,000	12,18,750	6,84,375	14,75,000	8,12,500	16,65,000	9,07,500	8,15,000	4,82,500
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total cost . . . . .	10,00,000	6,00,000	12,68,750	7,34,375	15,25,000	8,62,500	17,15,000	9,57,500	8,65,000	5,32,500
Profit . . . . .	1,60,000	80,000	1,80,000	80,000	1,60,000	80,000	1,60,000	80,000	1,60,000	80,000
Fair selling price . . . . .	11,60,000	6,80,000	14,28,750	8,14,375	16,85,000	9,42,500	18,75,000	10,37,500	10,25,000	6,12,500
Tonnage . . . . .	5,000	2,500	7,500	3,750	10,000	5,000	12,000	6,000	4,000	2,000
Fair selling price per ton f.o.r. works . . . . .	Rs. 232	Rs. 272	Rs. 190.5	Rs. 217.1	Rs. 168.5	Rs. 188.5	Rs. 156.2	Rs. 172.9	Rs. 256.3	Rs. 306.3

TABLE No. II.—Fair Selling prices for Constructional Steelwork Fabricated in a works designed for an output of 5,000 tons of high class bridgework per annum.

Prices per ton exclusive of Bolts and Castings.

	First Class Bridgework.						(4) Steel Framework for multi-storied buildings.	(5) Light Framework with disproportionate amount of labour.		
	(1) Plate Girder and Truss Spans.		(2) Plated-beam Spans.		(3) Beam Spans.					
	5,000	7,500	10,000	12,000	4,000					
Effective annual capacity. Tons.	5,000	7,500	10,000	12,000	4,000					
Restricted output=50 per Tons. cent. annual capacity .	2,500	3,750	5,000	6,000	2,000					
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Material . . . . .	100	100	100	100	100	100	100	100	100	
Waste . . . . .										
Rivets . . . . .	15	15	12·5	12·5	10	10	7·5	7·5	10	10
Paint . . . . .										
Labour . . . . .										
Shop Erection . . . . .	25	25	16·7	16·7	12·5	12·5	10·4	10·4	31·3	31·3
Inspection . . . . .										
Prime cost . . . . .	140	140	129·2	129·2	122·5	122·5	117·9	117·9	141·3	141·3
Overheads . . . . .	50	80	33·3	53·3	25·	40·	20·8	33·4	62·5	100·
Depreciation 6½ per cent. of 8 lakhs. . . . .	190	220	162·5	182·5	147·5	162·5	138·7	161·3	203·8	241·3
Total cost . . . . .	10	20	6·7	13·3	5·	10·	4·2	8·3	12·5	25·
Profit . . . . .	200	240	169·2	195·8	152·5	172·5	142·9	159·6	216·3	266·3
Fair selling prices per ton f.o.r. Works.	32	32	21·3	21·3	16·	16·	13·3	13·3	40·	40·
	232	272	190·5	217·1	168·5	188·5	156·2	172·9	256·3	306·3

TABLE No. III.— The same Bridgeworks as in Tables I and II producing different classes of works in an assumed ratio.

Class of work.	Production to Capacity.			Production to half capacity.				
	Ratio.	Annual output.	Prime cost.	Ratio.	Annual output.	Prime cost.		
		Tons.	Rs.		Tons.	Rs.		
1. Plate Girder and Truss Spans . . . . .	60 per cent. of	5,000	= 3,000	4,20,000	60 per cent. of	2,500	= 1,500	2,10,000
2. Plated-beam Spans . . . . .	10 " "	7,500	= 750	98,875	10 " "	3,750	= 375	48,487
3. Beam Spans . . . . .	5 " "	10,000	= 500	61,250	5 " "	5,000	= 250	30,825
4. Steel Framework for multi-storied buildings	20 " "	12,000	= 2,400	2,83,000	20 " "	6,000	= 1,200	1,41,600
5. Light Framework with disproportionate amount of labour.	5 " "	4,000	= 200	28,250	5 " "	2,000	= 100	14,125
	Total .		6,850	8,89,375	Total .		3,425	4,44,687

Details of Costs.

	Output 6,850 tons.		Output 3,425 tons.	
	Per ton.	Total.	Per ton.	Total.
	Rs.	Rs.	Rs.	Rs.
Prime cost—				
Material	100·0	8,89,375	100·0	4,44,687
Waste, Rivets, Paint and labour	29·8		29·8	
Overheads	36·5	2,50,000	58·4	2,00,000
Depreciation 6½ per cent.	7·3	50,000	14·6	50,000
Total cost	173·6	11,89,375	202·8	6,94,687
Profit	23·4	1,60,000	23·4	80,000
Average fair selling price f.o.r. Works	197·0	13,49,375	226·2	7,74,687

**The Indian Engineering Association, Calcutta.**

(1) *Letter No. 133-I. E., dated the 21st October, 1933.*

**THE STEEL INDUSTRY (PROTECTION) ACT, 1927.**

I am directed to refer to the Department of Commerce Resolution No. 260-T. (8)/33, intimating that the prescribed Statutory Enquiry as to the necessity for continuing the above Act will be carried out by the Tariff Board. Paragraph (d) of the Board's terms of reference empowers it to investigate the claims for the protection of industries making iron and steel products which do not come within the scope of the present Acts.

2. My Committee would invite your attention to the anomaly that arises in connection with the importation of steel lattice-work towers for electrical transmission systems. These obviously should come under the heading of structural steel work, and since they can be made in India are entitled to whatever protection it may be thought fit to afford the industry. Under the Indian Customs Tariff, however, these can be classified under serial No. 96 (5) (electrical transmission equipment), and therefore because they happen incidentally to be used in electrical transmission systems can be imported on payment of an *ad valorem* duty of 10 per cent. It appears to my Committee logical, and more in accord with the intentions of the Act, to classify such goods under serial No. 102h, whereby a duty of 21½ per cent. is payable.

3. I have to express the hope therefore that the Tariff Board will give this point their consideration, and take such steps as are necessary to prevent the clear intention of the Act being defeated by a technicality.

(2) *Letter No. 161-I. E., dated the 12th December, 1933, from the Indian Engineering Association, Calcutta.*

**THE STEEL INDUSTRY (PROTECTION) ACT, 1927—COMPONENT PARTS OF MACHINERY.**

I am directed to refer to the Department of Commerce Notification No. 260-T. (8)/33, intimating that the prescribed Statutory Enquiry as to the necessity for continuing the above Act will be carried out by the Tariff Board. Paragraph (d) of the Board's terms of reference empowers it to investigate claims for the protection of industries making iron and steel products which do not come within the scope of the present Acts.

In November, 1926, the Committee of this Association addressed the Tariff Board on the subject of rivetted steel chimneys imported into India for use with boilers already in the country. It was the contention of the Committee then, as now, that such chimneys should properly be classed as manufactured articles, and classified under serial No. 103q of the present Customs Tariff, whereby a duty of 21½ per cent. would be payable. It is the practice, however, for such goods to be admitted under Serial Nos. 96 and 99 as component parts of machinery, at an *ad valorem* duty of only 10 per cent. This seems to the Committee inconsistent with the intentions of the Act, and they would be glad if you would find it possible to make suitable representations to Government with a view to having the anomaly removed.

**The Hindustan Construction Co., Ltd., Bombay.**

*Letter dated the 4th October, 1933.*

**Re HOWRAH BRIDGE.**

We are approaching you in connection with the enquiry for protection to the Indian Steel Industry which you are now holding.

2. We are Constructional Contractors carrying out a variety of constructional works on extensive scale throughout India and Burma. We have along with one or two associated Companies under the same management, viz., The All-India Construction Co., Ltd., and others been connected with most of the important Railway Bridges that have been constructed in India during the last few years. We completed the whole of the Civil Engineering portion, well sinking including pneumatic sinking of the Kalabagh Bridge on the Indus worth about Rs. 22 lacs. Immediately after this, we secured the contract for the Irrawaddy Bridge at Sagaing in Burma in keen competition with British and other firms. This we recently completed, our portion of the work being about Rs. 27 lacs. We have been recently entrusted with the Civil Engineering portion including deep well sinking of the Nerbudda Bridge at Broach for the Bombay, Baroda and Central India Railway wherein our portion will amount to about Rs. 23 lacs. Here also the competition was keen and we believe we were lower than British firms. At Irrawaddy and Nerbudda Bridges the steel used for girders by fabricating firms was mostly Indian. The cement used by us which comes to a big amount was also Indian. Our staff at all the Bridge works can be said to be entirely Indian. We understand even for Bally Bridge where the Civil Engineering portion was not given by pucca contract, as in the case of other bridges, the bulk of the steel used was Indian.

3. It is now known that the Howrah Bridge tenders will be issued very shortly. The undermentioned facts make us fear that the contract for this bridge might be placed outside India. It is understood that between 50,000 and 60,000 tons of steel would be used and that the Fabricators' and Erectors' work may amount to about Rs. 80 lacs, while the foundation work without the approaches might come to about Rs. 50 lacs. The following are the reasons that make us fear that the contract might be placed out of India:—

- (i) It has been recommended that high tensile steel should be used to the extent of about 60 per cent. as it is claimed that it would reduce the weight and the consequential cost. So far high tensile steel is not made in India. It might be possible to make it in India but it might require some experiments and time before it can be made to compete commercially and also to give the necessary tests uniformly. Even if Indian Steel Makers are confident about making it, one is afraid, that the Consulting Engineers or the Port Commissioners might be justified in arguing that the Indian Steel Makers not having made it commercially, they might not like to take the risk of entrusting such a big and important contract to makers new in the field. Although according to the Consulting Engineers "the use of high tensile steel in large bridges has been a common practice in America for some years past, recently European Firms have produced high tensile steel which have been used for numerous large bridges and now that *English firms are also in a position to produce these special steels* there is sufficient competition to ensure supply of suitable high tensile steel at competitive price and we consequently feel justified in recommending its use for the Bridge", it is clear that the Consulting Engineers had only English Firms in view. Even these English Firms seem to have taken several years to begin to make it, although it was a common practice in America and was used on numerous large bridges by European (non-British) firms. They never cared whether Indian Steel Makers would or could make it nor did they obviously anticipate a tender from Indian Steel Makers or Fabricators.
- (ii) This is further brought out when they refer to residual value of the plant used for fabrication the loss on which will be much more in the case of Indian Firms putting up new Plant as

against the one or two British Firms who already own it, the value being mostly debited to important work that they have already done and the balance to be debited in future on jobs which they expect frequently to get.

- (iii) There is still another reason why we think the contract may be placed outside India and that is, it is known that the Port Commissioners are arguing that no preference would be given to Indian material or labour on the ground that the Port being dependent on shipping of all countries, discrimination in favour of mother country would be resented by other countries.

This last point is rather a novel theory to say the least but the cumulative effect of the 3 above points make us fear that the whole contract might be placed outside India. The practice recently has been and *rightly* too to place such big contracts in the hands of one firm, so that the Administration will have only one responsible firm to deal with. If the contract is placed outside India, we are afraid that not only steel makers will lose such a big contract for about 60,000 tons but the Indian Fabricators who have invested in their "Block" huge amounts of money and who have done justice to all important bridges in India during the last 5 or 6 years will lose the job as also Constructional Contractors like us doing Civil Engineering portion of well sinking and foundation work.

4. The reason of our approaching you is that you are trying to find ways, means and methods to make the steel industry in India established if not prosperous in the country, and such big orders like 60,000 tons of steel-work should not go outside the country. The only result of such an action would be, to our mind, that you would have to supplement the loss of this 60,000 tons of one big order by various small orders amounting 60,000 tons for the Indian Steel Makers which means various small consumers or local Industries will have to make good what the Port Commissioners will lose to the country. To our thinking, the Government should consider it a moral binding to buy this 60,000 tons of big size steel as they could not buy rails from Indian Steel Makers which they undertook. Stoppage of Railway construction has hit Fabricators and Contractors like us and Government should therefore not lose such opportunity to find employment for them. After all if the Port Commissioners have to spend something more in order to keep all the money spent on this contract in the country it would be paid for by the Shipping of the world while in the other case India alone would suffer.

5. Another important reason why we claim that this contract should be kept in the country is that contracts of this magnitude involving some 2 crores of Rupees and more do not come everyday in one's life time. The experience gained in putting up organisations for such big jobs is a National asset and this should not be lost to the country particularly when you will observe from the facts given above that the country has organisations which can do justice to such jobs. If the country loses this job, when the second job comes, it would be said that we have no experience and that a particular firm of "X" from Great Britain did the job and therefore having experience they should do the second job also. Moreover having had the plant, this non-Indian "X" firm would be able to quote still lower than even in the second job where Indian firms will have to start afresh and write off a decent portion of the residual value of the plant. This is a vicious circle and therefore we earnestly appeal to the Tariff Board to recommend to the authorities concerned that the whole of this contract should be placed in India even if it costs a little more. We do not mean to suggest that we should be purposely behind time and always so. We appreciate the necessity of being upto date but what we submit is that it should not be at the risk of losing a big job for the country like this. If high tensile steel making is making progress and is useful, Indian Steel Makers should begin to make it and sell



it for small bridges or works. When they get their experience as regards the quality and cost, then it would be time for them to bring this up in competition to non-Indian Firms. It is believed that the Store Purchase Department while following this policy laid down by the Indian Legislature have in many cases given preference to Indian goods to the extent of 10 per cent. We submit that for various obvious reasons this case justifies owing to its unique feature a protection, if required, of a bigger percentage than 10 per cent. It will be admitted that when opportunity was given to Indian Firms as regards various other Bridges mentioned above they could and did under-quote non-Indian firms in spite of the experience, organisation and resources of the non-Indian firms.

6. We therefore request the Tariff Board firstly either to instruct the Port or the Bridge Commissioners through the Government of India or the Bengal Government to so design the Bridge that it will be based entirely on mild steel which the Indian Steel Makers have successfully made in good quality and in which Indian Contractors have so far successfully competed with non-Indian firms, even if the total cost of the Bridge is concerned. We submit that this should be done. We further beg to submit that an interim recommendation in this connection should be made as we are afraid the tenders on the present design and probably based on present duties might be invited and received before your recommendations have been acted upon by the Government of India and the Legislature consulted in the normal course. As regards duties there seems to be a doubt whether the duty on high tensile steel should be the same as on mild steel or whether owing to a technical or a literal reading of the schedule the Customs authorities might allow it under cheaper rates. This is quite possible because at the time of framing duties or the wording of the custom schedule, high tensile steel was never thought of as intended to be brought in. We understand high tensile steel is being at present imported under low duties as alloy steel or of some nomenclature. If we may point out the history of the last 50 years, by the time Indian began to produce a particular article something new was invented and an excuse found to use non-Indian materials. Being admittedly backward in the industrialisation this process is bound to continue and we therefore emphasise that the objective must be, even if we have not the vanity or credit or luxury of being most up to date in Engineering, the money should be kept in the country to foster indigenous industry whether of Steel Makers, Fabricators or Civil Engineering Contractors. It is no satisfaction to be told that even if the contract is placed outside India the coolies employed or probably the mechanics and subordinate technical staff required will be Indians. What should be aimed at is that the direction and organisation of such big projects should be done by Indians and every opportunity should therefore be taken.

7. Or secondly Indian Steel Makers, if they are very confident of making high tensile steel on commercial scale and upto specifications, the Port Commissioners should be instructed that preference should be given to not only Indian Steel but to Indian Fabricators and Civil Engineering Contractors.

8. As the Port Commissioners or the Howrah Bridge Commissioners are a separate body, it might be asked who the authorities are to give them instructions as to the steel to be used and also as to extra cost for placing the contract in India. We might here cite an analogy that the Government of India are understood to have exercised their right to emphasise the necessity of giving preference to Indian material and labour in the case of Company-managed Railways which are independent entities and domiciled 6,000 miles away although this is diplomatically called "advice". The fact that the construction of the Howrah Bridge is entirely a domestic affair must empower the Government of India or the local Government of Bengal to do the best in the interest of the country.

9. We should be pleased to give any further information on these points that you would like to have or give evidence if so desired on this question.

**Messrs. Braithwaite & Co. (India), Ltd., Calcutta.**

(1) Letter P. L. 372, dated the 30th August, 1933, to the Department of Commerce, Government of India, Simla.

At the present time towers for transmission lines are imported into India under section 59A (5) of the Customs Statutory Schedule and whether they be of Continental or British manufacture are subject to 10 per cent. *ad valorem* duty. This is confirmed by letter No. A-6570 of the 4th August (copy enclosed) from the Assistant Collector of Customs sent to our address in response to queries which we instituted in this connection.

In order that you may familiar with the nature of the structures to which we refer as transmission towers we enclose herewith a sketch which shows the typical construction of transmission towers and from which you will observe that they are entirely composed of fabricated structural sections. Messrs. Tata Iron and Steel Company are equipped to supply all the raw steel required in the manufacture of transmission towers and the fabrication presents no features or difficulties which might enable it to be classed as special or which would demand special equipment and experience during fabrication which is not available in the large fabricating shops in India at the present moment.

It is our desire to secure contracts for the manufacture of transmission towers in India. In the past where transmission towers have been required tenders have usually been called for the complete transmission system the towers forming only a section of the complete tender. We have therefore been compelled to quote to the various electrical companies direct for this section of the work.

In connection with the Pykara Hydro Electric Scheme tenders were recently called for the construction of the Ernakulam Coimbatore section. The result of these tenders show that for transmission towers imported from the Continent prices are slightly lower than for towers made in Calcutta from Tata steel and shipped to Cochin.

The lowest prices quoted per ton c.i.f. Cochin including Customs duty for towers galvanised after fabrication were as follows:—

- (a) British Towers c.i.f. Cochin including Customs £22-19-6 per ton.
- (b) Continental Towers c.i.f. Cochin including Customs £20-7-6 per ton.
- (c) Indian made towers c.i.f. Cochin £21 per ton.

The two lowest prices for the towers required for the scheme compare as follows:—

Continental towers delivered site Rs. 3,70,000.

Indian made towers delivered site Rs. 3,82,000.

These comparisons are based on duty at 10 per cent. *ad valorem* on Continental towers.

We submit that these towers cannot reasonably be classified under any other heading than fabricated structural steel and duty should in our opinion be assessed under Section 151 or 153 of the Statutory Schedule, or where the material is galvanised after manufacture under section 237 of the Statutory Schedule.

We also submit that such structures cannot reasonably be classed as poles. Transmission poles which are specified in the Statutory Customs Schedule, section 59A (5), are not to our knowledge manufactured in India and we submit that in applying this section to transmission towers there is at present a misclassification which seriously handicaps the structural fabricator in India and incidentally loses revenue to the Government of India.

We believe that in the not distant future a number of extensive schemes for hydro electrical development are likely to be launched and the steel work required for transmission towers will amount to many thousands of tons. Particularly when the structural industry in India is undergoing

extremely difficult times as at present, we submit that the advantages accruing to India by retaining this work in the country far outweigh the fallacious savings which are involved by importing such structures from the Continent.

In addition to the fact that many thousands of tons of raw steel would be made in India and carried on Indian Railways there is opportunity for Government to assist the fabricators during the leanest period in the history of the trade by retaining this work in the country in preference to placing it on the Continent.

We shall greatly appreciate any action which you may take which will rectify the present position.

Enclosure.

*Copy of letter No. A-6570, dated the 3rd/4th August, 1933, from the Assistant Collector of Customs for Appraisement, Calcutta, to Messrs. Braithwaite & Co.*

With reference to your letter dated the 29th July, 1933, I have the honour to inform you that the transmission towers as described in the sketch forwarded by you will be assessed to duty at 10 per cent. *ad valorem* under serial No. 96/59A (5) of the Indian Customs Tariff irrespective of the country of origin.

*(2) Letter No. 437, dated the 4th October, 1933, from the Secretary, Tariff Board, to Messrs. Braithwaite & Co., Ltd.*

In connection with the application submitted to the Tariff Board by certain engineering companies in India for protection of fabricated steel, I am to ask that you will be so good as to supply the following information to the Board (with six spare copies) not later than the 4th November, 1933:—

- (1) A full statement, as far as the information in your possession will permit of orders for fabricated steel lost to Indian engineering firms since 1925-26. The statement should contain the following particulars:—
  - (a) Quantity of order.
  - (b) Date of order.
  - (c) Class of work.
  - (d) Price at which order was placed.
  - (e) Price of lowest Indian tender.
  - (f) Party by whom order was placed.
  - (g) Country of manufacture.
- (2) The total capacity of your works for production of fabricated steel.
- (3) The quantity of fabricated steel manufactured in your works in each year since 1925-26.
- (4) A statement of the orders for big bridgework executed in your works since 1925-26 with the following particulars:—
  - (a) Quantity of order.
  - (b) Date of order.
  - (c) Class of work.
  - (d) Price at which order was placed.
  - (e) Party by whom order was placed.
- (5) A statement of the cost of conversion in your works of a typical class of (a) big bridgework and (b) light and medium structural work. The term "Cost of conversion" as used here excludes

the cost of steel sections, wastage of steel sections and the duties on them but includes, besides the cost of manufacture, all overhead charges and a normal allowance for profit. The Board will be prepared to regard your answers as confidential, if so required.

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(3) *Letter dated the 4th November, 1933, from Messrs. Braithwaite & Co., Calcutta.*

With reference to your letter No. 437 of the 4th October, we have much pleasure in attaching hereto statements giving the information you ask for.

We have endeavoured to provide all the particulars enumerated in your letter and we trust these meet with your requirements.

The attached Statement A gives all the information available from our records regarding orders for fabricated steel lost to Indian engineering firms since 1926.

We are not able to give the prices of lowest Indian tenders but we give the price quoted by this Company on each contract.

In Statement B we deal with items Nos. 2 & 3 of your letter.

Statement C attached shows all big bridgework fabricated in our works since 1926 together with the particulars called for. In the case of our Clive Works this statement takes into consideration only orders of 200 tons and above, and in the case of Mulund Works orders of 100 tons and above.

We have dealt very thoroughly with conversion costs in Part A, paras. 37-40 of our Representation, which will be submitted to the Board within the next few days and we would ask the Board to kindly refer to that for their information.

Enclosures.

STATEMENT A.

List of Orders lost to Home Firms and Dorman Long & Co., since 1925.

Particulars and Purchaser.	Details of Tender.		Braithwaite & Co. (India), Ltd., Tender.		Successful Tenderer.			
	Date of tender.	Tonnage.	Delivery offered.	Price particulars.	Name.	Delivery quoted.	Prices quoted.	Remarks.
B. N. Railway, 11 spans, 100'.	1927	..	..	..	..	..	..	..
E. I. Railway, 14 spans, 213', Allahabad-Jumna Bridge.	..	..	..	..	P. & W. McLellan & Co.	..	..	..
E. I. Railway, 28 spans, 157', Lower Sone Bridge.	5th April 1927.	6,328 spans 14'4 Trolley refuges.	28 weeks commence and 1 span every five weeks.	Rs. 19,61,491. Rs. 309 Steel work. Rs. 362-8 Trolley refuges f.o.r. Works.	Not known	Not known	Not known	Bridge Engineer merely stated order placed in England at lower price.
N. W. Railway, 9 spans, 258', Kalabagh Bridge.	February 1928.	3,010	Commence in 30 weeks and finish in 60 weeks.	Rs. 346-10 f.o.r. Mul- und per ton.	P. & W. McLellan & Co.	Do.	£42,891 or £14-5-0 per ton f.o.b. Glasgow.  Rs. 225 per ton f.o.r. Bombay.	..
Bombay Port Trust, P. S. Troughing.	April 1928.	800	..	Rs. 1,62,789	Teesside Bridge and Engineer- ing Co.	Do.	Rs. 1,50,250	..

Particulars and Purchaser.	Details of Tender.		Braithwaite & Co. (India), Ltd., Tender.		Successful Tenderer.			
	Date of tender.	Tonnage.	Delivery offered.	Price particulars.	Name.	Delivery quoted.	Price quoted.	Remarks.
G. I. P. Railway, 4 spans, 140', Sukkur Bridge.	9th January 1928.	735	Complete in 10 months	Rs. 2,25,000	Toesside Bridge and Engineer- ing Co.	Not known	£15-6-6 f.o.b. United Kingdom Port.	..
B. N. Railway, 10 spans, 100' Rushikulyia Bridge.	7th Febr- uary 1928.	1,014 steel 467 C. I. Erection.	12 months erected.	Rs. 3,06,172 Rs. 74,957 Rs. 2,86,934  Rs. 6,68,063	Patent Shaft & Axletree Co.	Do.	£14 f.o.b.	...
N. W. Railway, 8 spans, 258', Adamwaham Bridge.	26th July 1928.	5,695	..	..	P. & W. McLel- lan & Co.	Do.	£76,341 f.o.b. Glasgow £13-8 per ton— Rs. 241 per ton f.o.r. Karachi.	..
B. N. Railway, 60' & 80' spans— 3—80'	17th May 1928.	135'6	26/32 weeks	Rs. 36,546	No particulars but placed in United King- dom.	..	..	Other Miscel- laneous spans included in this tender were placed with Jessops but we were unable to ascer- tain price.
26—60'	..	728'26	16/28 weeks	Rs. 1,74,572				
R. V. Railway.								

M. & S. M. Railway, Miscellaneous spans— 3—30' . . . 3—15' . . . 1—21'9 . . .	} 21st July 1928.	55.56	20/22 weeks	Rs. 5,370	Teesside Bridge & Engineering Co.	8 weeks f.o.b. British Port.	£809-3-8 f.o.b. Middlesbrough Port. Rs. 14,448 f.o.r. Madras.	
				" 5,772				
				" 2,525				
				" 13,687				
				f.o.r. Works				
B. N. Railway, 18 spans, 60'0".	26th August 1929.	534.86	28 to 40 weeks.	534.86 tons at Rs. 220— Rs. 1,17,689 f.o.r. Calcutta.	Patent Shaft & Axletree Co.	Shorter delivery.	Not known	We were informed that contract was placed in United Kingdom on account of shorter delivery. We offered for increase of 4-4 per ton to commence in 22 weeks and complete in 32.
B. N. Railway, 7/300' spans, Ruphardin Bridge.	21st August 1929.	4.622	64 weeks .	11,42,790 or Rs. 247.4 per ton f.o.r. Calcutta.	The Cleveland Bridge Co.	..	£15 per ton or £68,000 f.o.b. Home Port.	..
Bharat Insurance Co., Steel frame Building.	30th June 1931.	350	Did not give definite promise.	Rs. 197 erected.	Dorman Long & Co., Ltd.	Not known	Not known.	
Lucknow Sugar Mills	16th May 1931.	23.75	6/8 weeks .	Rs. 245 per ton. Rs. 5,819.	Ditto	Do.	Do	

Particulars and Purchaser.	Details of Tender.		Baithwaite & Co. (India), Ltd., Tender.		Successful Tenderer.			
	Date of tender.	Tonnage.	Delivery offered.	Price particulars.	Name.	Delivery quoted.	Prices quoted.	Remarks.
E. I. Railway, 2 spans, 80'.	30th September 1931.	108.5	22-24 weeks	Rs. 216— 108.5 T.	Dorman Long & Co., Ltd.	..	Rs. 201 .	Our rate represents loss of 7 per cent.
E. I. Railway, Sundry spans, 8/28' spans.	14th December 1931.	19.65	8 weeks .	Rs. 3,614.	Ditto .	Not known	Not known.	
Bangodaya Cotton Mills, Mill Building.	24th December 1931.	173	10 weeks .	Rs. 187.8 f.o.r. Works Rs. 33,239.	Ditto .	Do. .	Do. .	We were told Dormans had underquoted us.
Mawalkishore Maniklal Steel frame Building 5 storeys.	21st March 1932.	79	15 weeks erected.	Stanchions 34.5 Rs. 168-0 Cleated beams 44.6 Rs. 160 Delivery Rs. 2-12 Erection Rs. 10-0	Ditto .	Do. .	Do. .	We were told Dormans were lower than us. We quoted for Untested materials.
N. C. Bose—Stanchions .	7th May 1932.	40	Commence in 8 weeks.	Stanchions Rs. 164-8 Beams cleated Rs. 153-0 Beams holed Rs. 144-0 Delivery Rs. 2-12 Erection Rs. 10-0	Ditto .	Do. .	Do. .	



F. B. Bloomfield, Architect, Delhi Rampur Sugar Factory.	8th May 1933.	400.5	15 weeks erected.	Rs. 97,900 including bought materials and erection.	Ditto	..	Rs. 79,600	Burns price was 69,000 but design did not conform to Architect's specification.
Khada Sugar Factory	10th June 1933.	103	10 weeks.	Rs. 20,645 f.o.r. Works.	Ditto	6 weeks	Approx. Rs. 17,645	We were told Dormans were 3,000 under our price.
S. I. Railway, 4 spans 64'	26th June 1933.	123	18 weeks	Rs. 24,134—123 tons at Rs. 197-4 f.o.r. Calcutta.	Ditto	Not known	Not known	
S. I. Railway, Steelwork for Bridge spans—Shoranur Conversion, Cochin Railway.	31st January 1933.	784.17	Commence in 14 to 16 weeks. Complete in 24 to 26 weeks.	Rs. 1,46,991—759.5 tons f.o.r. Mulund Balance f.o.r. Madras.	Alex. Findlay & Co., Motherwell.	Complete in 12 weeks from date of receipt of order.	£8,282-9-5 f.o.b. Glasgow.	Alex. Findlay & Co.'s price is based on a tonnage of 777.66 only.
E. I. Railway, 21 Well Curbs.	7th August 1933.	101.2	20 weeks	Rs. 20,364 or „ 201-8 per ton.	Dorman Long & Co., Ltd.	Approx. 10 weeks.	Not known	We know their price was higher than ours but delivery better.
E. I. Railway, 14/18' spans.	9th September 1933.	57.4	16 weeks 1 month.	57.4 at Rs. 194-3-5 Rs. 11,148 Rs. 14,129	Ditto	..	..	We offered low price and long delivery with alternative for shorter delivery.

## STATEMENT B.

*Item 2.*—The total combined capacity of our Calcutta and Bombay Works is 25,000 tons per annum.

*Item 3.*—The quantity of fabricated steel manufactured in these Works over the last 6 years is as under:

Year.	Clive Works, Calcutta.	Mulund Works, Bombay.	Total Tonnage.
	Tons	Tons	
1927 . . . . .	3,937	8,582	12,519
1928 . . . . .	4,287	7,533	11,820
1929 . . . . .	6,969	6,838	13,807
1930 . . . . .	11,755	7,534	19,289
1931 . . . . .	8,229	6,600	14,829
1932 . . . . .	5,852	5,545	11,397
	<u>41,029</u>	<u>42,632</u>	<u>83,661</u>

The figure given above represents actual fabricated steel and excludes rivets, bolts, C. S. bearings, handrail tubing, C. I. Cylinders and all other such materials which are not made by us.

The total weight of steel and all other materials supplied by us during the above period is:—

Clive Works, Calcutta.	Mulund Works, Bombay.	Total Tonnage.
47,180 tons.	49,027 tons.	96,207 tons.

STATEMENT C.

Orders for big Bridgework made in Mulund Works since 1925-1926.

III—TABLE

Name of Bridgework.	Date of order.	Class of Work.	Tonnage.		Value of contract.	Party by whom order was placed.	Remarks.
			Steel.	C. Iron.			
Villapuram-Trichinopoly Chord, S. I. Railway.	October 1926 .	8 Bridges, heavy rail on screw cylinder foundations, total 160 spans of 65'.	4,282	5,600	39,93,000	S. I. Railway .	Supply & Erection complete.
Spans for Pandarpur and Miraj Bridges.	25th May 1926 .	Heavy rail bridges, 8 spans of 100', plate girders.	404	..	1,08,000	Barsi Light Railway	Supply only.
Meshana Bridges . . .	...	Heavy rail spans, M. G., 23 spans of 20'.	..	..	...	B., B. & C. I. Railway.	Ditto.
Mahaluni Road Over-bridge.	16th February 1926.	Road overbridge and steelwork for elevated booking office, etc.	823	..	2,88,050	Ditto . . .	Supply & Erection.
Jandola Bridge . . .	12th June 1926	Road bridge on screw piles foundations with P.S. trough decking, 36 spans of 30'.	660	..	4,12,750	The Secretary, N.-W. F. P.	Supply only.
Sher and Anjan Bridges at Narsingpur.	7th September 1926.	Heavy rail bridges on screw cylinder foundations, 10 and 5 spans of 76'.	973	1,493	8,00,000	G. I. P. Railway .	Supply & Erection.

H

Name of Bridgework.	Date of order.	Class of Work.	Tonnage.		Value of contract.	Party by whom order was placed.	Remarks.
			Steel.	C. Iron.			
					Rs.		
Dhorenaro and Jumrao Bridges.	13th September 1926.	Heavy rail spans, 14 Nos., 40' clear for M. G.	155	..	42,780	Jodhpur Railway	Supply only.
Nerbudda Bridge at Jubbulpore.	August 1926	Heavy rail bridge of 6 spans, 165', and 1 of 40' on steel trestles, 106' high.	3,006	..	22,06,574	G. I. P. Railway	Supply & Erection.
Reond Nullah Arch Span	18th October 1926.	180' arch with 2/40' approach spans for heavy rail, 2'6" gauge.	276	..	97,428	N. W. Railway	Supply only.
Ketkei Bridge	30th June 1927	Road bridge, 664' long on screw pile foundations and P. S. trough decking.	313	..	2,36,500	The Secretary, N. W. F. P.	Supply & Erection.
Ahmedwan Bridge	16th September 1927.	Road bridge, 288' long on screw pile foundations, P.S. trough decking.	138	..	68,466	Ditto	Ditto.
Kaza Kutch Bridge	16th September 1927.	Road bridge, 324' long as above.	156	..	77,843	Ditto	Ditto.
Janjal Bridge	16th September 1927.	Road bridge, 324' long as above.	156	..	77,843	Ditto	Ditto.
Bridges on Tongaturn, Baptaia and Ongole Section.	11th November 1927.	Heavy rail bridge spans, 12 of 20' and 89 of 12'.	215	..	53,864	M. & S. M. Railway	Supply only.

Quthb. Road Bridge	14th November 1927.	Road bridge over railway	153	..	37,537	N. W. Railway	Ditto.
Oolhasa Bridge	21st November 1927.	Heavy rail bridge, 20 spans of 40' and 1 of 60'	383	..	94,718	G. I. P. Railway	Ditto.
Panjnad Weir Bridges	31st January 1928.	Combined light rail and road bridges, total length 1,988', plate girders.	635	..	1,93,059	Indian Stores Department.	Ditto.
Nalganga Bridge	9th March 1928	Heavy rail bridge of 12 spans of 30', plate girders.	201	..	47,924	G. I. P. Railway	Ditto.
Ludhiana Bridge	27th March 1928	Heavy rail bridge of 19 spans of 30', plate girders.	191	..	45,300	N. W. Railway	Ditto.
Cochane Canal Bridge	21st April 1928	Heavy railway bridge skew on screw cylinders.	636	880	5,28,770	M. & S. M. Railway	Supply & Erection.
Bhoreghat Spans	12th June 1928	Heavy railway bridge with trestles.	264	..	77,600	G. I. P. Railway	Supply only.
Sukkur Bridges	27th July 1928	Heavy rail bridges, 13 spans of 50'.	430	..	1,09,038	Ditto	Ditto.
Adilabad Road Bridges	7th August 1928	19 bridges for roadway	709	..	1,98,355	Chief Engineer, Hyderabad State, Deccan.	Supply & Erection
Udaipur Rail Bridges	21st September 1928.	Joist and plate girder spans for M. G. 9/6', 7/12' and 66/20'.	259	..	58,500	U. C. Railway	Supply only.
Baran Bridge	1st October 1928	Heavy rail bridge, 48 spans of 60'.	1,479	..	3,64,465	N. W. Railway	Ditto.

Name of Bridgework.	Date of order.	Class of Work.	Tonnage.		Value of contract.	Party by whom order was placed.	Remarks.
			Steel.	C. Iron.			
					Rs.		
Tootha Bridge . . .	8th October 1928.	Heavy rail bridge, 13 spans of 60', plate girders on screw cylinder foundations.	465	570	3,99,750	S. I. Railway .	Supply & Erection.
Sukkur Bridges . . .	23rd November 1928.	22 spans of 40', heavy railway spans.	316	..	75,634	N. W. Railway .	Supply only.
Jubbulpore Bridge . . .	5th March 1929	Heavy rail bridges, 16 spans of 30'.	115	..	24,100	G. I. P. Railway .	Ditto.
Jolara Bridge . . .	9th May 1929 .	Heavy rail bridge, M. G., 25 spans of 40'.	241	..	50,625	Jodhpur Railway .	Ditto.
Bridges at Vridhachalam and Trichinopoly.	20th May 1929 .	Heavy bridge spans, 106 spans of sizes.	773	..	1,81,522	S. I. Railway .	Ditto.
Tiarza Bridge . . .	13th November 1929.	Road bridge truss spans, 150'.	126	..	77,740	Secretary, N.-W. F. P.	Supply & Erection.
Bridges on Bhopal Bina Section.	11th November 1929.	Heavy rail spans . . .	236	..	52,182	G. I. P. Railway .	Supply only.
Inzer Nullah Bridges . . .	16th April 1930	Road bridge, 4/80' truss spans.	123	..	44,666	Secretary, N.-W. F. P.	Supply & Erection.
Nathavalsa Bridge . . .	15th April 1930	Road bridge on screw cylinder foundation, 11/63' spans.	212	300	2,48,000	Dist. Board Engr., Guntur.	Ditto.

Nerbudda and Gadaria Bridges.	12th February 1930.	Heavy rail bridges, 18 spans of 160'.	3,364	..	7,59,102	G. I. P. Railway	Supply only.
Wana Toi Bridge . . .	7th May 1930 .	Road bridge on screw piles, 8/50' spans.	287	..	1,02,811	Secretary, N.-W. F. P.	Supply & Erection.
Mysore Bridges . . .	10th March 1930	Heavy rail bridges, 8 spans of 40' and 7 spans of 60'.	251	..	59,609	Mysore Railways	Supply only.
Panjanad Weir Bridge	12th May 1930 .	Combined rail and road bridge.	258	..	79,487	I. S. D. . . .	Ditto.
Vamsadara Bridge . . .	21st July 1930 .	Road bridge on masonry foundations.	590	..	1,78,705	Dist. Board Engr., Vizagapatam.	Supply & Erection.
Bhusaval Spans . . .	16th July 1930 .	Heavy rail spans, 12/40'	223	..	49,874	G. I. P. Railway	Supply only.
Gundlakamma Bridge . . .	2nd August 1930	Road bridge on masonry foundations.	305	..	3,07,000	Dist. Board Engr., Guntur.	Supply & Erection.
Udaipur Spans . . .	17th October 1930.	Heavy rail bridge spans .	96	..	21,107	U. C. Railway	Supply only.
Tawi Bridge . . .	17th October 1930.	Road bridge, 5 spans of 153'.	613	..	3,44,000	Kashmir State, P. W. D.	Supply & Erection.
Parapananguadi Bridge . . .	2nd January 1921.	Road bridge, 1/150' and 4/50' spans.	137	..	50,500	Contractor, Mudaliar	Supply only.
Nilgiri Railway Bridges . . .	4th February 1931.	Heavy rail bridges, 3/40' and 5/40' spans.	58	..	12,600	S. I. Railway . . .	Supply & Erection.
Betwo and Keotan Bridges.	21st March 1931	Heavy rail truss spans, 6/80' and 9/106'.	1,388	..	2,91,026	G. I. P. Railway	Supply only.
Perambur Bridges . . .	18th February 1931.	44/20' and 2/15' spans .	156	..	30,298	M. & S. M. Railway.	Ditto.
Jumna Bridge . . .	13th August 1932.	Heavy combined rail and road bridge with trough flooring (2,744 tons fabricated at Clive Works).	5,663	..	11,73,797	N. W. Railway	Ditto.
Nerbudda Bridge . . .	3rd April 1933	Heavy rail bridge on concrete cylinder piers.	13,259	..	53,55,579	B., B. & C. I. Railway.	Supply & Erection.
Udaipur Spans . . .	4th February 1933.	Various spans for M.G. heavy rail.	451	..	47,700	U. C. Railway	Supply only.
Khandwa Metre Gauge Bridges.	19th April 1933	Heavy railway, M.G., 4/103' and 3/87' spans.	505	..	1,02,143	B., B. & C. I. Railway.	Ditto.
Girders for Bina Bridge . . .	5th May 1931 .	4 spans 156' 6"	764	..	1,57,319	G. I. P. Railway	Ditto.

Calcutta Orders.

Order No.	Party.	Class of Work.	Tonnage.	Price at which order booked.		Date of order.
				Rs.	A.	
575	Chief Engineer, C. I. C. Railway	24 spans, 60' . . . . . 20 " 40' 2 " 20'	909	3,31,102	0	14th February 1925.
599	" O. & R. Railway	21 spans, 10' . . . . . 1 " 15' f.o.r. Works. 4 " 30' 17 " 40'	340	89,185	0	2nd May 1925.
614	Executive Engineer, Sarda Canal	Sarda Bridge, 34 spans, 50' (Supply and erection.)	463	1,79,443	0	5th August 1925.
653	Controller of Stores, E. I. Railway	45 spans, 60' f.o.r. Works . . . . .	1,320	3,49,588	0	6th January 1926.
685	Bridge Engineer, N. W. Railway	Assorted spans f.o.r. Works . . . . .	830	1,98,882	0	17th June 1926.
696	Chief Engineer, E. I. Railway . . . . .	155 spans 15' f.o.r. Works . . . . .	437	99,362	14	29th July 1926.
753	" B. N. Railway . . . . .	29 spans 80' f.o.r. Works . . . . .	1,300	3,22,399	0	9th March 1927.
793	Bridge Engineer, E. I. Railway . . . . .	42 spans 26' 7" f.o.r. Dinapore . . . . . 22 " 29' 8½"	475	1,11,823	0	9th September 1927.
808	Engineer-in-Chief, E. B. Railway . . . . .	6—60' spans . . . . . 10—40' " 41—20' "	426	1,05,040	0	21th November 1927.



856	Agent, E. I. Railway . . . .	7 spans 350' for Bally Bridge d/d Dakshineswar	16,988	46,30,425 0	8th May 1928.
889	District Board, Vizagapatam . . . .	Nathavalsa Bridge: <i>Supply and Erection</i> of Screw Cylinder Bridge of 11 spans 60'.	225 Steel 192 C. I. Bombay Fa- brication.	2,11,000 0	12th January 1930.
890 & 891	C. R. E., Waziristan . . . .	Inzer Nulla and Wana Tot Bridges:—  4 spans 80' 8 " 50' 6 " 50'  <i>Supply and Erection.</i>	410 Bombay Fa- brication.	3,23,650 0	25th February 1930. 21st January 1930.
898	District Board, Ganjam . . . .	Vamsadara Bridge. <i>Supply and Erection</i> of Steel-work and C. I. work also masonry. 29 spans of 64' 9".	589 Bombay Fa- brication.	5,04,575 0	2nd June 1930.
897	District Board, West Godavari . . . .	Nidadavole Bridge. <i>Supply and Erection</i> of Steel work and C. I. work with R. C. Decking:—  1 span 120' 1 " 180'	256 Steel 200 C. I.	2,75,880 0	9th June 1930-
900	Chief Engineer, Burma Railways . . . .	Irrawaddy Bridge. <i>Supply and Erection</i> (Super-structure) of 9—360' spans and one 260' span with one service girder and bearings complete. Price d/d f.o.r. Rangoon and erected site.	10,923	39,04,978 0	27th March 1930.
926/935	" P. W. D., Assam . . . .	<i>Supply and Erection</i> of 85 screw pile Bridges.	2,610	9,34,460 0	26th June 1930.
967/976	Ditto ditto . . . .	<i>Supply and Erection</i> of 56 screw pile Bridges.	1,051	3,98,421 0	April 1931.
978/979	District Board, Ganjam . . . .	Budo and Jhore Bridges. <i>Supply and Erection</i> of Steelwork and C. I. works and masonry, 7 spans 70'.	377-98	2,12,217 0	13th July 1931.

Order No.	Party.	Class of Work.	Tonnage.	Price at which order booked.	Date of order.
982	Chief Engineer, S. I. Railway . . .	Cauvery Bridge—One span of 200' . . .	245 Supply f.o.r. Works. Erection.	Rs. A. 49,752 0 28,656 0	25th August 1931.
1020/26	Controller of Stores, N. W. Railway . . .	Jumna Bridge—12 spans 213' 9" . . . 2 „ 47' 9" with bearings f.o.r. Works.	5,404.04 (2,660 tons fabricated at Mulund Works.)	11,73,797 10	2nd August 1932.
1068/80	Agent, G. I. P. Railway . . .	Chambal Bridge :— 2 spans 147' 12 „ 196' 1 service span 200' with bearings f.o.r. Works.	3,632	6,96,849 14	29th March 1933.
1100 & 1101	District Board, Guntur . . .	Musi and Ogeru Bridges. <i>Supply</i> and <i>Erection</i> of 17 spans 60' 8"	406.54	1,14,700 0	26th June 1933.
1108	Chief Engineer, E. B. Railway . . .	Jhenai Bridge. <i>Supply</i> and <i>Erection</i> of 9 spans of 119' after dismantling old spans and making alterations to masonry piers.	216 Supply f.o.r. Works. Erection.	43,472 0 31,679 0	23rd August 1933.

- (4) *Letter No. 520, dated the 3rd November, 1933, from the Secretary, Tariff Board, to Messrs. Braithwaite & Co., Ltd., Calcutta.*

In continuation of my letter No. 433/37, dated the 4th October, 1933, I am directed to ask if you will be so good as to supply the Board with any information in your possession regarding the extent to which the prices of imported machinery have varied on the average as between the years 1926 and 1933. The class of machinery in view is heavy machinery of the kind ordinarily employed by engineering works. The prices regarding which information is required are landed prices in India including duties, if any. The classes of machinery considered for each year must be more or less comparable. I shall be glad if an answer could be kindly sent, if possible, before November, 15th.

- (5) *Letter dated the 7th November, 1933, from Messrs. Braithwaite & Co. (India), Ltd., Calcutta.*

We thank you for your letter No. 520 of 3rd instant.

We regret that we are unable to furnish you with any particulars which would be of use to the Board in connection with imported machinery as we have not purchased any machines for some number of years.

- (6) *Letter No. P. L. 660, dated the 9th November, 1933, from Messrs. Braithwaite & Co. (India) Ltd.*

We have pleasure in submitting 6 copies of our representation to the Indian Tariff Board which we hope will be of assistance to the Board.

We should appreciate it if the information given can be treated as confidential.\*

Enclosure.

#### PART A.—SUMMARY.

*Introductory—Paragraphs 1-2. Development of the Bridge Industry in India—Paragraphs 3-11.*—A brief history of the development of this Company in India has been taken as a basis, on which we have traced the development of the whole bridge industry in India. This we have done from the time when the tendency of the Indian Steelwork Industry was rather inclined to prefer Steel frame buildings, sheddings, jetties and other varieties of steelwork where the highest skill and precision of Steel fabricators art is not called for, to the present day when, due to the modern principles adopted by the Indian Fabricators, the influence of the Inspectors of the Indian Stores Department, and under the fostering shelter of protective duties, India can supply its own needs, even for bridges of the largest size and is capable of competing with any bridge makers in the world in technical performance.

*Economic Factors—Paragraphs 12-17.*—We describe the difficulties and complications met with making a comparative study of prices and the further complications caused by the fall in the world's demand for steelwork and the consequent dumping.

*Description of the Nature of Foreign Competition—Paragraphs 18-24.*—We have given a general survey of conditions prevailing abroad and the steps taken by foreign competitors to recapture lost markets in particular, the Indian Steel market.

*Recent Prices of Imported Fabricated Materials—Paragraphs 25-31.*—By a careful analysis of the foreign tenders for a large Indian bridge enquiry it is shown that British fabricators if connected with a rolling mill or mills can and do dump in India bridgework of the highest class at a landed cost

\* This stipulation was subsequently withdrawn.

of about Rs. 200 per ton at the present rate of duty. In Appendix V are given numerous examples where a foreign rolling mill which has built fabricating works in India has imported plain material of its own manufacture which is converted into Bridge and Steelwork in its shops in India and sold at "dumping" prices thus frustrating the whole purpose of the existing Tariff.

The uncertainties produced by these practices have caused the Indian fabricators to quote repeatedly heavily below cost causing the Industry considerable losses.

*Retaliatory Measures and Palliatives—Paragraphs 32-36.*—We have summarised the efforts made by our Industry and the deficiencies it has yet to rectify in order to reach the point at which it can combat rationalisation abroad, and we hazard the opinion that a period of 7 years of adequate protection or of total prohibition of imports is necessary.

*Costs of Conversion—Paragraphs 37-40.*—We have endeavoured to give the fullest possible details of all factors affecting costs of producing fabricated steelwork in India and, having arrived at a selling price, comparison is made with British fabricated bridgework.

*Type of Protection Required—Paragraphs 41-42.*—We discuss the difficulty presented on account of the internal freight rates and suggest that failing total prohibition of imports of steelwork, protective tariffs could only be effective if the duty at each port varies with the distance of that port from the Rolling Mills.

*Recommendations—Paragraphs 43-45.*—We make definite recommendations for specific duties on fabricated steelwork imports calculated to exclude them for a period of 7 years.

## PART A.—THE PROTECTION OF FABRICATED MILD STEEL.

### *Introductory.*

1. The last six years have seen the gradual development of the world wide depression from which we are still suffering bringing in its train complete dislocation of prices. A study of statistics, average prices, etc., for this period is therefore sterile, the fluctuations have been too violent and extensive in range.

2. In order to obtain an insight into the state of the steel trade in India and gauge its future requirements, we think it preferable to examine causes and effects which have prevailed during the last few years and endeavour to weigh up the factors which will affect it in the future.

### *Development of the Bridge Industry in India.*

3. A brief history of the development in India of what is now Braithwaite & Co. (India), Ltd., will form a convenient skeleton on which to elaborate our thesis.

4. In 1913 the English firm of Braithwaite & Kirk possessed long established bridgeworks at West Bromwich and had a very high reputation amongst the Westminster Consulting Engineers as expert bridge constructors of the highest class. They had just completed the fabrication for shipment to India of several of the spans (350 ft. long, 1,400 tons each) and all of the steel pier trestles of the Hardinge Bridge at Sara Ghat, then being constructed under the supervision of Sir Robert Galcs. In like manner, they had fabricated in England for shipment to India many bridge girders supplied through the Consulting Engineers of the various Indian Railways. The later development in India has therefore been coloured throughout by a deep seated tradition of bridge span making of the highest class.

5. At this period, the firm undertook for the first time important work in India itself. It secured the order for 5 Riverside Berths at Garden Reach from the Calcutta Port Commissioners, on the basis of English fabrication of the component parts and their erection in India. This contract comprised

over 40,000 tons of steel and its final value was in the neighbourhood of 2 crores of rupees.

6. The Great War intervened and it became necessary to fabricate a considerable quantity of the steel for this work in India. This was the beginning of the Braithwaite fabricating works in India. After the War the effects of the imposition of a protective tariff on steel and its products made an irresistible appeal to the enterprise of the directors of the Company's destinies. The experience gained in Calcutta had created a very high appreciation of the adaptability and industry of Indian labour and it was decided that the Company (by now Braithwaite & Co.) should take a leading part in seconding the efforts and vision of the Tata Iron & Steel Co. in establishing a vast steel trade in India on a sound footing.

7. Not only were the Calcutta Works gradually expanded into what now is Clive Works, at a capital cost of Rs. 34 lakhs but when the Company secured the order for the Tansa Pipe Line in Bombay (76,000 tons—£2,000,000) the works that had to be erected for this work were designed so as to be easily converted into a first class modern bridge shop. On completion of this contract in 1926 the conversion was effected at a total cost of Rs. 38 lakhs. Thus not only were the profits on these two large contracts invested in India, but considerable additional foreign capital as well.

8. In 1930 the present Indian Company was formed and the Indian Assets of the English Company were transferred to it at a capitalised value of Rs. 56,19,720 which was some Rs. 8,91,907 less than a valuation of the assets made at that time by experienced valuers. It is Braithwaite's boast that not only have they never taken one rupee out of the country but that they have offered to the Indian shareholder an opportunity to purchase the fruit of their enterprise at bargain prices. In Appendix I is given a table of the tonnage output of high class steelwork of every description which our Works have fabricated since 1927 compared with the total tonnages fabricated in and imported into India during the same period.

9. The tradition inherited from the parent Company soon manifested itself by a marked tendency to specialise in large bridgework of the highest class. Up to 1928 the general trend of the Indian Steelwork Industry was to prefer steel frame buildings, sheddings, jetties, workshops, plate girder spans and the many other varieties of steelwork where the highest skill and precision of the steel fabricators art is not called for. Various important bridge spans had been fabricated in India but these were rather the exception than the rule. These isolated and rare attempts do not conflict with the general statement that up to that time India was dependent on imported fabricated materials for the construction of its major bridges.

10. The reason for this is not far to seek. To turn out large bridge-work at low prices, the component parts must be made interchangeable. It is a paradox of the Industry that since the required precision can only be obtained by adopting foolproof methods of manufacture, the better the work, the cheaper it is. Indian fabricators had not yet adopted this modern principle on a commercial scale and could therefore not compete in this class of work, either in quality or price, with the imported article. In fact, when we initiated our policy of introducing modern methods in this country one of the greatest obstacles we had to overcome was a deep rooted prejudice against bridge work of Indian manufacture amongst bridge buyers here. We have taken a prominent part in the introduction of big bridge fabrication in India and in this connection we wish to acknowledge the influence of the Inspectors of the Indian Stores Department. By insisting on Workmanship of the highest class they undoubtedly have exercised a far reaching effect on the whole Industry.

11. It is in 1928 that our efforts in this direction received public acceptance when the Railway Board entrusted us with the fabrication of the girders for the Willingdon Bridge at Bally. The successful completion of this work, followed by the fabrication in India of the girders for every important bridge required since, is clear proof that under the fostering

shelter of protective duties the Indian Steel Industry has developed this highly technical branch of its activities to the point where India can supply its own needs even for bridges of the largest size known. It can therefore be said with assurance that the policy of protection has served its purpose and has produced a new branch of the Industry capable of competing in workmanship with any bridge makers in the world, acknowledged to be so by all the technical advisers to the Government Purchasing Departments. As a corollary, practically all the steelwork fabricated by us in India is steelwork which, but for our development, would have been imported.

#### *Economic Factors.*

12. A comparative study of prices, involves the examination of the trend and effects of many contributory causes, such as the C.I.F. prices of imported raw steel and fabricated steelwork, costs of raw steel and of its conversion in India, cost of delivery of fabricated steelwork to the part of India where it is required, conditions of contract, rate of exchange, etc.

12. A comparative study of prices involves the examination of the trend nearly always require, besides the steelwork itself, additional parts not of our manufacture, such as spare rivets and bolts, spare rivet bars, service bolts and drifts, various castings, hook bolts, machined cast steel or cast iron bearings, etc., and frequently demand quotations in rates per ton including all or some of these supplementary materials. Thus quotations must be very carefully examined and analysed before they can be made use of in comparative statistics.

14. Even the quoted rates per ton of the steelwork itself must include besides the cost of raw steel and of conversion such things as allowances for rolling and sectional extras, of wastage and rolling margin, cost of rivets and paint.

15. The cost of conversion also varies widely, not only for various types of work and the amount of repetition but also according to the tonnage to be fabricated on the order book and the consequent ratio of actual output to capacity of the Works.

16. A further complication introduced by the fall in the world's demand for steelwork is that fabricators in every country including India, have been driven to sell their products under cost. Although such a state of affairs is temporary since the liquid resources at the disposal of each fabricator is limited, it is a factor that cannot be neglected as it is likely to be operative for some years to come. This process of dumping introduces fresh uncertainties of nearly unlimited extent. When fabricators sell their product at prices based on cost, experience soon enables the careful student to forecast the trend of prices accurately within narrow limits. When, however, the selling price depends on the amount each seller is ready to sacrifice, it is impossible to forecast prices on any rational basis. It should not be difficult to fix minima below which it would be madness to go, but our recent experience is that the attempt to estimate the line of demarcation between sanity and dementia is a most uncertain speculation.

17. After examining in detail these factors affecting the problem, we propose to establish the fact that in deciding on the amount of protection required to meet any given set of circumstances, nicety of calculation based on statistics leads nowhere, only broad conclusions implying substantial margins to cover fluctuations and differences can be effective.

#### *Description of the Nature of Foreign Competition.*

18. The world wide depression has hit fabricators of steel all over the world. Some countries, owing to the trend of exchange and the divorce between sterling and gold, have been placed in a position of impotency in regard to competing for the Indian market. In others, special measures are proving effective in combating the depression. It is particularly by this factor of recent origin and, at present, of only partial development that India is and will be affected more and more.

19. It is well known that in the United Kingdom a protective Tariff has been introduced for a strictly limited period in order to permit the steel trade to set its house in order. In Appendix II we give an extract from the "Daily Mail" of 3rd October, 1933, illustrating results. The effects of this spur towards rationalisation of the Industry are making themselves already felt in the British export market and will be felt in India to an increasing degree as the process of rationalisation is extended to embrace more and more industrial units.

20. Some of the manifestations are the grouping of rolling mills in the same region to ensure working only the most efficient plant, amalgamations of fabricators and rolling mills to cut out avoidable transport charges and costly delays whilst reducing overhead expenses, rebates from a common fund to mills supplying raw material to be fabricated in the country for specific export contracts of importance and special concessions in sea freight rates for special contracts.

21. This powerful national effort to recapture lost markets is in process of development and its full effects have not yet been felt in this country. Some industrial units, however, who on their own initiative anticipated these developments have already given us a foretaste of what is in store for us and it is these recent examples that we propose to analyse as a guide to the future.

22. This new form of attack has developed on two parallel lines—

- (a) extremely low tenders in rupees for sale in India of steelwork fabricated out of India entirely from foreign steel,
- (b) extremely low tenders in rupees for sale in India of steelwork fabricated in India by foreign firms entirely from foreign steel of their own rolling.

23. Current prices for imported raw steel have not been decreased firstly because, owing to there being only one rolling mill in India, Indian fabricators are compelled to buy some imported steel for every contract they undertake and secondly because a lowering of prices of such a staple as raw steel must affect the whole range of the product, whether for conversion into steelwork or for all other purposes. A reduction in the prices of imported raw steel would also involve the delicate balance of prices all over the world and would attract with certainty the immediate attention of a protectionist government.

24. The chosen line of attack is much more insidious. It can be limited to certain definite enquiries, only close analysis of the rates will reveal their true import, and by its very power of limitation it can be used as a constant threat, driving the National fabricators into low prices in every instance for fear that each particular enquiry may be chosen for attack. The degree of uncertainty engendered in the Indian Industry by these tactics can scarcely be exaggerated.

#### *Recent Prices of Imported Fabricated Materials.*

25. In the recent tenders for the Nerbudda Bridge for the Bombay, Baroda and Central India Railway at Broach, a British firm tendered Rs. 24,12,303 for 11,389.4 tons of major bridgework, delivered Broach. In these figures are included 300.45 tons of cast steel bearings, hook bolts, etc., which in our own (the winning tender) we priced at Rs. 98,590. The usual weight of rivets and bolts in this class of work is 5 per cent. so that the above figures include 554.45 tons of these which at Rs. 240 per ton amount to Rs. 1,33,068. Deducting these items the nett selling price for 10,534.50 tons of plain steelwork becomes Rs. 21,80,045 which is equivalent to Rs. 207.02 per ton f.o.r. Broach. The specified Railway freight from Bombay to Broach is Rs. 5.38 per ton and if this be deducted we arrive at the startling landed selling price of Rs. 201.64 for large bridgework in an enquiry which for size and type is extremely desirable to any fabricating works as "backbone" work. In Appendix III we give a ready reckoner by which landed prices can readily be converted into the corresponding sterling prices. Allowing for increased landing charges at Bombay of Rs. 5-8

per ton for heavy bridgework instead of Rs. 3-8 as assumed in the table, the sterling price f.o.b. British Port equivalent to the landed price of Rs. 202 per ton given above is £10-16. The actual cost of materials, conversion and placing f.o.b. British port for this type of work to a British fabricator not connected with a rolling mill and whose works are on the seaboard as given in detail in Appendix IV is £13-4.

26. These figures prove that British fabricators, if connected with a rolling mill or mills, can and do offer to sell imported bridgework in India at £2-8 under the cost of such work to an independent British Fabricator. Part of this difference is accounted for by the transfer of plain material from the rolling mill department to the fabricating department at cost instead of at the price the mills are willing to sell to independent British fabricators for export work. The balance, if any, represents a sacrifice of the non cash part of the overhead charges or a subsidy from the general fund of the Association. We know that rolling mills can transfer plain material to their fabricating shops without loss at £6-0 per ton, flat rate. In this instance therefore there must have been a subsidy to enable them to include in their estimate only £4-16 per ton for conversion and putting f.o.b. British Ports.

27. The salient fact that emerges from this analysis is that as more and more alliances are formed in the United Kingdom between fabricators and rolling mills, the Indian fabricator will have increasingly dangling over his head this sword of Damocles which may or may not drop in any particular instance. If it is desired to protect the Indian fabricator against this constant threat, it must be recognised that he is, at any moment, exposed to find British bridgework of the highest class dumped in India at a landed cost of about Rs. 200 per ton, at present rates of duty.

28. In Appendix V are given numerous examples where a foreign rolling mill which has put up fabricating works in India has imported plain material of its own manufacture and while selling some of it *ex-stock* at current rates to local buyers, has used the balance to convert it here into bridge and steelwork, which it has sold at "dumping" prices, thus frustrating the whole purpose of the existing protection.

29. These examples comprise 2,140 tons of steelwork which although fabricated in India, were fabricated entirely from imported plain material. Our average tendered price for the above was Rs. 185-13 per ton, which left us only Rs. 40-7 per ton to meet our cost of conversion. Our average nett cost for these enquiries is Rs. 225 f.o.r. our Works using Tata Steel wherever possible. Had we estimated on using British Steel throughout our average cost would have been Rs. 234 f.o.r. our works. As all these orders were lost to us, they must have been secured at an average price well below Rs. 185-13 per ton let us assume Rs. 180 per ton. *This is no less than Rs. 54 per ton under cost to fabricators that are not millowners.*

30. It is difficult to devise a method of protection to cope with a system where a steel maker sacrifices his rolling mill profits on a few contracts which he himself fabricates whilst still realising his full price in his sales of plain material. The tonnage involved is at present not large, but the threat of these low quotations will deprive Indian fabricators using Indian steel of the benefits of any protection scheme since it is obviously impracticable and unfair to raise the duty on all imported raw steel merely to stop this practice. Perhaps a system of excise duties on steelwork made from imported raw materials might combat the danger, but we hesitate to tread on ground unfamiliar to us. We merely want to draw attention to the weakness of a system of protection on existing lines against a flank attack of this nature.

31. We wish to emphasise that both types of attack which we have illustrated are cheap to the foreigner, because—

- (a) they do not affect his selling price for plain material only a comparatively small part of which is used by fabricators,
- (b) he need only quote low occasionally and when the enquiry is large to render the attack as effective as possible.



By these means the whole Indian fabricating trade has been disorganised and in spite of the present scale of protection the Tata Iron and Steel Co. has been unable to realise the full prices that the Tariff is intended to obtain for them. The fabricators have been put in the unbearable position of having either to quote heavily below cost or see the foreigner skim the cream of India's requirements. Unless remedied without delay the persistent depletion of the Industry's liquid resources will, before long, make it impossible to finance its trading activities even if prices rise again to an economic level. For every day that passes the industry is being damaged. Long trained and experienced labour is being dispersed, selected and skilled supervisors are losing their employment, plant is wearing away without earning the money required for its maintenance and renewal and valuable buildings are depreciating as there are no funds to repair them. Time, in this matter, is "of the essence of the contract".

*Retaliatory Measures and Palliatives.*

32. We have described in detail the nature of the fierce competition to which the Indian fabricating industry is being exposed and we have attempted to explain that reference to past statistics cannot give a true picture because the factors which have made the present situation possible are of recent origin and have not yet reached their full development.

33. To entitle our Industry to claim protection against this class of unfair competition we must satisfy Government—

- (1) That the Industry is taking steps to meet the threat.
- (2) That such steps will be effectual.
- (3) That the assistance asked for is of the nature of a temporary expedient to give the Industry a breathing space to marshal its resources.

34. We have shown that although the Fabricating Industry has been long established in this country, it is only during the last few years that, owing to the expansion of the Tata Iron & Steel Co., and our own influence, aided by the Indian Stores Department, in modernizing fabricating methods and introducing the principle of interchangeability, the Industry has reached the pitch of efficiency required to make India completely self-sufficient, even for its requirements of the highest class. This achievement must not be underrated. There are only very few countries in the world that can do as much. The regenerated Indian Industry is of recent growth and is suffering from all the disqualifications of adolescence. So far it has achieved technical efficiency. All Government departments acknowledge this. Also Conversion costs have been lowered so that large bridgework of the highest class can be turned out to-day by any of the large fabricating shops in India cheaper than they could turn out ordinary plate girders and simple structures in 1926.

35. Against this the Indian Industry has not yet reached its fullest development. The deficiencies it has yet to rectify in order to reach the point at which it can combat rationalisation abroad can be summarised as follows:—

- (1) All Indian fabricators have not yet reached the highest standard of equipment and methods. Of necessity, some have shown the way and others have followed. Internal competition is therefore still restricted to a few when work of the highest class is required.
- (2) None of the Indian fabricators have made this class of work during a boom period. Financial reserves in the Industry as a whole have not yet been accumulated to the extent necessary to tide over a prolonged period of depression without serious depletion of the liquid resources necessary to finance a sufficient volume of trade.

- (3) The Industry is still highly individualistic. It has not yet had time to educate itself to modern co-operative ideas. The Industry does not yet possess effective organisations for mutual protection and assistance such as the Federation of British Industries, British Steelmakers Association etc., to combat foreign competition and competition from alternative types of construction, such as reinforced concrete.
- (4) The system whereby plain material ex rolling mills is carried by some Indian Railways at lower rates than fabricated work, the existence of only one rolling mill, the large distances from this rolling mill and most fabricating shops from most of the Indian ports, the non-existence of Consulting Engineers in India capable of independently and authoritatively advising buyers on technical matters and the value of goodwill have all produced handicaps in favour of the foreigner, which only intensive propaganda, rigid organisation and corporate action within the Industry can remove.
- (5) The adverse effect of the existing Tariff classification and varying rates of duty on the possibility of fabricating in India various types of steelwork structures in connection with cranes, tanks, power transmission and canal regulators has not yet been fully appreciated and studied. Until these tariff anomalies are studied and rectified, the Industry is handicapped unnecessarily without any corresponding advantage to the consumer.

36. The above shows that although much has been done, much still remains to be done. In normal circumstances Government might well leave the Industry to fight its own battles, but circumstances are not normal. The resources of the Industry are being frittered away in a fight for existence, competition is becoming daily more intense and the existing amount of protection has proved inadequate. It is only a sufficient increase in duty applied at once, or a total prohibition of fabricated steel imports except on special license, that can prevent the Industry from being dangerously weakened. Although not claiming to have any qualification for expressing an opinion we would hazard the opinion that a period of 7 years of adequate protection or total prohibition of imports would be necessary.

#### *Costs of Conversion.*

37. We have shown that British firms can and do offer large bridgework at Rs. 202 per ton landed cost in India, including present duty. We must now consider at what price Indian fabricators can sell their product. To do so presents considerable difficulty as this figure must include the price at which the Indian rolling mills will supply us with plain material, which again depends on the amount of duty on unfabricated steel. Yet apart from this influence, the effect of the current tariff on plain material does not affect the amount of protection required by the Indian fabricator because foreign competition in fabricated steelwork is based on a cost of plain material to the foreign fabricator which is independent of the prices and rates of duty of foreign plain material delivered in India. The only part of our cost affected by prices and rates of duty on foreign plain material is the small percentage (12½ per cent.) of our requirements which we must import because the Indian Mills do not roll it.

38. Our cost is made up of the following items:—

- (1) Basis rates of Indian plain material delivered our works.
- (2) Basis rates of imported plain material delivered our works.
- (3) Allowance for mill extras, rolling margin, waste, bolts, rivets and paint.
- (4) Cost of conversion.
- (5) Return of capital invested.
- (6) Freight to site.

*Items 1 & 2.*—Assuming 1 to be Rs. 135 per ton and 2 to be Rs. 140 per ton we have for every 100 tons required—

	Rs.
88.5 tons of Indian plain material at Rs. 135 . . . . .	11,947.5
12.5 tons of imported plain material at Rs. 140 . . . . .	1,750.0
	13,697.5

which is equivalent to Rs. 137 per ton.

*Item 3.*—A fair allowance for Mill extras, rolling margin, waste, bolts, rivets and paint is Rs. 22 per ton.

*Item 4.*—The cost of conversion varies considerably, according to the type of work and the amount of repetition, number of drawings required and the proportion of total works capacity to output.

Our productive capacity is 25,000 tons per annum. Our average output over the last 6 years has been 15,172 tons, or 60.7 per cent., but our present output has dwindled to 11,397 which is only 45.6 per cent. of the capacity. Working under these conditions our average cost of conversion for large bridgework is in the neighbourhood of Rs. 80 per ton and for structural work Rs. 90 per ton. For orders in which there is a large amount of repetition work, these figures would be reduced by about Rs. 5 per ton. Working to standard specifications increases the cost by about Rs. 4 per ton. At full production conversion costs would diminish from Rs. 10 to Rs. 15 per ton according to the nature of the work.

*Item 5.*—During the last 3 years the capital invested in our business has averaged Rs. 69,99,200 or say Rs. 70 lakhs. Of this amount about 13 per cent. has been used in financing erection contracts and operations in the field whilst about 9.6 per cent. is generally employed in financing the supply of articles not of our manufacture. The capital invested in the conversion of steel can therefore be taken at Rs. 54.5 lakhs. 5 per cent. of this amount is Rs. 2,72,000 which on our average yearly output during the same period of 3 years (15,172 tons per annum) gives a figure of Rs. 18 per ton.

With a basis price of Rs. 135 per ton for plain materials a profit of 10 per cent. on our average total cost would be Rs. 26-6-5.

*Item 6.*—We have records of the distance in miles over which 1,00,192 tons of our products have been hauled from our works to destination and we have calculated in each case the corresponding mileage from nearest port to destination.

These figures are:—

	Miles from our Works.	Miles from nearest Port.
From our Bombay Works . . . . .	670	390
From our Calcutta Works . . . . .	302	272
Average . . . . .	510	340

Taking the average figures we suffer from a handicap of 170 miles against imported steelwork. At Railway material rates the freight over the distance is about Rs. 2-11 and at Class II rates Rs. 13. The *average* handicap has however little meaning in our trading, since for each enquiry, comparisons between our tendered price f.o.r. our works and foreign materials is made by the buyer adding freight from port to destination and the order is placed on the particular circumstances of the case and not on averages. Our reply to the Tariff Board's questionnaire No. 437 of the 4th October will reveal that the greatest number of orders lost to India were those imported through Karachi and the South Indian Ports and clearly reveal the handicap imposed on the Industry by internal Railway freights. In Southern India, this natural handicap is further enhanced by the fact

that the Railways there are all Company managed over which the measures devised by Government for assisting home Industries have little or no effect.

Another freight factor is the cost of transport of plain material from the rolling mills to our Works. Although this freight is at concession rates considerably below the rates for the same material when fabricated (which seems anomaly) the extra cost of delivery to our Bombay Works over cost of delivery to any of the Calcutta fabricator's works is about Rs. 12 per ton.

39. The bare costs of producing fabricated steelwork in India over and above the basis price of plain material delivered Calcutta by the Indian rolling mills can thus be taken to be:—

	For bridgework.	For Steelwork.
	Per ton.	Per ton.
	Rs. a. p.	Rs. a. p.
<i>Items 1 &amp; 2.</i> —Extra for additional cost of imported plain material not rolled in India . . . . .	2 0 0	2 0 0
<i>Item 3.</i> —Allowance of mill extras, rolling margin, waste, bolts, rivets and paint . . . . .	22 0 0	22 0 0
<i>Item 4.</i> —Cost of conversion . . . . .	80 0 0	90 0 0
Total . . . . .	104 0 0	114 0 0
<i>Item 5.</i> —5 per cent. return on capital invested . . . . .	18 0 0	18 0 0
Total . . . . .	122 0 0	132 0 0
or if a 10 per cent. profit is required . . . . .	130 6 5	140 6 5

To this figure must be added the cost of the plain material.

40. In Appendix VI we give the fair selling price of our products calculated on the above basis delivered at various places in India. Against this we have the fact that British fabricated bridgework can be landed at any Indian port at Rs. 202 per ton. For comparison with the figures given in Appendix VI the Railway freight charges at R. M. and public rates from nearest port to destination must be added to the imported landed price.

#### *Type of Protection Required.*

41. The internal freight rates present a twofold difficulty. It is impossible for fabricators to pool the freight charges into one account and ask for an additional protection corresponding to the average handicap, because their works are scattered all over the country introducing in each instance varying handicaps as amongst themselves and as regards cost of carriage of plain materials from the rolling mills to their works. Against this, the bulk of output is in Calcutta and neighbourhood.

42. Failing total prohibition of imports of steelwork it would seem that any scale of protective tariffs could only be effective if the duty at each port varies with the distance of that port from the rolling mills, both for plain material and fabricated steelwork. Further, the duty at each port would have to have two values, one for material destined to Railways and the other for material for other users in order to make up for the difference between R. M. and public internal railway freight rates. That no such differential tariff is in existence in any country is explained by the fact that in no other country is source of raw material so centralised in a small area.

*Recommendations.*

43. In paragraph 26 we have shown that British Rolling Mills owning fabricating shops can and do use a conversion figure of about £4-10 per ton, and transfer plain material from mill to shop at £6-0 without loss. We also know that sea freight for fabricated bridgework is quoted at £1-10 per ton, flat rate, without shipping extras. In paragraph 39 we have shown that our Indian costs, in addition to price of plain material vary between Rs. 104 and Rs. 114 and that about Rs. 20 to Rs. 26 per ton must be added to yield a fair return on the capital invested.

44. In order to make a definite recommendation whilst ignoring what the price to the fabricator of Indian and plain material delivered his works will be we recommend:—

- (a) That “*ad valorem*” tariffs be discarded in favour of a specific rate tariff.
- (b) That the specific rate be made up of three parts:—
  - (i) A fixed rate representing the difference of the foreign conversion cost, sea freight on fabricated materials and cost of landing and Indian cost of conversion and fair return on Capital. At present exchange rates this difference amounts to Rs. 49 per ton.
  - (ii) A specific rate representing the difference between the rest of the British cost, *viz.*, £6-0 and the average cost to the Indian fabricator of Indian plain material delivered his works.
  - (iii) A specific rate, different for each Indian port, representing cost of internal Railway freight from Tatanagar to each Indian Port—
    - (1) At R. M. Rates on steelwork for Indian Railways.
    - (2) At Class II rates on steelwork for other buyers.
- (c) That this Tariff be imposed for a period of 7 years certain.

45. We believe that this tariff will exclude imports of foreign fabricated steelwork. Unless this is done Indian fabricators will continue to work at a production to capacity ratio well below unity and this process must lead them to ruin or force them to cease working. The point has already been reached where any Indian fabricator still in possession of liquid resources must ask himself whether a total close down and dispersal of his organisation or labour investing any cash available is not the only way to conserve what is left whilst waiting for better times.

**PART B.—HIGH TENSILE STEEL.****SUMMARY.**

This part of our submission is of vital importance to the Indian Steel Trade.

We describe the new high tensile steels available (paragraphs 1 to 3) and their far reaching effect on the Industry (paragraphs 4 to 8). We show that the advent of this new material has created what could be called a new Industry and that its rapid adoption by the Indian Steel trade is essential to its continued progress (paragraphs 9 and 10).

We then discuss the incidence of existing tariffs and the protection requirements of the Industry (paragraphs 11 to 14) and after giving examples of the economic value of the use of high tensile steel in steel structures (paragraphs 15 to 18) we make a suggestion as to the amount (paragraph 19).

*High Tensile Steel.*

1. The development of metallurgical science has recently produced a series of steels of greatly increased strength, suitable for steel structures, at comparatively low prices.

2. High Tensile Steel is nothing new. Various alloys of much greater strength than the usual mild steel have been known for a number of years and used in large quantities in the most important bridges of the world. But their cost above that of mild steel was considerable, so that their use was financially justifiable only in the largest structures where the weight of the structure itself is by far the greater part of the load which the structure has to carry.

3. In the last two or three years quite suitable high tensile steels with increased corrosion resisting properties have been produced at prices low enough to render them economical for an increased proportion of structures.

4. Except in the shore arms of large cantilever bridges, where weight is an advantage, these new steels can be used economically in 100 per cent. of the parts of large bridges and about 60 per cent. in large buildings. Even in small bridges, especially where live loads are high their use in many component parts is economical.

5. The leading Consulting Engineers of the world have accepted this class of steel as a safe and suitable material, its use is being actively pushed by its makers and is being adopted by Engineers in the design of structures in every direction.

6. Those fabricators who have adopted this material have been able to compete successfully, not only against mild steel offered by Continental competitors but against reinforced concrete designs offered by Scandinavians who are, perhaps, the world's leading experts in that branch of engineering.

7. In Shanghai a multi storey building is being erected in which the use of high tensile steel resulted in a price 18½ per cent. below the lowest mild steel price which was tendered by us on the basis of Indian steel and fabrication. The use of high tensile steel has thus robbed the Indian steel trade of 2,500 tons of export steelwork.

8. It can be truly said that the appearance of a cheap high tensile steel which can replace mild steel with economic advantage in practically any type of structure, has created a new industry.

9. If India is not to lose the place she has won for herself in the steel industry of the world, she must produce this new steel on a commercial and competitive basis. The fabrication in India of work like the Willingdon Bridge at Bally, the Ava Bridge across the Irrawaddy at Burma, the 3 Nerbudda Bridges and the Jumna Bridge at Delhi to a precision and at a speed unequalled anywhere else in the world proves that Indian fabricators are fully capable of carrying out bridgework of the largest size and to use high tensile steel to the furthest limit of its usefulness if made available to them.

10. The development process, under normal trade conditions would be slow and costly because on a comparatively small scale. The maturing of the Howrah Bridge project not only presents an unique opportunity for large scale operations but it obviously justifies bold progress and considerable expenditure on experimental work and special equipment. It also introduces the time factor. If this work is executed in India the development of the new industry need not be gradual, it can be sudden and complete.

11. The industry is therefore very glad to hear that high tensile steel of the required quality can be and will be produced in India, but we submit that the new product must be given time to find its feet.

12. When the existing tariff was set up the prospect of the fabrication and erection of bridges large enough to warrant the use of high tensile steel at the prices then ruling for it was remote. Its use was limited to machinery components, cutlery and the like and the duty, if of British origin, was fixed at 10 per cent. The advent of the cheaper high tensile steel and the immediate prospect of the construction in India of a bridge of the largest size renders it imperative that the Tariff be changed without delay.

13. Ultimately we believe it will be proper to impose upon high tensile steel the same tariff as applies to mild steel. For the moment, however, we

are satisfied that some special measure of protection should be afforded so that the steel maker on the one hand may proceed in confidence with the development of the new material and the fabricator on the other hand may not be further embarrassed by a new weapon in the hands of his foreign competitor.

14. This special protection, we suggest, should be of two kinds, first there should be an enhanced tariff on all high tensile steel of a kind which could be used for structures, and second, because some such steels are already the subject of patents and other steels may in future become so, the above Tariff should be susceptible to increase by the amount of any royalty or license fee which may be imposed by patentees for the manufacture of such patented steel in India. This protection while encouraging patentees to manufacture or to have their products manufactured in India, would prevent them from competing with the Indian licensee over whom they would have a price advantage equal to the amount of the royalty or license fee which they charged.

15. With regard to the degree of protection which should be afforded to high tensile steel during the development period, we think that it should be such as to counterbalance part of the economic advantages which its use confers on the existing large scale makers.

16. In the case of the Shanghai building the reduction in cost attributable to the use of high tensile steel was £6,235 which represents 18½ per cent. of the mild steel values. The saving in weight was 21 per cent. and the extra cost only 2½ per cent.

17. In the case of a bridge at present being built in Europe which is made entirely of high tensile steel, of which it contains over 19,000 tons, the saving due to the use of high tensile steel was approximately 25 per cent. over mild steel by weight.

18. In the case of a cantilever bridge of about 1,500 ft. span, we calculate that mild steel would have to be delivered into makers works in India at Rs. 69 per ton to compete with high tensile steel selling f.o.b. British Port at £9-16-3 per ton and subject to the existing import tariff of 10 per cent. *ad valorem* at a time when ordinary mild steel is being imported at £7-11-3 f.o.b. British Port and subject to the existing import duty of Rs. 23-12 per ton. When British mild steel is at this price Indian made steel can sell in India at Rs. 135 per ton, so that to place imported high tensile steel on the same basis the duty would have to be increased, in addition to the existing 10 per cent. *ad valorem*, by Rs. 66 per ton or Rs. 80-8 in all.

19. If no high tensile steel were available in India it might be desirable to protect to the full amount mentioned above. Seeing that Indian makers can produce the material we believe that an import duty for 5 years on high tensile steel of an elastic limit of 18 tons per square inch or over of about double the tariff on mild steel, fabricated and unfabricated would give this new industry a fair chance of establishing itself.

#### PART C.—MISCELLANEOUS.

##### SUMMARY.

In this part of our Submission to the Tariff Board we make suggestions tending to increase the amount of steelwork fabricated in India by making it convenient and economical to the buyer to specify Indian fabrication in many side lines where, as things are, it does not pay to do so.

We point out that the existing system of collection of Duty in Indian States on the seaboard acts disadvantageously towards both Indian Rolling Mills and Fabricators (paragraphs 1 and 2).

We also describe how an enhancement of the Tariff on the steelwork parts of electric transmission line towers and pylons, tanks, cranes and conveying machinery, and river barrage and canal regulator gates would increase considerably the amount of Indian steel fabricated in India and increase the Revenue without increasing the cost to the user beyond the value of the better service and convenience which he would enjoy (paragraphs 3 to 21).

*Incidence of Customs Duty.*

1. An important factor in the working of the existing tariff is that in Indian States possessing ports, such as the Kathiawad States, Travancore and Cochin, the duty is payable to the State. If the State itself is the buyer, the fact that Import duty is a revenue to the State is an adverse factor in influencing comparisons between the indigenous and the imported articles.

2. In a recent case of this nature (3,000 tons) the imported prices less duty were such that The Tata Iron and Steel Co., Ltd., was forced to quote us as low as Rs. 77 per ton, delivered f.o.r. Calcutta for heavy joists (carrying high sectional extras). We give this as another instance of how the Indian Rolling Mills are unable to obtain the prices they ought to realise owing to loopholes in the existing Customs arrangements.

*Tariff Anomalies.*

3. There are several steel products the manufacture of which could be carried out in India but is not owing to Tariff anomalies which in some cases give the foreign manufacturer a definite advantage over the Indian fabricator by rendering it convenient to Indian buyers to impose conditions of contract not only highly detrimental to the establishment of new Industries in India but frequently reacting unfavourably on the user.

The specific items which we have in mind are:—

- (1) Electric transmission line towers or pylons.
- (2) Pressed steel tanks.
- (3) Structural steel parts of cranes and conveying machinery.
- (4) River barrage and canal regulator gates.

4. Some considerations apply generally to most of these categories. Besides fierce competition from outside, our Industry has suffered from lack of demand for our products. To increase the demand it has become increasingly important to keep in the country all available work, even if in so doing some classes of manufacture will temporarily be raised in price. This price disadvantage will be counterbalanced by better service to the buyer, as will be described in detail for each item.

5. In general, light structures especially if required to a high degree of accuracy (such as structural parts carrying mechanical units) suffer severely from damage during sea carriage. If made in India, and properly loaded on railway trucks they can be transported to destination without damage. Shipping joints can be avoided and tests after assembly can be carried out before the eye of the buyer. To obtain service after delivery is impossible if the article is imported whilst easy if the maker is indigenous and readily accessible.

6. We would also submit that as long as the present depression continues, and so long as protective tariffs are high enough to keep the foreign article out, internal competition will keep prices down to a figure not exceeding the present imported price. We do not want the Indian buyer to pay more but we want him to buy Indian and get better value.

*Electric Transmission Line Towers or Pylons.*

7. We propose to deal here with the Tariff Board's letter No. 436, dated the 4th October, with special reference to our tender in connection with the Ernakulam and Coimbatore section of the Pykara Hydro Electric Scheme.

8. In this enquiry we estimated that the lowest British price, landed at Ernakulam and including 10 per cent. duty would be £22-19-6 and the similar lowest Continental price would be £20-7-6. We then made as accurate an estimate as possible of the cost to us of design of the structures, conversion, galvanising, supply of bolts and fittings, placing f.o.b. Calcutta, sea freight Calcutta to Cochin and landing at Ernakulam. After deducting these costs from the above expected competitive prices, we came to the conclusion that the Indian Rolling Mills would have to supply us with the



plain material required, delivered our Works at a flat rate not exceeding Rs. 95 per ton. We put this proposition to the Tata Iron and Steel Co., Ltd., and they agreed to supply at this extremely low price. In these circumstances it is impossible for us to reply to the question asked by the Board in their above letter because the price quoted to us for the plain material and used in our tender was obviously agreed to by the rolling mills irrespective of any tariff and solely to make it possible for Indian fabricators to keep the order in India and get a footing in this important branch of the Industry. It may be of interest to note, in support of our previous remarks on the internal freight handicap, that our price had to include nearly Rs. 27 per ton to cover cost of cheapest route carriage from our Works to destination. As these towers are usually required galvanised the duty on spelter becomes another factor working against the Indian fabricator.

9. With the unequalled waterpower resources of India, the demand for this class of material represents a comparatively important fraction of the total demand for steelwork. We have therefore thought it advisable to draw the attention of the Board to several adverse factors which are not directly remediable by Tariff but which reveal the natural adverse consequences of low duties in special cases.

10. As owing to the low tariff Indian made towers cannot compete with the imported ones, it has become the practice of the Electric Department of the Provincial Governments and other important buyers to invite tenders for complete transmission lines from the large Cable Companies only. These cable Companies buy the towers; they do not make them, and any fabricator in India wishing to compete is forced to quote to a foreign cable company in competition with foreign makers of towers. This adds a tremendous moral handicap to the financial one against the indigenous article.

11. If fabricated transmission towers were protected by as high a tariff as other steel structures, Government buyers in India would be compelled, in discharge of their duty towards the Indian tax payer, to invite separate tenders in India for the manufacture and supply of the towers. Until the Tariff is high enough to force buyers to buy in India, the establishment of this Industry here is a hopeless task.

12. In the specific case under reference other adverse factors were noticed. Serious consideration was given to an offer for poles entirely different to the towers specified. We also understand that all tenders were sent out of the country to an official then on leave and that the foreign tenderers thus obtained special facilities for following up their offers, not available to Indian fabricators. We quote these influences as examples of the indirect effects of tariff anomalies.

13. We believe that if the duty on all steel structures required for transmission lines is raised to the same level as those for ordinary steelwork the buyer will not pay more and an important new industry will be created absorbing many thousands of tons of Indian Steel.

#### *Pressed Steel Tanks.*

14. For years we have been importers of pressed steel tank plates manufactured in England by specialists. In pursuance of our policy to expand our manufacturing activities in India, we are installing special plant in our Bombay Works to manufacture these plates in India. There are also two fabricating firms in Calcutta who press these plates in India.

15. Although assessed at the same tariff rates as other steelwork, the costs of manufacture are so low that any scale of duties based on average costs of steelwork act in an anomalous manner. In this specific instance the plates can be delivered c.i.f. Indian Port from abroad at as low a price as £9-10 per ton and as a consequence Indian fabricators have had to ask the Indian Rolling Mills to supply the plain material at very low rates. A higher tariff will not raise prices unduly as, with 3 fabricators in the country,

internal competition will keep prices of conversion down; whilst enabling the Rolling Mills to obtain a fair price for the plain material.

16. Owing to the low prime costs of this class of material, we believe that a surcharge of 25 per cent. over the fabricated steelwork tariff rates is necessary in order to bring up the average specific duty to the same order of magnitude as for steelwork. The increased duties should apply to all types of steel tank materials.

#### *Structural parts of Cranes and Conveying Machinery.*

17. In this class of machinery, structural steelwork forms generally the greater part of the plant and as the machinery parts have to be built into the structural parts great accuracy of fabrication and adjustment is necessary. The structural portions are generally of very slender construction, easily damaged in transit. If imported, Indian buyers of cranes have very frequently to carry out locally extensive repairs with quite inadequate equipment and under unfavourable circumstances.

18. Another consideration is that the buyer of cranes nearly always requires them to be assembled and tested in the maker's works and as most cranes are made abroad he must employ foreign inspecting agencies to represent him at the tests and then run all the risks of damage in transit after the crane has been dismantled for shipment.

19. The practical disadvantages are so obvious that one of the leading crane makers in Great Britain has come to an arrangement with us whereby they design their cranes and ship to us the machinery parts whilst we fabricate the structural parts in India to their designs, fit the machinery parts to the structure, test the cranes in our shops in India in the buyer's presence, despatch to buyer by rail without risk of damage in transit and erect the crane at destination, where the buyer takes it over in working order. This procedure is all to the buyer's advantage. It also suits the crane maker who is a specialist in the manufacture of the mechanical parts only and who is usually only too glad to have the structural parts fabricated by a specialist in that class of work.

20. In spite of these patent advantages the inertia of the buyer and the existing organisation abroad for buying and inspecting cranes for India are strong enough influence to nullify our best efforts to introduce improved methods in this industry. If the structural parts of cranes, conveyors, runways, serial ropeways and all types of handling machinery were subject to the same tariff as ordinary structural steelwork we believe that sufficient stimulus would be provided to induce buyers to get the steelwork parts made in India. In view of the advantages outlined above we are confident that the saying in agency and inspection fees abroad, the immunity from damage and the better service possible will more than compensate the buyer against the slight increase in cost due to a higher tariff on the less expensive structural components.

#### *Barrage Gates and Canal Regulators.*

21. Conditions in this line of steel products follow very closely those outlined above in respect of cranes and transporting machinery. In this case the structural parts form a greater percentage of the whole and are generally bulky. By fabricating in India bigger units can be fully assembled and finished in the Works reducing field joints and workmanship and getting much of the work that is now done in the field in difficult conditions carried out in a well equipped works. In this case also we believe that the application of the tariff for ordinary structural steelwork to the structural parts of these gates and regulators will keep many thousands of tons of work in India whilst not increasing the ultimate cost of the buyer beyond the improved results and service he would receive.

## APPENDIX I.

*Progressive Table of Indian Fabrication Statistics.*

Year.	Indian steel used by Indian fabricators.	Estimated foreign steel used by Indian fabricators.	Estimated tonnage fabricated in India.	Tonnage of foreign fabricated steel imported.*	Total tonnage of fabricated steel bought by India.*
1925 .	62,491	12,498	74,989	19,351	94,340
1926 .	70,645	14,129	84,774	17,961	102,735
1927 .	66,050	13,210	79,260	33,945	113,205
1928 .	53,262	7,989	61,251	22,696	83,947
1929 .	59,546	8,931	68,477	15,530	84,007
1930 .	94,258	11,782	106,040	14,254	120,294
1931 .	71,308	8,913	80,221	4,775	84,996
1932 .	47,665	4,766	52,431	1,452	53,883

\* The figures in the last 2 columns exclude steelwork imported on Government account.

Year.	Tonnage output from our works.			Percentages of our total output.		
	Calcutta.	Bombay.	Total.	Total fabricated in India.	Total demand.	Imports.
				Per cent.	Per cent.	Per cent.
1927 .	3,937	8,582	12,519	15·8	11·05	36·9
1928 .	4,287	7,533	11,820	19·3	14·1	52·1
1929 .	6,969	6,838	13,807	20·2	16·45	89·1
1930 .	11,755	7,534	19,289	18·2	16·0	135
1931 .	8,229	6,600	14,829	18·5	17·45	310·5
1932 .	5,852	5,545	11,397	21·7	21·2	785

Our tonnage output figures represent structural steel only and exclude rivets, bolts, cast steel, cast iron, tubes, drifts sheeting, glazing, rainwater goods and all items not of our manufacture.

The above figures show that we fabricate about  $\frac{1}{3}$  of the total output of the industry and that our policy of developing the fabrication of large bridge-work has been the most important factor in decreasing the volume of imports.

This superiority has only been maintained by a continuous and progressive lowering of prices to figures far below the cost of production, since the existing tariff was based on prices ruling in 1926 and has proved not sufficiently flexible to maintain Indian prices at an economic level when prices of imports began to sag.

The tariff has fostered the fabrication of high class bridgework but has failed in maintaining prices at an economic level.

## APPENDIX II.

(Extract from the "Daily Mail" issue of 3rd October, 1933.)

## TARIFF HELP TO TRADE.

*Bright outlook for Iron and Steel.*

The effect of tariffs is reflected in returns of iron and steel imports into the River Tees presented at yesterday's meeting of the Tees Conservancy Commissioners at Middlesbrough.

Only 14,331 tons were unloaded in the river during the past 11 months compared with 119,067 tons in the corresponding period of the previous year.

The outlook for the Industry is brighter than for a considerable time, and Messrs. Dorman Long & Co. are to relight a reconstructed blast furnace within a week or two. From this, it is expected, there will be record outputs.

There is a shortage of Cleveland foundry iron, and as soon as adequate coke supplies are assured further furnaces will be put into blast. An ironstone mine at Guisborough is to be re-opened, giving employment to a large number of men.

The export of iron and steel is expanding, and there are definite signs of an improved steel trade with the Argentine under the new tariff concessions.

(Extract from "The Times Weekly Edition", dated October 12th, 1933, page 399.)

Had he gone into particulars, Mr. Chamberlain might have quoted the signs of better times presented by two basic British Industries. The new Master Cutler announced on the occasion of his installation at Sheffield that the output of steel in that city is now at the rate of 27,000 tons a month more than last year, and that the output for the whole country during the first eight months of 1933 has averaged 99,000 tons a month more than the comparable figure during 1932. The steel industry has had the advantage of a considerable tariff stabilized until October, 1934. This concession was made for the express purpose of allowing the industry to set its house in order free from the handicap of unrestricted dumping.

### APPENDIX III.

#### Table of equivalent rates of Steelwork.

- A. Sterling prices f.o.b. European Port.  
 B. Equivalent rupee prices landed at Indian Port for British materials.  
 C. Equivalent rupee prices landed at Indian Port for Continental materials.

A.	B.	C.
£	Rs.	Rs.
8	153	176
9	174	192
10	190	209
11	206	225
12	222	241
13	239	259

Freight from Europe to India is taken at £1-10 per ton.

Customs Rs. 26-4 per ton or 21½ per cent. *ad valorem* whichever is greater for British materials.

For Continental materials Rs. 18-12 per ton over British.

Dock Dues and Landing Charges Rs. 3-8 per ton.

### APPENDIX IV.

Estimate of actual cost of the Nerbudda Bridge spans f.o.b. British Port.

The British Steel Makers Association current rates for plain material delivered to an independent fabricator's Works anywhere in Great Britain (if for an export contract) are:—

Sections and Angles, basis £7-7-6 per ton.

Plates, ¾" thick and over, basis £7-15 per ton.

Allowing for Mill extras, rolling margin and waste and paint, these basis prices give an average flat overall rate for the plain material of £7-19-6.

If the independent fabricator's Works are on seaboard (the most favourable position for export orders) a fair estimate of the cost of bridgework of this nature is:—

	£ s. d.
Plain material d/d Works . . . . .	7 19 6
Conversion—	
Wages . . . . .	2 10 0
Overheads . . . . .	2 10 0
Placing f.o.b. British Port . . . . .	0 4 6
Total . . . . .	13 4 0

## APPENDIX V.

*Particulars from Braithwaite & Co. (India), Ltd., records of orders lost to them to a British firm fabricating in India plain material rolled by them abroad.*

Date of tender.	Description and Buyer.	Tonnage.	Price of plain material per ton.	Our price per ton.
				Rs. A. P.
30th June 1931 .	Bharat Insurance Co., Steel frame building.	350·0	Tata, Rs. 135 .	197 0 0 (erected)
16th May 1931 .	Lucknow Sugar Mills . .	23·75	Tata, Rs. 140 .	245 0 0
30th Sep. 1931 .	E. I. Railway, 2 spans, 80'	108·5	20·8 tons, British, Rs. 145 80·5 tons, Tata, Rs. 137·8	216 0 0
14th Dec. 1931 .	E. I. Railway 8 spans, 28'	19·65	Tata, Rs. 135 .	184 0 0
24th Dec. 1931 .	Bangadaya Cotton Mills, Mill Building.	173·0	Tata, Rs. 104 .	187 8 0
21st March 1932	Mowalkishore Maniklal, Steel frame building.	79·0	Tata, Rs. 104 .	164 0 0
7th May 1932 .	N. C. Bose, stanchions . .	40·0	Tata, Rs. 102 .	164 8 0 158 0 0 144 0 0
8th May 1933 .	F. B. Bloomfield, Architect, Delhi, Ranpur Sugar Factory.	400·5	Tata, Rs. 104 .	198 0 0 (erected)
10th June 1933 .	Khada Sugar Factory . .	103·0	Tata, Rs. 135 .	198 8 0
26th June 1933 .	S. I. Railway, 4 spans, 64'	123·0	15·5 tons, British, Rs. 159 . 106·5 tons, Tata, Rs. 139·5	197 4 0
7th August 1933	E. I. Railway, 21 Well Curbs.	101·2	Tata, Rs. 134 .	201 8 0
9th Sep. 1933 .	E. I. Railway, 14 spans, 18'	57·4	Tata, Rs. 144·5	194 3 5

In addition the same firm obtained the following orders for which we did not quote :—

- Raza Sugar Factory, 330 tons.  
E. I. Railway Crane Gantry, 71 tons.  
Daga Buildings, 150 tons.

#### APPENDIX VI.

*Fair selling prices of Indian Steelwork at various places in India on the basis of :—*

*Plain material delivered our Works—*

- (a) Clive Works (Calcutta) Rs. 125.  
(b) Mulund Works (Bombay) Rs. 137.

*Total cost of Conversion with 10 per cent. for profit and contingencies—*

- (a) Bridgework Rs. 130-6-5.  
(b) Steelwork Rs. 140-6-5.

Destination.	Plain material d/d Works.	Freight.		Fair selling price f.o.r. destination.			
		R. M. rates.	Public rates.	Bridge work.		Steel work.	
				R. M. rates.	Public rates.	R. M. rates.	Public rates.
	Rs.	Rs. A. P.	Rs. A. P.	Rs.	Rs.	Rs.	Rs.
Ahmedabad . . .	137	4 10 10	21 9 0	272	289	282	299
Bangalore . . .	137	14 14 1	56 4 0	282	324	292	334
Bombay . . .	137	2 0 0	2 0 0	270	270	280	280
Cawnpore . . .	125	8 13 0	38 8 0	264	294	274	304
Calcutta . . .	125	..	..	256	256	266	266
Delhi . . .	125	12 4 6	54 14 0	268	310	278	320
Lahore . . .	137	18 14 9	56 13 0	286	324	296	334
Madras . . .	137	13 0 6	48 5 0	280	316	290	326
Metapalayam . . .	137	17 2 4	62 8 0	285	330	295	340
Quetta . . .	137	25 12 3	90 0 0	293	357	303	367
Quilon . . .	237	19 4 4	73 13 0	287	341	297	351
Secunderabad . . .	137	9 1 1	30 12 0	276	298	286	308
Trichinopoly . . .	137	15 13 11	58 4 0	283	326	293	336
Vizagapatam . . .	125	7 12 6	33 7 3	263	289	273	299

*Prices of Imported Steelwork on the basis of Rs. 202 landed at Indian Port—*

	R. M. rates.			Public. rates.		
	Rs.	A.	P.	Rs.	A.	P.
Ahmedabad . . . . .	206	10	10	223	9	0
Bangalore . . . . .	205	8	4	215	6	4
Bombay . . . . .	202	0	0	202	0	0
Cawnpore . . . . .	210	13	0	240	8	0
Calcutta . . . . .	202	0	0	202	0	0
Delhi . . . . .	214	4	6	256	14	0
Lahore . . . . .	214	3	9	249	6	0
Madras . . . . .	202	0	0	202	0	0
Quetta . . . . .	212	5	0	236	4	0
Quilon . . . . .	202	0	0	202	0	0
Trichinopoly . . . . .	206	10	10	223	9	0
Vizagapatam . . . . .	202	0	0	202	0	0

(7) Letter No. P. L. 675, dated the 21st November, 1933, from Messrs. Braithwaite & Co. (India), Limited, Calcutta.

With our submission forwarded to the Board under our No. 660, dated the 9th November, 1933, we included certain statistics of tonnage fabricated in Appendix I. We would like to make it clear that the figures of total tonnage of fabricated steelwork bought in India include not only the tonnage handled by recognised fabricating firms like Jessop & Co., Burn & Co., Balmer Lawrie & Co., The Kumardhube Engineering Co., Richardson and Cruddas, etc., but also all requirements bought by petty fabricating shops, the bazaar karkhanas, repair shops of Railways, Port Authorities, Garden Reach Workshops, Mazagaon Dockyard, I. G. N. & R. Shops, etc. Also the requirements of the building trade both as plain joists in masonry building and for simple fabrication by firms like Mackintosh Burn & Co., Martin & Co., The Britannia Building Co., etc.

If our output figures be compared with the total output from the genuine fabricating firms, the percentage supplied by us averages 31½ per cent. over the last six years and 55½ per cent. for last year. We estimate that the capacity of our two Works represents about 39½ per cent. of the major fabricating shops in India.

(8) Letter dated the 27th November, 1933, from Messrs. Braithwaite & Co. (India), Ltd.

TRANSMISSION TOWERS.

In Appendix IV of our written submission giving an estimate of actual cost of the Nerbudda Bridge spans f.o.b. British Port we give the rates for plain material delivered to an independent fabricators Works anywhere in Great Britain (if for an export contract) as:—

Sections and Angles, basis £7-7-6 per ton.

Plates, ¾" thick and over, basis £7-15 per ton.

This statement requires elucidation.

The current rates for plain material delivered to an independent fabricators Works anywhere in Great Britain (even if for an export contract) are:—

Joists, basis £8-15 per ton.

Sections, basis £8-7-6 per ton.

Plates, ¾" thick and over, basis £8-17-6 per ton.

If the fabricator has subscribed to the Mill's own "Rebate" scheme and therefore refrains from buying "foreign" steel he receives *deferred* rebates at the following rates:—

Joists £1-2-6 per ton.

Sections £0-15 per ton.

Plates £0-15 per ton.

Current "Export" prices are:—

Sections & Joists £7-7-6 per ton.

Plates £7-17-6 per ton.

But these rates do not apply to material supplied to a British fabricator for an export contract and the "Rebate" scheme does not apply. The British Steel Export Association may function if foreign competition is proved.

We would also like to take this opportunity of making clear what may appear to be an ambiguity in our submission. In Part A, paragraph 36, we make use of the expression.

"It is only a sufficient increase of duty applied at once, or a total prohibition of fabricated steel imports on special license that can prevent the Industry from being dangerously weakened."

It has been pointed to us that this expression may be read as a suggestion from us that we desire to suggest total prohibition of imports of fabricated steel. This is not so. Total prohibition is so obviously impossible and unattainable that we never considered it as coming within the range of practical politics. We mentioned total prohibition merely as one of the two possible cures in order to let its very impossibility strengthen our case for the sole implementable remedy, effective protection.

The opening words of paragraph 42 show clearly that we did not entertain any idea that total prohibition would be seriously considered.

A further point that may not be clear is the following:—In para. 38 in calculating the part of the cost of conversion due to the higher price of the small percentage of foreign plain material not rolled in India, we took Rs. 135 as the cost of Indian plain materials. Also in Appendix VI we use the rate of Rs. 125 as the lowest quoted for tested material in large contracts. These are to-days prices and have no relation to our recommendations for a revised tariff. In our recommendation we based our figures on a fair selling price f.o.r. Indian Mills of Rs. 97 per ton for structural sections and Rs. 101 for plates.

We regret making these explanations at this late date, but would submit that these are elucidations and not corrections.

(9) *Letter No. P. L. 736, dated the 2nd December, 1933, from Messrs. Braithwaite & Co. (India), Ltd.*

#### TRANSMISSION TOWERS.

When giving oral evidence before the Tariff Board on the 28th November, the President asked us to supply him with further particulars; especially to show how the total cost of representative Hydro Electric schemes would be affected by an increase of cost of the transmission towers by 15 per cent., viz., the result of a tariff of 25 per cent. instead of 10 per cent.

In a hydro electric scheme, of which we possess particulars, the total cost of the undertaking is Rs. 1,84,48,067 and the total cost of the transmission lines is Rs. 24,42,938 including towers, insulators, conductors, etc., etc., of this amount the cost of the towers d/d site represents 32·6 per cent. or Rs. 7,96,398, 15 per cent. increase on this amount is Rs. 1,19,459 which represents only 0·647 per cent. of the total cost of the undertaking.

The chances of such a small increase in cost rendering the whole of a big scheme unremunerative seems extremely remote, especially as the crite-



tion of remunerativeness is the relation which the difference between cost of operation and income bears to capital cost.

In the scheme in question, the income was estimated at Rs. 23,34,400 per annum and the operating charges at Rs. 8,40,383 leaving a balance of Rs. 14,94,017. Deducting depreciation at Rs. 3,15,336 per annum the nett income becomes Rs. 11,78,681.

This nett income represents 6.4 per cent. on the original capital cost and 6.35 per cent. on the capital cost increased by the extra duty on towers. The difference is only 0.05 per cent.; which is only a fraction of the margin of error possible in such figures due to probable errors in estimating.

We trust these figures will substantiate our statement that an increase in the cost of towers of the magnitude proposed cannot really influence the chances of economic success of an undertaking.

Figures will naturally vary in different schemes. The example chosen is quite representative. It will also be plain that even large variations in ratio of cost of towers to total cost will still produce percentage differences of a very small order of magnitude.

In connection with the question of duty on transmission towers we would like to draw the attention of the Board to the following:—

The President based his calculations on the prices for British and Continental Towers landed at Ernakulam and including 10 per cent. given in paragraph 8 of Part C of our submission.

The rates given, viz., £22-19-6 and £20-7-6 were our estimates of what prices would be, they are not the actual ones submitted. Since we based our tendered price to just beat these estimated figures at the present rate of duties, an analysis of these figures is bound to show that 10 per cent. is the correct duty under the assumed conditions.

We submit that to ascertain the true position, the actual tendered figures should be analysed. These can be obtained by the Government of Madras.

Our own information, the exactness of which we cannot vouch for, gives the following tendered figures for towers only d/d Cochin:—

	Rs.
(1) Callenders with British Towers . . . . .	3,22,000
(2) G. E. C. with Continental Towers . . . . .	3,71,000
(3) B. I. with Continental Towers . . . . .	3,70,000
(4) B. I. with Braithwaite's Indian towers . . . . .	3,82,000

As our rate was Rs. 280 per ton c.i.f. Cochin our tonnage was about 1,363 tons. We have no information as to the tonnage in Callenders tender for British towers.

We also find that our freight rate from Calcutta to Cochin was Rs. 21 and not Rs. 27 as stated in our submission. This was a typing error.

Assuming Callenders tonnage the same as ours (which we doubt as our design was a sturdy one) the analysis would work out as follows:—

	Per ton. Rs.
Callenders British towers c.i.f. Cochin including 10 per cent. duty . . . . .	236.3
Less $\frac{1}{10}$ for duty . . . . .	21.5
C.i.f. rate less duty . . . . .	214.8
Braithwaites Indian made towers c.i.f. Cochin . . . . .	280.0
Less freight Calcutta to Cochin . . . . .	21.0
	259.0
Add for difference in price of Tata plain material (Rs. 95 per ton quoted versus Rs. 111 new fair selling price d/d our Works) . . . . .	16.0
Total . . . . .	<u>275</u>

Difference is Rs. 60.2 or 28 per cent. of the duty free British price.

These figures are subject to verification from the Madras Government as regards the amounts quoted and the tonnage of the British towers offered by Callenders.

The difference of Callenders British Towers price below the prices for Continental towers is accounted for we understand, by Callenders having quoted for these towers below their cost to themselves in order to secure the sale of their own products conductors insulators sub-stations, etc.

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(10) Letter No. P. L. 742, dated the 4th December, 1933, from Messrs. Braithwaite & Co. (India), Ltd.

During our oral examination on the 28th November, the President made the suggestion that the obvious need for increasing the tariff on fabricated steelwork could be obviated by agreement with British fabricators getting them not to quote below a certain minimum agreed figure.

He asked us to express an opinion on this proposal.

As the fair selling price for steelwork has been taken as about Rs. 250 per ton on a basis of Rs. 111 per ton for Tata plain material, unless tariffs are raised any other method of ensuring to the Indian fabricator the fair selling price will attract Belgian, French and German competition and with the dollar depreciating daily the U. S. A. as well.

This would mean agreements with every steel producing nation, a very difficult and protracted task.

As such agreements would be equivalent to the countries named not exporting any steelwork to India at all since the local makers could always underquote the agreed limit figure, the foreign country making the agreement must exact some *quid pro quo* and this may be difficult to find.

In our opinion the only way to cure the evil is by a straight tariff sufficient to ensure to the Indian fabricator the fair selling price and the duty should be specific, not a percentage, otherwise the less the imported price, the less the protection just when it is wanted most by those protected.

We have received by telephone from London the views of a very good judge of the steel trade condition and he emphasises that the Nerbudda level of prices will obviously hold good for a very long time. In his opinion prices may even go lower. He cannot see a recovery in prices until the demand increases considerably.

In our opinion the danger of changes in the basic price on which the tariff is based can be best averted by giving the Executive power to alter the tariff when the basic price changes.

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(11) Letter No. P. L. 740, dated the 4th December, 1933, from Messrs. Braithwaite & Co. (India), Ltd.

**DUMPING OF FOREIGN PLAIN MATERIAL FABRICATED IN INDIA BY FOREIGN ROLLING MILL OWNED FABRICATING SHOPS.**

With reference to the form of attack described in paragraph 22 (b) of Part A of our submission to the Board, we promised to supply the Board with two further examples of this practice which had occurred as the Board is sitting.

These are the particulars desired—

EXAMPLE No. 1.—14 Plate Girders of 40 ft. span for the E. I. Railway  
(November, 1933).

	Rs.
Cost of Tata plain material, 158·47 tons at Rs. 130 . . . . .	20,601
Cost of British plain material, not rolled by Tatas, 9·61 tons at Rs. 170 . . . . .	1,634
Mill extras, rolling margin, waste, shop and site rivets and bolts, paint . . . . .	3,335
Conversion costs on 176·65 tons at Rs. 80 per ton . . . . .	14,132
	39,702
Nett cost to Indian fabricator . . . . .	39,702

Fair Indian selling price, using Tata plain material at Rs. 130 basis and excluding return on Capital or profit, say Rs. 225 per ton.

Actual selling price quoted by a foreign rolling mill owning firm, using British plain material of their own rolling and fabricating it in India in their own shops Rs. 180 per ton.

If an Indian fabricator had imitated them and used British plain material throughout, this estimate would read:—

	Rs.
British plain material, 158·47 tons at Rs. 141·8 . . . . .	22,423
British plain material, 9·61 tons at Rs. 170 . . . . .	1,634
Extras as above . . . . .	3,335
Conversion costs as above . . . . .	14,132
	41,524
Total . . . . .	41,524

equivalent to Rs. 235 per ton nett cost.

Difference between dumped selling price and nett cost to Indian fabricator on the same basis is Rs. 55 per ton.

EXAMPLE No. 2.—24 R. S. Joist spans, 20 ft. span for E. I. Railway  
(November, 1933).

	Rs.
Cost of Tata plain material, 92·21 tons at Rs. 135 . . . . .	12,448
Cost of British plain material not rolled by Tatas, 9·36 tons at Rs. 146·8 . . . . .	1,371
Extras as stated in previous case . . . . .	1,353
Conversion at Rs. 80 per ton on 106·4 tons . . . . .	8,512
	23,684
Nett cost to Indian fabricator . . . . .	23,684

Fair Indian selling price using Tata plain material at Rs. 130 basis and excluding return on Capital or profit say Rs. 222 per ton.

Actual selling price quoted by a foreign rolling mill owning firm, using British plain material of their own rolling and fabricating it in India in their own shops Rs. 183 per ton.

If an Indian fabricator had imitated them and used British plain material throughout, his estimate would read:—

	Rs.
British plain material, 92.21 tons at Rs. 141-8 .	13,048
British plain material, 9.36 tons at Rs. 146-8 .	1,371
Extras as above <i>plus</i> special mill charge of £1 per ton on 50.7 tons of 24" x 7½" R. S. Joists . . .	2,029
Conversion as above . . . . .	8,512
Total . . . . .	<u>24,960</u>

equivalent to Rs. 234 per ton nett cost.

Difference between dumped selling price and nett cost to Indian fabricator on the same basis is Rs. 51 per ton.

As an example of the manner in which the Government purchase rules are ignored, even by State Railways, the following particulars regarding these two enquiries may be of interest.

In Enquiry No. 1 we decided to quote Rs. 183 per ton.

Although the foreign price for bridgework made entirely from foreign plain material was only 1½ per cent. below the price quoted by an Indian firm for bridgework made nearly entirely from Indian plain material, the order was placed with the foreign firm.

In Case No. 2 the respective foreign and Indian prices were Rs. 183 and Rs. 184, a difference of only ½ per cent. yet the foreign firm got the order.

(12) Letter No. P. L. 770, dated the 13th December, 1933, from Messrs. Braithwaite & Co. (India), Ltd.

During our oral examination on the 28th November the President used the figure of Rs. 111 per ton as the fair price for Indian plain material delivered in a fabricators works in India. We have consequently used this figure as the basis of our calculations given in our letter No. 736 of the 2nd instant to you referring to Transmission Towers.

Since then, we have endeavoured to trace the sources from which this rate of Rs. 111 per ton has been derived, but have failed to do so.

In Table VII of Tatas submission, the prices given for imported steel landed Indian ports without duty, January to June, 1933, is given as:—

British Structural sections Rs. 112.7 per ton.

British Plates Rs. 114.4 per ton.

Adding to these rates, the proposed duties of Rs. 18 per ton, we get rates for imported steel landed Indian Ports with new duties.

British Structural sections Rs. 130.7 per ton.

British Plates Rs. 132.4 per ton.

averaging about Rs. 131.8 per ton.

From these figures it would appear that Tatas under the new duties, could charge the Indian fabricators about Rs. 126 or Rs. 127 per ton for the plain material.

This rate differs materially from the rate of Rs. 111 per ton used by the President in his calculations and we are at a loss in ascertaining which is the correct figure.

If the Rs. 111 rate is wrong, we write to ask that the calculations sent in our letter No. 736 regarding Transmission Towers be suitably amended,

(13) *Letter dated the 19th January, 1934, from Messrs. Braithwaite & Co. (India), Ltd.*

In the recent submission to the Tariff Board from the National Federation of Iron and Steel Manufacturers of Great Britain the proposal has been made that after the Indian Rolling Mills have satisfied the requirements of the Country to the limit of their capacity the remainder of the Indian market for Steel should be allotted by some quota system to the Rolling Mills of Great Britain. We further understood that some similar proposal has been made as regards fabricated steelwork.

During our oral examination on the 28th November, 1933, the President was good enough to invite our views regarding a proposal to obtain protection for Indian fabricators by Agreement with British fabricators and we complied with this invitation in our letter P. L. 742, dated the 4th December, 1933, written before the British submission had been perused by us.

It seems to us important to reiterate our statement that the capacity of the leading Indian fabricators will considerably exceed the Indian internal demand for steelwork for some years to come and that until the demand exceeds some 70,000 tons per annum there will be no surplus regarding which India can bargain with other countries.

Even with the Howrah Bridge contract retained in India, unless the Indian fabricators can secure at a fair selling price all the bridgework and important steelwork offering, the Industry must rapidly deteriorate and the existing national advantage in possessing a highly developed fabricating industry capable of successfully coping with bridgework of the largest magnitude will be destroyed in a short space of time. Our demand for an adequate protection to retain nearly all available orders in India and enable the industry to obtain a fair price for same was dictated solely with the object of securing the survival of our industry. This survival will preserve for the country a valuable national asset, in the development and establishment of which we have played an unimportant role.

We feel confident that as more and more evidence accumulates the Board will have opportunity to verify our fears that the constant threat of foreign tenders on the Nerbudda level of prices is correct and justifiable. To add to the evidence on this point we enclose herewith a leading article cut out from the "Manchester Guardian Commercial" of the 23rd December, 1933, and a paragraph from "The Times" of 4th January 1934. The proposal to subsidize exports is made no secret of. We have already made reference in our communications to you of the existing arrangement for subsidizing exports in steelwork by machinery administered by the British Steel Export Association. We would also invite the attention of the Board to the fact that the British Government strictly enjoins all its departments and all British Railways and Statutory bodies to buy British and that in spite of a protective duty of 33½ per cent., which has checked nearly entirely the import of foreign steel into Great Britain, the internal and export prices of plain or fabricated materials have not been increased against the consumer either in England or abroad.

We have been deeply impressed by the President's basic proposals to the effect that the universal panacea lay in arranging matters so that the Indian fabricators should obtain Indian plain material at as low a price as possible. We believe that the President has given utterance to a great economic truth which deserves the deepest study of all concerned.

In the calculations made by the President during our oral examination on the 28th November, the figure of Rs. 111 per ton was taken by him as the basic price at which we fabricators could expect to purchase Indian plain material under the new tariff. We take it that the Board, when recommending a new tariff for steel will endeavour to ensure that this rate be not exceeded in practice. It is the consideration of the need for assurance on this fundamental point that has led us to the following conclusion,

In examining ways and means of combating low prices from foreign fabricators in India using their own plain material at "dumped" prices, the President suggested that if means could be found to induce the Indian Rolling Mills to supply the fabricators with some 5,000 tons annually of plain material at a low rate (Rs. 55 per ton) this threat could be countered.

Could not this principle be extended? The Maximum needs of the first class fabricators (on the I. S. D. List) for Indian plain material could never exceed, say, 60,000 tons per annum. At the present scale of demand this is much less, say, 30,000 tons per annum. We suggest for the Boards consideration that these activities of our British competitors and the results of the re-organisation of the British Industry referred to in the enclosed cuttings could be countered by ensuring that we Indian fabricators should get our supplies of plain material as cheaply as possible. It appears to us that in cases where foreign competition threatens, either by way of imported fabricated steelwork or by way of steelwork fabricated in India wholly from imported plain materials, the Indian fabricators ought to be able to obtain their Indian plain material at say Rs. 100 per ton, if Tatas average fair selling price, delivered to fabricators works is Rs. 111 per ton. If Tatas had to supply as much as 30,000 tons per annum at the lower rate, the cost of this concession would only be 3½ lakhs of rupees. This seems to us a bagatells to pay for ensuring the future of the Indian fabricating industry.

We do not venture to suggest how Tatas could be compensated. It could with advantage be pointed out that English fabricators can obtain with ease a larger subsidy than the one suggested above by satisfying the British Steel Export Association that it is necessary. The Board will remember that we informed them that this Association had offered a subsidy of £1-10 per ton against us in the Nerbudda Bridge case.

Needless to say, assistance of this nature would result in a corresponding decrease of the amount of protection by way of tariff that the fabricating industry requires.

A subsidiary advantage of such a scheme is that all other questions such as those connected with transmission towers, tanks, cranes and regulator gates would solve themselves without special treatment whilst lowering prices to the consumers.

The effect of some such scheme would be that the consumers of steel structures, the few but vital members of the community, would be able to buy these requirements considerably cheaper than if the fabricators are protected solely by way of import duties.

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Enclosure.

*Copy of "The London Outlook" published in "Manchester Guardian Commercial", dated the 23rd December, 1933.*

*British Steel Association.*—Perhaps it was the merest coincidence that the Chancellor of the Exchequer's "friendly warning" to basic industry, when he said in as many words that the Government had been disappointed with the very slow progress of reorganisation in certain directions, should have preceded by only a few days the disclosure of the national scheme for steel trade reconstruction. London comment on the point is that, if Mr. Chamberlain's hint was meant to spur the steel interests to a quick decision, the scheme itself is so far reaching in its scope and so drastic in many of its details that the industry cannot reasonably be expected to swallow it all at one gulp. To many people the revised proposals of the National Committee may well be more acceptable than they were in their earlier form; but, in view of the heterogeneous composition of the steel industry and the difficulty of reconciling opposing interests, it is not difficult to believe that powerful opposition will appear. It is now proposed that the national board for the industry

shall be known as the British Steel Association, instead of the British Steel Corporation, and that this body shall be incorporated under royal charter. A ten-year undertaking is demanded from the members of the suggested association. Some branches of the industry are understood to approve this term, but others regard it as too long and consider that a much shorter period would give ample time to show whether the scheme holds the germ of success.

*Subscribed Exports.*—Under the scheme almost the whole of the British steel industry would be knitted up into an organisation which would retain its members' support by a system of rebates and quotas. It is pointed out that certain sections have already "cartelised" themselves in this fashion; but these trades are relatively specialised and afforded a natural ground for such development. Where named brands of steels for tool and similar work are concerned, for instance, the pooling of orders clearly offers difficulties. Even if makers should agree to sink their individual identities for the common good, there is the customer to be reckoned with. Outside this example, however, the quota scheme encounters the familiar difficulty of the efficient works resenting the partnership of the inefficient; the latter has little to lose and possibly a good deal to gain, whereas the former sees the position in quite a different light. On export business the suggestion is made of a levy on home prices in order to permit the shading of export quotations when circumstances demand. The British Steel Export Association would, it is suggested, become a limited company doing the central body's shipping business, but no form of compulsion would be exercised over exporting members. Home consumers will undoubtedly be quick to ask why they should be penalised in the matter of prices so that British steel may be sold more cheaply overseas. Many manufacturers already feel that they can handle their export trade more satisfactorily than any association. It is not denied that the scheme makes a bold attempt to grapple with a situation rich in its own special difficulties, but the criticism is freely made that regimentation is not the answer.

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*Copy.*—"The Times", dated the 4th January, 1934.

It is believed in trade circles at Birmingham that ratification of the proposals for reorganizing the iron and steel industry will not be long delayed. Negotiations between the various interests has removed difficulties obstructing progress and it is stated that the final draft of the scheme has been submitted for approval. Details are not available, but it is understood that the leaders of the industry are at length convinced that price control must be a condition if reorganisation is to be effective.

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(14) *Letter No. P. L. 873, dated the 24th January, 1934, from Messrs. Braithwaite & Co. (India), Ltd.*

During the course of hearing the oral evidence of the National Federation of Iron and Steel Manufacturers of the United Kingdom, the President said when referring to foreign competition in fabricated steelwork:—

"It does injure the Indian steel producer because I will tell you what is happening. The particular quotation that I am thinking of is the Nerbudda Bridge. The price quoted by British Manufacturers was about Rs. 205 landed Bombay including duty. This is an unheard of price for bridgework in this country. The Indian manufacturer got the order because he was able to get the Tata Iron and Steel Company to make a correspondingly lower quotation and they lost on the transaction. If that sort of thing is to go on, it is not merely the fabricated steel, but the Indian rolled steel industry that will go under."

On this point, we think the Board might be interested to know how we have been affected.

The plain material coming from Jamshedpur costs us Rs. 127 per ton, flat rate, delivered our Mulund Works near Bombay.

Our quotation for Steelwork in spans was Rs. 21,76,711 gross for 11,389.4 tons of material and including Cast steel bearings, hook bolts, etc.

Our rate per ton, delivered Broach, therefore is Rs. 191 per ton and deducting Rs. 5 for freight from Works to site, Rs. 186 f.o.r. our Mulund Works.

The President worked out that the fair selling price for this class of work would be about Rs. 250 per ton, assuming  $\frac{3}{4}$  of the plain material to be of Indian manufacture at Rs. 111 per ton but including Rs. 10 for freight disadvantage and Rs. 18 for a fair return on capital invested.

Correcting this figure to suit the actual conditions we have:—

	Rs.
For Indian plain material $\frac{3}{4} \times 127$ . . . . .	111.1
instead of $\frac{3}{4} \times 111$ . . . . .	97.1
or an increase of	14 per ton.
For foreign plain material $\frac{1}{4} \times 132$ . . . . .	16.5
instead of $\frac{1}{4} \times 116$ . . . . .	14.5
or an increase of	2.0 per ton.

We have therefore the following corrections to make in the fair selling price, as computed by the President, to represent under actual conditions a nett cost price f.o.r. our Mulund Works:—

	Rs.
Additions on account of variation in price of plain material, Indian and foreign . . . . .	+16.0
Deduction on account of return on Capital and freight disadvantage . . . . .	-28.0
Nett deduction . . . . .	-12.0

leaving Rs. 238 as the nett cost price f.o.r. our Works. The loss incurred by us, in securing this contract therefore amounts to Rs. 52 per ton, or Rs. 5,92,248 on the tonnage involved. This figure measures the nett loss to the Indian fabricator in addition to the loss to the Indian Mills referred to by the President in his remarks quoted at the beginning of this letter.

### Messrs. Jessop & Co., Ltd., Calcutta.

(1) *Letter dated September 23rd, 1933.*

We have pleasure in submitting this Representation to the Indian Tariff Board, and trust that it will prove of service.

We shall be glad to have an opportunity of giving evidence, and, of course, any further written information required is at the Board's disposal.

#### I.—INTRODUCTION.

Since the Board's last Enquiry into the question of protection of the Steel Industry in 1926, cataclysmic changes have taken place in the condi-



tions of world trade, which must largely overshadow present consideration of the subject. Throughout the world, rapidly dwindling trade has produced disastrously falling prices, and everywhere countries have endeavoured to relieve the stress of internal competition by seeking to expand external markets with the aid of assisted industries and depreciated currencies. Such endeavours have inevitably provoked counter-measures, so that the protagonists have finally had no alternative but to try and foster their internal trade behind the protection of high tariffs. Even Great Britain, the home of free trade, has at last been forced to adopt this policy.

2. The steel industry depends so largely on the prosperity of other industries, since it consists in the production of the implements, machinery, structures and means of transport required by them, that it has been the most drastically affected by the general slump, and everywhere it is in critical circumstances. The intense world competition resulting from these circumstances introduces new factors into the consideration of the granting of protection to the steel industry in India which were not present at the time of the 1926 Enquiry but which are of paramount importance at the present day.

3. The Board is, of course, fully cognisant of this state of affairs, but we draw attention to it in order to emphasize to how great an extent the unforeseen changes in conditions have caused the results expected from the present scheme of protection to go astray. It is obvious that continued protection is essential to the industry, and the only question is the amount of protection now to be accorded.

4. Hitherto, the Board has made its recommendations on the principle that the Indian steel makers and fabricators should receive a fair price for their products based on their works costs, in anticipation that the development thus assured would enable them eventually to reduce these costs to a point at which protection would no longer be necessary. The manufacturers have done their part in meeting the expectations of the Board by up-to-date improvements in plant and organisation, and they could now stand on their own could they but secure enough work; but since reduction of the costs of production depends to a great extent on the volume of production attainable, their efforts have been largely nullified by the unprecedented fall in demand. The amount of work offered has for a long time been very far from sufficient to satisfy the capacity of the industry, and we now, therefore, base our claim for further protection on the vital necessity of retaining all the work available in the country.

5. The present capacity of the industry in India is more than sufficient to meet any likely demand for a considerable time to come, and the consequent very strong internal competition amply safeguards consumers against having to pay increased prices on account of increased protective duties. We are asking only for such increases as are justified by the past policy of the Board and would be imposed if that policy were carried to its logical conclusion. That the measure of protection afforded up to date has not fully achieved the results anticipated is, we believe, largely attributable to the fact that Government has at each stage failed to adopt a bold enough policy.

6. In this representation we deal first with the general difficulties under which we labour and the considerations on which we base our claim for further protection. Then we draw the attention of the Board to matters contingent upon our relations with various purchasing departments. Next we discuss cases in which our selling price is determined by the imported price of competitive finished articles rather than by the cost of steel, and the effects of competition from alternatives to steel. We then discuss the problems involved in geographical handicaps and freight rates, and lastly we deal with miscellaneous subjects into which we ask the Board to enquire.

7. It is hoped that this arrangement will prove convenient to the Board's consideration of our case, and we shall be pleased to furnish any supplementary information required.

## II.—FAILURE OF THE EXISTING SCHEME OF PROTECTION.

8. In our Introduction we have already drawn the attention of the Board to the world-wide factors which have operated against the success of the scheme of protection resulting from the 1926 Enquiry, and we now discuss their effect in greater detail.

9. The history of the past few years has shewn, and, we have no doubt, the future will also shew, that whenever any large contract is to be put through both steel makers and steel manufacturers are ready to cut their prices to the bone in order to secure the work. The fall in demand and consequent slump in prices has aggravated this process to a disastrous extent.

10. As far as any large contract is concerned, therefore, the Tata Iron and Steel Co., have not been able to obtain the full price for their steel for years past, nor are they likely to be able to do so for a long time to come. Equally, the fabricators are unable to realise a fair price for conversion.

11. The Tata Iron and Steel Co. have helped to keep work in the country by giving the fabricators the steel for such contracts at special prices, though at prices which, we think, still leave them a reasonable margin of profit. It has been left to the fabricators to make the greatest effort, and we have kept work in the country only by cutting prices to an irreducible minimum.

12. Moreover, since the effect of increased competition has been felt more acutely by the British and Continental steel makers than by the Tata Iron and Steel Co., the special prices given by the former for large contracts have been even keener, which has placed the Indian fabricators at a further disadvantage.

13. Another factor operating in the same direction is that Indian fabricators are dependent on only one steel maker for supply of steel, and it will never be possible for one works to roll all the sections required for efficient and economical structural design. A good deal has been done to substitute sections obtainable in India for those that must be imported, but the lamentable fact remains that no big bridge is designed without including 15 per cent. to 20 per cent. by weight of imported sections.

14. This means that the Indian fabricators are placed under the additional disadvantage of not being able to obtain all their material in the country. Therefore, while the British or Continental fabricators are able to obtain 100 per cent. of the material they require for a large contract at special rates, the Indian fabricators can obtain only 80 per cent. to 85 per cent. and must pay a full price for the remainder, since the British and Continental steel makers for obvious reasons have no desire to help the Indian fabricators.

15. The failure of steel protection to encourage the inception of even one other steel works in India is due, we think, to the fact that Government has been too niggardly. Each time the matter has been considered, the amount of protection deemed necessary has been worked out with mathematical precision, and each time the course of the market has upset all calculations. The Tata Iron and Steel Co., roll a very wide range of sections,—wider, in fact, than any one works should be expected to roll,—with the inevitable result that the fabricators are often hampered by delays in delivery. A bolder policy might have had different results, but the fact remains that the Indian fabricators depend on one single works for supply of steel, and we must expect a decrease rather than an increase in the variety of sections rolled.

16. All this has militated against the protection at present accorded to the steel makers and fabricators in India being effective.

## III.—EXAMINATION OF THE EXISTING SCHEME OF PROTECTION.

17. The amount of protection accorded to the structural industry is based on the fair price that the Indian fabricator should obtain having regard to all the conditions. This price has been arrived at by working out the extra cost of steel due to protection and adding to it the fair cost of fabrication.

18. The duty has then been calculated on the cost of imported fabricated steelwork in the form of a percentage figure aimed at securing that the Indian fabricator shall be able to obtain this fair price. The amount of this duty was at first 25 per cent. *ad valorem* and is now 21½ per cent. *ad valorem*, with a specific minimum for British imports (which is virtually in operative) and a further specific extra against Continental imports.

19. The amount of protection accorded to steel has been worked out on the assumption that the Tata Iron and Steel Co. should be able to sell steel f.o.r. their works at the average imported costs at ports including duty. That is roughly the task they have been set. Adjustments were made in 1926 in respect of internal freights and second-class material, and their freight advantages have tended to increase their average realisations, but the effect of these is fading with increased production or decreased demand, and, in any case, this possible gain was set off against the disadvantage and loss on second class material.

20. The various changes which have been made in the Tariff of late make it hard to say whether the present tariff bears much resemblance to the scheme fathered by the Board. The figures we are concerned with now stand as follows:—

21. Fabricated steelwork, whether beams, angles, tees, plates, or whole fabricated structures, pays duty at Rs. 26-4 per ton or 21½ per cent. *ad valorem*, whichever is higher, plus Rs. 18-12 per ton for Continental material.

22. The figure of Rs. 26-4 per ton represents 21½ per cent. on a c.i.f. price of about Rs. 124 per ton. No British fabricated steelwork can be imported as cheaply as that, and this figure, which was meant to be a minimum safeguard, is not really operative at all.

23. The duties per ton on unfabricated steel are as follows:—

	British.		Continental.	
	Rs.	A. P.	Rs.	A. P.
Bars . . . . .	32	8 0	46	4 0
Beams, Angles, Tees . . . . .	23	12 0	37	8 0
Plates . . . . .	25	0 0	45	0 0

24. Comparison of these figures with the duties on fabricated steelwork shews that after allowing for wastage and for the duty on the necessary rivets (which amount to nearly 10 per cent. of the weight), the amount of the duty on the fabricated steelwork is not very different from the duty on the raw material. The Indian fabricator, therefore, realises little protection beyond the amount required to compensate for the extra cost of steel due to protection.

25. Another class of fabricated steel to which we desire to draw the Board's attention is represented by rivets, bolts and nuts, and dogspikes. The duties per ton on these are as follows:—

	British.		Continental.	
	Rs.	A.	Rs.	A.
Rivets . . . . .	50	0	50	0
Bolts and Nuts . . . . .	56	4	56	4
Dogspikes . . . . .	56	4	56	4

26. These duties have been worked out so that the duty on the finished article should be the same as the duty on the raw material plus wastage, and no allowance has been made for protection of the Indian manufacturer.

27. Costs of fabrication depend very largely on the volume of production, and whether the real difference in duty between fabricated steelwork and the raw steel is enough, or whether the protection of rivets, dogspikes, etc., is adequate, depends entirely on whether we have enough work. This, indeed, is the main burden of this representation, and we cannot emphasize the point too strongly.

28. We still require the protection which is due to the protection of steel, and we have no doubt that the Board will recommend it; but the total amount of protection now to be accorded, if it is to be effective, must take into account all those factors that prevent the Tata Iron and Steel Co., from realising the full imported price of steel and must be such as to allow Indian fabricators a fair return. Internal competition has lowered prices very drastically, but the Board cannot take cognizance of that: they have to work on the assumption that the duties must be such as to enable the Indian fabricators to succeed against foreign competition.

29. The exact meaning of this in terms of money involves consideration of what fabricators must receive to obtain a reasonable return on their investments, and this again depends on the amount of work they have. We now, therefore, turn to this aspect of the situation.

#### IV.—PRESENT POSITION OF THE INDUSTRY.

30. At the time of the 1926 Enquiry, the conversion figure for fabricated steel work was taken at Rs. 110 per ton. At that time we were busy, and under similar conditions we could show better figures to-day; but the depression, and particularly the depression on Railways, has affected us very severely. We are extremely short of work, and we must lay particular stress on the relation of conversion costs to work quotas.

31. Even with full production, overhead charges including rent, taxes, depreciation, supervision, designing staff and office expenses must always exceed direct labour charges, and the Board needs no evidence to shew that the effect of restricted production on costs is very marked.

32. Our figures for cost of conversion are now as follows:—

	Light and medium structural work.	Big bridgework.
	per ton.	per ton.
	Rs.	Rs.
Full production . . . . .	80	100
Half production . . . . .	110	130
One-third production . . . . .	140	165

These are conversion figures only and do not include the cost of steel, allowance for wastage, the cost of rivets, or the cost of paint.

33. The Tata Iron and Steel Co. sell on a base price as in the U. K., and this base price should be the full imported price of British beams if they are receiving the full benefit of the protective duties.

34. To this base price has to be added the steel and sectional extras, the allowance for wastage and the cost of rivets and paint, and all this means that on the net weight of material for which we can charge we have on the average to add at least Rs. 25 per ton to the base price. The Board will have no difficulty in concluding that this is a conservative figure.

35. With the existing duties the imported cost of fabricated bridgework is about Rs. 240 per ton and of ordinary structural work about Rs. 225 per ton. If we were in full production and could obtain steel from the Tata Iron and Steel Co., at a base price of Rs. 120 per ton, these are the figures at which we should want to sell, and we should have no complaint in spite of the small real amount of the present protection discussed in paragraphs 23 and 24. These figures shew that fabricators have done all that could be expected of them towards reducing costs.

36. Our works are, however, hardly ever in full production and have for a long time been running at about one-third production, so that the situation is as a whole about Rs. 60 per ton in our disfavour apart from the cost of steel.

37. The c.i.f. price of British beams at the present time is about £8-7 which gives a landed cost of well over Rs. 140 per ton. If to this base figure is added the Rs. 25 per ton for extras, wastage, rivets and paint, and the conversion figure of Rs. 165 per ton required when running at one-third production, we should need to sell at well over Rs. 320 per ton.

38. The Board can see, therefore, how far the present scheme of protection has gone astray, both for the Tata Iron and Steel Co., and for ourselves.

#### V.—AMOUNT OF PROTECTION NECESSARY.

39. If the Board is going to work on the system it has adopted hitherto and recommend duties that will ensure a fair price to the Indian steel makers and fabricators, it will have to recommend an increase of about Rs. 12 per ton in the existing duties on steel and an increase of about 300 per cent. in the existing duties on fabricated steel, subject to any alteration which the forthcoming Enquiry may shew to be desirable in the former figure.

40. The latter increase will unfortunately not give us any better returns at the present time owing to internal competition, but it will at least prevent any work leaving the country; and we claim that this one reason alone justifies our case.

41. Whether it is possible for us to obtain enough work for successful operation depends on a number of factors, many of which are outside the Board's control and possibly outside any control; but increased duties will help up to obtain any work that is available, and we claim that the industrialisation policy of Government, our own efforts to reduce costs and the aims of the Board all combine to justify and demand such increase.

42. Owing to the very strong internal competition that exists, and must exist for a long time to come, extra duties will mean no extra price to consumers until there is a very substantial increase of work, and we are asking only for such increases as are justified by the past policy of the Board and would be imposed were that policy carried to its logical and proper conclusion.

43. That, in brief, is the essence of this representation. Fabricating works in India are now fully able to stand on their own legs if they can fill their workshops, and all they would then need is protection to cover the protected cost of steel. Once more we repeat that it is increased work we vitally need rather than increased prices.

#### VI.—INFLUENCE OF THE PURCHASING DEPARTMENTS.

44. We now draw the attention of the Board to our relations with the various purchasing departments, indicating how the policy of Government may assist the industry.

##### (a) *The Railway Board.*

45. We should like to express our appreciation of the manner in which the Railway Board has helped the industry and has endeavoured to give work to the Indian fabricators, and we have only two suggestions to make for directions in which this assistance might be increased.

46. In the first place, we feel that the control of the Railway Board over the Company-managed Railways in regard to the placing of work in the country is inadequate. This is really a matter for the policy of Government and we revert to it below.

47. Secondly, we wish to urge that the adaptation of designs to the use of sections rolled by the Tata Iron and Steel Co. be pursued with yet more vigour. We gratefully acknowledge the amount of work that has already been done in this direction in connection with the Railway Board's standard designs, but we consider that it is still possible to eliminate many of the imported sections used by substitution of equivalent Tata sections, particularly in connection with designs prepared by the Consulting Engineers

in England. We have already shewn in paragraphs 13, 14 and 15 the disabilities that the use of imported sections imposes on the Indian steel maker and fabricator, and since their elimination is of vital concern to the industry, we urge the Board to impress on the Railway Board the importance of this matter.

48. We wish to acknowledge the very considerable improvement of conditions that has been brought about by the rupee tender system in the case of the State Railways.

(b) *The Company-managed Railways.*

49. Here we are on very different ground, for the rupee tender system has not been introduced and orders are still being placed abroad without the Indian suppliers being given an opportunity of quoting.

50. Even when we are able to quote, we are not able to know the basis on which a comparison is made between Indian and other tenders, and when a tender is opened we remain in ignorance on many points on which knowledge is essential if subsequent orders are to be kept in the country.

51. We have no hesitation in saying, too, that the system whereby consulting engineers are paid a percentage on the value of material inspected in Europe is definitely prejudicial to the industry in this country.

52. Government is the biggest shareholder in these railways and ordinary commercial experience makes it difficult to understand why the biggest shareholder cannot control. The method is not important to us, but we understand that Government has to sanction expenditure on all major works and it should be possible to withhold sanction if the money is not spent in India.

53. Clearly we cannot give the Board the information they can better obtain themselves, but we urge, very strongly, that they impress on Government the need for bringing the Company-managed Railways into line in this matter of placing orders in India.

(c) *The Indian Stores Department.*

54. As we understand it, this Department was formed in order to secure that Government orders should be placed in this country to the greatest extent possible: that, at any rate, was one of the principal objects of its inception.

55. Other departments never had any difficulty in managing their own purchasing, and many still do so; but at the time the Indian Stores Department was formed there was still a serious, and in some ways natural, prejudice against Indian manufactures, and there was no general organisation whereby buyers could be assured that the Indian material offered was up to standard. The Indian Stores Department provided this assurance, and the services of its Inspection Branch and Test House to industry in this respect have been, and are, inestimable.

56. We feel, however, that the system of purchase through the Indian Stores Department has, by force of circumstances, ceased to fulfil its original purpose of encouraging the improvement of Indian manufactures, for the impersonal nature of the system puts the supplier out of direct touch with the buyer, so that there is a tendency for tenders to be made and accepted on a price basis solely and the meaning goodwill is ignored.

57. We realise the peculiar difficulties under which the Indian Stores Department labour in having to satisfy their clients and at the same time meet criticism from disgruntled suppliers, and we desire to emphasise that our remarks are levelled not at the working of the system but at the conditions which it has perforce brought about.

58. We maintain that goodwill is a very real asset not only to industry but to the buyer as well, since it is built up of services to the latter in the form of technical assistance, maintenance of stocks, improvement of manufacturing methods and the like, but these services cannot be maintained if their value is ignored. Industrial enterprise succeeds by specialisation and

goodwill, and both are factors to be encouraged, but since the peculiar disabilities under which the Indian Stores Department purchase makes it impossible for them to give these due weight, we submit that the ends of industry will be forwarded, without detriment to the purchasers, if the Indian Stores Department continues to develop its Inspection Branch and allows the purchasing to revert to the consuming departments.

(d) *The Army, the P. W. D., etc.*

59. It is not in our province to suggest means whereby these miscellaneous departments can be constrained to make all their purchases in India, but we ask the Board to investigate whether any executive provision can be made to ensure that they support Indian industry to the fullest extent possible.

VII.—CASES OF SPECIAL COMPETITION FROM IMPORTED MANUFACTURED ARTICLES.

60. Throughout this representation we have emphasised that it is increased work we need rather than higher prices, and we have made suggestions as to how executive policy can be so framed as to secure this result.

61. We now discuss those classes of manufacture in which, owing to the special rates of duty prevailing, Indian competition is determined solely by the price of the imported manufactured article without reference to the cost of imported steel. In such cases, to allow of the Indian manufacturer competing at all, the price that Messrs. The Tata Iron & Steel Co., can obtain for their steel depends entirely on the price of the imported finished articles, and this in turn depends on the duties imposed.

62. The classes of manufacture to which we refer include electrical overhead transmission towers, sluice gates, hoists and cranes, pressed steel tanks and other press-work, bolts and nuts and rivets, dogspikes and other similar Railway material, Railway wagons, and machines of all sorts.

63. Some of these classes of manufacture are already made in India to a varying extent, and some not at all; but there is no reason why they should not all be satisfactorily made in this country. That they are not is due solely to certain anomalies in the scales of duty, which unfairly handicap the Indian manufacturer. We first discuss each case specifically, and we then make suggestions to the Board for means whereby the situation may be remedied.

(a) *Electrical Transmission Towers.*

64. These consist entirely of ordinary structural steelwork, but for Customs purposes they are classed as "Transmission Gear" and are subject to a duty of only 10 per cent. At this rate the duty on the finished Towers actually amounts to less than the duty on the steel of which they are made, so it is obvious that the Indian fabricator is at the outset debarred from competing.

65. Some thousands of tons of these Towers have already been imported into India, and with the increasing development of the use of hydro-electric power the demand for them will grow. We therefore urge upon the Board the necessity of taking steps to secure that the Indian fabricators may speedily be placed on a footing that will enable them to compete for this work.

(b) *Sluice Gates.*

66. These are often of considerable tonnage and are built up of ordinary steel sections and plates. In fact, they consist of ordinary structural steelwork, but since they are operated mechanically, they may be imported as "Machinery" under a duty of only 10 per cent. The proportion of the cost of fabricated steelwork to cost of mechanical parts varies with size and type, but it is always high and may be put at between 40 per cent. and 75 per cent.

67. It is clear, therefore, that these can be made in this country at a competitive price only with the help of very special rates for steel.

(c) *Hoists and Cranes.*

68. A large proportion of the work in these consists of ordinary structural steelwork, yet they are imported as "Machinery" under a duty of only 10 per cent. We and others can readily undertake this class of work, and everything can be made in India except the motors, ball bearings and wire ropes. The case is, therefore, almost identical with that of Sluice Gates.

(d) *Pressed Steel Tanks.*

69. The duty on unfabricated plates is Rs. 25 per ton or Rs. 45 per ton according as they are of British or Continental origin, and the corresponding duties on fabricated plates are Rs. 26-4 per ton or 21½ per cent. *ad valorem* with an extra of Rs. 18-12 per ton on Continental plates.

70. The import of whole tanks made of pressed steel plates and knocked down for shipment is easily effected, and on imported Continental tanks of this nature the duty will normally be Rs. 45 per ton. This means that the finished tanks can be imported at a rate of duty which amounts to no more than we have to pay on the raw material for making such tanks, with no allowance for wastage.

71. The Board in its 1930 Report on "Certain Railway Materials made of Steel" endeavoured to put Indian manufacturers on a level in regard to duties with the importers of finished articles. That same principle demands action in this case, and we can think of no better example of the growing complexity of a mixed revenue and protective tariff.

(e) *Bolts and Nuts, Rivets and Dogspikes.*

72. The principle adopted in the Board's 1930 Report referred to in the previous paragraph assumes that the costs of conversion for articles of this nature are no more in India than they are abroad. Given a sufficiency of work we would accept the implications of this assumption, but, as already pointed out in paragraphs 30, 31 and 32, the conversion costs depend to a very great extent on the volume of work available.

73. Another factor that arises in this case is in respect of the inevitable freight disadvantages over certain areas of the local compared to the imported products. This point was recognised by the Board on page 86 of Volume I of its 1927 Report, and we revert to its more general aspect later.

(f) *Railway Wagons.*

74. The duty on these is now only Rs. 15-10 per cent., but the policy of late years has been that if the demand does not exceed 5,000 wagons of the ordinary types tenders shall be called for only in India. This policy does not include the miscellaneous demands; but in being assured of the main demands, we have been content to take our chance for the remainder.

75. If the Board can secure a continuance of this policy, we shall rest content; yet the fact remains that India can now manufacture many more than 5,000 wagons a year, and should the demand rise above 5,000, we have no assurance that after calling for tenders the whole lot will not be ordered from abroad. We should feel more secure if we were certain that tenders for the first 5,000 would be called for only in India, leaving only the surplus to form the subject of a general call.

76. The Indian manufacturers have proved their abilities in the building of wagons; but a duty of only 15 per cent. is not adequate to protect steel, and we have therefore never been able to pay the Tata Iron and Steel Co. the full price for the steel. We recognise the objections to higher duties, yet it is clear that the full price of the steel cannot be realised under the existing scale, and we believe that the second suggestion we make below in paragraph 81 would solve the difficulty of our perennial argument with the Tata Iron and Steel Co. over the price to be paid,



## (g) Machinery.

77. In the manufacture of machinery the proportion of the costs of material to manufacturing charges is as a rule smaller than in other classes of work; but since machines are often made in large numbers to standard designs, the competition is keener than in the case of articles made for special orders.

78. There is still a considerable prejudice against Indian made machinery, though we can now turn out excellent pumps, winding engines, sugar machinery and other lines, and to establish these in the market against older, well-known makes, it is often necessary to quote a very low price. Since, however, the duty on machinery is only 10 per cent., it is difficult to do this.

79. In all these lines of manufacture the Indian manufacturer's handicap is obvious, and the remedies, other than the undesirable one of increasing the scale of duties, are obscure; but we have two suggestions to put before the Board.

80. The first we refer to later in paragraph 89 in considering the effect of the use of alternatives for steel, and it is that the protection of steel should be concentrated on those products of the steel makers to which there is no alternative, thus lowering the prices of the remainder. This suggestion would fairly cover the cases discussed above, except for bolts and nuts, rivets and dogspikes.

81. The other depends for precedent on the treatment accorded to the Indian Steel and Wire Products Co., who were at one time allowed to import the raw material they required free of duty. It should be possible to arrange for a system of certificates from the Indian Stores Department or Customs Authorities whereby steel required for the manufacture of any of the products discussed above could be imported at a duty of not more than the 10 per cent. levied on the finished product. The Tata Iron and Steel Co. would then have the option of meeting the competition or allowing the steel to be imported.

82. Another precedent for this suggestion is the arrangement whereby a rebate is given on salt required for industrial purposes. That arrangement requires a system of bonded warehouses under private control. For steel, this would be unnecessary, but it would probably be convenient for all concerned if, on steel being required for one of the special purposes indicated, we were enabled to secure a rebate on imported steel from the Customs Authority on a certificate of quantities furnished by the Inspection Branch of the Indian Stores Department.

83. The idea is not too simple, and in a highly industrialised India it might give rise to trouble; but protection has been started on the assumption that it constitutes only a passing phase, and that being so, we believe this suggestion to be well worth the Board's consideration.

## VIII.—EFFECT OF USE OF ALTERNATIVES TO STEEL.

84. In considering this aspect of the situation the Board has a much more complicated task than in 1926, for two main reasons.

85. Firstly, since 1926 there has been a very marked growth in the cement industry accompanied by a great deal of propaganda, and a considerable amount of cheap cement has been imported from Japan. Reinforced concrete construction requires much less steel than steel construction, and, as the Board realises, the dependence of the steel industry on fabricators makes the rapid growth of cement construction a matter for its concern.

86. Secondly, while protection has kept up the price of steel, the prices of alternative materials, such as timber, aluminium, and even earthenware, have fallen with gold prices, and the high duty has tended to drive demand to competitive materials, as for example, the high duty on galvanised corrugated iron sheets has reduced the demand and caused the ryot to return to the use of thatch.

87. The increasing use of alternatives to steel is, therefore, a serious matter, and we have one suggestion to make as to a possible line of action to meet the situation.

88. Though some duties are borne by the importer, it is generally true that duties are paid by the consumer, and any gain that the Tata Iron and Steel Co. derive from protection certainly comes from the public. Up-to-date, the duties on steel have been distributed fairly evenly on the consumers as a whole and on the tax-payers as a whole; but as the competition from alternatives increases, it may be expected that the demand for some steel products for which there is no alternative (*e.g.*, rails) will remain unaffected,—except in so far as high prices always affect demand,—while the demand for other products (*e.g.*, structural steel) will decrease.

89. On these premises, we suggest that if it is essential to assist the Tata Iron and Steel Co., this is best done by raising the duties on those steel products which suffer least from competition of alternatives while lowering the duties on the rest. Among the former are rails, fishplates, and bars, while among the latter are structural sections, plates, and black and galvanised sheets. Tinbars and semi-steels come into a separate class and must be treated apart.

#### IX.—THE GEOGRAPHICAL HANDICAP.

90. Nature has confined the Tata Iron and Steel Co. and other potential steel works to the Chota Nagpur-Asansol area, and logically the manufacturing industry is equally confined to this side of India. The geographical handicap immanent in this is not one that the Board can remove, but we would suggest that insufficient attention has been paid to it in the past.

91. Yet from the point of view of freight, about two-thirds of India is nearer to Europe even on the basis of the special freight rates accorded to the Tata Iron and Steel Co., while for us our natural selling area is limited to Bengal, Bihar and Orissa, the United Provinces, the Central Provinces as far as Drug, and Madras Province as far as Waltair, also a small part of the Southern Punjab.

92. Everywhere else we are at a disadvantage in relation to freights from the various ports, and for the greater part of India freight from Calcutta is even higher than freight from Middlesborough or Antwerp.

93. At the time of the 1926 Enquiry, the effect of these freights influenced the amount of protection given. In its 1927 Report the Board assumed that the Tata Iron and Steel Co. would realise the imported cost of steel, and that such benefits as they might derive from their special freight rates would be offset by their losses on second-class material. The Board noted, too, that we were realising about Rs. 6 per ton less than the price they had calculated we ought to realise, and ascribed this, rightly enough, to freight disadvantages, at the same time offsetting it against the economies they expected us to achieve.

94. We cannot complain of the existing railway freight rates, for they are very reasonable; but they introduce a serious problem for the steel industry when it is set the task of competing with prices of imported products. The production of steel is confined to a certain area, and, economically speaking, fabrication should also be carried out in this area to avoid unnecessary carriage of wastage; yet imported prices mean prices at any one of a number of ports at the option of the buyer.

95. The effect of this is profound, and we ask the Board to give it full weight. To take a simple example: the Board in its 1930 Report on "Certain Railway Materials made of Steel" assumed not only that we could make dogspikes as cheaply as foreign manufacturers,—a view with which we have already stated that we agree provided that we can secure enough work,—but also that we could sell them at the imported cost. The fallacy of the latter assumption is clear when we want to sell dogspikes for (say) Ajmer.

96. In this connection we have only one small suggestion to make in regard to material supplied to the Railways. Railways have a "home

material" rate which is presumably approximately the cost of carriage, and they also charge "foreign material" rates which are considerably higher; but now that most of the railway system of India consists of State Railways, and as the Government is the preponderating shareholder in the others, this differentiation is illogical. If it were removed and there were only one uniform rate,—the "home material" rate,—we should know better how we stand and should be aided to some slight extent.

#### X.—INFLUENCE OF SPECIAL FREIGHT RATES ACCORDED TO THE TATA IRON AND STEEL CO.

97. The special freight rates accorded to the Tata Iron and Steel Co. demand separate consideration. On the Bengal Nagpur Railway there are clearly special reasons such as the convenience to the Railway of dealing with full train-loads which justify special freights. On the other Railways, however, and particularly on the East Indian Railway, these special rates of freight are nothing more nor less than a hidden subsidy from the taxpayer and are, moreover, of very doubtful legality.

98. In pre-war days certain low freights prevailed from Calcutta to various stations on the East Indian Railway, and when the Tata Iron and Steel Co. started operating, freights from Gomoh were so fixed that, having regard to the Bengal Nagpur Railway rates, they should not be at a disadvantage in comparison with Calcutta. During the war, the low rates from Calcutta were abolished, but, presumably through an oversight, the special rates from Gomoh were maintained.

99. In 1924 imported material from Calcutta began to find its way to Northern India *via* Tatanagar and Gomoh, and the East Indian Railway were induced to change the rules so as to make these special rates for the benefit of the Tata Iron and Steel Co.'s material only. We understand that the East Indian Railway is unwilling to reconsider the position until the Tariff Board has met again; yet it is anomalous that the commercial policy of a Railway should be fettered by protectionist considerations. If low freight rates are held to govern the amount of the protective duty on steel to this extent, the argument can be reduced to absurdity by suggesting that Indian made steel should be carried free.

100. The suggestion must commend itself to the Board that Railways should keep within the Act and that any concessions made should be based strictly on their value to the Railways, and we urge that whatever assistance is given to the Tata Iron and Steel Co., should be in the form of straight duties or subsidies. The advantages would be two-fold: firstly, the Country would have a better idea of what it is paying for steel protection, which is surely an advantage; and secondly, the Tata Iron and Steel Co. would be freed from the necessity of having to despatch direct to every little station in order to make the best advantage of their freight rates.

101. The result of this would be the rejuvenation of those natural centres of distribution, Lahore, Delhi, Cawnpore, Indore, Calcutta, etc., where the organisations still exist capable of handling the Tata Iron and Steel Co.'s products in a large way. The Steel Company too would be saved the considerable expense of their Up-country stockyards which have come into existence in an attempt to make the most of their freights, and this again would be helpful to the Railways from the point of view of haulage.

102. Steel distribution, in short, would follow the course that experience has proved to be advantageous for other commodities such as cotton goods, which are distributed in Northern India from Delhi and Amritsar.

#### XI.—MISCELLANEOUS SUBJECTS FOR CONSIDERATION.

##### (a) Penalties.

103. This is an important matter of detail. Manufacturers are compelled to accept clauses imposing a penalty for late delivery in contracts with Government or quasi-Government bodies; but the Tata Iron and Steel

Co. on their part refuse to bear the impact of these penalties in respect of late deliveries of raw material.

104. The solitary position of the Tata Iron and Steel Co., makes us entirely dependent on them for supplies, since the policy of Government is such that we are prevented from buying elsewhere. It is imperative, therefore, that our contracts should absolve us from all liability in respect of late delivery owing to delayed delivery of material from the Tata Iron and Steel Co., or that the Steel Company should be refused the benefit of protection until they agree to accept liability for these penalties.

105. They are claiming protection for one single works, and with supplies limited to one works only difficulties are sometimes unavoidable; but there are also obvious advantages in being the only available source of supply, and it is right and proper that these penalties should be accepted by the Tata Iron and Steel Co. Even at the present time when the market is restricted we are frequently faced with serious delays in delivery of raw material, and when normal demand returns these delays will be intensified.

106. The justice of our claim is clear. If we are compelled to buy only from one works and are liable to penalties on account of late deliveries from that works, we should prefer free trade without duties.

#### (b) *State Competition.*

107. We ask the Board to enquire into the competition of various Railway Workshops with private enterprise.

108. These works evolve out of units bought for individual erection jobs, and we believe that they carry no block account and no charge for depreciation. If this is so, these Shops are competing with private enterprise on unfair terms. We understand in one case that out of some 100,000 tons of structural steel supplied in the last eight years only about 30,000 tons has been fabricated by engineers such as ourselves, and this indicates the seriousness of the competition.

109. Further, we believe that these works sometimes fabricate for the Military and for the P. W. D., and if that is so, the material required is taken at railway material rates of freight which is a still further handicap on private enterprise.

#### XII.—SUMMARY.

110. If we could obtain the steel we require free of duties, and if we could be assured of a volume of work within a reasonable measure of our full productive capacity, we should be able to become pronounced free traders.

111. The Board will have pleasure in the vindication of their policy represented by this statement, and we make it in order once more to emphasise that it is increased work and not higher prices we need.

112. We regret that Tariffs appear to be the only means of meeting the present-day conditions in the steel industry, and the measures we have recommended to the Board in the body of this representation are summarised as follows:—

- (a) We urge that every possible step must be taken to ensure that the maximum amount of work shall be retained in India.
- (b) Subject to the amount of the duty on unfabricated steel, we submit that a very large increase in the duty on fabricated steel is needed to put the Indian manufacturer on a level with imported steelwork.
- (c) We draw attention to the fact that if the Indian manufacturer is to receive adequate support from the Tata Iron and Steel Co. in keeping work in the Country, the protection on steel must take into account the special cases in which the prices for steel cannot equal the imported prices or do not depend on them at all.

- (d) We ask that a still greater effort be made to adapt designs to the use of sections obtainable from the Tata Iron and Steel Co.
- (e) We ask the Board to urge Government to force the Company-managed Railways into the rupee tender system, and to constrain them to call for quotations in India on all occasions and to place their orders in India.
- (f) We suggest that the activities of the Indian Stores Department should be confined to its Inspection Branch and that purchasing should be left to the individual departments concerned, on the grounds that the Indian Stores Department's own difficulties compel them to adopt a system of ignoring goodwill and good service to an extent which is definitely prejudicial to Indian industrial development.
- (g) We ask consideration for our suggestion that when the general interests of the Country are not consonant with the steel protection policy, as exemplified, for instance, by the low duty on machinery, facilities should be given to the Indian manufacturer for the use of imported steel at a low rate of duty, leaving to the Tata Iron and Steel Co., the option of supplying the steel at a correspondingly low price if they so wish.
- (h) We ask the Board to consider the possibility of meeting the growing use of alternatives to steel consequent upon the artificial inflation of steel prices due to protection, by concentrating protection on those lines which admit of no alternatives and relieving the amount of duty on the others.
- (i) We draw the attention of the Board to the anomalous situation created by the granting of special freight rates to the Tata Iron and Steel Co., and we urge the advantages of abolishing them in favour of straight duties or subsidies.
- (j) We ask the Board to make the acceptance by the Tata Iron and Steel Co., of liability for penalties imposed on account of late delivery a condition definitely precedent to the continued protection of unfabricated steel.
- (k) We ask the Board to enquire into the unfair competition of Railway workshops with commercial enterprise.

(2) *Letter dated the 23rd October, 1933, from Messrs. Jessop & Co., Ltd., Calcutta.*

**REPRESENTATION FROM MESSRS. THE HINDUSTAN CONSTRUCTION Co., LTD., REGARDING NEW HOWRAH BRIDGE.**

1. With reference to your letter No. 458, dated the 10th instant, we desire to state that in principle we fully concur with the representation made by Messrs. The Hindustan Construction Co., Ltd., regarding the new Howrah Bridge. We strongly support the view that every reasonable provision should be made to secure the placing of the contract in India.

2. As already emphasised in the Representation submitted by us to the Tariff Board on the 23rd ultimo, the vital need of the engineering industry in India at the present time is more work; and, indeed, our claim for further protection is based principally on the necessity of ensuring that all work offered shall be retained in the country to the greatest extent possible.

3. As regards the proposed use of high tensile steel, though this has been in use in America for some years, its production in England has only recently been undertaken; and we understand that Messrs. The Tata Iron and Steel Company, Limited, are equally prepared to undertake the production of such steel for this contract. It will be necessary, however, to ensure that they are assured of protection in respect of this special steel commensurate with that already accorded in respect of ordinary structural steel,

4. We have no hesitation in affirming that a number of Indian firms are now fully capable of undertaking this contract, but consideration must be given to the point raised by Messrs. The Hindustan Construction Co., Ltd., regarding the extra expense such firms would have to incur for the special plant required for so large a work. Many British and foreign firms already have such plant available, but owing to the fact that such a large contract has not up-to-date been placed in India the plant required is not at present fully available in the company and Indian Firms are therefore at a disadvantage in this respect.

5. In the present depressed state of the engineering industry in this country, we cannot see any justification for allowing a contract of this magnitude to be placed abroad. Even if it should cost more to have the work carried out in India, the extra cost would be amply justified by the fact that the money would be spent in India: the impetus that would be given to the steel and cement industries and the benefit to Indian labour that would result cannot be ignored.

6. We strongly urge that the Board should take every step to ensure that Indian firms may be in a position to submit competitive tenders for this contract and that the widest possible consideration should be given to secure the placing of it in India. In view of the fact that tenders will be called for very shortly, we trust that the Board will be able to give the matter their early attention.

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(3) *Letter No. 433, dated the 4th October, 1933, from the Secretary, Tariff Board, to Messrs. Jessop & Co., Ltd., Calcutta.*

With reference to your representation to the Tariff Board dated September 23rd, 1933, I am to ask that the following information may be supplied to the Board (with six spare copies) not later than the 4th November, 1933:—

- (1) A full statement, as far as the information in your possession will permit, of orders for fabricated steel lost to Indian engineering firms since 1925-26. The statement should contain the following particulars:—
  - (a) quantity of order,
  - (b) date of order,
  - (c) class of work,
  - (d) price at which order was placed,
  - (e) price of lowest Indian tender,
  - (f) party by whom order was placed,
  - (g) country of manufacture.
- (2) The total capacity of production of fabricated steel in your works.
- (3) The quantity of fabricated steel manufactured in your works in each year since 1925-26.
- (4) A statement of the orders for big bridgework executed in your works since 1925-26 with the following particulars—
  - (a) quantity of order,
  - (b) date of order,
  - (c) class of work,
  - (d) price at which order was placed,
  - (e) party by whom order was placed.
- (5) See paragraph 47 of your representation to the Board. Please supply detailed information in substantiation of your statement that "it is still possible to eliminate many of the imported sections by substitution of equivalent Tata sections, particularly in connection with designs prepared by the consulting engineers in England".

- (6) Please supply detailed information in substantiation of the statements made in paragraphs 49, 50 and 51 of your representation to the Board.
- (7) With regard to each of the following articles mentioned in section VII of your representation to the Board—
- (a) Electrical transmission towers,
  - (b) Sluice gates,
  - (c) Hoists and cranes,
  - (d) Pressed steel tanks,
  - (e) Bolts and nuts, rivets and dogspikes,
- please state—
- (i) the quantity manufactured in your works so far,
  - (ii) the actual or estimated cost of production,
  - (iii) the c.i.f. price at which imported articles have recently been landed in India,
  - (iv) an approximate estimate of the total demand in India based on recent figures.

(4) *Letter dated the 3rd November, 1933, from Messrs. Jessop & Co., Ltd.*

We have to acknowledge receipt of your No. 433, dated October 4th, 1933, but we observe that in certain cases information is desired from the year 1925-26. We regret we are unable to give you complete statements from that year as some of our records have been destroyed. We have, however, pleasure in replying to the best of our ability in detail to your questionnaire as follows:—

- (1) The attached Schedule A is all the information we have been able to gather, but we feel confident this list is by no means complete and that a considerable tonnage of structural work has been placed abroad by Company-managed Railways, and we would instance the comparatively new Golden Rock Workshops of the South Indian Railway but regarding which we have no information as to prices and so on.
- (2) Our Structural Works at Dum Dum are capable of an output of 1,250 tons per month and we also have a Structural Works at Jamshedpur with a capacity of 600 tons per month.
- (3) Schedule B attached gives this information.
- (4) Schedule C attached gives this information.
- (5) Modifications to the Consulting Engineers' designs could conveniently be made:—
  - (a) The frequent use of bulb angles is largely unnecessary and Tata sections of unequal or equal angles could be used.
  - (b) In tension members where large unequal angles appear, Tata sections of equal angles could generally be substituted.
  - (c) The use as lacing bars of expensive hydraulic tubes appears unnecessary and in any case could be substituted by Tata sections.
- (6) The system of indenting direct on London is still in force on Company-managed Railways. We would not go so far as to say that all requirements are obtained by direct indent on London, but we have during the past few years, from enquiries made in London, ascertained that orders have been placed abroad without giving manufacturers in India an opportunity to quote. As an instance may we illustrate the case of a consignment of Bearing Plates for a certain Company-managed

Railway, it serves as an illustration though admittedly perhaps irrelevant to Structural Work. In this particular case we eventually secured the contract not by tender in India but only by chance. We heard in London that a certain tonnage of Bearing Plates was on offer. We were not asked to quote although we had at that very time a large parcel (4,000 tons) of the same plates from Tata rollings in course of manufacture for the North Western Railway and it was after some difficulty we were given an opportunity to quote in London and finally secured the contract.

- (7) We can only guess very approximately the total demand in India of these manufactured articles as not only is the demand spasmodic but the figures are difficult to trace as the Customs Classifications are not in sufficient detail. For instance the heading of Machinery and Electric Equipment covers (a), (b), (c); Fabricated Structural Work (d) and Permanent Way Equipment part of (e). As to costs (b) and (c) vary so largely in design that it is impossible to give an average cost and a price can only be ascertained against individual enquiries. Fabricated steel cover (a) and (d) except that (a) has an additional charge for galvanising. We have yet to arrive at the cost of machine forging work that is (e) for since 1916 we have received no orders of any tonnage until this year when we secured an order for 1,000 tons of dog-spikes and though manufacture is in progress it is not sufficiently advanced to arrive at the cost. We estimate, however, that the cost of conversion will fall within the limits for Fabricated Steel.

Schedule D gives the information as to quantity manufactured and annual demand.

May we now before closing draw the Board's attention to one very important point upon which we feel our Representation of September 23rd did not lay sufficient stress, namely, the question of imported prices in the near future for all classes of work that our Representation covers. We fear a heavy fall in prices due to the re-organisation of the steel industry in England. Never in the history of Bridgework in India has the British price, allowing for present duties, approached the level quoted for the recent Nerbudda Bridge Contract, and the re-organisation of the steel industry in England has yet to be accomplished. We ask the Board to consider to what level prices are likely to fall when the re-organisation is an accomplished fact.



Enclosure.

## SCHEDULE A.

Quantity of order.	Date of order.	Class of work.	Price at which order was placed.	Price of lowest Indian tender.	Party by whom order was placed.	Maker and country of manufacture.
A large number .	December, 1927	Sluice Gates for Sukkur Barrage.	Rs. 8,78,000	Not known. (Jessop's Rs. 9,20,000.)	Indian Stores Department.	Ransome & Rapler, England.
" " "	do. . .	Sluice Gates for Damodar Canal.	" 1,59,800	Jessop & Co.'s Rs. 1,54,055.	do. do.	do. do.
9 Spans of 258 ft. .	February, 1928	Railway Bridge Girders for Kalabagh Bridge.	" 8,41,195	Not known. (Jessop's Rs. 9,05,558.)	North Western Railway.	P. & W. MacKellan, Scotland.
A large number .	March, 1928 .	Road Bridges over Sukkur Canals.	£11,110	Not known. (Jessop's Rs. 2,79,640.)	Indian Stores Department.	The Tee's Side Bridge and Engineering Works, England.
" " .	do. . .	M. S. Tie Bars .	£15,230	Not known.	do. do.	The Ame de la Providence Marchienneen-Port, Belgium.
" " .	April, 1928 .	Steel Sleeper B.G. .	£106,037	Not known.	Railway Board .	Home Firm. (W. Dederick Ltd.)
10 Spans of 150 ft.	May, 1928 .	Ruskulja Bridge .	Rs. 6,39,473	Jessop's Rs. 6,31,500.	Bengal Nagpur Railway.	Home Firm. (Not known.)
A large number .	do. . .	800 tons Steel Troughs.	" 1,54,828	Not known. (Jessop's Rs. 2,03,232.)	Bombay Port Trust, Bombay.	Tee Side Bridge and Engineering Works, Limited, Middlesbrough.
4 Spans of 258 ft. .	July, 1928 .	Adamwahan Bridge .	" 14,00,000	Braithwaite's Rs. 14,52,123.	North Western Railway.	P. & W. MacKellan, Scotland.
Road Bridges .	November, 1928	Bridges for Lloyd Barrage.	£22,760	No known.	Indian Stores Department, New Delhi.	Dorman Long & Co., England.
7 Spans of 500 ft. .	August, 1929 .	Rupnarain Bridge .	Rs. 13,34,000	Jessop's Rs. 11,60,250.	Bengal Nagpur Railway.	P. & W. MacKellan, Scotland.

## SCHEDULE B.

*Tonnage of steel structures and bridges fabricated in Jessop & Co.'s works since 1925-26 at Dum Dum.*

1925-26	.	.	.	.	.	.	.	.	Tons.
	.	.	.	.	.	.	.	.	9,440
1926-27	.	.	.	.	.	.	.	.	4,500
1927-28	.	.	.	.	.	.	.	.	4,772
1928-29	.	.	.	.	.	.	.	.	9,250
1929-30	.	.	.	.	.	.	.	.	6,896
1930-31	.	.	.	.	.	.	.	.	6,326
1931-32	.	.	.	.	.	.	.	.	9,989
1932-33	.	.	.	.	.	.	.	.	3,061
									<u>54,234</u>

*Tonnage of steel structures and bridges fabricated in our works (Jamshedpur).*

1925-26	.	.	.	.	.	.	.	.	Tons.
	.	.	.	.	.	.	.	.	2,363
1926-27	.	.	.	.	.	.	.	.	2,949
1927-28	.	.	.	.	.	.	.	.	4,393
1928-29	.	.	.	.	.	.	.	.	3,136
1929-30	.	.	.	.	.	.	.	.	4,235
1930-31	.	.	.	.	.	.	.	.	5,253
1931-32	.	.	.	.	.	.	.	.	221
1932-33	.	.	.	.	.	.	.	.	292
									<u>22,842</u>

## SCHEDULE C.

*Major orders for bridgework executed by Jessop & Co., Ltd., since 1925-26.*

Quantity of order.	Date of order.	Class of work.	Price at which order was placed.	Party by whom order was placed.
Tons. 607	11th February 1925.	20 Spans of 60 ft. Plate Girders for the Grand Chord Doubling.	Rs. 1,76,630	The Controller of Stores, E. I. Railway, Calcutta.
1,328	6th January 1926.	45 Spans of 60 ft. M. S. Plate Girders (Open Deck) for Grand Chord, Asansol Distt.	3,64,648	do. do.
1,376	15th April 1926.	Caisson's Nos. 1, 2, 3 and 8 for the Bally Bridge.	3,66,005	Engineer-in-Chief, Calcutta Chord Railway, Baranagore.

*N.B.*—In the year 1925-26 our Steel Structural Works were fully occupied in fabricating the steelwork for the 3 Import and one Export Shed at K. G. Docks which involved a tonnage of 10,808 tons, the value of the order being Rs. 34,00,000.

Quantity of order.	Date of order.	Class of work.	Price at which order was placed.	Party by whom order was placed.
Tons. 216	9th August 1928.	Screw Pile Bridges on the Assam Trunk Road.	Rs. 49,793	Executive Engineer, Lakhimpur Division, Dibrugarh.
388	30th June 1927.	12 Road Bridges for the Lloyd Barrage Canals Construction.	1,23,370	The Chief Controller of Stores, I. S. D., Simla.
412	2nd February 1928.	155 Spans of Girders of sizes.	1,00,388	Chief Engineer, B. and N. W. Railway, Gorakhpur.
218	21st July 1928.	24 B. G. Deck Span Girders of sizes.	50,162	Chief Engineer, M. and S. M. Railway, Madras.
260	23rd May 1928	42 Compound Girders of sizes.	54,486	Controller of Stores, B. N. Railway, Calcutta.
428	2nd June 1928	2 Erection Stagings between Piers 8 and 7 and 7 and 6 for the Bally Bridge.	1,13,063	Engineer-in-Chief, C. C. Railway, Calcutta.
1,017	11th June 1928.	Supply of 244 B. G. Deck Span Girders of sizes.	2,16,559	Controller of Stores, B. N. Railway, Calcutta.
428	15th October 1928.	44 30 ft. Clear Spans of Girders.	1,01,013	Engineer-in-Chief, C. C. Railway, Calcutta.
340	25th June 1928	119 Spans of Girders of sizes.	75,064	The Chief Controller of Stores, I. S. D., Simla.
..	21st September 1927.	Pile Bridges on the Purnea Murliganj Railway.	1,90,000	Engineer-in-Chief, Construction, E. B. Railway, Calcutta.
266	4th October 1928.	8 Spans of N. G. and B. G. Girders of sizes for Hamirpur Subway.	61,400	Controller of Stores, E. I. Railway, Calcutta.
295	22nd January 1929.	Girder Bridge 290 ft. Span over the Kolab River near Joypur.	1,08,000	Executive Engineer, Koraput Division, Vizagapatam.
110	27th April 1929.	One Span 156'-0" Crs. of Bearings Steel Girder for Kokradha Bridge.	29,584	Chief Engineer, E. B. Railway, Calcutta.
608	18th July 1929	8 Sets Spans of 100 ft. Lattice Steel Bridge Girders.	1,56,160	do. do.
238	4th September 1929.	B. G. Steel Bridge Girders for Ishurdi Abdulpur Doubling.	53,554	do. do.

Quantity of order.	Date of order.	Class of work.	Price at which order was placed.	Party by whom order was placed.
Tons. 913	21st November 1929.	26 Steel Girder Spans of sizes.	Rs. 2,15,742	Engineer-in-Chief, C. C. Railway, Baranagore.
284	25th January 1930.	Erection Staging between Piers 1 and 2 of the Bally Bridge.	1,01,950	do. do.
412	5th February 1930.	2 160 ft. Erection Spans for Nerbudda and Gadaria Bridges.	95,306	The Secretary, G. I. P. Railway, Bombay.
1,510	7th May 1930	14 Spans of 155 ft. Girders for Kanker and Mahanady Bridges.	3,22,248	Chief Engineer, E. B. Railway, Calcutta.
467	19th July 1930	10 Spans of 80 ft. Plate Girders.	1,01,464	Controller of Stores, B. N. Railway, Calcutta.
356	18th August 1930.	20 Spans of 60 ft. Girders for Swarnamukhi River Bridge.	96,940	The District Board Engineer, Nellore.
870	15th October 1930.	False work for placing the 300 ft. Spans on the Roop Narain Bridge.	2,28,282	Chief Engineer, B. N. Railway, Calcutta.
568	4th November 1930.	80 ft. and 40 ft. Spans for Sohan and Dina Bridges on Rawalpindi Section.	1,21,405	Controller of Stores, N. W. Railway, Lahore.
669	6th November 1930.	4 Spans of 175 ft. Girders for the Kalabagh Bridge.	1,57,616	The Agent, N. W. Railway, Lahore.
2,960	14th January 1931.	Steelwork for Kotri Bridge Strengthening 5 360'-6" Spans and one 105 ft. Span.	6,55,725	The Controller of Stores, N. W. Railway, Lahore.
222	11th March 1931.	4 Spans of 80 ft. Girders for Bridge over the Manu River.	50,235	Chief Engineer, P. W. D., Assam, Shillong.
98	16th November 1931.	Girder Road Bridge of one 150 ft. Span and 4 30 ft. Spans over Bhandan River.	29,504	The State Engineer, Mayurbhanj State, Baripada.
963	21st June 1932	One 200 ft. Span and 6 100 ft. Spans for the Barakar Bridge.	2,29,253	The Chief Engineer, E. I. Railway, Calcutta.
278	16th July 1932	One Double Track Skew Span 112'-8 $\frac{1}{2}$ " Crs. of Bearings.	62,550	The Agent, N. W. Railway, Lahore.
877	1st November 1932.	301 Spans M. G. Girders of sizes ranging from 6'-6" to 40'-0".	1,48,195	Controller of Stores, B., B. and C. I. Railway, Bombay.
574	2nd March 1933.	One 452 ft. Spans and 2 112 ft. Spans for the Akhnoor Bridge over the Chenab River.	2,04,175	Chief Engineer, P. W. D., Jammu and Kashmir State.

## SCHEDULE D.

Item.	Quantity Manufactured since 1925.	Total average annual demand.
(a) Electrical Transmission Towers . . . . .	Nil.	6,00,000
(b) Sluice Gates . . . . .	Nil.	5,00,000
(c) Hoists and Cranes . . . . .	3,00,000	6,00,000
(d) Pressed Steel Tanks . . . . .	1,50,000	9,00,000
(e) Bolts and Nuts, Rivets and Dogspikes . . . . .	1,00,000	30,00,000
(f) Mild Steel Bearing Plates . . . . .	7,00,000	10,00,000

(5) Letter No. 520, dated the 3rd November, 1933, from the Secretary, Tariff Board, to Messrs. Jessop & Co., Calcutta.

In continuation of my letter No. 433/437, dated the 4th October, 1933, I am directed to ask if you will be so good as to supply the Board with any information in your possession regarding the extent to which the prices of imported machinery have varied on the average as between the years 1926 and 1933. The class of machinery in view is heavy machinery of the kind ordinarily employed by engineering works. The prices regarding which information is required are landed prices in India including duties, if any. The classes of machinery considered for each year must be more or less comparable. I shall be glad if an answer could be kindly sent, if possible, before November 15th.

(6) Letter dated the 9th November, 1933, from Messrs. Jessop & Co., Ltd.

1. We are in receipt of your letter No. 520, dated November 3rd, and we are pleased to forward you a Statement given some information which we trust will be of use to you.

2. The range in the Statement is, we fear, somewhat limited for your purpose, but although we have imported during those years a large quantity of machinery, it has been of such a varied nature that in most cases it is quite impossible to draw comparisons.

3. Our Statement, as you see, only includes a few items of standard pattern and size, of which a true comparison can be made.

Enclosure.

*Landed cost in rupees of machinery imported between years 1926-1933.*

Description of Machinery.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
	Each Rs.	Each Rs.	Each Rs.	Each Rs.	Each Rs.	Each Rs.	Each Rs.	Each Rs.
Cochran Boilers . . . . .	2,604	2,466	2,524	2,560	2,520	2,800	2,550	2,553
Boiler Feed Pumps . . . . .	384	388	388	383	381	380	392	390
Lathes . . . . .	1,665	1,563	1,500	1,480	1,368	1,384	1,500	1,500
Radial Drilling Machines . . . . .	1,857	1,853	1,800	1,802	1,821	1,800	1,836	1,862
Screwing Machines . . . . .	1,147	1,262	1,217	1,238	1,238	1,238	1,250	1,160
Vertical Drilling Machines . . . . .	385	379	378	383	384	382	480	420
Planing Machines . . . . .	2,154	2,154	2,150	2,080	2,066	2,066	2,017	1,964
Wet Tool Grinders . . . . .	223	220	220	216	217	234	224	224

**Messrs. Burn & Co. Ltd., Calcutta.***Letter dated the 23rd October, 1933.*

We have to acknowledge receipt of your letter No. 458 enclosing a copy of a letter dated the 4th instant addressed to you by the Hindustan Construction Co., Ltd., Bombay, regarding the possibilities of the contract for the proposed new Howrah Bridge being placed out of India. Speaking generally, we are in entire agreement on the question of principle that the contract for this bridge should be placed in India.

1. It would appear from a statement made by the Hindustan Construction Co., Ltd., that one of the obstacles Indian firms are likely to encounter is the difficulty of obtaining in India High Tensile Steel. We believe that in certain circumstances there may be some difficulty but we understand the Tata Iron and Steel Company, Limited, will be in a position to supply suitable steel containing the necessary physical qualities and recognised analytical properties. We presume, if the use of High Tensile Steel in the construction of this bridge is likely to receive serious consideration, that the specification would be one to which the Tata Company would be able to manufacture and not to any specification which might prove to be the sole property or product of any particular firm. No doubt the Tata Iron and Steel Company, Limited, would be able to deal with this matter more fully.

2. In any event, the question of duty on High Tensile Steel to be incorporated in bridge, structural or other work of this nature where hitherto mild steel has been exclusively used is one that requires investigation and adjustment (not necessarily in connection with this particular contract only) and the matter is one that should receive early consideration so that any adjustment made would be effective and applicable to steel required for the construction of the Howrah Bridge.

3. The question of erection plant and tackle for a work of this magnitude referred to by the Hindustan Construction Company, Limited, deserves some measures of consideration. That Indian manufacturers may not be as fully equipped to undertake this work with existing erection plant and perhaps only with the addition of much more plant than would be the case with one or two British firms is explained by the fact that heavy financial investment on plant of this description by firms in India must necessarily be limited in the same proportion as the work requiring its employment. British firms with a world-wide market have opportunities of thus equipping themselves and are in a far better position to compete than firms in India who, though perhaps perfectly willing to meet the necessary financial outlay either individually or collectively, have not the opportunities of doing so.

4. Technically, and in point of ability and experience, Indian manufacturers are quite well able to undertake the complete work and we believe the Tata Iron and Steel Co., Ltd., would do everything to place themselves in the position of being able to supply as much as possible of the steel requirements.

5. We do not suggest that British and foreign manufacturers should be prevented from tendering or be placed at any undue disadvantage but we do feel that Indian manufacturers should be given every opportunity of fair competition and the fullest consideration shown and such steps as might be necessary taken to relieve the disadvantages with which Indian firms may be faced.

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*Letters dated the 16th February, 1934.*

We, the three structural engineering Companies in Calcutta, have pleasure in forwarding herewith six copies of our joint representation to the Tariff Board.

Enclosure.

REPRESENTATION TO THE TARIFF BOARD SUBMITTED JOINTLY BY MESSRS. BURN & Co., LTD.; MESSRS. JESSOP & Co., LTD., AND MESSRS. BRAITHWAITE & Co. (INDIA), LTD.

On the 6th February, Mr. Elliott, the representative in India of the National Federation of Iron and Steel Manufacturers of Great Britain, very courteously circulated copies of the Federation's further representation to the Board (dated 3rd February, 1934). We are indebted to the Board's office for sight of Messrs. Dorman Long & Co.'s memorandum which accompanied it.

We the three largest fabricators in India, welcome the Federation's sympathetic attitude in respect of our difficulties, and find satisfaction in the ample corroboration of our evidence which may be found in Messrs. Dorman Long & Co.'s memorandum.

It may assist the Board if we now summarise the main facts adversely affecting the Indian fabricating industry as admitted by its competitors.

The British Rolling Mills Association controls the price at which plain material can be purchased by fabricators, both for delivery to destinations in the United Kingdom ("Home" prices) and for delivery f.o.b. ("Export" prices).

The United Kingdom is our only alternative source of supply of tested steel up to the British Standard (which forms the bulk of our raw material).

One member of the Federation, *viz.*, Messrs. Dorman Long & Co., Ltd., operates fabricating shops *both* in Great Britain and in India. This "integrated" concern has the right to transfer the plain material it rolls to its fabricating shops at whatever rates it thinks fit *and admits doing so whenever it has found it expedient.*

The power to quote extremely low prices for fabricated steelwork has been used by integrated rolling mills in the United Kingdom for a considerable period as an ever present threat for the purpose of inducing non-integrated fabricators to afford them preferential treatment in the placing of orders for plain material. It has also given these concerns an overwhelming advantage in competing for orders for their "fabricating" section and the inevitable result has been the reduction of prices below the non-integrated fabricators cost of production. It is this pressure, applied year in, year out, that has aggravated the effects of the world depression and has assisted in bringing the whole of the British steel trade, rolling mills and fabricators, to its present state.

In India Messrs. Dorman Long & Co. established a stockyard. They also established a fabricating shop of one bay and equipped it to a standard capable of turning out sheddings, steel frame buildings and plate girders, and it is in these lines that their competition has so far been felt. For bridgework and the higher classes of steelwork they have *hitherto* depended on the output of their Middlesbrough fabricating shops. At both their English and Indian fabricating shops they are able to transfer plain material at prices below the controlled prices which all non-integrated fabricators have to pay.

We would remind the Board that both in India and the United Kingdom the controlled price for raw material is a profit carrying, economic price. An integrated concern can, whenever it sees fit to do so, sacrifice—

(a) the profit,

(b) the overheads,

without losing any part of the cash cost and by doing so can reduce the "transfer" price to well below the controlled price. At a time when an integrated rolling mill is working at low capacity, an increase in output secured by transferring steel to its fabricating section at anything over the cash shop cost lowers the overhead cost of production over the whole output. The policy therefore has also an indirect advantage.

The Federation offers a concession which, on the face of it, appears important. Mr. Elliott informs the Board that the British export rebate arrangements were meant to bridge the gap between the "Home" and the "Export" controlled prices, but that owing to shortage of work in the British Structural yards and *under pressure from the British Structural Engineers* rebates have been increased to a figure of 30 shillings per ton. The advantage given by these rebates was available to all British fabricators but, of course, was not available to Indian fabricators.

It follows clearly that so long as the federation cannot *in fact* prevent its integrated members from transferring to their fabricating shops plain material at prices below the controlled prices, its conditional undertaking to limit the export refund arrangements so as not to exceed the gap between the "Home" and "Export" controlled prices is a *concession which has no value to the Indian fabricators* except in so far as it limits the competition of non-integrated British fabricators. As shown in Appendix II competition from these fabricators under the existing Customs tariff does not prevent us from trading at fair selling prices.

The Federation realises this position only too well since it finds it necessary to invite the Indian fabricators to respond to advances to be made by Messrs. Dorman Long & Co., who are stated to have the intention to approach the Indian fabricators regarding:—

- (i) The Howrah bridge,
- (ii) The future generally,

and makes the suggestion that a proprietary brand of high tensile steel may be specified by the consulting engineers for use in the Howrah bridge.

We await with interest Messrs. Dorman Long & Co.'s proposals and shall give them earnest consideration. None the less, we consider that these proposals should be addressed to the Indian rolling mills and not to us and for the following reasons:—

- (1) As regards Howrah bridge the facts are these:—

- (a) The Chairman of the Calcutta Port Commissioners has informed both ourselves and the Press that their consulting engineers will not specify Messrs. Dorman Long & Co.'s proprietary high tensile steel, but a material possessing certain physical properties and which can readily be supplied by many other mills, in the United Kingdom, in India and elsewhere. Considerable quantities of high tensile steel complying with the Howrah bridge specification are being used by the Railway Board for the construction of their requirements of railway wagons for this year.

- (b) These are rather early days to assess at its true value the unique position claimed by the Federation for Messrs. Dorman Long & Co. in that they possess expensive equipment necessary for the erection of a bridge of this magnitude. The reference is presumably to plant used for the erection of the Sydney bridge, a very heavy arch structure. It is at least conceivable that a considerable portion of this plant will not be suitable for the erection of a lighter bridge of the cantilever type. In any case the value of this plant, whatever it may be, need not necessarily be lost to the buyer. The Indian fabricators will be ready to purchase or hire at fair rates all such plant as may be suitable and available.

- (2) As regards the future generally—

- (a) The very nature of our industry forces those engaged in it to equip on a scale adequate to take care of peak load demands. It is probable that equipment on this scale has resulted in our "peak load" capacity exceeding normal demand by 10 per cent. to 15 per cent. Demand during recent years has been very far below normal and we suggest it is only prudent to assume that the process of recovery will be long and painful,



To state therefore that the Indian fabricators have nothing to offer Messrs. Dorman Long & Co., or any other British fabricator is to state the bare fact.

- (b) An arrangement between Messrs. Dorman Long & Co. and the Indian rolling mills (assuming that the Federation is content that arrangements for the future shall be made solely with Dorman Long & Co.) as to the terms on which our Industry is to be supplied with the imported plain material which it consumes might be possible, but we have no means of knowing what can be done in this direction. The Indian fabricating industry cannot continue its conversion operations at uneconomic prices and failing supplies of plain material from the Indian rolling mills at prices which enable it to compete on level terms with integrated foreign concerns it must lose orders and thus give entry to imported fabricated steelwork.

We would therefore invite the Board to give careful consideration to the position. Unless the Indian rolling mills care to come to such terms with Messrs. Dorman Long & Co. and the Federation as shall prevent sales in India of steelwork fabricated either here or abroad from British plain material transferred at rates below the controlled prices, the Indian rolling mills must inevitably be faced with the choice between:—

- (a) Selling the plain material required by the Indian fabricators at competitive rates,  
 (b) Losing that portion of the Indian market which is provided by the Indian fabricators.

Throughout his representation Mr. Elliott assumes that as a result of the Board's recommendations to Government prices of Indian rolled steel will be fixed at certain lower levels. We have no evidence that the Board has any intention of recommending a limitation of the usual freedom of a commercial undertaking to sell its products at the best prices obtainable.

With regard to the suggestion in Messrs. Dorman Long & Co.'s memorandum that the Board should instruct us regarding the objects of protection, may we point out that we cannot find that any member of the Indian fabricating industry has asked for more than an assured home market for the industry's output. We note with great interest that on the same page, the memorandum refers with justifiable complacency to the embarkation by Great Britain on a policy of protection "as a result of which the Home market is assured".

In the following appendices we substantiate, from the documents under reference, practically every vital statement made in our several representations to the Board. The figures in Appendix IV relating to cost of conversion are taken from Messrs. Braithwaite & Co. (India), Ltd.'s representation to the Board.

#### APPENDIX I.

##### *Transfer Prices of Plain Material from Mill to Fabricating Shop in Integrated Concerns.*

Messrs. Dorman Long & Co., Ltd., on page 4 of their memorandum, show that a rate of Rs. 222 f.o.r. Bombay equivalent (owing to the specially reduced ocean freights in this instance) to £12 per ton f.o.b. Middlesbrough entails a transfer price of £8-10 per ton for material. On the next page it is stated that the British export prices for material since December 1929 have been £7-7-6 for joists and sections, £7-15 for plates.

Even assuming that the conversion figure of £5-10-0 given by them includes all such costs as cast steel bearings and hook bolts (shown in oral evidence to be equivalent to Rs. 8-7 per ton on the whole tonnage) rolling margin, waste sectional extras, site rivets and bolts, spare rivets and rivet

bars (all of which items are usually included in the term "materials") we have the following:

	Rs. per ton.
Rate quoted by Messrs. Dorman Long & Co. for 11389.4 tons of bridgework f.o.r. Bombay as per their own statement . . . . .	205
Rate f.o.r. Bombay given by them in the example quoted above . . . . .	222
	17
Difference . . . . .	17
Equivalent at 1s. 6d. to	£1-5-6
Correcting this figure for Customs duty at 2½ per cent, this difference becomes . . . . .	£1-1-0

The rate of transfer from Mills to fabricating shop must therefore have been in this case, on their own showing, at least £6-10 less £1-1, viz., £5-9 and considerably less if their figure for "materials" includes cast steel bearings, hook bolts, rolling margin, waste, sectional extras, etc.

Messrs. Dorman Long & Co., on page 4 of their memorandum claim that the steelwork rate of Rs. 205 f.o.r. Bombay is not a true one as their tender was deliberately unbalanced, the tender for steelwork erection being artificially lifted and the tender for supply of steelwork being correspondingly lowered to avoid the risk of their being landed with the erection only.

It would seem that by this manoeuvre they also ran a very real risk of being landed with the supply of steelwork only at their tendered rate of Rs. 205 f.o.r. Bombay.

The following are the facts of the case:—

- (1) The conditions of contract published by the Bombay, Baroda and Central India Railway in their invitation to tender stated:—

"1. *Division of work*.—Tenders may be sent in for the whole of the work covered by the three schedules, or for the work included in any one or more of the schedules, or in the case of Schedule I for the works comprised in Section (a) or in Section (b) only".

- (2) In the winning tender, the stipulation was made:—

"With regard to Clause 1, page 3, these tenders are for the work as a whole, viz., for everything comprised in Schedule I to III inclusive. We do not offer to carry out the work specified in any one or part of a schedule by itself at the rates quoted."

- (3) On the 21st November, 1932 (15 days before the date for tendering), Messrs. Dorman Long & Co. approached Messrs. Braithwaite & Co., with the suggestion that collaboration should be arranged, Dormans to do the pierwork and Braithwaites the steelwork.

On the 25th November, 1932, they again invited co-operation on the following alternative bases:—

1. Dorman's fabrication of steelwork in Middlesbrough, Braithwaite's erection of spans, Dorman's pierwork.
2. Braithwaite's fabrication of steelwork in India and Dorman's pierwork with—
  - (a) Erection of steelwork by Dormans.
  - (b) Erection of steelwork by Braithwaites.

These invitations were not accepted.

Tenders were deposited in Bombay and London on 5th December, 1932.

These facts present a complete refutation of their claim,

## APPENDIX II.

*Competitive Prices.*

On page 1 of their memorandum, Messrs. Dorman Long & Co. claim that they alone are referred to in the submissions of Indian fabricators to the Board and imply that our concern is due to their possessing bridge and steelworks in close proximity to one another at the sea port of Middlesbrough. They also complain that Braithwaite & Co. (India), Ltd., in their representation selected as a solitary example of competitive prices the Nerbudda bridge tenders and of failure to refer to the tenders of Messrs. Sir William Arrol & Co., and the Cleveland Bridge Co.

Taking these statements together no better corroboration could be desired of the statement that it is the threat from integrated concerns and from them only that is adversely affecting the Indian fabricating industry. Competition from non-integrated concerns depending for plain material at controlled prices has not been responsible for forcing Indian prices below a fair level.

What concerns us is the power of integrated concerns to quote prices much lower than others, not because of higher efficiency, but because they are not affected by price regulation of the raw material.

In Table No. 2 of Messrs. Dorman Long & Co.'s memorandum the following results are given in respect of the 3 British tenders for Nerbudda:—

For supply of about 11,390 tons of steelwork f.o.r. Broach—

Dorman Long & Co., Rs. 24,12,303 or Rs. 211 per ton.

Sir William Arrol & Co., Rs. 28,33,447 or Rs. 247 per ton.

The Cleveland Bridge Co., Rs. 28,72,592 or Rs. 251 per ton.

Messrs. Sir William Arrol & Co., and The Cleveland Bridge Co., are non-integrated fabricators and the fact that their prices exceed Dorman Long & Co.'s price by Rs. 36 and Rs. 40 per ton respectively confirms as little else could all we have to say about the competition of integrated Mills and fabricators.

We regard Sir William Arrol & Co.'s price as perfectly fair and point out that had the "Export subsidy" been Rs. 15 instead of Rs. 30 per ton their price (corrected for customs) would have been at the rate of Rs. 259 per ton.

## APPENDIX III.

*High Tensile Steel.*

On page 13 of the memorandum, we read passages such as these:—

"The advent of the new High Tensile steel that the Company has patented in Great Britain under the name "Chromador" Steel has disconcerted our competitors in India. We have no hesitation in saying that the advent of Chromador has made the building of the Bridge at long last possible with the funds available for the purpose and if our competition for the work is eliminated costs will rise to such a level that construction will be postponed indefinitely."

Messrs. Dorman Long & Co. not unnaturally appear to hold out that there attaches some particular virtue to this proprietary high tensile steel.

This is not our view and in support we beg to cite the following evidence:—

(1) The Chairman of the Calcutta Port Commissioners writing to Mr. W. A. Radice on the 31st July, 1933, states:—

"With reference to my letter of the 26th instant Palmer says that the physical properties of the steel they propose to use are such that it can be obtained from steelmakers in England and elsewhere and is therefore obtainable by anybody on a commercial and competitive basis."

A similar statement was made to the Press.

- (2) With this appendix will be found a specification, communicated by the Calcutta Port Commissioners as emanating from their consulting engineers, describing the high tensile steel they propose should be used in the Howrah bridge. We are informed that the maximum copper content has been increased beyond 0.5 per cent. permitting the use of high tensile rust resisting steel outside the range of "Chromador".
- (3) We also enclose:—
- (a) A quotation by the Frodingham Iron and Steel Co., to the London Agents of Braithwaite & Co. (India), Ltd., dated 11th July, 1933, offering a high tensile steel falling within the Howrah Bridge specification, accompanied by a note comparing the analysis and prices of this steel with "Chromador".
- (b) A letter from The United Steel Companies (India), Ltd., to Braithwaite & Co. (India), Ltd., and a brochure describing "Kuplus" steel which also falls within the Howrah bridge specification.
- (c) Copy of a letter from the Railway Board dated 2nd February 1934 asking Burn & Co., Ltd., and Braithwaite & Co. (India), Ltd., to employ the high tensile steel made by The Tata Iron and Steel Co., in India for the construction of railway wagons for which they have orders. This is practical proof that India can and does produce high tensile steel of approved quality.

*Properties of the High Tensile Steel Required for the Howrah Bridge as Specified by the Calcutta Port Commissioners' Consulting Engineers.*

Ultimate strength 37.43 tons per sq. inch.  
 Yield point, not less than 23 tons per sq. inch.  
 Elongation (minimum) 18 per cent. on 8" specimen.  
 Reduction of area (minimum) 40 per cent.

Chemical analysis—

Carbon maximum 0.3 per cent.  
 Sulphur maximum 0.05 per cent.  
 Phosphorus maximum 0.05 per cent.  
 Copper 0.25 to 0.5 per cent.

Bend tests—

Fusion and welding properties as for mild steel rivets not yet fixed, but will have slightly lower ultimate strength and greater elongation.

COPY

FRODINGHAM IRON & STEEL Co., LTD.

Scunthorpe,  
 Lincolnshire.

11th July, 1933.

Messrs. Braithwaite & Co., Ltd.,  
 Broadway Buildings,  
 London, S.W. 1.

*High tensile Steel.*

Dear Sirs,

We desire to acknowledge with thanks your letter of the 6th July, and in reply have to state that we are not makers of the "Chromium Copper Steel" which is sold under the trade name of "Chromador".

As an alternative we can offer High Tensile Structural Steel with corrosion resisting properties.

Up to now, although we have sold steel of this quality for some time, we have not given it a brand name, and we therefore for the purpose of this enquiry prefer to call it our "Frodingham Brand High Tensile Steel for Structural Purposes" in the case of Sections, and "Appleby Brand High Tensile Steel for Structural Purposes" in the case of Plates.

Our steel has the following properties, which we claim are equal to those of other marketed special brands:—

Carbon .20 per cent. about.  
Sulphur and Phosphorus .05 per cent. max.  
Manganese 1.25/1.50 per cent.  
Copper .60 per cent. max.

This steel will give the following physical tests:—

Tensile stress 37/43 tons per square inch.  
Yield point 23 tons minimum.  
Elongation 17 per cent. minimum on 8".  
Reduction of areas 40 per cent.  
Cold Bend tests as British Standard Specification, Grade A.

The copper contents can be omitted without interfering with the mechanical properties of the steel. The omission of the copper will, of course, effect the corrosion resisting properties, which are similar to our "Kuplus" Steel, and are shown in the enclosed pamphlet.

Our prices for steel of this quality are as follows:—

*Sections.*—Rs. 30 per ton over basis of £8-7-6 per ton delivered West Bromwich—other extras in accordance with Extra List "D" dated the 25th June, 1930.

*Joists.*—Rs. 30 per ton over basis £8-15 per ton delivered West Bromwich—other extras as per Extra List "G" dated the 25th June, 1930.

*Plates.*—Rs. 45 per ton over basis of £8-17-6 per ton delivered West Bromwich—other extras as per Extra List "A" dated June 25th, 1930.

As regards delivery we could no doubt accommodate ourselves to your requirements.

*Terms.*—Nett cash on the 10th of the month following despatch.

We hope this matter may receive your consideration. We have been making High Tensile Structure Steel for many years now, and are, therefore, in a position to offer it with every confidence.

Yours faithfully,

per the Frodingham Iron and Steel Co., Ltd.,

Sales Manager.

	Frodingham.	Chromador.
Carbon . . . . .	.20 about.	.30 max.
Sulphur . . . . .	.05 max.	.05 max.
Phosphorus . . . . .	.05 max.	.05 max.
Manganese . . . . .	1.25 to 1.50.	.50 to 1.0.
Copper . . . . .	.60 max.	.25 to .50.
Tensile . . . . .	37/43.	37/43.

	Frodingham.	Chromador.
Yield Point . . . .	23 min.	23 min.
Elongation . . . .	17% min. on 8".	17% on 8".
Reduction . . . .	40%.	40%.
Cold Bend . . . .	B. S. S., grade A.	B. S. S., Grade A.
Silicon . . . .	Not specified.	·20 max.
Chromium . . . .	Presumably absent.	·70 to 1·1.
Sections . . . .	Basis <i>plus</i> £1-10.	Basis <i>plus</i> £1-12-6.
Plates . . . .	„ <i>plus</i> £2-5.	„ <i>plus</i> £2-7-6.
Joists . . . .	„ <i>plus</i> £1-10.	„ <i>plus</i> £1-12-6.

COPY.

THE UNITED STEEL Cos. (INDIA), LTD.

Sassoon House,  
4, Lyons Range,  
Calcutta.

Dated the 22nd September, 1933.  
Our Ref. P-106.

W. Lamond, Esq.,  
Messrs. Braithwaite & Co. (India), Ltd.  
Clive Works, Hide Road,  
Kidderpore.

*Kuplus Steel.*

Dear Sir,

We are taking the opportunity of enclosing you a brochure on the subject of the above steel which we trust you will find of interest. We do not propose to dilate here on the merits of this steel as particulars will be found inside the pamphlet: suffice it to say that as its name implies it contains a percentage of copper varying according to the purpose for which it is required and can be supplied in any form, i.e., as Bars, Sections, Plates, etc.

We would, however, mention the fact that we are also in a position to supply High Tensile Steels with or without an addition of copper which are particularly advantageous for certain types of constructional work. We are already marketing a high-manganese steel for this purpose, and will shortly be offering a chrome steel with similar properties. Both these steels carry a comparatively small extra over the ordinary 28/33 ton tensile steel. These steels can be supplied to give the following tests:—

Tensile strength 37/43 tons per sq. inch.  
Yield point 23 tons per sq. inch minimum.  
Elongation 17 per cent. minimum on 8 inches.  
Reduction of Area 40 per cent.  
Cold Bend tests as B. S. S., Grade A.

The copper content can be omitted without interfering with the mechanical properties of the steel, though this omission will, of course, affect its corrosion-resisting properties, as set out in the enclosed pamphlet,

We trust that you will be interested in these steels and would always be pleased to give you further particulars with regard to price, etc., on receipt of details of your requirements.

Yours faithfully,  
for the United Steel Cos. (India), Ltd.,  
(sd.) G. Hale,  
Manager.

COPY.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

CENTRAL STANDARDS OFFICE FOR RAILWAYS.

No. CW/WO.

February 2, 1934.

Messrs. Burn & Co., Ltd., Howrah.  
Messrs. Braithwaite & Co., Ltd., Calcutta.

*Railway Board's Combined Call for Tenders for the Supply of 1934-35 Requirements of I. R. S. Goods Stock.*

Dear Sirs,

With reference to Railway Board's letter No. 34/956/S, dated the 27th of January, I have to inform you that Messrs. The Tata Iron and Steel Co. have agreed to supply 500 tons of high tensile steel for trial purposes at the same rate as for ordinary mild steel.

As the Board are anxious to try out high tensile steel of Indian manufacture, I am to enquire if you are agreeable to utilise  $10 \times 3\frac{1}{2} \times 24$ -lb. high tensile channels for the solebars, headstocks and end longitudinals of 300 tons (Burn & Co.) and 200 tons (Braithwaite) of the "O" type wagons for which you have received an order, in which case it is requested that you will make the necessary arrangements with Messrs. Tata Iron and Steel Co.

I am further to request that this office may be in due course be advised of the numbers and owning Railways of the wagons in which these high tensile channels are incorporated.

Yours faithfully,  
(sd.)  
for Chief Controller of Standardization.

APPENDIX IV.

Messrs. Braithwaite & Co. (India), Ltd. are solely responsible for Appendix IV.

*Making Prices.*

On page 4 of Messrs. Dorman Long & Co.'s memorandum a conversion cost of £5-10 (say Rs. 73 per ton) is considered attractive to their Middlesbrough Works for big lots of repetition work of the Nerbudda type.

In Appendix IV of Messrs. Braithwaite & Co. (India), Ltd.'s submission to the Board there is given an estimate for this steelwork showing the cost to an average non-integrated bridgework fabricator in Great Britain. The conversion cost is given as £5-4-6 per ton. Discounting the "attractiveness"

of the £5-10 per ton rate given by Dorman Long & Co., their memorandum confirms the accuracy of the information placed before the Board.

On page 7, the inference is drawn from Table III that the margin for conversion has been lowered from Rs. 125 to Rs. 50. In Messrs. Braithwaite & Co. (India), Ltd.'s submission they stated that their price for conversion *under present low output conditions* and taking an average of all types of work, whether with plenty of repetition or not, is about Rs. 80 per ton for bridgework and Rs. 90 for steelwork. These rates compare well with the £5-10 rate (say Rs. 73) per ton mentioned by Messrs. Dorman Long & Co., as attractive to their British works for a large job offering plenty of repetition work. It also supports the claim that the Indian fabricator have found it impossible to sell their steelwork unless they voluntarily incurred a loss of Rs. 30 to Rs. 50 per ton. This loss has been carried entirely by the fabricating concerns.

On page 15 the Indian fabricators are accused of equipping and staffing their Works on too lavish a scale. The Board is told that in India labour costs are Rs. 20 per ton and salaries of covenanted staff from Rs. 30 to Rs. 40 per ton for heavy work, whilst those figures should be doubled for lighter work to Rs. 40 for labour and Rs. 60 to Rs. 80 for staff.

The conversion cost figures which Braithwaite & Co. (India), Ltd. communicated to the Board were based on experience gained by them during the past 5 years, during which period in spite of depression their work have fabricated approximately 73,000 tons in all, including 50,000 tons of heavy bridgework. They can at least lay claim to possession of ample experience in the production of bridgework and miscellaneous structural steel in India and are able to assure the Board that the "cost" figure put before them by Messrs. Dorman Long & Co., are very different from figures which can be proved from Braithwaite's records.

On page 14 a statement is made that Messrs. Braithwaite & Co. (India) Ltd.'s yearly capacity is less than Messrs. Dorman Long & Co.'s monthly output. The *output* of Braithwaite & Co. (India), Ltd., at present is averaging 2,000 tons per month. The suggestion that Dorman Long & Co.'s monthly output is, say, 24,000 tons is amazing. We would hazard a guess that 24,000 tons per month is well in excess of the output of the combined British fabricating industry.

### Henry Williams India (1931), Ltd., Calcutta.

(1) Letter No. 171/4076, dated the 22nd September, 1933.

#### IRON AND STEEL.

We beg to request permission to represent before the Tariff Board a case for the total abolition of the existing duty on billets imported from abroad.

Our existing Works at Shalimar have recently been considerably extended by the addition of rolling mills to be used in conjunction with our present plant for the production of various kinds of manufactured articles of Iron and Steel.

We should be pleased if your Board would inspect these rolling mills together with the remainder of our works, the whole of which forms a very substantial addition to the productive capacity of the Indian Engineering Industry.

The existence of these rolling mills and the ability of the manufacturing side of our Workshops to compete in Indian markets and to secure for manufacture in India a large proportion of certain classes of iron and steel products depends on the economical supply of billets to us.

The rolling mills under present conditions form an essential adjunct to our Works.

Our rolling mill extension has not been erected for the purpose of definite competition with the existing steel manufacturing industry in India. I



has been erected, because it has become more and more evident in recent years that the markets which we wish to secure in India, and for which we are particularly equipped, can be secured if billet is available to us at the same price as it is available to our competitors abroad.

Our finished manufactures fall largely within the category of Railway Permanent Way Materials, to which a greater part of our manufacturing capacity is devoted. Under this heading are included, in particular, Sleeper Fittings of various special designs, many of which necessitate specially rolled sections. Other classes of fittings, notably Fish Bolts, Fish Nuts and Rivets, necessitate material being rolled to within closer limits than are commonly obtainable, in order that the specified limits for the finished article may be maintained. Most of this special Permanent Way Material is now imported and at prices with which we are unable to compete owing to the high cost of billet.

Cases often occur where only small quantities of a particular section are required at one time, and such a rolling is not an economical item of production for a large rolling mill. It is our intention to produce such sections in comparatively small quantities as required from time to time to suit market demands. The possibility of our being able to capture this market is entirely dependent on the price of raw material.

A large quantity of the special sections referred to is at present imported from abroad and the whole of this work can conveniently be undertaken locally by our rolling mill from indigenous raw material provided the same is available at an economical rate.

There is in addition a large potential market for commercial bolts and nuts, practically the whole of which is at present in the hands of Continental bolt and nut makers. We have made strenuous efforts to capture this market, but in view of the inferior quality of the articles accepted by the market in general and the high local rates of finished material for their manufacture it is impossible to compete in this market at present. An economical supply of billet for rolling purposes will contribute largely to our ability to capture a portion of this very large market and to reduce the imports into India from abroad.

Our rolling mills are not capable of producing heavy sections nor is it intended that they should do so. Heavy sections are produced by the existing iron and steel manufacturers in this country and they represent their main items of production.

It cannot therefore be stated that our mills are erected for the purpose of competing with existing interests, but rather for the purpose of enlarging the iron and steel industry in India and placing it on a self-contained basis.

At present the iron and steel industry is not self-contained in that there are many commonly used sections which it does not produce and which are necessarily imported on this account. A total abolition of the import duty on billet will place us in the position to manufacture in India for this particular market.

It will be seen therefore that it is of the utmost importance that we should be at liberty to purchase our raw material at the lowest competitive rate, and at a price which will enable us to compete with imported manufactured articles, rates for which are commonly based on a much lower cost of raw material than is at present available in this country.

It is our desire to support the producers of raw material in India to the fullest extent by purchasing this additional material from them, provided the rates are more nearly competitive with those available to manufacturers abroad, and we feel sure that in this other rolling mills will co-operate.

We believe that the policy of the Government of India, with which your Board has been in sympathy throughout, was and still is to assist and foster the development of new industries. We submit that the time has now arrived for the abolition of all duties on raw material, on which such new industries depend. The necessity for increasing India's favourable trade

balance has recently been much in evidence, combined with the intention that India should be as self-contained as possible in its manufacturing ability. We submit that a substantial reduction in imports and a definite step towards the end in view can be made by the abolition of the duty on billets.

We shall therefore be glad if your Board will kindly furnish us with the opportunity of representing our case fully before them.

(2) *Letter No. 432, dated the 4th October, 1933, from the Secretary, Tariff Board, to Messrs. Henry Williams India (1931), Ltd., Calcutta.*

With reference to your letter No. 171/4076, dated the 22nd September, 1933, I am directed to ask that the following information may be supplied to the Board (with six spare copies) not later than the 4th November, 1933:—

- (1) When were your works started?
- (2) When were the rolling mills installed?
- (3) Total capacity of the rolling mills?
- (4) Principal classes of railway permanent way materials manufactured or likely to be manufactured?
- (5) Annual production of each class of material since commencement?
- (6) Quantity of billets used so far (a) Indian, (b) imported.
- (7) Price of billets—
  - (a) Indian—
    - (i) f.o.r. Tatanagar,
    - (ii) freight to works,
    - Total—
  - (b) imported—
    - (i) c.i.f. Calcutta,
    - (ii) Port dues, landing charges, etc.,
    - (iii) Duty,
    - Total—
- (8) Countries from which imported billets are or are likely to be obtained.
- (9) Average proportion of billets wasted in conversion.
- (10) Works cost (actual or estimated) of two or three typical classes of permanent way materials under the following heads:—
  - (i) Billets,
  - (ii) Other materials,
  - (iii) Labour,
  - (iv) Power and fuel,
  - (v) Establishment,
  - (vi) Repairs and maintenance,
  - (vii) Miscellaneous,
  - Total—
- (11) Total capital expenditure incurred—
  - (i) on the whole works,
  - (ii) on the rolling mills.
- (12) Recent prices of imported railway permanent way materials of the typical classes referred to in question (10)—
  - (a) c.i.f. Calcutta,
  - (b) Port dues, landing charges, etc.,
  - (c) Duty,
  - Total—

- (13) Countries from which these materials are generally imported.
- (14) Are there any other works in India equipped for the manufacture of permanent way materials from billets?
- (15) Estimated total market in India for the classes of materials you propose to manufacture.

(3) *Letter No. 171/4937, dated the 3rd November, 1933, from Henry Williams India (1931), Ltd., Calcutta.*

In reply to your letter No. 432, dated the 4th October, 1933, we beg to submit the information required as per attached list.

In amplification of the details furnished in the abovementioned list we should like to put forward the following reasons for our request that the present duties on billet should be abolished:—

1. In all highly developed countries the industry of Re-Rolling exists side by side with and sometimes actually owned by the major industry of Rolling direct from ingots produced by the Steelworks themselves.

2. As an example, the very large Corporation of Messrs. Guest, Keen and Nettlefolds, who import their own ore, and make everything from the raw material to the finished article, own the Re-Rolling firm of Exors of James Mills who roll from billets only for all their requirements.

3. In Belgium the very modern Re-Rolling Works of Soc. An de Forges et Laminoir de Nimy roll exclusively from billets and they have a very large business in Tube Strips and other special and small sections. This firm is controlled by the very large steelwork of Ougree Marihaye.

4. In Sheffield and the north of England there are large numbers of small and medium sized re-rollers who roll exclusively from billets, but the total forms a very important industry. The function of the re-rolling industry is as follows:—

- (a) To roll bars to special sections and limits as required by the firms themselves, *e.g.*:—
  - (i) Ibbotson Bros., who roll rounds to their own particular limits for bolts and bars to their own special sections for nuts.
  - (ii) Exors of James Mills, who roll a large variety of special permanent way sections from billet made by their principals, Guest, Keen and Nettlefolds, or purchased from other sources.
  - (iii) Darlington Rolling Mills, who roll window casement sections and small and difficult sections from billet and who roll very light rails from short lengths and crop ends of heavy section rails.
- (b) To roll bars of special sections which are required by other trades in quantities insufficient to justify Steel Makers' high productive plant being used.

A few of those sections in India would be as follows:—

- (i) Special wagon sections of various kinds required by the wagon building industry.
- (ii) Special light sections for Steel Shelving.
- (c) To roll bars to special limits where the limits are other than standard and cannot be worked to on a large Steelworks high production mill without undue expense and very heavy decrease of output, *e.g.*:—
  - (i) Rivet Bar for manufacture of rivets to British standard specification limits which necessitate not only a finer grade of limit but a different dimension which would make these bars practically useless for commercial purposes, *i.e.*, they necessitate special rolls and special rolling.

## (ii) Bolt and Nut Bars.

The Bolt bars are also rolled in similar limits to rivets, but frequently they must be of higher tensile than for commercial uses.

Nut bars are not only rectangles of very unusual dimensions involving  $\frac{1}{32}$ " sizes, but in addition frequently the edges require to be a special shape to get the correctly finished nut. These sections are only suitable for a Re-Rolling Mill.

- (d) To roll small quantities of ordinary sections which are at present supplied almost exclusively from imported stocks. It is impossible for any Steel Works even of the size of the Tata Iron and Steel Co., Ltd., to stock every section, neither is it their province. (i) This trade is therefore lost to the country by being supplied from importers and (ii) Industry is handicapped, because importers cannot always have the stocks required.

In highly productive countries this forms almost the chief form of employment of re-rollers, viz., the supply of 1 to 10 tons for any manufacturer, which thereby enables hundreds of small manufacturers to obtain the material which they want for their trades and carry on their business.

It would be most uneconomical for steel works to turn their high productive plant on to manufacture these small quantities; their plant is designed for fulfilling a greater service to the country by supplying large quantities of steel sections. The two trades and two industries run quite parallel in all highly developed countries. It is almost impossible for countries to develop unless the small manufacturer can secure his supplies generally from the re-roller direct.

Although we are aware that sub-agents exist in various parts of India for the purpose of distribution of materials from the Tata Iron and Steel Co., Ltd., such men obviously cannot stock every section and therefore the user is frequently forced to accept another section which is not the best for the purpose and entails extra expenses to him in adaptation to his purpose.

5. The imposition of import duties on iron and steel was originally made principally with the object of assisting the Tata Iron and Steel Co., Ltd., during its development.

6. Special tariffs, special rail freights and State assistance have been given to the Tata Iron and Steel Co., Ltd., for close on 25 years, with the natural result that other subsidiary industries are springing up all over India with the object of participating in the enormous benefits granted by the State to enable the original concern, the Tata Iron and Steel Co., Ltd., to develop. While we agree that a tariff on imported finished steel was and still is a necessity, we submit that a State-aided concern should not be permitted to sell raw materials in the shape of billets to competitive countries at a lower price than they are agreeable to sell to consumers of raw material of the same type in India.

7. As an instance of this, quotations have been made and billets imported into England at a price of £5 per ton f.o.r. English Port. We have definite evidence, which we can produce to the Tariff Board, of recent quotations made to British Competitors at this rate. This is below the price, at which this material can be purchased in India, and enables it to be used to compete against the Indian industry making the finished products. The cost of producing raw steel and finished sections in India is stated by those at present engaged in this industry to be greater than that of producing similar material in competitive countries which fact gives rise to the necessity for protection which has been enjoyed by the Tata Iron and Steel Co., Ltd., for so many years. In the same manner the cost of producing finished articles from billet by subsidiary concerns is likely to be higher than that

of competitive concerns abroad. It is therefore necessary that Indian industry should obtain its billet at least on equal terms with its foreign competitors.

8 The selling abroad of cheap raw material at prices lower than local consumers can purchase at militates very severely against consumers like ourselves, *e.g.* :—

- (a) It allows the manufacturers of finished articles abroad to compete with success against manufacturers in India.
- (b) It imposes a severe handicap on the extension of the Engineering and Iron and Steel Industry in this country.
- (c) Finished sleepers manufactured by the Tata Iron and Steel Co., Ltd., have been sold at a price of Rs. 8-7 each including fittings and delivered at railway site, which price is equal to Rs. 6-8 for the finished manufactured sleeper *f.o.r.* Tatanagar; deducting an amount of Re. 1 as the cost of finishing the sleeper and the on-cost and proportionate profit on this work, the price for the steel rolled bar for the manufacture of the sleeper is not greater than Rs. 72 per ton. If therefore sleeper bar can be rolled and sold at a profit at this price of Rs. 72, it is certain that billet can also be rolled and sold at a lower price with an equal margin of profit. As the sleeper bar is rolled on the same Mill which produces billet and requires more expensive rolls and finer limits, it must obviously follow that the cost of billet from the same Mill must be less and therefore be able to be sold at a lower price with the same margin of profit.

The prices of finished sections which we require for the manufacture of certain classes of articles such as bolts and nuts, coach screws, trenails, rivets, and many other permanent way requirements are so high that it is impossible to compete with the imported finished articles in most cases in spite of the duties which exist. We should like to instance a price of Rs. 155 per ton for fish bolt steel to specification which is a quotation made by the Tata Iron and Steel Co., Ltd. It is impossible to convert this material into bolts and nuts and compete with an imported price of about Rs. 205 per ton which obtained at that date or a present price of Rs. 215 per ton for the finished product, because 26 cwts. of steel are required to make one ton of bolts and nuts and cost Rs. 201-8 before any manufacture is put on. If the billets were supplied to us at a reasonable price we could roll the bars ourselves and compete for the finished article.

We have therefore had no option but to erect our own re-rolling mills in order that we may ourselves carry out the re-rolling of the semi-finished material in the form of billet, and thereby save the excessive cost of paying for the finished product which prevents our competing in the markets for manufactured articles for which we are equipped.

We have experienced such difficulties in obtaining the classes of material which we require from the Tata Iron and Steel Co., Ltd., in the past that it appears that this company is endeavouring at the present time to use its influence together with the aid which has been granted to them by the State to prevent the natural development of legitimate iron and steel industry in India which is not within its direct control. We submit that it is not nor was it the intention when the protection was originally introduced, that the State aid should be granted to the extent of many millions of pounds to develop the iron and steel industry in India in such a manner as to create a monopoly by one particular interest. Such a monopoly tends to prevent the natural development of subsidiary industries from their very commencement. We believe that we are fully justified in expecting that the State in its own interest will give equal encouragement to other classes of iron and steel manufacturers, particularly where such industry has been established by individual enterprise and initiative without pecuniary

assistance from the State. We therefore submit that the supply of billet to us by the Tata Iron and Steel Co., Ltd., should be made:—

- (a) At exactly the same price as it is supplied to other consumers in this country.
- (b) At a price not greater than that at which it is sold abroad.
- (c) At the same price as billet can be imported from abroad without import duty.
- (d) At a price based on the cost of production of the billet with the relative proportion of on-costs only and not at a price which includes either the total on-cost necessary for rolling the billet into finished sections or of the profit which might have been made if these billets had been rolled into finished sections.

These requirements are the reasonable outcome of the development of the industry in India and are, we submit, one of the principal objects held in view by the State in granting such a large measure of protection of industry for the past 25 years.

If the above considerations are accepted we and other like industries in India are ready to support the local producers of raw material to the fullest extent provided equal facilities are offered to all. It is essential that the necessary raw material should be available in India at such prices as will enable finished products to be manufactured in India at prices reasonably competitive with the imported.

There is an enormous available market for various finished products in India which is not and is never likely to be covered by the output of the Tata Iron and Steel Co., Ltd. In support of the above statement we would draw your attention to the statistics of Customs Return available for the last few years. These reveal the following instances:—

- (a) In 1930-31, an average post-war year, 86,773 tons of beams, channels and billets were imported into India.
- (b) In the same year 87,370 tons of mild steel bars were imported.
- (c) Over 9,000 tons of bolts and nuts were imported.
- (d) 16,000 tons of sleepers and keys for Indian State Railways were imported.
- (e) Large quantities of miscellaneous special sections were imported such as fencing materials, rivets, etc.

The above is ample evidence that a very large market exists with which the Tata Iron and Steel Co., Ltd., cannot cope largely for the reasons already advanced, but which can be successfully obtained by Indian manufacturers if an adequate supply of the simplest form of semi-finished product, namely, billet is obtainable by subsidiary manufacturers.

The above will show that the desire of the re-rolling industry to obtain an adequate supply of cheap billet is a legitimate one and not harmful to the existing Iron and Steel Interest.

If rates for billet are not reduced the existing discrepancies between the prices charged by the local steel producers and those obtainable by European competing firms will be so enhanced as to preclude reasonable competition by the Indian manufacturer with the imported finished article.

Retention of all possible manufacturing orders in India is of extreme importance to the country in that it provides additional employment for the people of India and assists in the industrial development.

At the present juncture the maintaining of a healthy trade balance in favour of India is of great importance and an ample supply of billet at cheap rates will definitely assist in improving this balance, as the whole of the work on many articles now manufactured outside India can be carried on in this country. High prices for billet will necessarily mean reduced employment in this country for the people of India and increase in the manufactured articles which India purchases outside.

The Tata Iron and Steel Co., Ltd., fixed with us a contract earlier this year (referred to elsewhere) for a large parcel of billet for the re-rolling of Steel Taper Keys, Rivet Bars and various special sections. They have recently attempted to avoid completion of this contract by an interpretation of one phrase in the contract in a manner which we do not accept, and have held up further supplies.

They have either done this on account of subsequent rise in price or a desire to handicap and destroy our re-rolling ability.

We submit that this example of how a monopolist concern can harass and refuse to assist a subsidiary concern which is legitimately entitled to a part in the manufacturing industry of India indicates the utter dependence of other Engineering firms on the Steel producer, and the necessity for assisting them.

We trust that the foregoing representation will receive the sympathetic and favourable consideration of the Tariff Board, to whom we are compelled to turn for assistance. We hope that as an outcome of this request we shall be placed in a position to play a useful part in the Industrial Development of India, and to capture the potential markets at present largely held by foreign competitors.

Enclosure.

*Replies to Questionnaire.*

1. In 1922.
2. In 1932-33.
3. The Rolling Mill consists of the following:—
  - (a) 4 Bar Mills, re-rolling type, not suitable for heavy billets or for long lengths, *i.e.*, they are not repeating and not continuous mills.
  - (b) 1 Sheet Mill, jobbing type, for breaking down and finishing sheets in small quantities, not for galvanized iron sheets.

The installation of the whole of this plant is not yet complete.

4. Commercial Bolts and Nuts.

Fish Bolts and Nuts.

Dog Spikes.

Screw Spikes and Trenails.

Rivets to British standard specifications.

Taper Keys.

Cotters.

Gibs.

Liner Sections.

Tie Bars.

Creep Anchors.

Points and Crossing Components of special sections.

Signal Fittings.

Small Bearing Plates of special sections.

Special wagon sections not at present manufactured in India.

Special Bridge sections.

Steel Shafting.

Miscellaneous special sections not at present obtainable in this country, *e.g.*, Beaded Rickshaw Tyres, Window sections, etc.

5. No production of these sections has so far been made from our own Rolling Mills. Previous manufactures have been almost entirely from imported rolled sections, as in most cases it has been impossible to obtain the necessary sections from the Tata Iron and Steel Co., Ltd.

A table showing the imported tonnages of several of the above mentioned items is appended together with a statement of the limited quantities which we have been able to produce owing to the impossibility of obtaining local materials.

6. Quantity of billets used—

- (a) *Indian*.—Approximately 300 tons used for dropstamping. We have been unable to obtain billets for rolling at an economical price. 1,280 tons are on order with the Tata Iron and Steel Co., Ltd.
- (b) *Imported*.—Approximately 250 tons have been used for dropstamping.

7. Price of billets—

(a) *Indian*—

Probable price for a large quantity—

(i) F.o.r. Tatanagar . . . . .	Rs. 80 per ton.
(ii) Freight to Works . . . . .	Rs. 4-8
	<hr/>
	Rs. 84-8

Tatas quoted Rs. 75 f.o.r. Calcutta in April, 1933, for very large parcel. A contract was ultimately fixed for 1,500 tons at Rs. 71 per ton f.o.r. Shalimar. Tatas have subsequently attempted to cancel 1,280 tons of this quantity, the price of imported billet having risen recently.

Prices quoted by Tatas f.o.r. British Port, £5 per ton.

(b) *Imported*—

	Prices per ton.	
	British.	Continental untested.
	Rs.	Rs.
(i) C.i.f. Calcutta . . . . .	84-7	63-2
(ii) Port dues, landing and clearing to Calcutta works . . . . .	6	6
(iii) Duty at 10 per cent. in the case of British and 20 per cent. in the case of Continental billet . . . . .	8-47	12-63
	<hr/>	<hr/>
	99-17	81-83

8. England, France, Belgium and Germany.

9. This depends very largely on the section to be rolled, but will probably average at least 8 per cent. to 10 per cent.

10. (a) *Commercial Bolts and Nuts of standard sizes*—

(i) Billets—Rs. 85 a ton plus wastage 8 to 10 per cent., say Rs. 8 . . . . .	Rs. 93
Rolling cost estimated Rs. 35 per ton . . . . .	Rs. 35
Cost of Bars finished per ton . . . . .	Rs. 128

Approximate allocation of costs is as follows per ton of finished bolts and nuts:—

NOTE.—One ton of finished bolts and nuts requires 26 cwts. of Rolled Bars including wastage to produce it.



	Rolling.	Making Bolts and Nuts.
	Rs.	Rs. A.
(ii) Other materials . . . . .	3	7 12
(iii) Direct Labour . . . . .	10	15 14
(iv) Power and Fuel . . . . .	6	8 14
(v) Establishment . . . . .	3	10 0
(vi) Repairs and Maintenance . . . . .	3	4 12
(vii) Miscellaneous—Rent Rates, Depreciation, etc. . . . .	10	16 2
Total . . . . .	35	63 6
 <i>Add cost of raw material—</i>		
$\frac{1}{5}$ × Rs. 128 per ton . . . . .		166 8
Total . . . . .		229 14

At the present time we can sell these bolts and nuts at an average of between Rs. 11 and Rs. 11-8 per cwt. which is less than actual cost without the addition of any Commercial Charges at all.

Messrs. Tata Iron and Steel Co., Ltd., state in their representation that an economical sale price for billet is Rs. 70 per ton f.o.r. Tatanagar. This price would probably enable us to compete in this market and capture practically the whole of it, with their billet. At the present time they refuse to sell billet at this price, with the result that practically all these materials are imported from the Continent.

(b) *Fish Bolts and Nuts*, Typical size to British Standard Specification, 5' × 1'—

Weight of Steel required for 1 ton, 26 cwts.

	Rs. A.
(i) Cost from Tata at Rs. 155 per ton . . . . .	201 8
	Rs. A.
(ii) Other materials . . . . .	6 2
(iii) Direct Labour . . . . .	10 12
(iv) Power and Fuel . . . . .	6 10
(v) Establishment . . . . .	7 8
(vi) Repairs and Maintenance . . . . .	3 12
(vii) Miscellaneous—Rent Rates, Depreciation, etc. . . . .	12 0
Total cost . . . . .	248 4
 <i>Imported price of similar finished bolts and nuts—</i>	
C.i.f. . . . .	155 0
Duty . . . . .	56 4
Port dues and clearing . . . . .	4 0
	215 4

	Rs.
Tatas High Tensile Billet at Rs. 121 . . . . .	121
Add wastage . . . . .	10
Estimated Rolling Cost . . . . .	35
	<hr/>
Cost of finished bars . . . . .	166
	<hr/>
	Rs. A. P.
$\frac{26}{100} \times \frac{166}{1}$ . . . . .	215 12 10
Add labour, etc. . . . .	46 12 0
	<hr/>
	262 8 10
	<hr/>

Cost price of these Billets to the Continental Manufacturer would not exceed Rs. 60 per ton.

(c) *Mild Steel Rivets, 2" x 3/4" to B. S. S.*—

(i) Billets—at Rs. 90 plus Rs. 8 wastage (tested to specification) . . . . .	Rs. 98
Rolling . . . . .	Rs. 35
	<hr/>
	Rs. 133
	<hr/>

Approximate allocation of costs is as follows per ton of finished rivets:—

NOTE.—One ton of finished rivets requires 22 cwt. of Rolled Bar to produce it including wastage.

	Rs. A.
(ii) Other materials . . . . .	5 1
(iii) Direct Labour . . . . .	8 2
(iv) Power and Fuel . . . . .	4 6
(v) Establishment . . . . .	5 0
(vi) Repairs and Maintenance . . . . .	2 8
(vii) Miscellaneous—	
Rent Rates, Depreciation, etc . . . . .	8 3
	<hr/>
	33 4
	<hr/>
Add cost of raw material—	
$\frac{26}{100} \times$ Rs. 133 . . . . .	146 8
	<hr/>
	179 12
	<hr/>

Imported rivets sell here at about this price, and it is therefore impossible to sell locally made rivets with commercial charges added except at a loss.

11. Total capital expenditure—

	Rs.
(i) On the whole Works . . . . .	27,68,119
(ii) Value of Rolling Mills—	
(a) Purchased and installed to date [included in (i)] . . . . .	10,39,511
(b) Under order and consideration to complete the scheme [not included in (i)] . . . . .	1,45,500

12. Recent prices of imported railway permanent way materials of the typical classes referred to in No. 10 above—

(i) *Commercial Bolts and Nuts*, standard sizes—

	Rs.	A.
(a) O.i.f. Calcutta . . . . .	165	0 per ton.
(b) Port dues, landing charges, etc. . . . .	4	0
(c) Duty . . . . .	56	4
Total . . . . .	225	4

(ii) *Fish Bolts and Nuts*, 5" x 1"—

	Rs.	A.
(a) O.i.f. Calcutta . . . . .	155	0 per ton.
(b) Port dues, landing charges, etc. . . . .	4	0
(c) Duty . . . . .	56	4
Total . . . . .	215	4

(iii) *M. S. Rivets*, 2" x ½"—

	Rs.	A.
(a) O.i.f. Calcutta . . . . .	126	0 per ton.
(b) Port dues, landing charges, etc. . . . .	4	0
(c) Duty . . . . .	50	0
Total . . . . .	180	0

13. England, France, Belgium, Germany and Hungary.

14. Yes.

15. At least 30,000 tons annually.

*Tonnages of certain items in paragraph 4 manufactured in our works principally from imported sections.*

Item.	Years 1926-1929. Tons.	Years 1930-1933. Tons.	Imports 1930-1933.
Commercial Bolts and Nuts . . . . .	152	202	} 25,562 to date.
Fishbolts and Nuts . . . . .	295	445	
Dogspikes, Screwspikes and Trenails . . . . .	1,088	2,114	} Separate ton- nages for these items are not available from import figures but we know that the quanti- ties are very large.
Rivets . . . . .	37	115	
Taper Keys . . . . .	1,700	100	
Cotters, Gibs, Liners and distance pieces of special section . . . . .	644	39	

(4) *Letter No. 171/6398, dated the 6th January, 1934, from Henry Williams India (1931), Ltd., Calcutta.*

#### SUPPLEMENTARY MEMORANDUM.

With reference to the representation already submitted by us under our letter No. 171/4937, dated the 3rd November, 1933, and in accordance with

the instructions of the President and the members of the Tariff Board, we beg to submit further information in reply to their request made at the hearing of our oral evidence on the 29th of November, 1933.

I. COST OF TYPICAL ITEMS OF MANUFACTURE FROM BILLET.

We append two statements showing the estimated costs of the two typical items requested, based on an assumed billet price of Rs. 74 per ton f.o.r. Shalimar for mild steel billets:—

- (a) Commercial Bolts and Nuts.  
(b) Rivets.

We also append three other statements showing the estimated costs of Dogspikes, Merchant Bars, and Steel Taper Keys:—

- (c) Dogspikes.  
(d) Merchant Bars.  
(e) Steel Taper Keys.  
(a) Commercial bolts and nuts—

Statement of cost based on Billet at Rs. 74 f.o.r. Shalimar.

	Rs.
(i) Billets—Rs. 74 per ton <i>plus</i> wastage say Rs. 7 . . . . .	81
Rolling cost estimated at Rs. 35 per ton . . . . .	35
	<hr/>
Cost of finished bars per ton . . . . .	116

Approximate allocation of costs is as follows per ton of finished bolts and nuts:—

NOTE:—Costs are based on a monthly average of 350 tons of finished articles.

	Rolling. Rs.	Making Bolts and Nuts. Rs. A.
(ii) Other materials . . . . .	3	7 12
(iii) Direct Labour . . . . .	10	15 14
(iv) Power and Fuel . . . . .	6	8 14
(v) Establishment . . . . .	3	10 0
(vi) Repairs and Maintenance . . . . .	3	4 12
(vii) Miscellaneous—		
Rent, Rates, Depreciation, etc. . . . .	10	16 2
	<hr/>	<hr/>
Total . . . . .	35	63 6
	<hr/>	<hr/>
Add cost of raw material—		
$\frac{3}{8} \times$ Rs. 116 . . . . .		150 13
		<hr/>
		214 3
Add—		
Commercial charges estimated at Rs. 10 a ton . . . . .		10 0
Interest on Capital at 5 per cent., i.e., 5 per cent. on Rs. 10,10,934=Rs. 50,547 equivalent to Rs. 12-1 per ton on an annual tonnage of 4,200 . . . . .		12 1
		<hr/>
		236 4
		<hr/>

Capital cost has been arrived at as follows:—

<i>Bolt, Nut and Spike Works—</i>	Rs.
Buildings	1,65,017
Machinery and Plant . . . . .	3,99,664
<i>Rolling Mill—</i>	
One quarter of capital cost of the rolling mill	
=Rs. $\frac{11,85,011}{4}$ . . . . .	2,96,253
	<u>8,60,934</u>
Approximate finance required for a portion of stock for this purpose . . . . .	1,50,000
	<u>10,10,934</u>

4,200 tons of bolts and nuts, rivets, etc., is expected to absorb approximately 5,000/6,000 tons of raw material from the rolling mill depending on the tonnage proportion of each class of product, as bolts and nuts require a greater tonnage of raw steel than rivets. Therefore one quarter of the capital cost of the mill has been included in the capital figure in order to arrive at the interest charged per ton of output.

(b) *Mild steel rivets, 2" x 3/4" to B. S. S.—*

Statement of cost based on Billet at Rs. 74 per ton f.o.r. Shalimar.

	Rs.
(i) Billets—Tested to specification at Rs. 74 per ton	
<i>plus</i> Rs. 7 wastage . . . . .	81
Rolling cost estimated at Rs. 35 per ton . . . . .	35
	<u>116</u>
Cost of finished bars per ton . . . . .	116
Approximate allocation of costs is as follows per ton of finished rivets:—	

NOTE—

One ton of finished rivets requires 22 cwts. of rolled bar to produce it including wastage.

Costs are based on a monthly average of 350 tons of finished articles.

	Rs. A.
(ii) Other materials . . . . .	5 1
(iii) Direct Labour . . . . .	8 2
(iv) Power and Fuel . . . . .	4 6
(v) Establishment . . . . .	5 0
(vi) Repairs and Maintenance . . . . .	2 8
(vii) Miscellaneous—	
Rent, Rates, Depreciation. . . . .	8 3
	<u>33 4</u>
Total . . . . .	33 4
Add cost of raw material—	
$\frac{11}{13}$ x Rs. 116 . . . . .	127 10
	<u>160 14</u>
Add—	
Commercial charges estimated at Rs. 10 a ton . . . . .	10 0
	<u>170 14</u>
Interest on Capital at 5 per cent., i.e., 5 per cent. on Rs. 10,10,934=Rs. 50,547 equivalent to Rs. 12.1 per ton on an annual tonnage of 4,200 . . . . .	12 1
	<u>182 15</u>

For details of additional charges please see the previous statement of cost of commercial bolts and nuts.

(c) *Dogspikes*—

Statement of cost based on Billet at Rs. 74 f.o.r. Shalimar.

	Rs. A.
Billet at Rs. 74 per ton <i>plus</i> wastage Rs. 7 . . .	81 0
Rolling cost estimated at Rs. 35 a ton . . .	35 0
	<u>116 0</u>

Approx. 22 cwts. of rolled bar are necessary to make one ton of dogspikes, with the most efficient manufacture.

	Rs. A.
Cost of raw material is therefore $\frac{22}{100} \times 116$ . . .	127 10
Manufacturing costs have been found to be approximately the same as for Bolts and Nuts . . .	50 0
	<u>177 10</u>

Commercial charges estimated at Rs. 10 per ton . . .	10 0
Interest on capital 5 per cent. on Rs. 10,10,934 = Rs. 50,547 equivalent to Rs. 12-1 per ton on an annual tonnage of 4,200 . . .	12 1
	<u>199 11</u>

(d) *Merchant Bars*—

Statement of cost based on Billet at Rs. 74 f.o.r. Shalimar.

	Rs.
Billet at Rs. 74 per ton <i>plus</i> wastage Rs. 7 . . .	81
Rolling cost estimated at Rs. 35 per ton . . .	35
	<u>116</u>

Add commercial charges at Rs. 5 per ton . . . . . 5  
Interest on Capital—

	Rs.
30 per cent. of Capital cost of Rolling Mill = 30 per cent. of Rs. 11,85,011 . . .	3,55,503.3
Finance for stocks, say 5 per cent. interest . . . . .	1,25,000
	<u>4,80,503.3</u>

5 per cent. interest approx. . . . . 24,000  
With annual tonnage assumed at, say, 6,000 . . . . . 4 approx.

125

The position of re-rollers with a supply of billet at Rs. 74 per ton delivered at Calcutta is impossible. Their works cost would be more than the sale price obtainable without any provision for overheads or depreciation. They could not carry on, in fact they could not start. This situation could not be met by an increased duty on finished bars, because in

addition to such increased duty being against the expansion of India's industry, the price could not be maintained, as Messrs. Tatas could adjust the price to ruin re-rollers. This would be easily within their power, as if they obtain an excessive profit on the billet they can exist with a very small profit or even a loss on the rolling and still keep their present margin on the finished article.

(e) *Key Bars and Steel Taper Keys—*

	Rs.
Billets at Rs. 74 per ton plus wastage Rs. 7 . . . . .	81
Rolling cost estimated at . . . . .	105
	<hr/>
	186
C.i.f. price of double taper key bar . . . . .	150
10 per cent. duty on c.i.f. price . . . . .	15.6
	<hr/>
	171.6
	<hr/>

If the duty was 30 per cent. being the same ratio as Merchant Bars, duty would be Rs. 45 to Rs. 46 and the total cost Rs. 202.

	£	s.
Cost of British merchant bars approx. . . . .	7	10
Cost of British Billet for making . . . . .	5	10
	<hr/>	<hr/>
Therefore rolling cost of British merchant bars . . . . .	2	0
	<hr/>	<hr/>
Cost of British double taper key bar . . . . .	11	10
Cost of British billet . . . . .	5	10
	<hr/>	<hr/>
Therefore rolling cost of double taper key bar . . . . .	6	0
	<hr/>	<hr/>

The rolling costs of this bar are 3 times as high as in normal bar. This is due to the taper, which has to be entirely put in, in the last pass, involving great wear on the rolls and frequent breakages of roll necks due to the great power required. In one of the most experienced works in Sheffield the final impression is found to last only 10 tons of rolling, that is, less than one-fifth of an ordinary section. These rolls are also very expensive to cut.

Single key bar has been made for 50 years in England and is the product of many works and is frequently competed for at very cut prices. As an example, on 3rd June 1932 this key bar was quoted for the Bombay, Baroda and Central India Railway order at £8-2-6 per ton c.i.f. equal to Rs. 116 per ton which with duty of 10 per cent. is on Rs. 127-3. A duty of Rs. 50 a ton, being that on the finished keys, is therefore only a very moderate safeguard against this competition from a highly developed country.

The equivalent position for ordinary merchant sections is:—

Cost of British bars c.i.f. £7-10 to £8, Rs. 100 to Rs. 106-8.
Duty on same, Rs. 32-8.
Per cent. duty on c.i.f. price, Rs. 32.5 per cent. to 30 per cent.
Cost of Continental bars £5-11 c.i.f., Rs. 74 per ton.
Duty on same, Rs. 46-4.
Per cent. duty on c.i.f. price, 62½ per cent.

We submit as a reasonable request in order to establish the industry of rolling taper key bars in India that a protection of Rs. 50 a ton, equal to that on the keys, should be allowed for a number of years. We visualise in a few years the duty could be reduced to the same proportion to cost as merchant bars, viz., 30 per cent.

According to your instructions the foregoing statements include commercial charges and an interest of 5 per cent. on the Capital involved which we think you will agree is the very minimum interest which Capital can expect.

It is only fair and reasonable that a manufacturer should make a profit, apart from paying a bare interest on Capital of 5 per cent. A further 5 per cent. should be at least a legitimate expectation, equalling an additional Rs. 12-1 per ton.

Such return should be possible on a volume of output of not more than 50 per cent. plant capacity. The remainder of the plant capacity requires to be available to cope with a peak load due to seasonal or other irregular demands, and without it no works would be able to give to its customers the services which they have a right to expect, in the event of special demands being made for certain classes of article, and without which they would place their orders with other suppliers.

It will be noted that for purposes of costs the full output on single shift from our various machines capable of the manufacture of Bolts and Nuts, Rivets and Spikes has been taken. Had we assumed an output of 50 per cent. single shift capacity our miscellaneous overhead charges would be practically doubled.

We have illustrated the effect of a small output on miscellaneous charges in the following statement:—

*Statement of miscellaneous expenses and depreciation at the figure of Rs. 67,618 based on the tonnages of recent years.*

Year.	Tonnages.	Rate per ton.
1929-30 . . . . .	711	95
1930-31 . . . . .	275	245
1931-32 . . . . .	2,150	31
1932-33 . . . . .	493	137

The years 1929-30, 1930-31 and 1932-33 were particularly bad years, as although the capacity of plant existed it was impossible to obtain orders due almost entirely to the dumping of large quantities of Continental products at prices well below our cost of production.

The year 1931-32 shows an improved tonnage by reason of one very large order for dogspikes which we obtained at an extremely low price well below production costs, and on which we lost heavily, although we manufactured the tonnage involved in about 4 months.

All the above years resulted in heavy losses.

The year 1931-32 may be considered as typical of half output at single shift, and it will be seen that the miscellaneous charges are over Rs. 31 per ton instead of Rs. 16. It would therefore be reasonable to add a further Rs. 15 to the figures in our cost statements for bolts and nuts, rivets, and dogspikes, and these would then be as under:—

Bolts and Nuts, approximately Rs. 251 per ton.

Rivets, approximately Rs. 198 per ton.

Dogspikes, approximately Rs. 215 per ton.

If the plant is able to run to its full capacity the additional 5 per cent. interest on Capital mentioned earlier should quite rightly be anticipated. It will therefore be evident that in the case of half output some Rs. 15 and in the case of full output some Rs. 12 per ton is a fair



additional expectation. In either event, the manufacturer is justified in expecting a higher price level.

We maintain that an adequate supply of billet at not more than Rs. 65 per ton and preferably at Rs. 60 per ton is a reasonable demand, and is necessary to ensure the successful development of these subsidiary industries.

The duties suggested by us in paragraph 2 do not actually cover the charges detailed above, and we therefore beg to suggest that a lower price for Billet to Indian Industries is an essential solution to the problem.

*Comparative Statement of Costs with Billet at Rs. 74 and Rs. 65.*

	At Rs. 74.	At Rs. 65.
	Rs. A.	Rs. A.
(a) Bolts and Nuts . . . . .	236 4	223 10
(b) Rivets . . . . .	182 15	171 15
(c) Dogspikes . . . . .	199 11	188 11
(d) Merchant Bars . . . . .	125 0	115 0
(e) Rolled Taper Key Bar . . . . .	186 0	176 0

**2. DUTIES REQUIRED ON ITEMS DETAILED IN PARAGRAPH 1.**

With regard to the duties which will be required for British and Continental importations in each case in order to bring them on a par with the cost of production for these articles, we beg to state as follows:—

(a) *Bolts and Nuts*—

Present duties—

British Rs. 56-4 per ton.  
Continental Rs. 56-4 per ton.

Rs. A.

The average import price over the last 3 years for typical sizes of Continental bolts and nuts, on which our cost statement is based, equals about . . . . .	150 0 per ton c.i.f.
Add for landing and clearing . . . . .	4 0 per ton
	<hr/>
	154 0 per ton
Estimated cost of our production from cost sheet . . . . .	236 4 per ton
Difference . . . . .	<hr/>
	82 4 per ton

The duty required to bring the landed cost of these bolts and nuts on to approximately the same level as the cost of production in India would therefore be at least Rs. 85 per ton.

British bolts and nuts would be expected to average about Rs. 20 per ton higher than Continental bolts and nuts and therefore the present duty of Rs. 56-4 per ton on British bolts and nuts should be raised to Rs. 65 per ton.

(b) *Rivets*—

Present duties—

British Rs. 50 per ton.  
Continental Rs. 50 per ton.

Rs. A.

The average import price over the last 3 years for typical sizes of Continental rivets on which our cost sheet is based equals about . . . . .	116 0 per ton c.i.f.
Add for landing and clearing . . . . .	4 0 per ton
	<hr/>
	120 0 per ton
Estimated cost of our production from cost sheet . . . . .	182 15 per ton
Difference . . . . .	<hr/>
	62 15 per ton

During the past two years dumping of imported Continental rivets has taken place in very large quantities at prices very considerably below those which appertain to-day. A rise in price has lately taken place but has again shown a falling tendency very recently. Until this rise took place it was absolutely impossible to make any rivets in this country in competition with these prices. At the present market prices at which small quantities are being sold it begins to be possible to make and sell as will be seen from the statement appended. The margin of profit, however, is negligible and it is also feared that large enquiries would still produce lower prices which would make it more difficult to compete. Further, there is no guarantee that present prices will be maintained.

It is impossible to state what the reduction in price would be for large orders, but is a statement of fact that the rivets for the three large bridges—Narbada, Sind and Chambal, were all imported although these bridges were expected to be entirely of indigenous manufacture. No rivet makers in India could compete with the import prices which must have been Rs. 20 below to-day's normal quotations.

We therefore suggest that an additional duty of at least Rs. 20 per ton be placed on Continental rivets and Rs. 10 per ton on British rivets for the above reasons.

(c) *Dogspikes*—

Present duties—

British Rs. 56-4 per ton.

Continental Rs. 56-4 per ton.

	Rs. A.
Import price current for considerable quantities is approx. . . . .	115 0 per ton c.i.f.
Add for landing and clearing . . . . .	4 0 per ton
	<hr/>
	119 0 per ton
	<hr/>
Estimated cost of our production . . . . .	119 11 per ton
	<hr/>
Difference . . . . .	80 11 per ton
	<hr/>

The duty should be increased to Rs. 80 per ton for Continental and Rs. 65 per ton for British Dogspikes and billet made available at Rs. 60 to Rs. 65 per ton to enable this industry to develop without loss.

(d) *Merchant Bars*.—No extra duty is advocated.

A lower price for Billet to re-rollers is required. It should not exceed Rs. 65 per ton f.o.r. Shalimar at present market rates for Merchant Bars, and if the price for those should fall, a corresponding reduction in billet prices would be necessary.

(e) *Taper Keys*.—A duty of Rs. 50 per ton on Taper Key Bar, equal to that on finished Taper Keys is advocated.

A lower price for Billet is also required not exceeding Rs. 65 per ton. Rs. 60 per ton is a more reasonable figure.

3. **BILLET PRICES DESIRED TO MAKE MANUFACTURE OF BOLTS AND NUTS, RIVETS, ETC., REASONABLY COMPETITIVE WITHOUT AN ADDITIONAL DUTY.**

(a) *Bolts and Nuts*.—A price for billet of Rs. 65 per ton instead of Rs. 74 would on the same basis of calculation of costs as already taken amount to Rs. 106 per ton for rolled bar. The corresponding finished cost for bolts and nuts would be Rs. 223-10.

(b) *Rivets*.—At a cost for rolled bar of Rs. 106 per ton produced from billet at Rs. 65 per ton the finished cost of rivets would equal Rs. 171-15 per ton. This would make it feasible for all rivets used in this country

to be supplied by Indian manufacturers, which in the past has been impossible.

(c) *Dogspikes*.—At a billet price of Rs. 65 per ton rolled bar could be produced at Rs. 106 per ton and the final cost reduced to Rs. 188-11 instead of Rs. 199-11.

(d) *Merchant Bars*.—At a cost of Rs. 65 per ton for Billet, which is equivalent to a cost without commercial charges and interest on Capital of Rs. 106 per ton, it just becomes possible to sell Merchant Bars, but no more, viz.:—

	Rs.
Rolled cost of Bar . . . . .	106
Commercial charges . . . . .	5
Interest on Capital at 5 per cent. as per separate statement . . . . .	4
	115

(e) *Steel Taper Keys*.—At a cost of Rs. 65 per ton for billet the equivalent cost of rolled taper key bar would be Rs. 176 per ton which would make a very considerable difference in the competitive ability of Indian manufacturers.

*Tabular summary of recommendations from paragraphs 2 and 3 above.*

Article.	Duty required.	Change.
If Billet is supplied at Rs. 70 per ton f.o.r. Tatanagar (=Rs. 74 f.o.r. our Works at Shalimar).		
	Rs.	
Bolts and Nuts . . . . .	Continental . . . . .	85
	British . . . . .	65
Rivets . . . . .	Continental . . . . .	70
	British . . . . .	60
Dogspikes . . . . .	Continental . . . . .	80
	British . . . . .	65
Taper Key Bar . . . . .	Continental and British . . . . .	50
Taper Keys . . . . .	Continental and British . . . . .	50
		Addition of . . . . .
		Do. . . . .
		Do. . . . .
		Do. . . . .
		Do. . . . .
		Do. . . . .
		Present duty 10 per cent.
		No change.
If Billet is supplied at Rs. 61 per ton f.o.r. Tatanagar (=Rs. 65 f.o.r. our Works at Shalimar).		
	Rs. A.	
Bolts and Nuts . . . . .	Continental . . . . .	72 4
	British . . . . .	56 4
Rivets . . . . .	Continental . . . . .	60 0
	British . . . . .	50 0
Dogspikes . . . . .	Continental . . . . .	70 0
	British . . . . .	55 0
Taper Key Bar and Keys	Continental . . . . .	50 0
	British . . . . .	40 0
		Addition of . . . . .
		No change.
		Addition of . . . . .
		No change.
		Addition of . . . . .
		No change.
		for 3 years.
		after 3 years.

#### 4. SELLING PRICE OF BILLET.

We understand that Messrs. Tatas state that the cost of their billet is Rs. 46 per ton and that a fair charge for overhead expenses is Rs. 24 per ton, making a fair selling price of Rs. 70 per ton in all.

We also understand that Messrs. Tatas sell considerable quantities of billet at prices which are less than the figure of Rs. 70 mentioned and in some cases less than the figure which they state to be the cost of billet. Instances of which we have heard are as follows:—

Indian Steel Wire Mills, Rs. 60 per ton under contract arrangement.

Henry Williams, Ltd., Darlington, Rs. 62 per ton f.o.b. Calcutta.  
 Billet f.o.b. English Port at £5 per ton = about Rs. 46 per ton f.o.r.  
 Calcutta Port.

Export to Japan at Rs. 42-8 per ton f.o.b. Calcutta.

The two last prices must be below their declared cost of billet, as in each case a portion of this price has to be paid by them in freight from Tatanagar to Calcutta.

The inference to be drawn would seem to be that it would be much more satisfactory both to the Tata Iron and Steel Co., Ltd., and to the respective purchasers of billet in India if the surplus of 80,000 tons of billet were allowed to be absorbed in this country at a price of say Rs. 60 or Rs. 65 per ton so as to assist Indian manufacturers instead of consumers abroad who at present enjoy the benefit of cheap prices.

We suggest that the figure of Rs. 24 per ton for overhead expenses would appear excessive, as it is over 50 per cent. of the works cost. We ourselves in our estimates have allowed a figure of under 20 per cent. (commercial charges 5 per cent., interest on Capital 5 per cent. and depreciation under 10 per cent. depending on output) of the works cost for the same purpose. Our figure corresponds to the allowance made by Messrs. Tatas.

If Messrs. Tatas are able to sell for export at prices of Rs. 46 and under, they must either be losing money on this billet or else Rs. 46 is not its present cost. If the former is the case then we suggest that it would be more profitable to them to supply manufacturers in India, who are willing to pay more than this figure. Such a policy would benefit both the subsidiary industries and Messrs. Tatas.

#### Conclusions.

A. It is urged that a National Price for Billet to all users in India should be fixed at Rs. 61 per ton f.o.r. Tatas' Works. (This would be equivalent to about Rs. 65 per ton f.o.r. our Shalimar Works.) This price should be made to correspond to the present level of prices for Merchant Bars.

Should the prices for Merchant Bars fall below this level or should bars be sold to competitors at lower prices for large quantities, a corresponding reduction in the price of billet should be made.

It is understood that British makers have recently arrived at a basis for a National Billet Price under a similar arrangement with the object of assisting the large re-rolling industry with an adequate supply of semis, and a similar arrangement is desirable in this country.

B. A guarantee is required for the supply of at least 80,000 tons of Billet per annum for the re-rolling industries at present established.

This billet supply should be made to rank—

- (a) after the production of rails,
- (b) *pro-rata* with the production of Sheet Bar for Sheets, Tin Bar, Billets for Tatas' own rolling, and Billets for wire rolling,
- (c) prior to Billet for export.

C. Should the billet supply available for Industries in India be found inadequate at any time to meet their manufacturing needs, we submit that an arrangement should be made and machinery set up to permit of importation of additional billet without payment of duty or on drawback of duty.

D. The Tata Iron and Steel Co., Ltd., have been granted a very large measure of protection, by virtue of which they have been placed in the position of a monopolist concern. They have consequently the ability to prevent the development of subsidiary industries, and particularly the re-rolling industry if they so desire. The protection has been granted to them by the Government of India, and is paid for by the people of India, for the safeguarding of whose interests the Government is responsible. It therefore has the right to control the policy and output of the Tata

Iron and Steel Co., Ltd., in so far as it affects the welfare of Industrial Development in this country.

We request that such measure of control shall be established that the provision of an adequate supply of raw material in the form of billet to the re-rolling industries of this country shall be ensured.

#### 5. INCIDENCE OF INCREASED DUTY.

We understand that you wish us to show the incidence of an increased duty on such items as bridges and wagons which are two of the more important items in this country, on which bolts and nuts and rivets can be used.

The proportion of rivets on a bridge amounts to about 5 per cent. of the total tonnage. An increase of say 5 per cent. in the value of rivets by the addition of an extra duty would therefore only be equivalent to one quarter per cent. of the cost of the bridge.

The proportion of bolts and nuts and rivets in a wagon forms not more than 1½ per cent. of its total cost. An increase of 10 per cent. in the value of such parts would therefore only be equivalent to an increase of .15 per cent. of the cost of the wagon.

#### 6. BILLET PRICES.

With regard to billet prices, you requested us to get further evidence of current prices and also to ascertain if possible whether Continental quotations for the British market were more favourable than for export to India.

We have been unable to obtain as full information on this point as we should have wished, but we find that Continental prices quoted c.i.f. Calcutta in accordance with a cable received on the 19th December are as follows:—

	2" size. £4-12 per ton c.i.f. Calcutta, at 1s. 6d. equals Rs. 61-5-4. Rs. A. P.	3" size. £4-10-6 per ton c.i.f. Calcutta, at 1s. 6d. equals Rs. 60-5-4. Rs. A. P.
Port dues . . . . .	2 14 0	2 14 0
Landing and clearing super- vision charges . . . . .	1 0 0	1 0 0
Freight to our Shalimar Works . . . . .	3 9 0	3 9 0
Total landed cost in our Shalimar Works without duty . . . . .	68 12 4 per ton	67 12 4 per ton
Total landed cost free on rail Calcutta Jetty without duty . . . . .	65 3 4 per ton	64 3 4 per ton

We understand from the Coal and Iron Trade Review that prices are quoted at £3-10-6 per ton f.o.b. Antwerp on approximately the same date. This price is said to be equivalent to £5-10 per ton delivered to the British market, including British duty. As £5-10 to £5-15 is the price of British Billets in Britain, Continental makers are forced to this f.o.b. price to secure any orders at all. The price does not apply for export to India and Continental makers will not quote till they are informed of the destination.

#### 7. EFFECT OF RESTRICTED ALLOTMENT OF BILLET BY TATAS TO RE-ROLLERS FOR THE PURPOSE OF MAKING ORDINARY SECTIONS.

Messrs. Tatas have stated their willingness to allot billet for ordinary purposes at economical prices to re-rolling mills. The allotment suggested is 10 per cent. We are not clear as to whether this represents 10 per cent. of a mill's maximum output, but on this assumption and in accordance with your desire to be informed whether the proposition is or is not workable and to estimate its financial effect we wish to state as follows:—

(a) The proportion of billet allowed for ordinary purposes should be much higher, say, 30 per cent. if the mill is to be worked

economically. It is not possible for any mill to run wholly on special sections. The reasons are as follows:—

- (i) Work on special sections is largely seasonal. Purchasing bodies, and railways in particular, order at certain times of the year particular items for certain fixed deliveries which require the makers of the finished article or the users of the finished article to carry out their portion of the work within a definite time limit. It is therefore impossible for work on special sections manufactured to be spread evenly over the whole year.
- This condition applies particularly to permanent way fittings and to various wagon components, most of which have to be produced early in the financial year to enable other works to go on during the second half of the year.
- (ii) Most special sections can only be arranged for rolling at definite periods. Rolls may have to be taken out and re-dressed and an interval of time will probably elapse during which it is necessary to put on some other section to prevent the mill from standing idle while awaiting fresh rolls. Stand-by sections, of which quantities are constantly required, are necessary for the purpose of filling in such time intervals, proportion of straightforward sections fulfils this purpose. Such a proportion should not be less than about 30 per cent. of the whole output.
- Bars rolled by us for bolts and nuts and rivets to special limits would not satisfy this requirement, as the rolls are different from standard market sizes and need more attention to keep them within the limits required.
- (iii) Tonnage output is likely to be considerably restricted on special sections and some considerable additional tonnage is therefore necessary to balance up the output and reduce over-heads.
  - (b) A billet allotment of the type suggested would place Tatas in a position to control all small mills. This would foster the monopoly of one big concern and place all smaller concerns in its power.
  - (c) The amount of ordinary bars which small mills will produce is a mere fraction of Tatas' output and will satisfy the small users only.
  - (d) Practically all the ordinary sections which would be rolled by small mills form additional trade to the country and are not depriving Messrs. Tatas of work, as they would make the additional billet, and the finished article would largely replace imported materials.
  - (e) Re-rolling mills can only make a small proportion of profit from rolling bars from billet. In most cases it is likely that they will be unable to make profit at all and may actually lose money.

The result of this will be a natural tendency to roll more profitable sections, but if their tonnage output cannot be maintained the cost of special sections will increase and competition in these sections will become more difficult. As soon as the volume of special work falls off it is essential that the re-rolling mills should be able to produce a proportion of ordinary sections.

With reference to our statement (d) attached showing the cost of rolling merchant bars from billet at Rs. 74 per ton at our Works it will be seen that allowing a reasonable amount for interest, depreciation and commercial charges the cost of the bar will become greater than the market price. It therefore cannot be sold except at a loss.

The conclusion is that there is very little danger that billet sold by Messrs. Tatas at an economical price will be rolled into

bars as long as it is possible to substitute any other special sections. This tendency will cause the amount of ordinary sections to be kept down to an absolute minimum, but it is essential that re-rollers should be provided with the necessary raw material at a proportion of something like 30 per cent. to balance up the output as already explained.

- (f) A certain amount of time must also be given to re-rolling mills for development. During this period it is likely that a greater proportion of straightforward sections will of necessity be rolled until all possible classes of special work can be fully developed. Special rollings require considerable knowledge, training and experience on the part of the labour and staff which it is expected they may take some time fully to acquire.

Other industries in this country have from time to time laid stress on these factors. Each industry can legitimately demand sufficient time to overcome its own peculiar difficulties and to develop the special training and organisation of its labour staff according to its needs.

- (g) Our conclusion is that Messrs. Tatas should be asked to guarantee a proportion of billet for ordinary purposes at an economical price and at the same price as that for special purposes, to be supplied from their surplus production. This billet should be specially allotted to re-rollers in a proportion of not less than 30 per cent. of each mill's capacity.

REPLY TO QUESTION REGARDING MISCELLANEOUS CHARGES RAISED BY MR. WILES AND SUPPLEMENTED BY MR. NATESAN.

The items included under the heading (vii), Miscellaneous Rent, Rates, Depreciation, etc., are as under:—

It must be understood that in order to arrive at a depreciation figure per ton it is necessary to make an assumption of the annual tonnage output of the works and this has been taken at a figure of 350 tons per month single shift—4,200 tons per annum from Bolts and Nuts, Rivets and Spikes. This is a full output from our machines on single shift.

Actually the tonnage outputs over recent years have been very much less than this figure and the incidence per ton of depreciation and other charges correspondingly higher. This is due to inability to compete against the Continental suppliers in the bulk of the business offering.

	Capital	Rate	Amount.	Remarks.
	Cost.	of Depreciation.		
	Rs.	Per cent.	Rs.	
(a) Buildings . . . . .	1,65,017	5	8,251	Steel Structures non-pucca.
(b) Machinery and Plant . . . . .	3,99,664	10	39,967	7½ per cent. allowed by Income-tax is not nearly sufficient on plant of this description.
(c) Rent of Works site . . . . .	...	...	5,100	Present charges.
(d) Rates and Taxes . . . . .	...	...	3,300	do.
(e) Cars and Lorries . . . . .	24,000	20	4,800	approximately.
Cars Upkeep . . . . .	...	...	3,000	do.
(f) Telephone charges . . . . .	...	...	1,000	do.
(g) Medical charges . . . . .	...	...	1,200	do.
(h) Siding charges . . . . .	...	...	1,200	do.
<b>Total</b> . . . . .			<b>67,818</b>	

This amount is approximately equivalent to Rs. 16-2 per ton on an output of 4,200 tons per annum.

An increase in the annual tonnage output either by working two shifts or by any other means would decrease the rate to be charged per ton under heading (vii) Miscellaneous, but it must be remembered that plant running two shifts will only last approximately half as long as plant running one shift and therefore depreciation rates per annum on the plant would need to be practically doubled.

*Replies to questions by Mr. Natesan.*

*Question:* If we do not want any protective duty on billets do we want bolt and nut duties to be reduced correspondingly?

*Answer:* There is no duty at present on the fabrication portion of bolts and nuts. The whole duty is already covered by the cost of the steel or the duty thereon. Duty on 26 cwts. of steel bars=Rs. 60-2; duty on 1 ton of bolts and nuts=Rs. 56-4. There is therefore an adverse figure of about Rs. 4 on the fabrication portion. It is consequently necessary to have a reduction in duty on billet to place the production of bolts and nuts in this country on an equal footing with imported bolts and nuts at the present day.

Any possible reduction in the bolt and nut duty which could take place in the future would be purely that which could take place in the protection of steel bars. At the present moment a slight protection is required on account of fabrication to neutralise Continental dumping due to the world depression. We visualise conditions becoming normal in due time such that Continental countries would have to charge a price which would cover the real cost of production. The addition which we ask on fabrication at the present time would disappear when market conditions become normal and prices are not at a dumping level as during the last few years.

We visualise the need for protection disappearing to a large extent over the next 7 years, but it should be borne in mind that all industries in this country in their early stages of development have required protection and the basic principles of protection to the Tata Iron and Steel Co., Ltd., have been applied in this hope that conditions would eventually permit of the protective duties being reduced or withdrawn as the industry became more efficient and successful.

*Question:* What average reduction per ton can be allowed in the duty during the next 7 years?

*Answer:* We regret that this is an extremely difficult question to answer with any degree of accuracy. It is impossible to forecast world conditions during the next 7 years and although we anticipate that once this industry is firmly established a steady reduction should be possible, much depends on outside factors such as the general level of world prices at various times during this period. As already stated above we visualise the possibility of the need for protection on fabrication disappearing or practically disappearing in 7 years, but no accurate forecast is possible.

*Question:* Does the proposal to abolish duty on billet defeat the main object of basic protection for the steel industry?

*Answer:* The steel industry consists in supplying steel in usable form to various industries in the shape of rails, bars, joists, sheets, and other finished products of steel works. The working of steel industry comes within three categories, viz.:-

- (a) The production of pig iron.
- (b) The production of steel in the form of bloom or billet.
- (c) The production (that is rolling) of the final product as described above, viz., rails, bars, joists, plates, sheets, etc.

The industry carried as far as the stage (c) requires a protective duty under the present cost of manufacture in India, but the part of manufacture which requires the protection is that of rolling, e.g.:-

- (i) There is no duty on pig iron and none is actually required, as this country produces pig iron at one of the lowest production



costs in the world. This low cost applies equally whether the pig iron is utilised in this country or exported.

- (ii) We show that the present landed cost of imported billets is higher than Tatas' cost *plus* a reasonable margin for overheads and profits, and is higher than they have been selling at in certain cases for export and internal use.
- (iii) As items (i) and (ii) do not require protection and as the final result does require considerable protection, it follows that the protection is required on the rolling whether by Tatas or by other rollers.

Steel making can only be carried on on the most economical lines if in a very large unit, whereas the economical units of rolling can be very much smaller.

The establishment of re-rollers in India will increase the total steel required, that is, in the form of bloom or billet and will tend to a still further economic production of steel. This can be done without jeopardising the rolling portion of the industry in Messrs. Tatas Works.

It will be seen therefore that the proposal to abolish the duty on billet does not defeat the basic principle of protection for the steel industry.

(5) *Letter No. 171/6403, dated the 6th January, 1934, from Henry Williams India, (1931), Ltd., Calcutta.*

With reference to the typed copy of the evidence given us for perusal, I think it well to make an explanation on the agreement by which Messrs. Tata Iron and Steel Co., Ltd., were to supply us with 1,500 tons of billets; this order distinctly has the wording "to be taken up", which is interpreted in the trade as being the date by which the purchaser is to specify the details of his requirements.

I give it to the Board as the experience of over thirty years of placing contracts with steel rollers that this is the interpretation understood in the trade and consequently forms the law of agreement between the seller and the purchaser. The statement by Messrs. Tata Iron and Steel Co., Ltd., that they will deliver in 4 to 6 weeks means that we would not be justified in blaming Messrs. Tata Iron and Steel Co., Ltd., at any time for taking up to this period to deliver any of our requirements and if we took the whole period to specify our requirements, then we must understand that they will take 4 to 6 weeks longer than the stated period of the contract before we could claim the rights of delivery of our specifications. You will notice that in terms of this interpretation the order for the final quantity was placed well within the specified period. On it being brought to our notice by Messrs. Tatas that they could not give delivery within the date originally specified for the contract to be taken, that is, the 30th of September, we immediately informed them that a later date was no drawback and that we were agreeable to accept the billet as and when they could deliver it. It was the fact of Messrs. Tatas' stating that they wished to treat the contract as cancelled and that the contract could be renewed "On terms and conditions to be arranged" that gave rise to the misunderstanding in this connection. No doubt this was due to certain members of Messrs. Tatas' staff not being fully conversant with the interpretation of steel contracts in the trade and it was finally accepted by them on the greater knowledge of their senior staff.

(6) *Memo. dated the 9th January, 1934, from Henry Williams India (1931), Ltd.*

SUPPLEMENTARY MEMORANDUM REGARDING STEEL SLEEPER POSITION.

Present duties—

Finished Sleepers at Rs. 12-8 per ton or 12½ per cent. *ad valorem* whichever is higher.

Steel Sleeper Bar at 10 per cent. *ad valorem*.

The present prices quoted by Messrs. Tata Iron and Steel Co., Ltd., for steel sleeper bar range from Rs. 72 to Rs. 85 per ton f.o.r. Shalimar, according to Messrs. Tatas' own inclination. Finished sleepers can now be landed in India at a price of about Rs. 100 per ton for broad gauge and Rs. 105 per ton for metre gauge. These prices are equivalent to approximately Rs. 83 and Rs. 86-8 per ton c.i.f.

We submit that while protection exists on the manufacture of sleeper bar, equivalent protection does not exist on the finished sleepers.

The cost of fabrication of steel sleepers represents a difference of more than the 2½ per cent. which is allowed in the Customs Schedule. The works costs for fabrication including depreciation and miscellaneous charges are not less than 12½ per cent. to 15 per cent. of the average cost of the rolled bar and therefore the manufacturer in this country is at a disadvantage in competing with imported finished sleepers, because he is paying a price for the steel which already includes an allowance for duty while no adequate duty exists to compensate for the cost of finishing.

If a reasonable allowance for interest and profit be added a further 10 per cent. is a minimum charge and therefore a fair selling price for the finished sleeper is not less than 20 per cent. or 25 per cent. above the price of the bar for the sleeper manufacture.

We therefore submit that the duty on the finished sleeper should be raised to Rs. 20 per ton in order to enable the Indian manufacturer to secure the whole of the sleeper market in India.

Messrs. Tata Iron and Steel Co., Ltd., have an arrangement whereby merchant bars are sold at the same price in all major Indian Ports and an adjustment is made on account of freight disadvantage to secure this position. In the case of sleepers supplied to the west and south of India which are geographically at a disadvantage for the supply of Messrs. Tatas' steel, the duty of Rs. 20 per ton suggested is essential if these markets are wholly to be secured.

We, as sleeper manufacturers, would be willing and able with Messrs. Tatas' co-operation to secure the whole of these markets if we received sleeper bar at a fair price of slightly more than that of billet and a duty of Rs. 20 per ton on finished sleepers were substituted for the present duty.

We submit that for the maintenance and extension of the Sleeper Industry in India the following arrangement is essential:—

- (i) A National Price for Sleeper Bar rolled by Messrs. Tata Iron and Steel Co., Ltd., should be fixed so as to provide Sleeper Makers with raw material at a price which will permit of manufacture of the finished sleeper at a fair profit.
- (ii) Sleeper orders available in this country should be apportioned *pro rata* between Messrs. Tatas and other makers in accordance with their respective present capacities for manufacture and Messrs. Tatas should be compelled to provide Sleeper Bar for manufacturers to finish in accordance with this division and as orders become available.

It should not be permissible for Messrs. Tatas to assimilate all orders until a certain tonnage is reached, thereby keeping other makers from obtaining any orders at all for long periods.

We ourselves have a very much greater capacity for Sleeper Manufacture than Messrs. Tatas, and yet we have had no orders since the beginning of 1932, the available orders having been taken by Messrs. Tatas, who have quoted us uneconomical prices for raw material.

We can claim to have created the Steel Sleeper industry in this country, and to have placed with Messrs. Tatas orders for over 60,000 tons of Sleeper Bar which they would otherwise not have obtained and which they were glad to have at that time. They have subsequently taken all the available work themselves and excluded our Industry altogether, and have stated as a reason for this that as they have a Sleeper Plant, they must for political reasons keep it in operation. As sleeper making forms only a very insignificant side to their enormous works but is a very important and highly efficient portion of our much smaller works, such a policy hits us very hard indeed and has put us to considerable loss.

(7) *Letter No. 171, dated the 8th February, 1934, from Henry Williams India (1931), Ltd., Calcutta.*

We respectfully ask the Board to consider the two tables which we send herewith and which show fair selling prices of various engineering articles manufactured in India on a basis of 50 per cent. output of the works and 5 per cent. profit; our reasons for putting forward the two tables are the following:—

- (1) There is not enough work in India at the present moment or in prospect which would keep Engineering Works at more than 50 per cent. output; we give this as the most important consideration and as a complete reason in itself for your consideration with these tables.
- (2) Engineers are of the opinion generally that it is impossible to work an engineering manufacturing plant at a 100 per cent. output over a period of even a few years; conditions always do arise as to change of design, seasonal markets and breakdowns which render a 100 per cent. output impracticable. An output greater than 50 per cent. over the whole year can only be secured by working double time over certain portions, but this involves double staff and is therefore a very costly mode of working and involves double depreciation and expenses.

Our first tables submitted on 6th January, 1934, were based on a 100 per cent. output and 5 per cent. interest only without profit, as we understood that that was the request of the Tariff Board at our examination and which of course followed the costs which we had originally submitted. We suggest that manufacturers are entitled to a better return on their adventure than what such terms would produce; at the same time the basis of our application is that of a duty-free billet and we therefore do acknowledge that if we receive our raw material at a low cost, so also is the purchaser of our ultimate product entitled to receive his requirements at a low price; we believe that the expansion of the industry in India will be accomplished better by endeavours to supply material to the user at the lowest possible cost and we have had such principles before us in making up our tables, *viz.*, to formulate them on the basis of the lowest protection which would allow manufacturers to do their portion of the further development of the country.

With regard to the prices of imported material, we put forward the same prices which Mr. Elliot on behalf of the British Steel Industry has entered in his table, because he is in a position to know prices which British exporters and other exporters are charging, whereas we as single industrialists have not the same means of obtaining them. For Dogspikes we have entered the prices recently quoted to the Eastern Bengal Railway for their contract for 5 lacs of Dogspikes; these prices are only given to us on our request that the information is for the use of the Tariff Board and on the under-

standing that the name of the supplier, Continental or British, is not disclosed; the Eastern Bengal Railway, however, will confirm to you these figures and will give you the name of the tenderers on your applying to them; we give you this explanation so that you will know that the figures are reliable but that the Railway concerned have only disclosed these prices to us for your particular use.

The prices from England and from the Continent represent a figure which these sources could put forward at any time, because in both places prices have seriously risen and they should therefore be taken as, if anything, above the average of what may be expected over the next years, certainly not below the average.

It has been suggested that there will be no further dumping from Britain, because the supply of Continental billet to Britain from which cheap fittings were made has now been stopped, but against this British steel makers of semis are busy and the price of finished steel in Britain to-day could quite conceivably be reduced; it certainly does not represent the lowest price for a number of years and prices for articles manufactured from British steel lower than to-day are a definite possibility.

There is no reason why Continental dumping may not take place at any moment; prices on the Continent to-day are considerably higher than twelve months ago and there is no safeguard that they may not be reduced at any time.

We most respectfully ask the Board to give their consideration to Table B, coupled with an arrangement by them for supply of billet at a National Price of Rs. 61 per ton f.o.r. Tatanagar or in lieu of same the import of billet duty free, which we consider equivalent in price. If we may be permitted to express our opinion we suggest that the provision of billet at a National Price of Rs. 61 per ton coupled with the protection asked for in Table B would enable re-rollers and all the industries dependent for supplies of finished steel to be in a position to carry on their businesses and notably increase the volume of industry in the country.

The following are points raised by Mr. Elliot which we think we should give information to the Board on, viz., as follows:—

With reference to the Indian Custom Tariff, serial No. 103n, Schedule No. 150F., namely, Gibs, Cotters, Keys, Distance Pieces and other fastenings for use with iron or steel sleepers, we should like to suggest an alteration to

“Gibs, Cotters, Keys, Distance Pieces, Creep Anchors or other fastenings, or special bar for fabrication thereof, for use with all classes of sleepers.”

We suggest the inclusion of Creep Anchors to this Section, these being a rail fastening but presently admitted by the Custom Authorities at a 10 per cent. British and 20 per cent. Continental duty, although the original wording “Other fastenings” appear to cover them. All the existing types of creep anchors which are imported can be manufactured in India.

The inclusion of bars for fabricating is in the interest of re-rollers particularly for clips for sleepers, for taper keys, spring keys for bull head rails and creep anchors. Specially shaped bars for fabricating the above would under present conditions be imported at a 10 per cent. British and 20 per cent. Continental duty. The bars can be rolled in India.

We recommend that fittings for wood sleepers should also be included in the above section for the following reason:—

Spring steel keys are required in large numbers for maintenance of bull head and double head track; the Southern Railway in England are using large numbers of a very simple shaped spring key which is not the subject of any patent and is manufactured at a very low price; this key could be imported from British manufacturers under a 10 per cent. revenue duty at a lower cost than any manufacturer in India could compete with; it could probably be imported cheaper still from Continental sources.

The possible number of keys which could be used is extremely large and the manufacture in India, if brought to a point to compete with wood keys the same as in England, is a valuable industry for India and worthy of your consideration.

Regarding the application of the representative of the British Steel Association for the allowance of patented spring steel sleeper fittings at a lower duty than non-patented ones, we think the Board should be informed of the following:—

- (1) There are patentees in India of such fittings, *e.g.*, for loose jaws for sleepers Mr. Stuart-Edwards; it seems hard on patentees in India that they should be singled out, for their patents to have to resist a non-protective competition.
- (2) All the designs of loose jaws or spring keys presently in use, patented or otherwise, could be manufactured by probably three firms in India at the present day either from imported billet or from imported rolled bar. The latest spring steel loose jaw of Messrs. Exors of James Mills is actually simpler to make than the jaw of the Indian Standards Committee pattern or of other patterns previously put forward, and the simplicity of manufacture coupled with the accuracy obtainable is the greatest recommendation for the jaw mentioned. It is quite possible for patentees outside India to have their patented articles manufactured in India and to obtain competition for the manufacture thereof.

We would particularly ask for the protection of Taper Key Bar for the manufacture of taper keys; these keys are a requirement of the latest designs of sleepers from the Standard Committee and India is a large purchaser thereof; the rolling of the tapered bar and the fabrication of the keys could be accomplished in India, but the rolling of the bar requires approximately three times the rolling cost of ordinary bars and is therefore entitled to some special consideration in order that the high cost of starting such an industry could be borne.

We should like to augment our former application on the subject of sleepers and bar for the manufacture of sleepers as follows:—

The present import duties are:—

- (1) *Finished Sleepers* (Section 103n).—British or Continental—Rs. 12-8 per ton or 12½ per cent. whichever is higher.
- (2) *Sleeper Bar* (Section 102c).—Over 8" wide and not over ½" thick (sleeper bar is approximately 12" to 13" wide and ⅜" to ½" thick though some new designs are specified thicker than ½")—  
British—10 per cent. duty.  
Continental—20 per cent. duty.
- (3) *Section Trough Bar* for making sleepers in the Continental style is charged the same as sleepers, *i.e.*, Rs. 12-8 per ton.

The provision of a duty on sleepers coupled with the words "And bars for fabricating into sleepers" would put the sleeper industry entirely in Messrs. Tatas' hands. In normal years the quantity of steel sleepers which can be used in India is much higher than Messrs. Tatas' sleeper plant can manufacture; consequently the position would be as follows:—

Up to their capacity or up to what suited their works to supply they would endeavour to compete with wood and cast iron sleepers, but beyond such point they would not be interested and would not be likely to give other manufacturers a price for the steel which would enable such manufacturers to compete.

A duty on sleepers but exempting sleeper bar, *i.e.*, permitting same to be imported free, would enable other manufacturers to fabricate sleepers, as it would be a provision for obtaining sleeper bar from Messrs. Tatas at a price which would allow competition in the finished sleeper market. There

is no likelihood of Messrs. Tatas being defeated in price and sleeper bar imported (and such a course should undoubtedly be deprecated) as the following example will show:—

Messrs. Tatas can supply sleeper flat bar at approximately Re. 1 per ton over the price of billet with the same remuneration to them as billet, that is to say, they could profitably supply sleeper bar at, say, Rs. 62; imported sleeper bar, even duty free, could not be as low as Rs. 62, but it might conceivably be Rs. 67 to Rs. 70; it is therefore obvious that Messrs. Tatas could still secure the market, although it would prevent them quoting such price as Rs. 85 (as we have been charged). Supply of sleeper bar from Messrs. Tatas at a price of Rs. 65 or slightly less would allow other sleeper manufacturers to produce finished sleepers as a very strong competition to cast iron sleepers and such competition would reduce the price of both types, and force the most economical manufacture to be adopted, and would be an excellent help for further railway development.

It is necessary to provide a duty on finished sleepers so as to give Indian manufacturers the ability to supply Railways where freight is adverse in comparison to the imported cost; the market for steel sleepers is chiefly:—

South Indian Railway,  
Mysore Railway,  
Nizam's State Railway,  
Madras and Southern Mahratta Railway,  
Bombay, Baroda and Central India Railway and formerly G. I. P.  
Railway.  
Jodhpur Railway,  
Bikaner State Railway,  
Udaipur-Chitorgarh Railway and other Native States in that district,  
Bengal Nagpur Railway and  
North Western Railway (small quantities only).

The guiding reasons for the use of steel in place of wood are the distance from the forests making the wood expensive and the prevalence of white ants making the use of wood unsuitable. Both these conditions obtain to the greatest degree in South India and such is a very fruitful market, but in South India importers have a very strong advantage in freight over manufacturers at Jamshedpur or in Calcutta. The competition in South India is almost entirely that of indigenous steel sleepers against imported steel sleepers. As a guide to the serious nature of our request we give herewith the number of sleepers supplied by our own Company, some of which were indigenous and some fabricated from imported steel, but which could all in the future be fabricated from indigenous steel if supplied at a competitive price:—

		Sleepers fabricated from indigenous and imported steel.	
		Number.	Tonnage.
1933 (March)	. . . . .	108,074	5,935
1932 ( " )	. . . . .	422,120	30,182
1931 ( " )	. . . . .	349,325	20,051
1930 ( " )	. . . . .	776,270	50,086
1929 ( " )	. . . . .	1,019,217	73,740
1928 ( " )	. . . . .	121,143	8,452
		<hr/>	<hr/>
		2,796,149	188,446
		<hr/>	<hr/>

We would ask your consideration for the following wording and duties as being advantageous to the whole sleeper industry:—

“Steel Sleepers for any gauge”—Duty Rs. 16 per ton.

“Bars specially adapted for fabricating into sleepers of trough section or of flat section having beads at both edges”—Duty free.

The enclosed sketch shews the flat section and the defining of the beads would prevent plain flats for other purposes being imported under this heading. The sketch also shews the trough sleeper bar, for your information.

We appreciate the several opportunities which the Board have given us for putting our case, and we hope that the information has been put forward in the form which suits the Board and does not give them unnecessary trouble. It has been our endeavour throughout to give facts which affect or are in some cases our actual business rather than arguments, as we have no fear that the correct interpretation of all the evidence put before the Board will be justly applied.

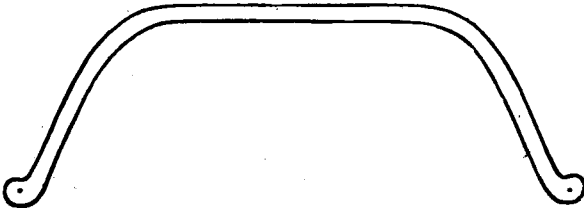
May we say that our real function in the country is that of industrialists carrying on business and in the matter of giving evidence before you we are only amateurs and we therefore hope that you will pardon any shortcomings on that account?

We fully appreciate the great work which the Board are undertaking at present is on behalf and for the benefit of industrialists in the country, of which we form one humble unit, and we therefore wish to tender to the Board our personal thanks for the great trouble which they are going to and our appreciation of the very thorough manner in which they have interpreted their duty on our behalf.

Flat Bar for Sleepers.



To be fabricated to Sleeper as follows.



Trough section as used by Continental suppliers.

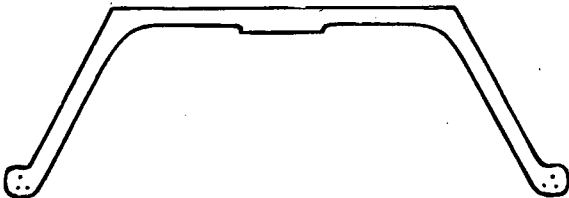


TABLE A.—Details of costs and fair selling prices at a billet price of Rs. 70 per ton f.o.r. Tatanagar  
(Rs. 74 f.o.r. Shalimar).

Item No.	A. Costs including commercial charges and 5 per cent. interest on Capital.	B. Additional cost based on half output on single shift.	C. Additional 5 per cent. representing profit.	D. Total representing fair selling price.		E. Price of British.	F. Price other than British.	G. Present duty. Per cwt.	H. Duty required.
				Per ton.	Per cwt.				
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
1. Commercial Bolts and Nuts.	236 4 0 <i>vide</i> page 12 of Supply. Memo.	15 0 0 <i>vide</i> page 11 of Supply. Memo.	12 1 0 <i>vide</i> page 10 of Supply. Memo.	263 5 0	13 2 8	16 6 0	11 10 0	2 13 0	British—Nil. Other than British—Rs. 4-6.
2. Commercial Black Nuts only.	290 1 0 <i>vide</i> separate statement.	15 0 0 As above.	12 1 0 As above.	317 1 0	15 13 8	17 11 0	13 11 0	2 13 0	British—Rs. 1. Other than British—Rs. 5.
3. Rivets . .	182 15 0	8 3 0 <i>vide</i> page 4 of Supply. Memo.	12 1 0 As above.	203 3 0	10 2 7	12 10 0	9 10 0	2 8 0	British—Nil. Other than British—Rs. 3.
4. Dog spikes .	199 11 0	15 0 0 <i>vide</i> page 11 of Supply. Memo.	12 1 0 As above.	226 12 0	11 5 5	11 8 0	9 0 0	2 13 0	British—Rs. 2-10. Other than British—Rs. 5-2.



5. Fish Bolts and Nuts.	243 1 0 See separate table.	15 0 0 As above.	12 1 0 As above.	270 2 0	13 8 0	13 10 5	10 2 6	2 13 0	British—Rs. 2-13 as at present. Other than British—Rs. 6.
6. Taper Key Bar—									
Double Taper	186 0 0	20 0 0	8 0 0	214 0 0	..	171 8 0	..	10 per cent.	Rs. 60 per ton from all sources.
Single Taper	161 0 0	10 0 0	4 0 0	175 0 0	..	127 4 0	..	10 per cent., vide Schedule 237, Serial 102c, item C (vi).	Ditto.

*Notes on Items.*

1-3. Imported prices taken from Messrs. Guest Keen and Nettlefolds representation.

In this case the fair selling price differs in our estimate from that given by Guest Keen and Nettlefolds as the miscellaneous charges in the case of Rivets are less per ton than for Commercial Bolts and Nuts, vide page 4 of our Supplementary Memorandum.

4. Imported prices are based on actual quotations received by the Controller of Stores, Eastern Bengal Railway, in January, 1934, and can be obtained officially from him if required.

5. Imported prices taken from Messrs. Guest Keen and Nettlefolds representation.

The cost of High Tensile Billet 36-40 tons tensile for fish bolts and nuts is estimated to be Rs. 20 more than that of 28-32 tons tensile, based on the extras usually required by Messrs. Tatas for this material.

We have no guarantee that high tensile billet will be supplied by Messrs. Tatas at this extra.

6. Estimated Double Taper Key Bar Rolling cost has been taken as Rs. 105 per ton and Single Taper Key Bar as Rs. 80 per ton, vide page 8 of Supplementary Memorandum.

The additional allowance necessary for running at half capacity (vide column B) has been taken as Rs. 20 which is double the miscellaneous charge on Merchant Bar. Similarly interest charges at double the rate for merchant bar (vide column C) have been taken. These charges are necessary on account of the difficulty of this rolling and the fact that the rolling takes approximately twice the time.

Charges on Single Taper Key Bar have been taken at the same rate as for Merchant Bar, but with a higher estimated rolling cost, as this type of key bar is a comparatively well known rolling in Britain.

TABLE B.—Details of costs and fair selling prices at a billet price of Rs. 61 per ton f.o.r. Tatanagar  
(Rs. 65 f.o.r. Shalimar).

Item No.	A. Costs including Commercial charges and 5 per cent. interest on Capital.	B. Additional cost based on half output on single shift.	C. Additional 5 per cent. representing profit.	D. Total representing fair selling price.		E. Price of British.	F. Price other than British.	G. Present duty.  Per cwt.	H. Duty required.
				Per ton.	Per cwt.				
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
1. Commercial Bolts and Nuts.	223 10 0 <i>vide</i> page 12 of Supply Memo.	15 0 0 <i>vide</i> page 11 of Supply Memo.	12 1 0 <i>vide</i> page 10 of Supply Memo.	250 11 0	12 8 6	16 6 0	11 10 0	2 13 0	British—Nil. Other than British— Rs. 3-12.
2. Commercial Black Nuts only.	272 9 0 <i>vide</i> separate statement.	15 0 0 As above.	12 1 0 As above.	299 10 0	14 15 6	17 11 0	13 11 0	2 13 0	British—Nil. Other than British— Rs. 4-2.
3. Rivets . . .	171 15 0	8 3 0 <i>vide</i> page 4 of Supply Memo.	12 1 0 As above.	192 3 0	9 10 0	12 10 0	9 10 0	2 8 0	British—Nil. Other than British— Rs. 2-8.
4. Dog Spikes .	188 11 0	15 0 0 <i>vide</i> page 11 of Supply Memo.	12 1 0 As above.	215 12 0	10 12 6	11 8 0	9 0 0	2 13 0	British—Rs. 2-1. Other than British— Rs. 4-9.

5. Fish Bolts and Nuts.	230 9 0 See separate table.	15 0 0 As above.	12 1 0 As above.	257 10 0	12 14 0	13 10 5	10 2 6	2 13 6	British—Rs. 2-1. Other than British— Rs. 5-8.
6. Taper Key Bar—									
Double Taper	176 0 0	20 0 0	8 0 0	204 0 0	..	171 8 0	..	10 per cent.	Rs. 50 per ton from all sources.
Single Taper	151 0 0	10 0 0	4 0 0	165 0 0	..	127 4 0	..	10 per cent., vide Schedule 237, Serial 102c, item C (vi).	Ditto.

*Notes on Items.*

1-3. Imported prices taken from Messrs. Guest Keen and Nettlefolds representation.

In this case the fair selling price differs in our estimate from that given by Guest Keen and Nettlefolds as the miscellaneous charges in the case of Rivets are less per ton than for Commercial Bolts and Nuts, *vide* page 4 of our Supplementary Memorandum.

4. Imported prices are based on actual quotations received by the Controller of Stores, Eastern Bengal Railway, in January, 1934, and can be obtained officially from him if required.

5. Imported prices taken from Messrs. Guest Keen and Nettlefolds representation.

The cost of High Tensile Billet 36-40 tons tensile for fish bolts and nuts is estimated to be Rs. 20 more than that of 28-32 tons tensile, based on the extras usually required by Messrs. Tatas for this material.

We have no guarantee that high tensile billet will be supplied by Messrs. Tatas at this extra.

6. Estimated Double Taper Key Bar Rolling cost has been taken as Rs. 105 per ton and Single Taper Key Bar as Rs. 80 per ton, *vide* page 8 of Supplementary Memorandum.

The additional allowance necessary for running at half capacity (*vide* column B) has been taken as Rs. 20 which is double the miscellaneous charge on Merchant Bar. Similarly interest charges at double the rate for merchant bar (*vide* column C) have been taken. These charges are necessary on account of the difficulty of this rolling and the fact that the rolling takes approximately twice the time.

Charges on Single Taper Key Bar have been taken at the same rate as for Merchant Bar, but with a higher estimated rolling cost, as this type of key bar is a comparatively well known rolling in Britain.

*Estimated cost of fish bolts and nuts at billet prices of Rs. 74 and Rs. 65 per ton f.o.r. Shalimar.*

	Rs. A.	Rs. A.
Billet, f.o.r. Shalimar . . . . .	74 0	65 0
Estimated extra price required by Tatas for 36/40 tons tensile Billet, f.o.r. Shalimar . . . . .	20 0	20 0
10 per cent. wastage . . . . .	9 0	8 8
	<hr/>	<hr/>
	103 0	93 8
Rolling cost . . . . .	35 0	35 0
	<hr/>	<hr/>
Cost of finished rolled bar per ton . . . . .	138 0	128 8
	<hr/>	<hr/>
Making charges per ton . . . . .	35 0	35 0
Add cost of raw material—		
$\frac{3}{8} \times$ Rs. 138 . . . . .	186 0	...
$\frac{3}{8} \times$ Rs. 128-8 . . . . .	...	173 8
	<hr/>	<hr/>
	221 0	208 8
Add commercial charges Rs. 10 . . . . .	10 0	10 0
Interest on Capital . . . . .	12 1	12 1
	<hr/>	<hr/>
Total . . . . .	243 1	230 9

*Estimated cost of commercial black nuts only at billet prices of Rs. 74 and Rs. 65 f.o.r. Shalimar.*

	Rs. A.	Rs. A.
Cost of Billet from Tatas f.o.r. Shalimar . . . . .	74 0	65 0
10 per cent. wastage . . . . .	7 0	6 0
	<hr/>	<hr/>
	81 0	71 0
Rolling cost . . . . .	35 0	35 0
	<hr/>	<hr/>
	116 0	106 0
	<hr/>	<hr/>
Making charges per ton of nuts . . . . .	65 0	65 0
Add cost of raw material—		
$\frac{3}{8} \times$ Rs. 116 . . . . .	203 0	...
$\frac{3}{8} \times$ Rs. 106 . . . . .	...	185 8
	<hr/>	<hr/>
(Approximate 35 cwts. of metal are required to make one ton of nuts) . . . . .	268 0	250 8
Add commercial charges at Rs. 10 . . . . .	10 0	10 0
Interest on Capital at 5 per cent. . . . .	12 1	12 1
	<hr/>	<hr/>
Total . . . . .	290 1	272 9

**Messrs. George Turton, Platts & Co., Ltd., Sheffield.***Letter dated the 19th September, 1933.*

In reference to the notice on page 603 of the "Indian Trade Journal" dated the 31st August, 1933, while we agree that Indian manufacturers should have some measure of protection, we do think that some discrimination should be made between British and Continental Manufacturers.

At present under the Ottawa Trade Agreement, Great Britain has no preference whatever.

While we appreciate that our Weldless Forged Steel Railway Buffers are considered by the Indian Railways to be far superior to any other type of Buffer, especially for new rolling stock, we do think that a higher duty should be placed on spare parts for older types of Buffers, supplied by Continental Makers through Agents in India, and made in Cast Steel in Germany, Belgium or Hungary, and which, owing to the terribly low prices quoted, can only be supplied at these prices through subsidies, etc.

It is also quite certain that the quality cannot be anything like as good as our Weldless Forged Steel Buffer parts, so that the results will be far from satisfactory.

If the protective duty of 15½ per cent. is continued, we would suggest that the duty on these parts from Continental makers should be at least 25 per cent.

The same remarks apply to Spiral and Volute Sprints, of which we are large makers, but with which we are unable to compete in India with the German dumping prices.

Appreciating your kind assistance.

**Messrs. Guest Keen and Nettlefolds, Ltd.***Letter dated the 1st February, 1934.*

On behalf of Guest Keen and Nettlefolds, Ltd., the principal manufacturers of permanent way fastenings, bolts and nuts and rivets in the United Kingdom, and their associated company—the Executors of James Mills, Ltd., specialists in sleeper fittings\*, I have the honour to address this representation to you in respect of the present protective duties on these products.

Through the courtesy of Messrs. Henry Williams India (1931), Ltd., I have been permitted to see the representation which they have addressed to you and the replies to the questions which the Board has put to them.

It is noted that Henry Williams India (1931), Ltd., propose the imposition of differential duties on these products in lieu of the uniform duties now in force, and I have to express the hope that the Board will give this proposal favourable consideration.

The reasons for this are particularly cogent, while in the case of permanent way fittings, both the raw material and the finished product are of tested quality and subject to standard specifications, in the case of bolts and nuts and rivets, there are two qualities—tested and "bazar" or untested. It is an undeniable fact that owing to the existing protective duties, the standards of quality in India have been seriously impaired through the importation of Continental tested permanent way material, which is not in any way equal to British or even to the Indian manufactured product. This also applies in the case of general bolts and nuts and rivets for the Railways, where, owing to the apparent economy in price, the untested Continental product is being largely used with most unsatisfactory results. For corroboration of these facts, it is suggested that reference may be made to the Railway Board and to the Indian Stores Department.

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\* Mr. I. F. L. Elliot.

The United Kingdom manufacturers, on behalf of whom this representation is made, fully support the principle of protecting the Indian industry on a basis of calculated fair selling prices, to which the price of the imported product must be brought by duties, competition being maintained at this level, in order to prevent the possibility of the consumer being compelled to pay unnecessarily high prices for the Indian manufactured product.

Messrs. Guest, Keen & Nettlefolds, Ltd., and the Executors of James Mills, Ltd., contemplate extending the manufacture in India of the wide range of products covered by this representation by associating with Messrs. Henry Williams India (1931), Ltd., or independently. They may, therefore, be regarded as vitally interested in this matter from the point of view of Indian manufacture, as well as that of manufacturers in the United Kingdom.

While it is not desired to make any comment upon the claims and statements made by Messrs. Henry Williams India (1931), Ltd., relevant to the establishment of fair selling prices, the duties claimed by them do not appear to be based on the facts which—it is understood—the Board generally takes as a basis for assessing duties.

As a result of a very thorough examination of prices for the last 18 months and an analysis thereof, the attached tables have been prepared, which—it is hoped—will be of service to the Board in enabling them to decide the amount of the duties actually required.

It will be appreciated that the information contained in the specific tables, which give actual prices for the various products, must be regarded as confidential. The main table, however, which summarizes the position for the purpose of assessing duties need not be so regarded.

The Board's attention is particularly invited to the question of protective duties on iron and steel sleeper fittings, *vide* Report of the Indian Tariff Board regarding "Certain Railway Materials made of Steel", of 1930, page 6. The definition of these products in the Indian Customs Tariff, Serial No. 103N, Schedule No. 150F, is as follows:—

Gibs, Cotters Keys, Distance Pieces and other fastenings for use with iron or steel sleepers.

The products included in this category are highly specialised and have been subject to great improvement of recent years both in regard to design and the quality of steel, such as the use, in certain cases, of tempered spring steel. It will be appreciated that these products, on account of the vital functions which they perform, fundamentally affect the whole question of sleeper design.

It is submitted that the application of protective duties in this category, on the ground that products of the same type can be manufactured in India, imposes an unnecessary burden on the railways on account of the higher prices resulting from the duties and may even have the effect of denying to them the advantages of improvements in design and quality. We are of opinion that the interest of the railways in this matter can be preserved without detriment to the Indian industry by a different method.

The improvements in design and quality referred to take the form of new patents or extensions of existing patents. Assuming that protective duties on products in this category are still considered necessary, it is suggested that such duties should only be imposed in the case of designs and types subject to patent rights when a special application is made and supported by the Indian Stores Department, on technical grounds, for manufacture in India.

The Board will be aware that the Indian Patent Law requires the annual offering of patents for manufacture in India. It is felt that this provision fully covers the position, inasmuch as it ensures that manufacture in India will be arranged as soon as such manufacture is found to be technically possible.

These considerations apply equally in regard to Creep Anchors, which Messrs. Henry Williams India (1931), Ltd., cover in their claim for protec-

tion, although this type of railway fastening is not at present subject to protective duty. It is believed that there is no type of Creep Anchor recognised as effective, which is not subject to patent rights.

There is also a difficulty in regard to Customs classification in this category, since there is no difference between the keys used for flat footed rails and for bull head or double head rails.

No new bull head or double head rails have been laid in India for a number of years,—replacements and new lines all being laid with flat footed rails. Nevertheless, large supplies of special spring steel keys are necessary and will continue to be necessary for many years to maintain the bull head or double head track. The type of spring steel keys now required by the railways is of tempered steel, which has not hitherto been produced in India, since no suitable Heat Treatment Plant (an expensive type of plant) exists. These spring steel keys are also subject to patent and the suggestion made above would apply in this case.

At the present time, however, the Customs authorities levy varying duties on these spring tempered steel keys, because they can be used both with *wooden* or cast iron types of sleepers, and the railways have been forced to pay higher prices since the protective duties came into force, being unable to give a guarantee that the keys will be exclusively used for wooden sleepers, thus obtaining the minimum rate of duty. This difficulty would disappear if spring steel keys subject to patent were relieved from protective duty until such time as manufacture in India could be arranged.

Another product in this category to which the same considerations apply is the Loose Jaw, the use of which with steel sleepers, instead of punched up lugs, is rapidly extending. The India Store Department, London, has a design of mild steel Loose Jaw, produced by Drop Stamping, which can be made in India. But this design has been superseded by a rolled steel jaw of heat treated steel, which is also subject to patent.

Other examples of the same kind can be given, but these instances should be sufficient to indicate to the Board the extent of the difficulty.

The Board will no doubt wish to know if, in the event of differential duties being imposed in accordance with this representation, which is made on behalf of individual United Kingdom manufacturers, this would also ensure the necessary protection as against other United Kingdom manufacturers. The arrangements now in force in the United Kingdom between steel makers and re-rollers ensure the maintenance of minimum prices as well the supply at minimum prices of all the raw material required by manufacturers of bolts and nuts and rivets and permanent way fastenings. There are also price arrangements in force, ensuring minimum prices in regard to bolts and nuts and rivets and permanent way fastenings themselves. While it cannot be guaranteed that these latter arrangements would be lasting for the period of protection, in view of the tendency of industry in the United Kingdom, it is at least a reasonable assumption to make, and, in the event of a breaking down of such arrangements leading to materially lower prices for United Kingdom products in the Indian market, the protection of the Indian industry can be effectively maintained by the application of off-setting duties.

Enclosure.

(1) MILD STEEL HEXAGON NUTS.

*Representative prices during 1933.*

	British Per cwt. Rs. A. P.	Continental Per cwt. Rs. A. P.
5/8" . . . . .	19 11 0	15 14 0
3/4" . . . . .	17 11 0	15 3 0
7/8" . . . . .	17 11 0	13 11 0
1" . . . . .	17 11 0	13 11 0
1 1/8" . . . . .	17 15 0	13 11 0
1 1/4" . . . . .	18 15 9	13 11 0

## (2) COMMERCIAL BOLTS AND NUTS.

*Representative prices during 1933.*

	British		Continental	
	Per cwt.		Per cwt.	
	Rs.	A. P.	Rs.	A. P.
2 1/2" x 3/8"	29	15 0	21	15 9
2" x 1/2"	19	14 0	13	10 0
2 1/2" x 1/2"	18	14 0	13	10 0
2" x 5/8"	16	8 0	11	10 0
6" x 3/8"	22	9 0	16	3 0
7" x 3/8"	20	14 0	16	3 0

*N.B.*—These prices represent an average of a large number of specifications carefully analysed.

## (3) MILD STEEL RIVETS.

	British Price.		Continental Price.	
	Per cwt.		Per cwt.	
	Rs.	A. P.	Rs.	A. P.
1" x 3/8"	16	14 0	11	3 0
1 1/4" x 3/8"	16	14 0	11	3 0
1 1/2" x 3/8"	16	14 0	11	8 0
1 3/4" x 3/8"	16	14 0	11	3 0
2 1/2" x 3/8"	16	14 0	11	3 0
3" x 5/8"	13	10 0	9	10 0
2" x 3/4"	12	10 0	9	10 0
2 1/4" x 3/4"	12	10 0	9	10 0
2 1/2" x 3/4"	12	10 0	9	10 0
2 3/4" x 3/4"	12	10 0	9	10 0
4" x 3/4"	12	10 0	9	10 0

*N.B.*—Small Rivets are a more standard product in regard to size, etc., than Commercial Bolts and Nuts.

Exact representative prices are given in this table.

## (4) FISH BOLTS AND NUTS.

*Representative prices during 1933.*

Quantity & size.	Price of British Manufacture.	Price of Continental Manufacture.	Remarks.
	Rs. A. P.	Rs. A. P.	
15,000—5 1/4" x 1 1/8" .	0 7 8 1/2 each.	0 5 0 each. or 11 8 0 per cwt.	Order placed with Henry Williams at Rs. 0.5-1 each
60,000—5 1/4" x 1 1/8" .	13 10 5 owt. per	10 2 6 per cwt.	Order placed for Continental Manufacture.

*N.B.*—The above may be regarded as typical prices.



## (5) DOG SPIKES.

Representative prices during 1933.

Quantity & Size.	Price of British Manufacture.	Price of Continental Manufacture.	Remarks.
	Per cwt. Rs. A. P.	Per cwt. Rs. A. P.	
300,000—5 3/8" × 5/8"	11 0 0	8 14 6	Order placed with Henry Williams at Rs. 7-11-9 per cwt.
250,000—5 3/8" × 5/8"	12 2 0	9 0 0	Order will be placed with Henry Williams at Rs. 9-4-0 per cwt.
300,000—4 1/2" × 5/8"	12 2 0	9 0 0	

The order for the latter two items is not yet placed, but is expected to go to Henry Williams at the small preference permitted, owing to indigenous manufacture.

## (6) BEARING PLATES.

Representative prices during 1933.

Quantity and size.	Remarks.
9,000—10" × 9" × 3/4" for 90 lb. Rails.	Order placed with Burn & Co., Ltd., at Re. 1-4 each.
4,000—10" × 9" × 3/4" for 115 lb. Rails.	Order placed with Jessop & Co., Ltd., at Re. 1-4-3 each.
2,000—10" × 6" × 90 lbs.	Order placed with Henry Williams—
200—10 3/4" × 6" × 115 lb.	Re. 1-14 each.
145,000—Combined for 60 lbs. R.B.S., 60 lbs. B.S.S. and 60 lbs. 4" flanged rails.	Rs. 2-10-6 each.
	Order placed with Braithwaite & Co., at Rs. 5-7-2 per cwt.

All locally made.

I have no information regarding the placing of other contracts during 1933.

The present rates of duty are as follows:—

Standard rate—20 per cent. *ad valorem*.

Preferential rate if produced in United Kingdom—10 per cent. *ad valorem*.

The fact that all orders for Bearing Plates for a considerable time have been executed in India indicates that this protection is ample.

(7) STATEMENT SHOWING COMPARATIVE PRICES OF BOLTS, NUTS, RIVETS, DOG SPIKES, FISH BOLTS AND NUTS OBTAINING DURING 1933.

Products.	Present duty per cwt.	Fair selling price as stated by Henry Williams based on half their estimated full production including 5 per cent. profit.	Prices of British Manufactures including present rate of duty and delivery f. o. r. Calcutta.	Prices of other than British Manufactures including present rate of duty and delivery f. o. r. Calcutta.	Duty claimed by Henry Williams.		Duty actually required.
					Per ton. Per cwt.		Per cwt.
	Rs. A. P.	Per cwt. Rs. A. P.	Per cwt. Rs. A. P.	Per cwt. Rs. A. P.	Rs.	Rs. A.	Per cwt. Rs. A.
Commercial Bolts and Nuts.	2 13 0	13 2 6	16 6 0	11 10 0	On Continental Manu- facture.	85 4 4	Other than British 4 6
					On British Manufacture	65 3 4	British . . . None
Black nuts only .	2 13 0	...	17 11 0	13 11 0			
Mild Steel Rivets	2 8 0	10 8 0	12 10 0	9 10 0	On Continental Manu- facture.	70 3 8	Other than British 3 6
					On British Manufacture	60 3 0	British . . . 0 6
Dog spikes	2 13 0	11 5 8	12 2 0	8 14 6	On Continental Manu- facture.	80 4 0	Other than British 5 4
					On British Manufacture	65 3 4	British . . . 2 0

STEEL—III	Fish Bolts and Nuts.	2 13 0	13 2 6	13 10 5	10 2 6*	As for Commercial Bolts and Nuts	Other than British 5 13'
		The above are uniform duties.	(Price of Fish Bolts and Nuts based on costs of Commercial Bolts and Nuts.)  All above prices are based on price of Billets at Rs. 70 per ton f. o. r. Tatanagar.		*These items are of tested quality.		British . . . 2 5

N.B.—It will be noted that the duties proposed by Henry Williams are insufficient for protection against other than British but excessive as against British.

The fair selling prices claimed appear to be for tested material to British Standard Specifications.

It is suggested that the fair selling prices for Commercial Bolts and Nuts, Black Nuts and Rivets, of "bazar" or "untested" quality should be lower and that a distinction should be made for tested and untested qualities as in the case of steel.

All permanent way materials would, of course, be of tested quality.

**Messrs. Richardson and Cruddas, Bombay.***Letter dated the 12th December, 1933.***THE TARIFF BOARD ENQUIRY—STEEL INDUSTRIES (PROTECTION) ACT, 1927.**

There are two or three matters in connection with this enquiry which we would be pleased if you would bring to the notice of the Board at their next sitting.

We have not referred to these matters before because we were not clear as to whether they would be covered by the Board's terms of reference, but as we now understand that the Indian Engineering Association have already referred to one of these points in their representation to the Board, we now beg to submit the following facts to them for their consideration:—

(1) During the last two or three years a question of growing importance to Structural Steel Makers has been the fact that tanks, trestles for tanks, steel chimneys and other steel fabricated articles have been imported for Sugar Factories, Chemical and Soap Works, etc., as "component parts of machinery" and consequently assessed at the *ad valorem* duty of 10 per cent. under Serial No. 96 instead of the more logical duty of 2½ per cent. payable as Steel Structures under Serial No. 102(h). While we realise that in the case of small articles it may be difficult to discriminate when the whole of the plant is imported at the same time, yet it seems illogical that large steel chimneys for instance, in some cases over 150' in height and consisting of considerable tonnage of steel, should be assessed as "component parts of machinery" at the 10 per cent. rate of duty. Such chimneys can quite readily be made by the leading Structural Firms in this country, but the fact that the 10 per cent. rate of duty is payable, operates very considerably to their disadvantage and we ourselves have recently lost several orders for such structural work for this reason.

Then again there is the question of steel lattice towers for electrical transmission systems, which although undoubtedly structural work, are also classified under Serial No. 96(5) as parts of "electrical transmission equipment" at the 10 per cent. rate of duty. This point, as we understand, has already been placed before the Board by the Indian Engineering Association and we wish to support their representations on the matter.

We therefore suggest that the Board should recommend to Government such amendments to existing legislation as will compel structural work of this kind to be assessed as such instead of as "component parts of machinery" or "electrical transmission equipment" as the case may be. If considered desirable, a minimum weight could be given, say 5 tons, for such structural work in the event of its being found difficult to discriminate in the case of very small structures.

This is, however, merely a suggestion and the main point we wish to make is that the protection afforded to the Indian Structural Industry, to be consistent, should cover all such items which can quite easily be made in India, and which if imported by themselves would be assessed at the rate for fabricated structural work.

(2) There is a further matter which more particularly concerns Structural Firms on this side of India. In previous years the Tata Iron and Steel Co., Ltd., have supplied their products to Calcutta and Bombay at or about the same price per ton, which has been approximately just under the imported price of British or Continental steel as the case may be. Bombay has however a higher freight rate than Calcutta from the Tata Works at Tata-nagar and for some time past the Steel Company's policy has been to quote a higher delivered price to Bombay firms than to those in Calcutta, thus putting the former firms to some disadvantage.

We have received every consideration from the Steel Company in other respects, but although this matter has been taken up with them on many occasions they have not so far agreed to put Calcutta and Bombay on the same basis. We consider that any discrimination in price is prejudicial to the equal development of the Industry throughout the Country and we

contend that manufacturers of structural steelwork should be able to obtain their raw material at the same rates as otherwise firms on this side of India suffer from an unfair handicap. Prior to the present Tariff all Structural steel firms at the ports were able to obtain their supplies at the same price, and we felt sure that it was not foreseen by the Tariff Board when the protective Tariff was recommended, that this situation would be altered.

While we are not sure how far this fact comes within the scope of the Board's present enquiry, we submit that similar delivered prices should be quoted at all the main Ports, in order that long established firms may be in the same competitive position as they were previously.

We quite agree that no fixed rule can be laid down as to the prices which the Steel Company should quote in each and every case, but our contention is that under present conditions the Steel Company is in the position of a Public Utility Company and that delivered prices for structural materials quoted to individual structural firms should be lower than the imported material by approximately the same amount, no matter where the works are situated.

To make our point clearer, we maintain, assuming for instance that the cost of imported tested material, duty paid and landed in both Bombay and Calcutta is say Rs. 142 per ton, and it is considered necessary in order to retain the order in India that a price of say Rs. 135 per ton should be quoted for Indian Steel, then this price delivered should be quoted to both Bombay and Calcutta firms. The ultimate placing of the order would then depend on the competitive capacity of the firm and the destination of the work, rather than on a differentiation in prices of structural material as quoted by the Steel Company.

(3) A further important point arising out of the preceding one which while it does not arise at present, to any serious extent, should, we submit, receive full consideration by the Board.

The Steel Company at present is able to supply most of the demands for structural steel without unreasonable delay but when trade conditions improve it is conceivable that they may not be in this position, and structural firms on this side of India will in all probability be faced by the alternatives of either paying higher and uncompetitive prices for imported steel or being starved of supplies owing to a much greater demand for the Steel Company's products.

This would very seriously handicap business and we would suggest that some means should be devised whereby structural firms are assured of obtaining adequate supplies either from the Steel Company or imported material at an equivalent price at the nearest port to their works. For instance if Tata's quotation for certain sections is Rs. 140 per ton but they are unable to supply within a certain period to be decided upon, then permission should be available to import this tonnage at a duty such that the imported cost of the steel is not greater than Indian Steel delivered at that Port. If this method is impracticable then we consider there should be a quota allowed to British Makers so that there is always an ample supply of steel available to manufacturers and industrialists at the same price in the main Ports throughout India.

We should be glad if you would take an early opportunity of placing this letter before the Board and if any further information is required we shall be pleased to supply the same.

**Messrs. Alcock, Ashdown & Co., Ltd., Bombay.**

*Letter No. 1210/33, dated the 16th December, 1933.*

STEEL INDUSTRIES (PROTECTION) ACT, 1927.

Messrs. Richardson and Cruddas have shown us a copy of their letter to you of the 12th instant and, as Fabricators of Structural Steel, we strongly endorse their remarks which we trust will have the earnest consideration of your Board.

We shall be greatly obliged if you will place this letter before the Board at an early opportunity.

*Letter No. 438, dated the 4th October, 1933, from the Secretary, Tariff Board, to (1) The Secretary to the Government of Madras and (2) The Secretary to the Government of the Punjab.*

The Tariff Board has received representations from certain engineering companies in India requesting that the import duty on steel towers for the transmission of high tension electricity should be assessed at the rates applicable to fabricated steel under Section 151 or 153 of the Statutory Tariff Schedule or where the material is galvanised after manufacture under Section 237. Steel Towers are assessed to duty at present as machinery under Section 59A(5) at a uniform rate of 10 per cent. If the present rates of duty on fabricated steel or galvanised structural were applied to steel towers, the amount of duty payable would be considerably higher than at present, particularly in the case of steel towers imported from the Continent. The Tariff Board is now engaged in examining the question of revising the duties on steel products imported into India, and until the enquiry has advanced further, it will be impossible for the Board to determine the rate of duty which may be necessary in the case of steel towers.

2. Meanwhile the Board is anxious that in any proposals which may be made for the protection of the Indian Steel industry, no undue burden should be thrown on other industrial interests. I am therefore to ask that the Government of Madras/the Government of the Punjab will be so good as to supply with any information which may be in their possession regarding the probable effect of an increase in the import duty on steel towers as regards the consumption of electricity. The Board is aware that no precise calculation of the effects of an increased duty is really possible. But it would suggest that an approximate estimate of the burden involved may be arrived at by calculating, in the case of a typical hydro-electric scheme, the extra capital expenditure due to an increase in the duty on steel towers and distributing the interest charges on this additional capital over the total quantity of electricity produced. The extent to which the cost of electricity is thus increased may provide a rough measure of the burden involved. For the purpose of such a calculation I am to suggest that a hypothetical increase of 5 per cent. over the existing rate of duty may be assumed. If the calculations are presented in a sufficiently detailed form, it will be possible for the Board to make any adjustments which may be necessary in case a different rate of duty is adopted from that suggested above.

### **His Highness the Maharaja of Mysore.**

*Letter No. D-2031/I. W. 18-33-4, dated the 3rd November, 1933.*

With reference to your letter No. 438, dated the 4th October, 1933, enquiring if there is any information regarding the possible effect of an increase in the import duty on steel towers used for transmitting high tension electricity, I am directed to state that for a number of years past, the Mysore Government have not been purchasing steel towers for transmission purposes but have been using balgi wooden poles obtained from local forests. There is therefore no data available to estimate the effect which the levy of a protective duty on imported steel towers is likely to have on the cost of electricity to consumers.

### **Government of Madras.**

*Letter No. 1416, dated the 20th November, 1933.*

#### **IMPORT DUTY ON STEEL TOWERS.**

With reference to your letter No. 438, dated the 4th October, 1933, on the above subject, I am directed to forward a copy of a letter from the

Chief Engineer for Electricity with its enclosure, for the information of the Tariff Board.

I am to observe that, as the Chief Engineer for Electricity has indicated, a proposal intended for the protection of the steel industry will adversely affect, and has adversely affected, the spread of electrical development and especially the cost of appliances required by the small consumer. Wherever cheap electrical power can be provided by developing the natural power sources of the country, it can scarcely be contested the benefits thus conferred on large sections of the population are such as should outweigh the interests of the small number of firms engaged in the steel industry. In these circumstances I am to urge that the policy should be to cheapen, and not to render dearer, not only steel towers but all materials necessary for electrical development by reducing instead of enhancing the existing duties.

Enclosure.

*Copy of letter from the Chief Engineer for Electricity, No. 5264/33—2, dated the 20th October, 1933.*

I am forwarding a table showing the actual difference in cost of certain schemes, if the enhanced duty is applied.

The effect on the cost of power depends entirely upon the ratio of the percentage cost of the transmission system to the total cost. This is very marked in the case of extensions.

For instance in two typical cases the 15 per cent. duty increases the cost of the line by about 3 per cent. and the total cost by about 2 per cent.

It is unfortunately not only the question of the increased cost in towers which has to be considered. About three years ago a similar statement was prepared for conductors, and it is the accumulated extra cost that is so discouraging. There is at present a ten per cent. duty on all hydro-electric equipment *plus* certain surcharges, while the cost of electric lamps and appliances are almost prohibitive for the poor man.

Tariffs have forced up the cost of electrical development in general in Madras to a point higher than that in North America, in fact no encouragement is given by the Central Government to such development. Lines and power plant cost generally more to construct than in North America, while small equipment for the home such as fans, refrigerators, etc., can be purchased for less outside India.

With the national income *per capita* at a low point, it is extremely difficult to make much progress in hydro-electric development with the present tariffs in force and if they are to be increased, then we must return to a small central station serving a limited area at high rates and the prospect of a general distribution of power at low rates will become remote.

#### STATEMENT.

	Extension of supply of electric power from Pykara to	
	Cochin. Rs.	Trichinopoly. Rs.
(a) Cost of Tower material at site	2,81,000	2,54,000
(b) Customs duty at 10 per cent. included in (a)	22,000	20,000
(c) Cost of whole line erected (including telephones)	11,50,000	10,00,000
(d) 5 per cent. <i>ad valorem</i> increase in customs duty on Tower material	11,000	10,000
(e) Percentage of (d) to (c)	.956	1.00
(f) Percentage of (b) & (d) to (c)	2.86	3.00

### Government of the Punjab.

*Letter No. 9198-I. & L., dated the 17th March, 1934.*

**Subject:—IMPORT DUTY ON STEEL TOWERS USED FOR THE TRANSMISSION OF HIGH TENSION ELECTRICITY.**

In reply to your letter No. 438, dated the 4th October, 1933, I am directed to forward for your information a copy of a note recorded by the Secretary to Government, Electricity Department, on the subject and to say that the Governor in Council agrees with the views expressed therein.

Enclosure.

**Subject:—CUSTOM DUTY ON STEEL TOWERS.**

The Tariff Board wants to know the extra burden that would be thrown on the industry by the contemplated increase of duty on towers and has suggested that for this purpose a hypothetical increase of 5 per cent. over the present rate of duty may be assumed. The Tariff Board further suggests that the effect of this hypothetical increase may be judged by calculating in the case of a typical hydro-electric scheme, the extra capital expenditure due to the increase in duty and distributing the interest charges on this additional capital over the total quantity of electricity produced. The Electricity Branch desires to point out that this method of gauging the effect of an increase in duty may not lead to correct conclusions. The towers are only one of the items which go to make up a hydro-electric scheme (some of the other items being tubular poles, insulators, cross-arms, copper wire, transformers, generators, etc.) and no one item by itself represents such a large percentage of the whole scheme as to make a 5 per cent. increase in its cost a very great additional burden on the whole. It is possible however that if the cost of 2 or 3 items is increased by 5 per cent. the increase in the generation cost per unit might be so much as to make it impracticable to obtain load for the plant in competition with oil engines or steam-prime movers. The Electricity Branch does not therefore consider it necessary to go into such detailed calculations as are desired by the Board as their result would be misleading.

2. This Branch is constrained to oppose any suggestions for an increase of duty on towers for the following reasons:—

- (i) The Uhl River Hydro-Electric Scheme of which the first stage has been completed was conceived and started as a measure of industrial development for the Punjab. From one cause or another the cost of this first stage has so greatly exceeded the original estimate that the Punjab Government is finding it difficult to supply energy to industrialists at rates both attractive to the industrialists and remunerative to the project. In these circumstances it would deprecate any step which would tend to increase the cost of any extension it may carry out.
- (ii) The experience gained by the Punjab Government in the course of executing the first stage of the Uhl River Hydro-Electric Scheme indicated that the Indian manufacturers' cost of production was so high as compared with the Foreign manufacturers' that a duty of the order from 10 to 15 per cent. on foreign material, such as that contemplated, would, though increasing the capital cost of the scheme and of energy to the consumer, offer little protection to the Indian steel industry. The quotations received for the supply of towers for the 1st stage of the Scheme showed that in order to equalise the foreign and Indian tenders a duty of about 108 per cent. on foreign material would be necessary. In this connection the attention



of the Tariff Board may be drawn to the concluding part of Mr. Astbury's letter No. 274-W. (E), dated the 5th November, 1929, to the Secretary, Tariff Board.

- (iii) The steel towers designed to carry an overhead high tension transmission line are as essential members of the transmission system as the poles or the cables carrying the current. All these materials were duty free before 1931 and have been subjected to a duty of 10 per cent. from that date. It is considered that the uniformity of treatment hitherto accorded to the various items should continue and that in the interests of hydro-electric development, the duty on towers should not be enhanced.

(Sd.) B. M. STAIG,  
Secretary to Government, Punjab  
(Electricity).

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### Port Commissioners, Calcutta.

- (1) *Letter No. 453, dated the 10th October, 1933, from the Secretary, Tariff Board, to the Chairman, Port Commissioners, Calcutta.*

I am directed to address you on the subject of the new Howrah Bridge. The Board is at present engaged in the Statutory enquiry into the Steel industry required by the Steel Industry (Protection) Act of 1927. In the present circumstances of the steel industry in India the construction of a work of this magnitude is an event of prime importance and likely to prove of the greatest interest to the Board in their investigation.

2. I am therefore desired to request that the Commissioners will be so good as to supply to the Board information of the specifications laid down by the designers for any special steel, or sections, if there be any, not ordinarily available in India; and in addition, if there be no objection, the quantities of steel, both special and ordinary, provided for in the design.

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- (2) *Letter No. 64630, dated the 16th October, 1933, from the Chairman, Calcutta Port Commissioners.*

I have the honour to refer to your letter No. 453, dated the 10th October, 1933, on the subject of the steel to be used in the construction of a new Howrah Bridge.

Messrs. Rendel, Palmer and Tritton, who are the Consulting Engineers for the work, have recommended the extensive use of high tensile steel, but I have not yet received the specification. I understand, however, that the physical properties of the steel will be such that it will be obtainable from any large steel makers who desire to manufacture it. I expect to receive the specification shortly, and I will advise you further as soon as I do.

It is estimated that approximately 17,000 tons of high tensile and 8,500 tons of mild steel will be required.

I may add that the invitations to tender for the work will probably not be ready for issue before the end of June, 1934.

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- (3) *Letter No. 65850, dated the 23rd October, 1933, from the Chairman, Calcutta Port Commissioners.*

With reference to this office letter No. 64630, dated the 16th October, 1933, Messrs. Rendel Palmer and Tritton inform me that our full requirements in the matter of high tensile steel have not yet been drawn up in

detail, but it is believed that the enclosed sheet will give any rolling mills sufficient information to enable them to carry-out any experiments or tests that they may consider necessary. Messrs. Rendel, Palmer and Tritton state that it will be necessary to have some larger sections and wider plates than Tatas can roll at present, but these are only a small percentage of the total.

Enclosure.

#### NEW HOWRAH BRIDGE.

##### *Preliminary specification for high tensile steel.*

Ultimate Strength, 37-43 tons per square inch.

Yield point (minimum), 23 tons per square inch.

Elongation, 18 per cent. on 8 ins. minimum.

Reduction of area, 40 per cent. minimum.

##### *Chemical Composition—*

Carbon, maximum 0.3 per cent.

Sulphur, maximum 0.05 per cent.

Phosphorus, 0.05 per cent.

Copper, 0.25 to 0.5 per cent.

##### *Bend Tests as for mild steel.*

Beyond the particulars given above no definite chemical composition is specified, but the steel must be suitable for fusion welding.

A suitable rivet steel is also required with an ultimate strength slightly less than the above and with a greater elongation; these figures have not yet been finally decided upon.

#### Indian Stores Department, Simla.

(1) *Letter No. 435, dated the 4th October 1933, from the Secretary, Tariff Board, to the Indian Stores Department, Simla.*

In connection with the application submitted to the Tariff Board by certain engineering companies in India for protection of fabricated steel, I am directed to ask that you will be so good as to supply the Board with the following information (with six spare copies) not later than the 4th November, 1933:—

A full statement of the orders for fabricated steel placed through the Stores Department which have been lost to Indian engineering firms since 1925-26. The statement should contain the following particulars:—

- (a) quantity of order,
- (b) date of order,
- (c) class of work,
- (d) price at which order was placed,
- (e) lowest Indian tender,
- (f) reasons for placing order abroad,
- (g) party by whom order was placed,
- (h) country of manufacture.

(2) *Letter No. K-61 (22), dated the 10th November, 1933, from the Indian Stores Department.*

*Subject:—PROTECTION TO INDIAN FABRICATED STEEL.*

Further to my letter No. K-61 (22), dated the 19th October, 1933, I have the honour to forward herewith my Statement No. 1 giving synopsis of orders for fabricated steel placed by the Indian Stores Department which have been lost to Indian engineering firms since 1925-26.

It would seem to me that you would perhaps wish to have another statement showing orders for fabricated steel placed by the Indian Stores Department which were *made from non-Indian steel*, and I attach herewith my Statement No. 2 to give these facts. In order to give this statement, I have taken the liberty of changing the headings of your clauses (e) and (f)—(e) the lowest Indian tender has been changed to “tenders if any for fabrication in India from Indian steel”, (f) reasons for placing order abroad has been changed to “reason for passing over firms given in previous column”.

Enclosures.

STATEMENT 1.—Orders for fabricated steel placed by the Indian Stores Department which have been lost to Indian Engineering Firms since 1925-26.

Serial No.	No. and date of order.	Class of work.	Quantity of order.	Price at which order was placed.	Lowest Indian tender.	Reason for placing order abroad.	Party by whom order was placed.	Country of manufacture.
1	N-7104, dated 30th November, 1928.	Steel shutters .	26 Nos.	Rs. 23,504	Nil.	..	I. S. D. on behalf of Superintending Engineer, II Circle, New Delhi.	Britain E. Pollard & Co., Ltd.)
2	N-8685, dated 22nd August, 1929.	Radial gates complete with operating gears and bridges to carry operating platform.	Sets 309 .	4,24,618	Nil.	..	I. S. D. on behalf of the Chief Engineer, Lloyd Barrage, Karachi.	Britain (Ransomes and Rapier, Ltd.)
3	N-9915, dated 25th September 1929.	Sluice gates .	3 Nos. .	40,990	Nil.	..	Ditto . .	Ditto.
4	N-10365, dated 15th October, 1929.	Rectangular steel tanks.	2 Nos. .	3,100	Vulcan Iron Works, Ltd., Rs. 2,408.	Their quotation for erection was too high.	I. S. D. on behalf of the Commander, Royal Engineers, Meerut.	Britain (Braithwait).
5	N-11005, dated 18th June, 1930.	Pressed steel tank.	One .	8,095	Nil.	Nil.	Ditto . .	Ditto
6	N-10857, dated 15th July, 1930.	Ditto	One .	1,884	Nil.	Nil.	Ditto . .	Ditto.
7	N-68, dated 23rd April, 1933.	Radial gates .	59 Nos. .	25,419	Nil.	Nil.	I. S. D. on behalf of the Executive Engineer, Hyderabad, Sind.	Britain (Ransomes and Rapier, Ltd.)

STATEMENT No. 2.—Orders for fabricated steel placed by the Indian Stores Department which were made from non-Indian steel.

Serial No.	No. and date of order.	Class of work.	Quantity of order.	Price at which order was placed.	Tenders if any, for fabrication in India, from Indian steel.	Reason for passing over, firms given in previous column.	Party by whom order was placed.	Name of Contractor.	REMARKS.
				Rs.					
1	N-5313, dated 10th December, 1926.	Pressed steel tank, and staging.	One . .	9,675	Burn and Co., Howrah. Rs. 9,400	They offered mild steel tank and not pressed steel.	I. S. D. on behalf of Executive Engineer, Sukkur.	Richards on and Cruddas, Bombay.	Tank assembled in India from British plates and staging made of imported steel.
2	N-6139-1, dated 21st April, 1927.	Bridge girders .	7 spans	1,050	Nil.	..	I. S. D. on behalf of the Secretary, Stores Purchase Committee, Bangalore.	Massey & Co., Ltd., Royapuram, Madras.	Fabricated in India from British material.
3	N-6139-2, dated 21st April, 1927.	Do. .	24 ,,	94,293	Nil.	..	Ditto .	Jessop & Co., Ltd., Calcutta.	Ditto.
4	N-6139-3, dated 21st April, 1927.	Do. .	11 ,,	8,690	Nil.	..	Ditto .	Richardson and Cruddas, Bombay.	Ditto.
5	N-6227, dated 14th June, 1927.	Spans forming one bridge.	8 ,,	5,132	Nil.	..	I. S. D. on behalf of the Executive Engineer, Multan (S. V.)	Ditto .	Ditto.

Serial No.	No. and date of order.	Class of work.	Quantity of order.	Price at which order was placed.	Tenders if any, for fabrication in India, from Indian steel.	Reason for passing over, firms given in previous column.	Party by whom order was placed.	Name of Contractor.	REMARKS.
6	N-6214, dated 15th June, 1927.	Spans forming one bridge.	3 spans	Rs. 2,466	Nil.	..	I. S. D. on behalf of the Executive Engineer, Multan (S. V.)	T. Cosser & Co., Karachi.	Fabricated in India from British material.
7	N-0013, dated 27th June, 1927.	Steel and Iron Work for 3 bridges.	3 "	41,853	Jessop & Co., Calcutta. Rs. 33,866-10-0	The design offered by Richardson and Cruddas, Bombay, was considered better and fully in accordance with specification.	I. S. D. on behalf of the District Store Officer, M. E. S., Baluchistan District, Quetta.	Richardson and Cruddas.	Ditto.
8	N-6592, dated 5th July, 1927.	Pressed steel tank and staging.	One	4,635	Nil.	..	I. S. D. on behalf of the Commander, Royal Engineers, Delhi.	Ditto	Tank assembled in India from British plates and staging made of imported steel.
9	N-6508, dated 3rd August, 1927.	Steel work for post and telegraph building at Sukkur.	1ot	4,068	Nil.	..	I. S. D. on behalf of the Executive Engineer, Shikkarpur Division, Sukkur.	T. Cosser & Co., Karachi.	Fabricated in India from British material.

10	N-6214-2, dated 8th August, 1927.	Spans forming one bridge.	3 spans	2,180	Nil.	..	I. S. D. on behalf of the Executive Engineer, Multan (S. V. P.).	Ditto	Ditto.
11	N-6973-2, dated 10th October, 1927.	Steel work for bridge.	4 "	10,277	Nil.	..	Ditto	Ditto	Ditto.
12	N-6973-3, dated 10th October, 1927	Ditto.	2 "	5,391	Nil.	..	Ditto	John King & Co., Howrah.	Ditto.
13	N-8144, dated 23rd May, 1928.	Cables and steel work for Choi suspension bridge.	Lot	52,068	Nil.	..	I. S. D. on behalf of Superintending Engineer, 1st Circle, Rawalpindi.	Richardson and Cruddas, Bombay.	Cables of British make and steel work fabricated in India from British material.
14	N-5896, dated 31st October, 1927.	Collapsible steel gates.	3 Nos.	256	Nil.	..	I. S. D. on behalf of Commander, Royal Engineers, Quetta.	Macbeth Bros. & Co., Ltd., Bombay.	Made in India from imported materials.
15	N-9164, dated 13th December, 1928.	Bridge girders	2 spans	790	Nil.	..	I. S. D. on behalf of the Secretary, Stores Purchase Committee, Mysore Government, Bangalore.	Richardson and Cruddas, Bombay.	Fabricated in India from British material.
16	N-9075, dated 31st December, 1928.	Steel work for bridge.	Lot	3,430	Nil.	..	I. S. D. on behalf of Executive Engineer, Multan (S. V. P.).	Ditto	Ditto.
17	N-9388, dated 13th February, 1929.	Ditto.	69 1/2 cwt.	1,076	Nil.	..	Ditto	Ditto	Ditto.

Serial No.	No. and date of order.	Class of work.	Quantity of order.	Price at which order was placed.	Tenders if any, for fabrication in India, from Indian steel.	Reason for passing over, firms given in previous column.	Party by whom order was placed.	Name of Contractor.	REMARKS.
18	N-10120, dated 10th September, 1929.	Pressed steel tank and staging.	1 No. .	Rs. 19,600	Nil.	..	I. S. D. on behalf of Chief Engineer, M. E. S., Murree.	B. R. Herman & Mohatta, Ltd., Karachi.	Fabricated in India from British material.
19	N-9659-2, dated 11th December, 1929.	Aeroplane Hangar at Karachi.	One .	55,600	Nil.	..	I. S. D. on behalf of Director of Civil Aviation.	Ditto	Ditto.
20	N-10568, dated 24th December, 1929.	Pressed steel tank.	One .	8,499	Nil.	..	I. S. D. on behalf of Commander, Royal Engineers, Dera Ismail Khan.	Macbeth Bros. and Co., Ltd., Bombay.	Tank assembled in India from British plates.
21	N-10734, dated 30th April, 1930.	Steel and Iron work for Dawki suspension bridge (Assam).	Lot .	1,00,325	Nil.	..	I. S. D. on behalf of Chief Engineer, Assam.	Kumardhubi Engineering Works, Kumardhubi.	Fabricated in India from British material.
22	N-10564, dated 14th June, 1930.	Aeroplane Hangar at Mingaladon, Rangoon.	One .	43,784	Nil.	..	I. S. D. on behalf of Director of Civil Aviation.	Clark, Craig Ltd., Rangoon.	Ditto.



23	N-11757, dated 19th January, 1931.	Pressed steel tank and staging.	One .	14,198	Nil.	..	I. S. D. on behalf of the Commander, Royal Engineers, Meerut.	Macbeth Bros. & Co., Ltd., Bombay.	Tank assembled in India from British plates and staging made of imported steel.
24	N-318, dated 26th February, 1931.	Ditto.	One .	16,602	Nil.	..	Ditto	Ditto	Ditto.
25	M-613, dated 31st July, 1931.	Steel work, etc., for switch gear, condenser and transformer repair houses at Lahore and Amritsar.	Lot .	1,23,673	..	..	I. S. D. on behalf of Chief Engineer, P. W. D. Electricity Branch, Lahore.	Richardson and Cruddas, Bombay.	Fabricated in India from British material.
26	M-1136, dated 31st January, 1932.	Screw gates for Regulators.	19 spans	8,086	..	..	I. S. D. on behalf of the Executive Engineer, Karachi Canals Division.	T. Cosser & Co., Karachi.	Ditto.

## ***Tinplate.***

### The Tinplate Company of India, Ltd., Calcutta.

(1) Letter No. T. P. 6468/42, dated the 29th September, 1933.

In continuation of our letter of 18th and with reference to your letter of the 16th instant, we have the honour to forward herewith seven copies of our representation for favour of consideration by the Board.

#### Enclosure.

*Result of Protective Policy.*—The protection granted to the tinplate industry under the Steel Industry (Protection) Act has been very largely successful in establishing the industry on a sound basis. It was never possible, however, to realise the prices assumed by the Tariff Board, and the fall in world values which took place in 1931 might have been disastrous. As it was, the imposition by Government of a 25 per cent. surcharge on Customs Duties in September, 1931, came at a most opportune moment.

*Steady Progress.*—So far as industrial efficiency is concerned, the statements attached to this memorandum show what has been, on the whole, a record of steady progress in all departments. There have been set-backs, notably a serious Strike in 1929, but outputs have exceeded all expectations, and costs have been reduced greatly below estimates.

*Reorganization of Capital.*—From the printed Accounts, it will be seen that the Capital of the Company was duly reduced, in accordance with the undertaking given to the Tariff Board in 1926, and that the present favourable financial position has been achieved through the Shareholders giving up Rs. 42½ lakhs of their capital, and the Debenture-holders surrendering nearly Rs. 25 lakhs of Debentures and Rs. 37½ lakhs of accumulated interest,—a total sacrifice of Rs. 105 lakhs.

*Financial Policy.*—Moreover, no dividends have been paid during the period, and all surplus funds, after paying Debenture interest and providing adequately for Depreciation, have been put to Reserve, with the object of redeeming Debentures as they fall due, and carrying on the operations of the Company without having to resort to borrowing.

*Renewal of plant.*—Hitherto replacements have not been heavy, but the plant is now over 10 years old, and the developments in the rolling of sheets and plates which are taking place in other countries will probably make it necessary before long for large sums of money to be spent in keeping the Works up to date. It is therefore essential that ample provision should continue to be made for Depreciation, and that cash resources should be accumulated to meet whatever capital expenditure may prove to be necessary.

*Manufacturing Progress.*—When the Company gave evidence before the Board in 1926, it was thought that considerable extensions to the plant would be necessary if it was desired to attain a larger output of tinplates than the 36,000 tons on which the Company was then estimating. In actual fact, an output of 41,000 tons was obtained in 1927 without major additions to the plant, and a larger output of tinplates is now known to be possible.

*Manufacture of Sheets.*—After two years of restricted working owing to the fall in the demand for tinplates, equipment for the manufacture of light gauge Sheets was installed in 1932, and by arrangement with the Steel Company 4,032 tons of Black and Galvanized Sheets were produced that year, in addition to the 42,151 tons of tinplates, making a grand total of 46,183 tons of tinplates and sheets.

*Maximum Output.*—It is possible that this means of supplementing the production of our Works may not be open to us in future years because the Steel Company have increased their own production of Sheets and may not be able to spare more sheet bar for us than the 60,000 tons which we have on contract from them. Our maximum output may accordingly be

put at 45,000 tons, which is the limit of production possible from 60,000 tons of steel. This is probably also the limit of profitable sales.

*Larger Rolls.*—The increase in output of the plant was made possible primarily by the use in the Hot Mills of rolls 34" and 36" in width as compared with 28" or 30" as previously used, enabling the two standard sizes of tinplates, viz., 18½"×14" and 20"×10", to be rolled 28" and 30" wide respectively instead of 18½" and 20" wide as before. Similarly with other sizes. This meant an immediate addition to output of almost one-third, a "make" of 220 boxes or 10 tons becoming the average for a shift of 8 hours, individual makes of 14 tons per shift being not uncommon.

*Other Equipment.*—Other equipment provided for the Hot Mills included new doublers, a roll-grinder and electrical heaters for warming up the rolls. In the intermediate departments an addition was made to the Black Pickling machine, and extra trains of Cold Rolls provided. The Tinhouse was re-modelled, the Machine Shop was enlarged, the Foundry equipped for casting Brasses, an additional Boiler and a Locomotive Crane purchased, and a Sulphuric Acid plant was installed. In all, about Rs. 10 lakhs of capital expenditure was incurred during the period.

*Reduction of Staff.*—Meanwhile, the labour was becoming more skilled, enabling the number of expert European supervisors to be reduced, so that, whereas we started up the Hot Mills in 1922 with 56 Europeans and still had 35 in 1927, by the end of 1932 the number had been reduced to 11. And so with the rest of the plant.

*Labour Welfare.*—On the whole, the labour has been very well contented. A bonus scheme was started in 1929, as well as a Provident Fund, and both have added materially to the welfare of our employees. Working conditions in the factory are extremely good, and with the air-cooling system in the two most trying departments, viz., the Hot Mills and the Tinhouse, even the hottest weather is made bearable. The working week for each man is limited to 48 hours.

*Housing.*—The proper housing of the labour force has continued to receive careful attention. We have built for our employees 51 bungalows and 418 pucca quarters, in addition to which 823 houses have been built by employees themselves, on land provided by the Company and with the help of loans from the Company. The rentals of the bungalows vary from Rs. 18 to Rs. 92 per month, and of the quarters from Rs. 2-8 to Rs. 25 per month. A feature of the period under review has been the occupation by senior Indian employees, at reduced rents, of a number of the bungalows previously occupied by Europeans.

*Water Supply.*—Filtered water is laid on to the Works and to the Town and Village. The bigger quarters have water-taps of their own; the smaller ones draw from taps or rotary bailers in the alley-ways. All except the smallest quarters have their own bathing place and latrine.

*Medical Facilities.*—In addition to sharing in the cost of the Jamshedpur Hospital, the Company provides medicine, and medical and surgical treatment, free to all comers, and maintains a Hospital outside the Works gate and a first aid post inside the Works. The Hospital comprises a dispensary, minor dressing-station and a ward with three beds for urgent cases. The staff consists of two qualified doctors, one nurse, five compounders and two dressers. A day and night service is maintained.

The number of attendances at the Hospital averages 100 per day, as is shown by the following figures:—

	1930.	1931.	1932.
Employees Accidents . . . . .	365	183	201
Employees Medical . . . . .	25,939	23,430	23,385
Non-Employees Medical . . . . .	10,003	11,288	12,220
	<u>36,307</u>	<u>34,901</u>	<u>35,806</u>

**Accidents.**—Every effort is made to prevent accidents and the factory's record in this respect is very good, although simple cuts and burns are difficult to avoid owing to the nature of the work.

**Schools.**—The Company contributes its share of the cost of the activities of the Jamshedpur Schools Board, and has in addition provided special facilities for schools at Golmuri. These have been much appreciated by parents who previously had to send their children some miles to the nearest school, or had to make arrangements for private tuition.

Turning to the individual statements, we have the following comments:—

**Works Costs.**—Statement A gives our manufacturing costs each year for the 6 years 1927—1932. In their 1926 enquiry, the Board estimated that by 1933, our Works cost would be Rs. 279 per ton. This was on the basis of an output of 36,000 tons. Actually by 1930, with an output of 38,000 tons, the Works cost had fallen to Rs. 255, and by 1932 on an output of 42,151 tons to under Rs. 228.

**Price of Steel.**—The most important item in the costing of tinplates is the steel (sheet bar). The price of sheet bar over the period was governed by agreement between the Company and the Tata Iron and Steel Co., Ltd. (see Statement H), except in respect of the balance stock carried over into 1927 from the previous year, and in respect of a small quantity of sheet bar purchased from Europe during the strike in the Steel Works in 1928, part of which was carried over into 1929. These account for the cost price of steel during 1927—1929 being higher than the contract rate of Rs. 83 per ton.

**Future Price.**—After 31st December, 1936, or after 31st March, 1934, if the duty on tinplates is reduced, the price to be paid for steel will be 33 per cent. of the f.o.b. price of Welsh in plates, or about Rs. 68 per ton, on 1932 values. (See Statement H.)

**Consumption of Steel.**—The consumption of steel per ton of tinplate decreased progressively over the period, falling by 1932 to approximately one and a third tons. With steel at Rs. 68 in place of Rs. 83 per ton there would be a saving of Rs. 20 per ton of tinplate.

**Price of Tin.**—The price of Tin, which is the next most important item in tinplate costs, fell steadily over the 5 years from 1927 to 1931 and then started to rise, regaining the 1930 level during 1932. The rise has continued into 1933, until in May of this year tin prices suddenly shot upwards to the level of 1928, as the following average sterling prices per ton indicate:—

	£		£
1927 . . . . .	289	1st January, 1933 . . . . .	147
		1st February, 1933 . . . . .	148
1928 . . . . .	227	1st March, 1933 . . . . .	148
		1st April, 1933 . . . . .	151
1929 . . . . .	204	1st May, 1933 . . . . .	171
		1st June, 1933 . . . . .	210
1930 . . . . .	142	1st July, 1933 . . . . .	220
		1st August, 1933 . . . . .	215
1931 . . . . .	118	1st September, 1933 . . . . .	220
1932 . . . . .	140		

**Future Tin Cost.**—Consequently, whereas the average price of tin to the Company during 1932 was Rs. 2,123 per ton, it stands to-day at Rs. 3,330 per ton. It appears likely that the world cartel will not allow prices to fall below present levels and that our tin cost in future will be 50 per cent. more than the 1932 figure, or an increase of about Rs. 17 per ton.

**Consumption of Tin.**—It will be seen that the consumption of tin has not fallen over the period; on the contrary, it has slightly increased. This is mainly attributable to the larger number of gauges which have been worked, but the tin coating of tinplates cannot of course be reduced unduly, and at 36 lbs. per ton the consumption may be regarded as satisfactory.

*Cost above Metal.*—Costs above metal also showed a steady fall over the period, due to increased efficiency and the lower level of prices of materials and equipment. With commodity prices moving upwards, it is possible that the 1932 figure of costs will not again be obtainable, but for estimating purposes an average of the 1931 and 1932 figures may be taken, viz., Rs. 85·2 per ton.

*Provident Fund.*—The Provident Fund was started in 1929. Each member is allowed to contribute up to one-twelfth of his annual earnings, and the Company contributes a similar amount to the Fund at the end of the year. The Fund may represent a charge on future costs of as much as Rs. 1 lakh per annum or Rs. 2·4 per ton on 42,000 tons. Its progress to date is shown by the following figures:—

	Members on Roll at end of year.	Company's contribution.
		Rs.
1929 . . . . .	55	6,500
1930 . . . . .	159	8,970
1931 . . . . .	875	30,617
1932 . . . . .	1,483	58,532
1933 (30th June) . . . . .	1,501	

*Overheads.*—The Tariff Board, in their 1926 Enquiry, were prepared to allow us for Depreciation, Interest and Manufacturers' Profit a total of Rs. 14,36,000 per annum, equal to Rs. 39·90 per ton on an output of 36,000 tons. We claim a continuance of at least this allowance for an output of 42,000 tons, or Rs. 34 per ton.

*Total Costs.*—The above data enables us to give an estimate of future total costs, based on an average output of 42,000 tons. It will not always be possible to obtain the maximum output of the factory, and 1932 appears to be a reasonable basis on which to estimate. We accordingly have:—

	Rs.
Cost of Steel . . . . .	110·5
Estimated saving . . . . .	20·0
	<hr/>
	90·5
Cost of Tin . . . . .	34·2
Add extra 50 per cent. . . . .	17·1
	<hr/>
Total . . . . .	141·8.
Cost above Metal . . . . .	85·2
	<hr/>
Total Works Cost . . . . .	227·0
Head Office . . . . .	1·6
Provident Fund . . . . .	2·4
	<hr/>
Total . . . . .	231·0
Overheads . . . . .	34·0
	<hr/>
GRAND TOTAL . . . . .	265·0

*Sales Returns.*—Statement B. This statement shows the tonnages of tin-plates sold and the returns realized. The bulk of our output continues to be sold under agreement with the Burmah Oil Co., but an increasingly large percentage is being taken by other buyers, the figure rising from 17 per cent. in 1927 (excluding the 27-gauge plates) to over 30 per cent.

in 1932. 30-gauge tinplate continues generally to be the one most in demand in India, but it will be seen that a progressively larger quantity of other gauges is being produced yearly. This applies also to 1933, notably in respect of 70-lb. plates.

*Orders undertaken.*—Statement C shows the extensive range of sizes manufactured, and affords an interesting commentary on the suggestion made by the Welsh Manufacturers at the last Enquiry that the Indian factory would not be able to undertake miscellaneous orders.

Actually, in addition to this list, more than 30 different sizes and gauges of black and galvanized sheets have also been manufactured during the past 12 months.

*Imported Prices.*—Statement D. This statement gives the prices of 30-gauge Prime tinplates over the period, brought up to a landed price by the application of the same formula as applies to our contract with the Burmah Oil Co.

*Fall in Prices, 1927-1932.*—It will be seen that prices fell very considerably during the period. The Tariff Board, at their previous Enquiry, estimated that the price of 30-gauge Prime tinplates, over the range of protective years, would be about 20 shillings per box f.o.b. South Wales, or Rs. 320 per ton landed in India exclusive of duty. The actual prices realised were much lower, as the statement shows. Summarised, they were:—

	f. o. b. S. Wales per box.	Landed India per ton.
	s. d.	Rs.
Estimated . . . . .	20 0	320
Actual—1927 . . . . .	19 9½	311
1928 . . . . .	19 3	301
1929 . . . . .	19 6½	304
1930 . . . . .	18 10½	296
1931 . . . . .	15 3½	233
1932 . . . . .	15 11	252

*1933 Prices.*—It will be seen that an immense fall occurred between 1930 and 1931. Fortunately, 1932 brought a higher level, and this year prices have continued to move upwards, with a jump in July, when tin prices began to rise, the f.o.b. prices being:—

	s. d.
1933—1st quarter . . . . .	16 4½
2nd " . . . . .	16 8½
July . . . . .	17 7½
August . . . . .	17 3

*Future Price.*—There is no doubt that the upward movement was overdone. On current tin and sheet bar costs, the price of tinplates might be expected to be 1s. per box higher than in 1932, or 16s. 11d., but not appreciably more. The reaction which started in August is accordingly likely to continue, and considering how the forecasts made in 1926 have been falsified, we are reluctant to assume that prices will not go lower than this.

The price of sheet bar, which has been falling steadily, may fall still further, and Welsh manufacturing costs—which do not appear to have decreased since 1927—may start to come down.

In all the circumstances, we do not think it unreasonable to assume that, even with tin continuing at present levels, the future price of tinplates may fall as low as the average for 1932, viz., 15s. 11d. per box, or Rs. 252 per ton.

*Allowance for Freight and Wasters.*—Statement D also shows, by comparison with Statement B, that on the average our return on total production is Rs. 30 per ton less than the imported price of Primes. This figure may be compared with the allowance of Rs. 30.76 per ton (see page 121 of the 1926 Report), which the Tariff Board then estimated as the appropriate adjustment on account of Freight and Wasters.

*Rate of Duty required.*—Adding this allowance to the estimate of Total Cost obtained from Statement A above, we arrive at a future fair selling price of tinplates, as follows:—

	Rs.
Total Cost per ton . . . . .	265
Allowance for Freight and Wasters . . . . .	30
	<hr/>
Fair selling price . . . . .	295
Deduct imported price of Tinplates . . . . .	252
	<hr/>
Duty required . . . . .	43 per ton

*Statement E* shows the prices realised under the agreement with the Burmah Oil Co. A comparison with Statement D will show that this contract has given us prices averaging Rs. 6 per ton below trade-paper quotations.

*Potential Market.*—*Statement F* gives an estimate of the total annual consumption of tinplates in India over the past six financial years. It shows that the economic depression has reduced our potential market by over 25 per cent. and that, to dispose of our maximum output of 45,000 tons, we should need to secure the order for every size and gauge of tinplate used throughout the country. It is greatly to be hoped that a return to the old level of demand will not be long delayed.

*Foreign Competition.*—The entry of Continental tinplates into India in appreciable quantities is a new possibility which has just recently begun to show itself. In the last few months, German tinplates have been offered at prices which appear to be well below Welsh levels, and although we have not yet been able to ascertain precise details and cannot say we have yet felt the effects of their competition, any Protective scheme that is to operate over a period of years should be framed to provide against the possibility of foreign tinplates entering India at much lower price levels.

*Tariffs and Prices.*—*Statement G*, which has been drawn up on the lines of Table XXXIX on page 126 of the 1926 Report, shows that the Protective tariff has not caused an increase in prices. Prices over the Protective period have been much lower than previously.

*Long Term Contracts.*—*Statement H* gives particulars of our two long term contracts, for the purchase of steel and the sale of tinplates respectively.

*Home Steel Prices—Competitors Price Advantage.*—*Statement J* shows the prices ruling for British and Continental sheet bar over the period 1927—1932. It will be seen that, for the first four years, the price paid by us under the agreement with the Tata Iron and Steel Co. was approximately the same as the price paid for steel by the Tinplate Factories in Wales, but that since 1930 our Welsh competitors have had an advantage over us to the extent of Rs. 20 per ton of steel, or no less than Rs. 26 per ton of tinplates. A reference to the price calculations in Statement H will show that, had the 33 per cent. basis been in force over the whole six years, we should have paid for our steel very much the same prices as the Welsh factories.

*Employees.*—*Statement K* shows the average number of employees each year over the period. The reduction in the number of covenanted hands will be particularly noted.



*Wages and Output.*—Statement L gives the average monthly wages bill and the tonnage per head over the period. The tonnage per head would have been much higher during the years 1928—1931 but for the successive hindrances to output, in the form of strikes and the lack of demand for tinplates.

*Conclusion.*—In asking for a protective duty at the reduced rate of Rs. 43 per ton, we are naming a figure that is not very much higher than what would be produced by the current Revenue Duty of 15½ per cent. on non-protected steel.

We would request the Board to frame their recommendations so as to provide for the protective duty being not less than the revenue duty in force from time to time, or Rs. 43 per ton, whichever is higher. It will be remembered that the duty on tinplates was Rs. 40 per ton before the Indian tinplate industry was started.

## STATEMENT A.

## TINPLATE COSTS PER TON.

		<i>Summary.</i>					
		1927.	1928.	1929.	1930.	1931.	1932.
Tinplates produced	Tons	41,521	36,815	33,113	38,482	37,320	42,151
Steel consumed	"	58,892	50,701	46,783	52,888	50,307	56,119
Steel consumed per ton of Tinplates	"	1.41837	1.37718	1.41283	1.37436	1.34799	1.33138
Price of Steel per ton	Rs.	83-139	83-719	83-452	83-000	83-000	83-000
Cost of Steel per ton of Tinplates	"	117-921	115-296	117-903	114-072	111-884	110-505
Price of Tin per ton	"	4,281	3,560	3,288	2,466	1,881	2,123
Tin consumed per ton of Tinplates	lbs.	34-527	31-639	35-109	35-333	36-133	36-030
Cost of Tin per ton of Tinplates	Rs.	65-985	50-284	51-538	38-899	30-334	34-156
Cost per ton of Tinplates—							
Steel and Tin	Rs.	183-906	165-580	169-441	152-971	142-218	144-661
Cost above Metal	"	108-232	106-411	128-758	101-623	87-596	82-853
Total Works Cost	Rs.	292-138	271-991	298-199	254-594	229-814	227-514
Head Office	"	2-105	2-826	2-453	1-915	1-992	1-596
Prevident Fund	"	...	...	0-196	0-233	0-821	1-389
Total Cost of Tinplates per ton	Rs.	294-243	274-817	300-848	256-742	232-627	230-499

	1927.	1928.	1929.	1930.	1931.	1932.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Hot Mill—</b>						
Steel . . . . .	117-921	115-296	117-903	114-072	111-884	110-504
Bar cutting . . . . .	1-687	1-379	1-567	1-385	1-128	1-219
Producing Labour . . . . .	28-763	27-756	30-026	25-201	22-863	19-729
Power and Lighting . . . . .	13-971	11-290	12-498	10-754	11-037	11-226
Coal . . . . .	2-737	2-732	2-749	2-115	2-087	2-013
Boiler and Steam lines . . . . .	0-694	1-020	1-141	0-991	0-983	1-053
Shearing and Open- ing . . . . .	3-078	3-244	3-825	3-502	3-444	3-294
Rolls . . . . .	4-729	3-501	3-705	3-033	2-390	3-228
Brasses . . . . .	0-907	1-041	1-155	0-997	0-798	0-716
Hot Neck Grease and other Lubri- cants . . . . .	1-238	1-640	1-881	1-678	1-654	1-477
Other materials in production . . . . .	0-686	0-521	0-687	0-690	0-410	0-824
Machine Shop . . . . .	0-395	0-765	0-858	0-749	0-328	0-413
Water . . . . .	0-252	0-214	0-260	0-244	0-225	0-229
Repairs . . . . .	2-795	3-919	4-826	4-593	2-212	5-624
General Expenses . . . . .	6-059	9-221	15-302	6-811	5-753	5-778
	<u>185-912</u>	<u>183-539</u>	<u>198-383</u>	<u>176-815</u>	<u>167-196</u>	<u>167-327</u>
<b>Intermediate—</b>						
Producing Labour . . . . .	4-369	4-686	5-060	4-037	4-330	4-098
Power and Lighting . . . . .	2-332	1-771	1-931	1-560	1-125	1-273
Coal . . . . .	1-231	0-889	1-209	1-195	1-123	1-201
Boiler and Steam lines . . . . .	0-694	1-040	1-178	0-991	0-874	0-933
Annealing Box Covers and Bottoms . . . . .	2-724	2-239	2-921	2-798	1-640	2-625
Cold Mill Rolls . . . . .	0-145	0-163	0-178	0-143	...	0-119
Brasses . . . . .	0-334	0-295	0-234	0-109	0-112	0-077
Sulphuric Acid . . . . .	5-405	3-898	4-497	3-856	2-166	2-329
Other materials in production . . . . .	0-964	0-594	0-640	0-510	0-439	0-479
Machine Shop . . . . .	0-171	0-127	0-146	0-125	0-064	0-091
Water . . . . .	0-777	0-846	0-986	0-854	0-754	0-766
Repairs . . . . .	1-575	0-948	1-343	1-368	1-536	1-479
General Expenses . . . . .	2-149	1-915	2-747	1-082	0-958	0-824
	<u>22-870</u>	<u>19-411</u>	<u>23-070</u>	<u>18-628</u>	<u>15-121</u>	<u>16-294</u>
<b>Tinhouse—</b>						
Tin . . . . .	65-985	50-284	51-538	38-899	30-335	34-155
Producing Labour . . . . .	7-735	8-866	9-230	7-236	6-956	6-481
Power and Lighting . . . . .	0-791	0-398	0-526	0-519	0-419	0-514
Coal . . . . .	0-968	0-967	0-980	0-743	0-602	0-755

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	1927.	1928.	1929.	1930.	1931.	1932.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Boiler and Steam lines . . . . .	0-069	0-116	0-130	0-110	0-109	0-117
Sulphuric Acid . . . . .	0-474	0-582	0-675	0-597	0-349	0-272
Palm Oil . . . . .	4-268	3-347	3-892	3-443	2-844	1-772
Zinc Chloride . . . . .	1-000	0-590	0-600	0-456	0-327	0-353
Other materials in production . . . . .	1-400	1-002	1-549	1-701	0-961	1-284
Tinplates used for packing . . . . .	7-012	6-396	6-800	5-873	4-805	5-106
Warehouse Expenses . . . . .	4-708	3-897	4-563	4-063	3-859	3-754
Machine Shop . . . . .	0-632	0-383	0-434	0-375	0-057	0-093
Water . . . . .	0-167	0-143	0-162	0-139	0-128	0-131
Repairs . . . . .	2-548	1-957	4-170	5-316	3-728	4-381
General Expenses . . . . .	3-280	6-458	8-719	3-225	2-746	2-473
	<u>101-037</u>	<u>85-386</u>	<u>93-968</u>	<u>72-695</u>	<u>58-225</u>	<u>61-641</u>
Total . . . . .	309-819	288-336	315-421	268-138	240-542	245-262
Less Credits for Scrap, etc. . . . .	17-681	16-345	17-222	13-544	10-728	17-748
GRAND TOTAL . . . . .	<u>292-138</u>	<u>271-991</u>	<u>298-199</u>	<u>254-594</u>	<u>229-814</u>	<u>227-514</u>

**STATEMENT B.**  
**TINPLATE SALES RETURN.**

	1927.		1928.		1929.		1930.		1931.		1932.	
	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
<b>30-gauge Primes—</b>												
Burmah Oil Co. . . . .	32,583	338	29,063	318	26,193	326	27,861	323	23,523	267	28,940	289
Other buyers . . . . .	..	..	357	319	425	322	2,894	326	7,202	303	3,642	284
Total . . . . .	<u>32,583</u>	<u>338</u>	<u>29,420</u>	<u>318</u>	<u>26,618</u>	<u>325</u>	<u>30,555</u>	<u>324</u>	<u>30,725</u>	<u>273</u>	<u>32,582</u>	<u>288</u>
<b>Other Sales—</b>												
25 gauge . . . . .	..	..	..	..	..	..	250	304	22	243	..	..
27 ,, . . . . .	2,199	340	2,037	307	1,371	324	981	314	444	270	437	297
28 ,, . . . . .	..	..	..	..	..	..	483	253	774	228	1,320	242
29 ,, . . . . .	..	..	..	..	..	..	34	270	59	245	113	246
30 ,, . . . . .	6,368	321	4,960	290	4,712	272	5,773	276	4,715	252	6,805	248
80 lbs. . . . .	402	391	644	349	186	341	250	339	395	296	556	278
85 ,, . . . . .	..	..	..	..	..	..	..	..	13	804	21	296
70 ,, . . . . .	..	..	..	..	5	426	..	..	..	..	..	..
Total Other Sales . . . . .	<u>8,969</u>	<u>328</u>	<u>7,641</u>	<u>299</u>	<u>6,274</u>	<u>289</u>	<u>7,771</u>	<u>282</u>	<u>6,422</u>	<u>253</u>	<u>9,252</u>	<u>252</u>
<b>GRAND TOTAL . . . . .</b>	<b>41,552</b>	<b>336</b>	<b>37,061</b>	<b>314</b>	<b>32,892</b>	<b>318</b>	<b>38,326</b>	<b>315</b>	<b>37,147</b>	<b>271</b>	<b>41,834</b>	<b>280</b>

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## STATEMENT C.

## GOLMURI TINPLATES.

## Schedule of orders worked.

Description.	Size inches.	Sheets per box.	Nett Weight per box. lbs.
70 lbs.	20 x 14	112	70
	25½ x 21	112	134
	23 x 21	112	121
	22½ x 18½	112	103
	20½ x 18½	112	95
	28 x 21	112	147
85 lbs.	18½ x 12	112	68
90 lbs.	20 x 14	112	90
	28 x 20	56	90
	18½ x 14	124	93
	28 x 18½	124	186
	20 x 10	225	129
	18½ x 12	112	72
	16½ x 13	112	70
	26½ x 19	112	160
	26½ x 21½	112	180
26½ x 18½	112	156	
30 gauge	20 x 14	112	108
	18½ x 14	124	110
	20 x 10	225	156
	12½ x 9	282	110
	14 x 7	332	110
	28 x 20	56	108
	30 x 20	75	156
	28 x 18½	62	110
	26½ x 16½	74	110
	28 x 14	83	110
	26½ x 18½	64	110
	22 x 22	65	108
	30 x 21	50	108
	24 x 18	75	110
29 gauge	20 x 10	157	122
28 gauge	20 x 14	112	140
	18½ x 14	124	140
	20 x 10	157	136
	28 x 20	56	136
	22 x 22	65	136
	30 x 20	52	136
	18½ x 15½	114	140
27 gauge	31 x 23	56	193
	31 x 11½	112	198
	22½ x 16	112	199
	22 x 14	112	170
	14 x 11	112	85
13½ x 10½	112	80	
25 gauge	28 x 11½	112	220
	16½ x 11½	112	137

## STATEMENT D.

IMPORTED PRICES OF PRIME TINPLATES, 1927-1932, COMPARED WITH ACTUAL SALES RETURNS AS PER STATEMENT B.

Average Market Price f.o.b. S. Wares over the year as per "Metal Bulletin"—	1927.		1928.		1929.		1930.		1931.		1932.	
	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10
Per box .	19/9½	27/9½	19/3	27/2½	19/6½	27/7	18/10½	26/6½	15/3½	20/9	15/11	22/6½
Per ton . £	20-152	19-932	19-591	19-533	19-888	19-800	19-233	19-057	15-544	14-902	16-211	16-189
Plus Tin-lining and Iron-hooping at 1½d. per box . . . . . "	·976	·688	·976	·688	·976	·688	·976	·688	·976	·688	·976	·688
Less Half Cost of Box at 4½d. per box . . . . . "	·361	·254	·361	·254	·361	·254	·361	·254	·361	·254	·361	·254
Total . . . . . "	20-767	20-366	20-206	19-967	20-503	20-234	19-848	19-491	16-159	15-336	16-826	16-623
Per Composite Ton, i.e., 2-56:												
1 . . . . . "	20-654		20-139		20-428		19-748		15-928		16-769	
Ocean Freight . . . . . "	2-320		2-171		1-991		1-991		1-576		1-991	
Insurance . . . . . "	·039		·038		·038		·037		·030		·032	
c.i.f. . . . . "	23-013		22-348		22-457		21-776		17-534		18-792	
At Exchange . . . . . "	1/5-936		1/5-991		1/5-910		1/5-820		1/5-863		1/6-118	
Equals . . . . . Rs.	307-935		298-122		300-931		293-279		235-580		248-928	
Landing Charges . . . . . "	2-750		2-750		2-750		2-750		2-828		2-844	
Landed Price . . . . . "	310-685		300-872		303-681		296-029		238-408		251-772	
Say . . . . . "	311		301		304		296		238		252	
Add Import Duty . . . . . "	57		48		48		48		53		60	
Imported Price of Prime Tin- plates . . . . . "	368		349		352		344		291		312	
Actual Sales Return on Total Pro- duction (see Statement B) . . . . . "	336		314		318		315		271		280	
Difference, being adjustment for Freight, Wasters, etc. . . . . "	32		35		34		29		20		32	

STATEMENT E.

PRICES OF 30-GAUGE PRIMES UNDER THE AGREEMENT WITH THE BURMAH OIL Co., LD.

	1927.		1928.		1929.		1930.		1931.		1932.	
	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10	18½×14	20×10
Final B.O.C. Prices f.o.b. South Wales per ton . . . . . £	20·110	19·607	19·665	19·002	20·157	19·446	19·887	19·230	15·287	15·844	16·217	16·803
Per Composite Ton, f.o., 2·56:1 . . . . .	19·969		19·479		19·957		19·703		15·444		16·382	
Ocean Freight . . . . .	2·320		2·171		1·991		1·991		1·576		1·991	
Insurance . . . . .	·038		·037		·038		·037		·029		·032	
<b>Total</b> . . . . .	<u>22·327</u>		<u>21·687</u>		<u>21·986</u>		<u>21·731</u>		<u>17·049</u>		<u>18·405</u>	
At Exchange . . . . .	1/5·936		1/5·991		1/5·910		1/5·820		1/5·863		1/6·118	
Equals . . . . . Rs.	298·756		289·305		294·620		292·673		229·063		243·802	
Landing Charges . . . . .	2·750		2·750		2·750		2·750		2·828		2·844	
<b>Total</b> . . . . . Rs.	<u>301·506</u>		<u>292·055</u>		<u>297·370</u>		<u>295·423</u>		<u>231·891</u>		<u>246·646</u>	
Duty . . . . . „	57·250		48·000		48·000		48·000		52·990		60·000	
<b>Total</b> . . . . . Rs.	<u>358·756</u>		<u>340·055</u>		<u>345·370</u>		<u>343·423</u>		<u>284·881</u>		<u>306·646</u>	
Say, Rs.	359		340		345		343		285		307	

## STATEMENT F.

## TINPLATE CONSUMPTION IN INDIA—TONS.

Year.	IMPORTS INTO INDIA.				Total.
	U. K.	U. S. A.	Other countries.	T. C. I. L. Sales.	
1927-28 . . .	16,407	7,393	57	42,806	66,663
1928-29 . . .	14,621	12,297	56	35,150	62,124
1929-30 . . .	21,770	9,315	2	35,681	66,768
1930-31 . . .	8,430	8,752	47	37,868	55,097
1931-32 . . .	7,419	143	22	38,306	45,890
1932-33 . . .	6,887	...	116	38,967	45,970

## STATEMENT G.

## PRICE OF TINPLATES IN INDIA.

(Cf. page 126 of 1926 Report.)

	Av. rate of Exch. Pence.	Landed Price Rs. per ton.	Duty Rs. per ton.	Total Price Rs. per ton.
Pre-Tariff . . . . .	16-00	400	40	440
Estimated by Tariff Board . . . . .	18-00	321	48	369
Actual—1927 . . . . .	17-94	311	48	359
1928 . . . . .	17-99	301	48	349
1929 . . . . .	17-91	304	48	352
1930 . . . . .	17-82	296	48	344
1931 . . . . .	17-86	238	48	286
1932 . . . . .	18-12	252	60	298
1932 . . . . .			60	312

## STATEMENT H.

## PURCHASE AND SALE CONTRACTS—STEEL AND TINPLATES.

*Steel—Sheet Bar.*—Agreement with the Tata Iron and Steel Co., Ltd., dated the 27th July, 1928, in force for 21 years from 1st January, 1927, until 31st December, 1947.

Quantity—Up to 60,000 tons per annum.

Price—

(a) From 1st January, 1927, to 31st December, 1936—Rs. 83 per ton f.o.r. Golmuri.

(b) Price after 31st December, 1936—or after 31st March, 1934, if the protective duty of Rs. 43 per ton is then withdrawn or reduced—will be the rupee equivalent of 33 per cent. of the average sterling f.o.b. S. Wales export price per ton of Welsh Kerosene Oil Tinplates bought by Burmah Oil Company, Anglo-Persian Oil Company and/or Asiatic Petroleum Company. This price to be fixed quarterly.



If this method of calculation had been in force hitherto, the price paid for steel would have been as follows:—

	1927.	1928.	1929.	1930.	1931.	1932.
Final B. O. C. Price per Composite Ton f.o.b. S. Wales	£ 19'969	19'479	19'957	19'703	15'444	16'382
Less Iron-hopping and Tinning	.895	.895	.895	.895	.895	.895
	£ 18'074	18'584	19'062	18'808	14'549	15'487
33% is	6'294	6'133	6'290	6'207	4'801	5'111
Average Exchange	1/5'936	1/5'991	1/5'910	1/5'820	1/5'863	1/6'118
Rupee Equivalent	Rs. 84'219	81'814	84'288	83'596	64'504	67'703
Say Rs.	84	82	84	84	65	68

*Tinplates.*—Agreement with the Burmah Oil Co., Ltd., for 21 years from 1st January, 1927, with an option of a further 21 years.

*Quantity.*—The maximum output of the Golmuri works up to the requirements of the Burmah Oil Co., Ltd., and/or any other Company in which they hold half the ordinary capital.

*Price.*—The average sterling price of Welsh Tinplates (less an allowance of 4½d. per box for wooden cases and iron-hooping not supplied), delivered at whatever destinations may be required throughout India.

This applies to the two standard sizes of 30-gauge oil tinplates, viz., 18½" x 14" and 20" x 10", but if other gauges are required, an appropriate addition or subtraction is to be made in the price. Pending the fixing of the definitive price each year, a provisional price is charged, based on weekly trade paper prices.

## STATEMENT J.

## SHEET BAR PRICES.

Year.	£	s.	d.	F.o.b. Exch.	Rs.	Freight and Charges Rs.	C.i.f. Rs.	Duty.	Landing Charges.	Landed Price. Rs.	Railway Freight.	Delivered Works. Rs.
British—												
1927	.	.	.	1/5-936	81-637	14-446	96-083	9-608	2-750	108-441	5-955	114-396
1928	.	.	.	1/5-991	78-789	14-397	93-186	9-319	2-750	105-255	5-955	111-210
1929	.	.	.	1/5-910	84-785	14-471	99-256	9-926	2-750	111-932	5-955	117-887
1930	.	.	.	1/5-820	83-403	14-274	97-677	9-768	2-750	110-195	5-955	116-150
1931	.	.	.	1/5-863	65-443	12-882	78-325	10-403	2-828	91-556	5-955	97-511
1932	.	.	.	1/6-118	63-859	12-699	76-558	11-962	2-844	91-364	5-955	97-319
Continental—												
1927	.	.	.	1/5-936	60-465	14-414	74-879	7-488	2-750	85-117	5-955	91-072
1928	.	.	.	1/5-991	64-671	14-376	79-047	7-905	2-750	89-702	5-955	95-657
1929	.	.	.	1/5-910	67-937	14-446	82-383	8-238	2-750	93-371	5-955	99-326
1930	.	.	.	1/5-820	58-193	14-236	72-429	7-243	2-750	82-422	5-955	88-377
1931	.	.	.	1/5-863	45-513	12-852	58-365	7-752	2-828	68-945	5-955	74-900
1932	.	.	.	1/6-118	39-850	12-663	52-513	8-204	2-844	63-561	5-955	69-516

STATEMENT K.

NUMBERS OF EMPLOYEES.

*Covenanted and Uncovenanted.*

Department.	1927.		1928.		1929.		1930.		1931.		1932.	
	Cov.	Uncov.	Cov.	Uncov.	Cov.	Uncov.	Cov.	Uncov.	Cov.	Uncov.	Cov.	Uncov.
Bar Yard . . . . .	1	29	1	31	1	36	1	37	1	33	..	31
Hot Mills . . . . .	35	825	28	791	25	848	16	855	15	824	11	785
Millwright . . . . .	..	159	..	147	..	136	..	137	..	124	..	121
Roll Turning . . . . .	1	18	..	20	..	15	..	12	..	13	..	13
Shearing and Opening . . . . .	2	176	2	187	2	250	1	222	1	210	1	194
Scrap Baling . . . . .	..	67	..	73	..	86	..	86	..	73	..	66
Pickling . . . . .	1	85	1	110	1	102	1	125	1	126	..	122
Annealing . . . . .	2	124	2	127	2	118	1	123	1	123	1	120
Cold Rolls . . . . .	2	91	2	90	2	83	1	80	1	93	1	88
Tinhouse . . . . .	12	311	11	317	9	331	8	366	8	374	7	352
Warehouse . . . . .	1	156	1	141	1	151	..	160	..	164	..	165
Electrical . . . . .	1	107	..	119	..	104	..	123	..	119	..	125
Maintenance . . . . .	..	135	..	135	..	134	..	111	..	103	..	97
Machine Shop . . . . .	..	81	..	77	..	69	..	80	..	73	..	72
Office . . . . .	2	83	2	94	2	87	2	82	2	79	2	81
Stores . . . . .	..	80	..	87	..	79	..	54	..	54	..	54
Traffic . . . . .	..	76	..	72	..	48	..	47	..	44	..	39
Acid Plant . . . . .	..	..	..	..	..	..	..	11	..	22	..	24
General . . . . .	..	134	..	80	..	174	..	213	..	190	..	184
Watch and Ward . . . . .	..	41	..	43	..	67	..	73	..	61	..	55
Medical . . . . .	..	9	..	19	..	20	..	18	..	18	..	18
Town . . . . .	..	143	..	147	..	150	..	103	..	139	..	122
Total . . . . .	60	2,930	50	2,907	45	3,038	31	3,168	30	3,068	23	2,928

STATEMENT L.

PRODUCTION, AND NUMBERS AND WAGES OF EMPLOYEES, WITH TONNAGE PER HEAD PER ANNUM.

Year.	Production in tons.	Labour—Average Nos.			Average Monthly Wages.		Average Tonnage per head.	Remarks.
		Coven-anted.	Uncoven-anted.	Total.	Total.	Cost [per ton.		
1927	41,521	60	2,930	2,990	1,91,627	55	13-887	
1928	36,815	50	2,907	2,957	1,73,783	57	12-450	Tatas' strike. Half-time working for extended period.
1929	33,113	45	3,088	3,133	1,78,422	65	10-569	Strike in Tinplate Works.
1930	38,482	31	3,163	3,199	1,74,462	54	12-029	Short time working owing to limited demand.
1931	37,320	30	3,068	3,098	1,59,247	51	12-046	Short time working owing to limited demand.
1932	42,151	23	2,928	2,951	1,62,671	46	14-284	

## STATEMENT M.

## NOTE ON RECONSTRUCTION OF CAPITAL.

Dating from the 1st January, 1927, the Profit and Loss Sharing arrangement between the Company and the Tata Iron and Steel Co., Ltd., was abandoned, and a new agreement was signed, providing for a definite price for sheet bar, up to a maximum of 60,000 tons per annum, the price for an initial period to be the fixed rate of Rs. 83 per ton delivered at the Tinsplate Works, and for the second period to be a fluctuating price dependent on the price of Welsh tinplates. At the same time, a new agreement with the Burmah Oil Co., Ltd., was signed, providing as before for the full price of imported tinplates to be paid to the Tinsplate Company, but with delivery at whatever destinations might be required instead of f.o.r. Shalimar as under the previous arrangement. (See Statement H.)

The Company's Balance Sheet was then reconstructed, in order to wipe off accumulated losses and to reduce the book value of the Works and Town to figures more in accordance with their replacement cost, as follows:—

The Debenture-holders surrendered Rs. 24,90,000 Debentures, together with interest due to the extent of Rs. 37,71,143-6-11, and the Share Capital was written down from Rs. 75,00,000 to Rs. 32,50,000, the total of these adjustments being Rs. 1,05,11,143-6-11.

As against this, the amount due by the Tata Iron and Steel Co., Ltd., under the original sheet bar agreement was agreed at a figure which left Rs. 40,99,147-10-9 to be cancelled, and opportunity was taken to write off Preliminary Expenses amounting to Rs. 1,21,644-11-6.

At the same time, the Block value of the Company's property which stood at Rs. 1,61,59,736-1-3 at the end of 1925 was written down to a replacement valuation of Rs. 1,20,00,000 by means of Special Depreciation amounting to Rs. 41,59,736-1-3, which is still shown as a separate deduction in the Company's annual accounts. As ordinary depreciation had in the meantime been charged on the higher valuation, the appropriate adjustment under this heading became Rs. 32,75,891-11-3.

These adjustments gave a surplus of Rs. 30,14,459-5-5 to be set against the loss brought forward into the 1927 Accounts of Rs. 34,60,945-2-6, leaving a loss of Rs. 4,46,485-13-1 which after crediting the profit of Rs. 3,52,031-10-7 earned in 1927 left a loss to be carried forward of Rs. 94,455-2-6 as under:—

	Rs.	A.	P.		Rs.	A.	P.
T. I. S. Co. debt written off	40,99,147	10	9	Debentures cancelled	24,90,000	0	0
Special Depreciation	32,75,891	11	3	Interest cancelled	37,71,143	6	11
Preliminary Expenses	1,21,644	11	6	Share capital reduced	42,50,000	0	0
Surplus carried down	30,14,459	5	5		<u>1,05,11,143</u>	<u>6</u>	<u>11</u>
	<u>1,05,11,143</u>	<u>6</u>	<u>11</u>				

	Rs.	A.	P.
Surplus brought down	30,14,459	5	5
Loss brought forward into 1927 Accounts	34,60,945	2	6
Balance	4,46,485	13	1
Profit earned in 1927	3,52,030	10	7
Loss carried forward	<u>94,455</u>	<u>2</u>	<u>6</u>

NOTE.—This loss is shown in the 1927 Accounts as Rs. 43,44,455-2-6, the reduction of Rs. 42,50,000-0-0 in the Share Capital not actually taking place until the year 1929.

(2) *Supplementary Statements.*

## SUPPLEMENTARY STATEMENT 1.

EXPENDITURE ON TOWN.		Rs.
Total Capital Expenditure on Golmuri Town (representing housing, electricity and water supply, roads, drainage and similar amenities for the benefit of the Company's employees) up to 31st December, 1926 . . . . .		16,75,539
Written off under Reconstruction . . . . .		4,31,764
		<u>12,43,775</u>
Additions in 1927 . . . . .		47,862
1928 . . . . .		1,951
1929 . . . . .		45,094
1930 . . . . .		16,668
		<u>13,55,350</u>
Furniture Sold . . . . .		3,604
Expenditure to 31st December, 1932 . . . . .		<u>13,51,746</u>

The above does not include the cost of Golmuri Works Hospital or the Company's contribution to the cost of the Golmuri Primary School, as under:—

	Rs.
Cost of Golmuri Works Hospital (building and furniture) up to 31st December, 1926 . . . . .	18,610
Written off under Reconstruction . . . . .	4,791
	<u>13,819</u>
Added in 1927 . . . . .	555
Expenditure to 31st December, 1932 . . . . .	14,374
Contribution to the cost of the Golmuri Primary School, paid in April, 1929 . . . . .	4,326
	<u>18,700</u>
Total of all the above as at 31st December 1932 . . . . .	<u>13,70,446</u>

Annual Gross Expenditure (exclusive of interest and depreciation) on Golmuri Town, Works Hospital and Primary School; and Annual Nett Expenditure after deducting rents, etc., recovered were as under over the six years:—

	Gross. Rs.	Nett. Rs.
1927 . . . . .	1,02,051	22,828
1928 . . . . .	1,21,052	48,926
1929 . . . . .	1,30,861	71,618
1930 . . . . .	1,26,513	68,161
1931 . . . . .	1,18,583	57,327
1932 . . . . .	1,24,957	62,519

The above Nett Expenditure has been allocated on a percentage basis to General Expenses in each of the three Sections of the Total Works Cost.

**SUPPLEMENTARY STATEMENT 2.**

**COMPARISON BETWEEN PRICES OF PRIMES AND PRICES OF WASTERS AND UNASSORTED.**

Year.	Gauge.	Total Sales.	Wasters and U/S.	Proportion of 4 to 3.	Average Price per ton f. o. r. Works.		Difference between 6 and 7.	Column 8 multiplied by column 5.	Difference between 6 and 9 being Return on grand total production.
					Primes.	Wasters & U/S.			
1	2	3	4	5	6	7	8	9	10
		Tons.	Tons.	Per cent.	Rs.	Rs.	Rs.	Rs.	Rs.
1927	All	41,552	8,969	21.59	338.080	328.426	9.654	2.084	335.996
1928	"	37,061	7,641	20.62	318.411	299.357	19.054	3.929	314.482
1929	"	32,892	6,274	19.07	325.497	286.409	39.088	7.454	318.043
1930	"	38,326	7,771	20.28	323.721	281.598	42.123	8.543	315.178
1931	"	37,147	6,422	17.29	275.261	252.942	22.319	3.859	271.402
1932	"	41,834	9,252	22.12	288.395	251.569	36.826	8.146	280.249

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NOTE.—The figures in Column 10 are the Grand Totals in Statement B.

## SUPPLEMENTARY STATEMENT 3.

## NETT FREIGHT DISADVANTAGE, 1932.

Destination.	Ton.	Freight Disadvantage.	
		Per ton.	Total.
		Rs.	Rs.
Agra . . . . .	600	Cr. 20.98	Cr. 12,588
Delhi . . . . .	370	24.89	9,209
Cawnpore . . . . .	17	16.60	282
Lahore . . . . .	50	6.88	344
	<u>1,037</u>	<u>Cr. 21.623</u>	<u>Cr. 22,423</u>
Coconada . . . . .	757	1.825	1,382
Tinsukia . . . . .	5,064	8.809	44,609
Budge Budge . . . . .	11,186	10.426	1,16,625
Madras . . . . .	1,879	11.754	22,086
Bombay . . . . .	9,983	15.574	1,55,475
Cochin . . . . .	2,018	22.357	45,116
Chittagong . . . . .	1,831	24.074	44,079
Rangoon . . . . .	4,348	25.034	1,08,848
Karachi . . . . .	2,796	37.175	1,03,941
Marmagoa . . . . .	935	83.186*	77,779
Total . . . . .	<u>41,834</u>	<u>16.673</u>	<u>6,97,517</u>

Average Disadvantage Rs. 16.673 or, say, Rs. 17 per ton.

*N.B.*—A reference to Statements B and E will show that the average Freight Disadvantage on sales under the B. O. C. Agreement was Rs. 18 per ton in 1932 and Rs. 20 per ton over the whole period.

\* Including amount of British Indian import duty of Rs. 60 per ton not realisable on sales to Marmagoa.



## SUPPLEMENTARY STATEMENT 4.

## FOREIGN COMPETITION.

*Supplementary data—Ref. page 8 of Representation.*

The likely sources of competition other than from Wales are—

- (a) Japan,
- (b) The United States of America,
- (c) Continental Europe, notably Germany and Italy, and possibly Belgium.

(a) So far as we are aware, no Japanese tinplates have hitherto entered India, but if Japan starts to export tinplates, she is likely—if the example of other industries is any guide—to be able to land them in India at prices far below those of other countries.

(b) The price of American tinplates landed in India is usually higher than that of Welsh tinplates, and the danger from this direction lies primarily in depreciated exchanges.

In June of this year American tinplates were offered c.i.f. Indian ports at about \$4.10 and \$5.60 per box of Sides and Ends respectively, which at the then ruling exchange rate of Rs. 325 per \$100 brought the landed price per composite ton to Rs. 272, as compared with Rs. 267 for Welsh tinplates.

To-day, however, American tinplates can be bought c.i.f. at \$4.50 and \$6.15 per box of Sides and Ends respectively, which at an exchange rate of Rs. 260 per \$100 brings the landed price per composite ton to Rs. 239, as compared with the current Welsh price of Rs. 272.

To protect the Indian market against this competition, a differential duty of Rs. 33 per ton is required over and above whatever rate of duty is fixed for Welsh plates.

(c) The competition from Continental Europe is at present mainly from Germany, although Italian tinplates are trying to find a market in this country and it is not unlikely that, in the future, competition may be felt from Belgium, where there are Sheet Mills capable of turning out very thin gauge sheets, and where tinplates could presumably also be manufactured without difficulty.

As regards prices, German tinplates were bought in Bombay in August at 19s. per box of Sides and 23s. per box of Ends c.i.f. Bombay as against the Welsh price of 19s. 11d. and 27s. 9d. respectively. This brings the landed cost of German tinplates to Rs. 250 as compared with Rs. 271 for Welsh tinplates, or a difference of Rs. 21 per ton.

There is reason to apprehend, however, that German Works are able to quote lower than this in order to get business. The export price of Continental sheet bar is £2-8-0 gold or £3-13-9 sterling per ton, i.e., about Rs. 49, as compared with our estimated price of Rs. 68 per ton, and assuming a consumption of 1½ tons of steel per ton of tinplate, the German Works have an advantage over us of Rs. 25 per ton.

These figures hold good of course only on the assumption that Germany remains on the gold standard. Should she abandon it, her manufacturing costs in terms of sterling will automatically be reduced by about one-third, except perhaps in respect of tin, so that German prices c.i.f. India may be expected to fall from the present figure of Rs. 250 per ton to as low as Rs. 190 per ton, necessitating a total differential duty in the neighbourhood of Rs. 80 per ton.

In all the circumstances, and inasmuch as the imposition of even a prohibitive differential duty will not affect any established import trade, we ask the Tariff Board to recommend that a differential duty of Rs. 33 per ton be imposed on non-British tinplates forthwith, and that Government should be empowered, whenever necessary to meet any further falls

in price and without an enquiry by the Tariff Board, to increase the duty by an amount which should not necessarily be limited to the extent of the actual price reduction.

**NOTE.**—We shall be obliged if you will bring to the notice of the Board the particulars contained in an article entitled "The Tinplate Trade in 1933" in the Annual Review Number of "The Iron & Coal Trades Review" dated 26th January, 1934, pages 158 and 159, with regard to the progress of the tinplate industry in Japan, of which we enclose an extract for ready reference.

When we submitted statement 4 we were not in possession of accurate data with regard to Japanese tinplate factories and their production, but the information contained in this article goes to show that the export of tinplate from Japan in the near future is a very real possibility, and, as we mentioned in Statement 4, it is likely that Japan could export at prices considerably below those ruling for Welsh tinplate.

We also enclose an extract from the same article regarding the growth in the production and export of Italian, German and French tinplate, and the competition met with during 1933 from these sources and from America.

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*Extract from article on "The Tinplate Trade in 1933" published in "The Iron and Coal Trades Review" Annual Review Number, pages 158 and 159.*

*Japan.*—The Japanese market is one of those which are gradually being closed to imported steel either from this country or elsewhere, and perhaps Japan has advanced further in this direction than any of our overseas customers. The country is rapidly becoming self-supporting in the matter of iron and steel products, and among them must be reckoned tinplates. The Seitetsusho steelworks at Horagaoka, Japan, has been producing tinplates for some time, and it will be noted that imports from Great Britain in 1933 amounted to only 23,165 tons as against 38,324 tons in 1932. Moreover, extensions of plant are in hand. The Seitetsusho, being unable to meet the demand during the past year, decided to put down another tinplate mill, and this is expected to be completed by about October, 1934, although a number of stands may be put into operation early in the year. A tinplate mill at the Kawashima works is also being built, and is expected to be in operation in May. It is, however, said to be doubtful if these mills will be sufficient to meet the increasing demands for tinplates, but developments must inevitably reduce imports to a comparatively low level. In time there appears to be a possibility of Japan not only satisfying her own requirements, but of dominating the Chinese market which is at her door. China, however, so far is still an important customer for British tinplates, exports to that country, including Hong Kong, being 34,926 tons in 1933, and only slightly lower than the previous year, which was some 8,000 tons greater than exports to China in 1929, generally regarded as a good year.

*Foreign competition abroad.*—A remarkable feature of the tinplate industry abroad in the past year has been the extraordinary growth in both production and exports of Italy, Germany and, to a lesser extent, France. Moreover, the increased output was occasioned principally by the much larger quantities of tinplates exported; thus British manufacturers have had to face much keener competition in foreign markets. Tables IV and V, giving production and exports of the various countries, the figures for 1933 being estimated, speak for themselves. Germany has been the most serious competitor, but the United States of America began to compete strongly towards the end of the year, when the exchange value of the dollar fell, and with it the price of American tinplates in terms of foreign currencies. In October American exports jumped to over 15,000 tons from 7,490 tons in September, and compared with 3,659 tons in the month of October, 1932. Total exports for the year were approximately double those for 1932. As already indicated exports were largely to South America and

the Far East. Regarding Germany, tinplate production during 1933 underwent an increase of about 48 per cent., while exports were greater by over 50 per cent., the principal markets outside Europe being South America and Japan, though the latter, for reasons already mentioned, is becoming less important owing to the increase in tinplate output from Japanese works. Tinplate output in France increased by about 57 per cent. in 1933 as compared with 1932, while exports were about 20 per cent. greater.

TABLE IV.—*Production of Tinplates and Terne Plates in Principal Producing Countries (Long tons).*

	Great Britain.	United States.	Germany.	France.
	Tons.	Tons.	Tons.	Tons.
1927 . . . . .	749,800	1,688,449	126,800	52,000
1928 . . . . .	816,500	1,839,205	133,600	78,720
1929 . . . . .	879,800	1,968,280	141,700	84,200
1930 . . . . .	814,400	1,763,443	124,500	88,200
1931 . . . . .	717,400	1,458,943	146,600	82,820
1932 . . . . .	745,500	1,032,507	138,800	70,800
1933* . . . . .	767,200	1,745,000	205,000	110,000

\* Estimated.

TABLE V.—*Exports of Tinplates and Terne Plates from Principal Producing Countries (Long tons).*

	Great Britain.	United States.	Germany.	France.
	Tons.	Tons.	Tons.	Tons.
1927 . . . . .	532,429	253,888	29,100	28,460
1928 . . . . .	527,257	249,642	34,230	23,200
1929 . . . . .	463,688	258,965	29,530	29,830
1930 . . . . .	504,112	216,517	36,690	24,950
1931 . . . . .	396,436	84,433	65,940	33,770
1932 . . . . .	458,672	39,603	80,450	29,780
1933 . . . . .	453,294	75,000*	120,000*	37,000*

\* Estimated.

† Includes a small proportion of galvanised, lead and other coated plates.

#### SUPPLEMENTARY STATEMENT 5.

##### WELSH MANUFACTURING COSTS.

Year.	Cost Price per ton.		Selling Price of Tinplates per box.		Cost of		Surplus above Metal.
	Tin.	Steel.	Tin.*	Steel.†	Tin.*	Steel.†	Metal.
	£	£ s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1926 . . . . .	290	6 3 0	20 0	4 6	7 5	8 1	
1927 . . . . .	289	6 2 0	19 9½	4 5½	7 4½	7 11½	
1928 . . . . .	227	5 18 1½	19 3	3 6	7 1½	8 7½	
1929 . . . . .	204	6 6 6½	19 6½	3 2	7 7½	8 9	
1930 . . . . .	142	6 3 10	18 10½	2 2½	7 5½	9 2½	
1931 . . . . .	118	4 17 5	15 3½	1 10	5 10½	7 6½	
1932 . . . . .	140	4 16 5	15 11	2 2	5 9½	7 11½	
1933—							
August . . . . .	215	4 15 0	17 3	3 3½	5 8½	8 2½	
September . . . . .	217	4 16 0	16 9	3 5	5 9½	7 7½	
October . . . . .	227	4 19 5	17 0½	3 6	6 0	7 6½	

\* At 36 lbs. per ton of tinplate, equals 1·736 lbs. per box of 108 lbs.

† At 1½ tons of steel per ton of tinplate.

## SUPPLEMENTARY STATEMENT 6.

## DETAILS OF CHARGE FOR DEPRECIATION, 1932.

Particulars.	Value. Rs.	Depreciation.	
		Rate.	Amount. Rs.
<b>Works—</b>			
Machinery and Plant . . . . .	69,29,645		
Broad Gauge Tracks . . . . .	2,67,654		
Narrow Gauge Tracks . . . . .	3,425		
Rolling Stock . . . . .	1,44,266		
Plant and Small Tools . . . . .	54,229		
Water Supply Installation . . . . .	69,148		
Yard Lighting Installation . . . . .	3,760		
Furniture and Instruments . . . . .	28,127		
Telephones . . . . .	19,964		
	<u>75,20,218</u>	8%	6,01,618
Acid Manufacturing Plant . . . . .	1,34,692	14%	18,857
Buildings . . . . .	35,86,861		
Preparation of Site . . . . .	1,40,402		
Sewers and Drains . . . . .	84,737		
Tank, Reservoir and Dam . . . . .	26,759		
Roads . . . . .	6,695		
	<u>38,45,454</u>	2½%	96,136
Acid Plant Building . . . . .	1,76,742	6%	10,605
Motor Lorry and Cars—			
Already written down to Re. 1 . . . . .	40,452	—	—
Balance . . . . .	8,654	nom.	771
	<u>49,106</u>		
<b>Town—</b>			
Bungalows . . . . .	6,06,015		
Quarters . . . . .	4,19,123		
Roads . . . . .	63,901		
Sewers and Drains . . . . .	86,130		
	<u>11,75,169</u>	2½%	29,379
Electrical Equipment in Bungalows . . . . .	56,105		
Furniture . . . . .	85,344		
Lighting Installation . . . . .	20,352		
Water Supply Installation . . . . .	13,662		
Tools . . . . .	1,114		
	<u>1,76,577</u>	8%	14,126
<b>Total of Works and Town . . . . .</b>	<b>1,30,77,958</b>		
<b>Total Depreciation . . . . .</b>	<b>...</b>	<b>...</b>	<b><u>7,71,492</u></b>

## SUPPLEMENTARY STATEMENT 7.

## SALES OUTSIDE BRITISH INDIA.

In the footnote to our Supplementary Statement 3, it was remarked that the British Indian Import Duty is not realisable on sales to Marmagoa, in Portuguese India. The same applies to Karaikkal, in French India, at both of which stations there are oil installations making up tinplates into kerosene tins for import into British India.

By reason of there being no import duty on tinplates entering these territories, Indian tinplate must either be offered at prices less by the amount of the Indian Import Duty, or the orders are lost to India and go to Wales or other suppliers.

A British Indian customs duty is levied on all tins coming in from French and Portuguese India, and if the Government of India would consent to free from this duty tins made from Indian tinplate, this would open the way to the exclusive use of Indian tinplates by the oil installations in Karaikkal and Marmagoa.\* The Company has twice applied to the Government of India for action on these lines, but without success, and we request the Tariff Board to urge this on Government when framing their present proposals.

The objection raised by the Government of India when refusing the Company's applications was the difficulty of differentiating between tins manufactured from Indian made tinplate and those manufactured from imported tinplate, but it would seem that this could be overcome by the oil companies furnishing certificates of the quantities of Golmuri tinplate consumed at Marmagoa and Karaikkal respectively, of the number of tins manufactured from them and of the quantity consumed in French and Portuguese territory, the balance representing the tins re-imported into British India. It is understood that from 75 per cent. to 90 per cent. of the tinplate consumed at Karaikkal and Marmagoa is eventually imported into British India in the form of tins.

There are, we believe, representatives of the British Indian Customs service stationed at the installations at Marmagoa for the purpose of certifying the tinned oil entering British India as being the same as that imported in bulk from Burma, and there would appear to be no insuperable difficulty against instituting a similar routine for identifying the tinplate.

## SUPPLEMENTARY STATEMENT 8.

NOTE ON THE NATIONAL PETROLEUM CO.'S LETTER DATED 19TH DECEMBER, 1933,  
TO THE TARIFF BOARD.

*Para. 3.*—We supply Prime tinplates to the Socony-Vacuum Corporation and the Indo-Burma Petroleum Co. and are prepared to supply to the National Petroleum Co. also.

*Para. 4.*—We first learned of the National Petroleum Co. through their purchases of our Waster tinplates in the Bombay Bazar. Early in 1933 the quantity of Wasters that we had available for Bombay became insufficient for the bazar trade and the increasing requirements of the National Petroleum Co., and we quoted them direct in May, 1933, for Prime tinplates. They, however, placed an order at a lower rate for German tinplates.

As the German plates were not shipped in time to prevent their running out of stock, the National Petroleum Co. referred to us again in June,

\* The Socony-Vacuum Corporation have an Oil Installation at Karaikkal, in French India, and both they and the Burmah-Shell Oil Storage & Distributing Company of India, Ltd., have installations at Marmagoa.

The Board will have noted that, under our agreement with the Burmah Oil Company, Ltd., we have actually been supplying the requirements of the Burmah-Shell Company at Marmagoa. We are not, however, supplying the Socony-Vacuum Corporation at either Marmagoa or Karaikkal.

when we assisted them by supplying at short notice 2,000 boxes of Primes for their immediate needs. At the same time their further requirements were covered by their purchasing from us 11,000 boxes of Unassorted tinplates for delivery in Bombay over the six months July/December, 1933, a portion of which we have at their request diverted to Calcutta for delivery in January, 1934, as they were unable to take the whole quantity in due time in Bombay.

The Board will remember that in order to keep our Works in full operation in 1932 we had undertaken the manufacture of black and galvanized sheets, and when tinplate demand improved progressively during 1933 we had some difficulty in meeting all demands until the outstanding sheet orders were completed and this branch of manufacture dropped. We could therefore only fulfil the National Petroleum Co.'s requirements of 11,000 boxes by supplying them with Unassorted tinplates, i.e., 80/85 per cent. Primes plus the 15/20 per cent. of Waster arising in manufacture.

We are willing and indeed anxious to obtain the National Petroleum Co.'s future orders in either Prime or Unassorted quality at reasonable rates and have been in touch with them with this in view for the past two months.

*Para. 5.*—As the Board are aware, the Tinplate Company is only able to compete with tinplates imported from Wales by the assistance of the import duty, and the Indian Company must necessarily sell its production at prices competitive with imported tinplates, whether British or non-British.

*Para. 6.*—The National Petroleum Co.'s estimate of requirements is higher than their past consumption would appear to warrant.

*Para. 7.*—The protection afforded to the Indian Company being based on the imported price of British tinplate, it is clear that, if non-British tinplate is permitted to enter India at prices below British, the Indian Company will not enjoy the intended measure of protection. German and American quotations have already affected the prices at which we have been able to sell to the Socony-Vacuum Corporation and to the bazar, and the Board will be interested to learn that, whereas in our Statement Q we estimated American prices c.i.f. India at Rs. 239 per ton, the internal American price being then \$4.65 per base box, we have recently met with American competition at Rs. 246 per ton c.i.f. India for forward delivery, in spite of an increase in the internal base price for the first quarter of 1934 to \$5.25.

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(3) *Letter No. T. P. 6323/43, dated the 16th March, 1934, from the Tinplate Company of India, Ltd.*

At the enquiry of the 13th December, the President asked us to consider whether, if the duty on Welsh tinplate were reduced below Rs. 48 per ton, but a differential duty on other tinplate were imposed so as to make the total duty Rs. 48 per ton or over, the price for steel payable by us under our Agreement with the Tata Iron and Steel Company Limited, would continue to be Rs. 83 per ton until the 31st December, 1936, or be 33 per cent. of the f.o.b. price per ton of Welsh Kerosene Oil tinplates.

While there may be a difference of opinion as to the interpretation of the clause in question, our opinion is strongly that the intention was that the 33 per cent. basis should come into force if the duty on Welsh tinplates was reduced.

The Tata Iron and Steel Company Limited, however, have informed us that they consider that we should be bound to continue paying at the rate of Rs. 83 per ton until 31st December, 1936. If so, the saving on steel estimated on page 5 of our Representation at Rs. 20 per ton of tinplates would not take effect until after that date, and we request the Board to take this into consideration when framing their recommendations,

**The Metal Box Co., Ltd. London.**

*Letter No. R. B./J. M., dated the 6th March, 1933, to the Secretary, Department of Commerce of the Government of India, New Delhi.*

This Company has decided to establish a factory in India for the production and distribution of tin boxes and cans.

In the commencement, it is our intention to perform the most difficult operations in our English factories, and to ship the parts to India for assembly there. We are prepared to go a step further, if the conditions necessary for such a further step can be secured.

This would mean that we should equip the Indian factory for the complete manufacture of containers, including the lacquering and lithographing. Such a complete modern factory should be of considerable advantage to the development of employment and industry throughout India. The availability of tinsplate containers that are well made, attractive and cheap, will enable Indian producers to pack many of their commodities more satisfactorily than before; to distribute them over wider areas, with maximum protection for the goods; and to increase the sales because of the attractive appearance of the container.

On the side of our business which deals with the supply of cans for canning, we have been co-operating with the Empire Canning Council, and have already assisted in the establishment of several new food canning concerns in tropical and semi-tropical parts of the Empire.

We believe that there are great possibilities in India for the canning of fruit and other perishable food stuffs that India can produce.

Such a development for the benefit of Indian agriculture will depend to a greater extent than may at first be appreciated on the availability of the right type of container at prices competitive with America, Australia, South Africa, Japan and other countries that have developed large canning enterprises for their agricultural production.

Experience in America and in this country has shown the important part that the can maker should and does play in the development of the canning industry. We enclose a booklet which will indicate some of the developments that have taken place in Great Britain during the past five years.

There is, however, a serious difficulty that has to be overcome before we can venture on such a programme, or proceed to the complete full-scale manufacture of containers in India. This difficulty is connected with the supplies of special sizes and qualities of tinsplate.

The type of modern machinery with which it would be necessary for us to equip our factory, so that the containers shall be comparable in quality and price with those from other countries, cannot be operated unless the tinsplate fulfils certain very exacting requirements. It is inevitable that for some time we should be compelled to obtain these essential supplies from South Wales.

To substantiate this statement, we would inform you that we have considerable difficulty in obtaining satisfactory supplies even from South Wales. Out of the 70 tinsplate Works in South Wales to-day, only a very small number are able to supply our Company with the quality of tinsplate which is essential, and even in respect of these few Works, we have to maintain a constant and ever closer collaboration.

In these circumstances, we respectfully submit for the consideration of the Government of India, the necessity for allowing us to import such types of tinsplate, either free of duty, or at least on a substantially revised basis. If the present high tariff on tinsplate is continued, it would most probably render it impracticable for us to embark upon our scheme of complete manufacture in India.

We respectfully submit that our request is based upon sound technical grounds, and that it would be of great advantage to the agriculture and trade of India if this exemption from the high duty on tinsplate were granted to us.

As we are anxious to proceed with our plans as promptly as possible, we should be grateful for your early reply to this letter.

### Welsh Plate and Sheet Manufacturers' Association, London.

(1) *Letter dated the 1st November, 1933.*

I beg to enclose herewith a representation to the Indian Tariff Board on behalf of the Welsh Plate and Sheet Manufacturers' Association. This representation relates to the application of the Tinsplate Company of India Limited for a continuance of protection for their tinsplate works in India.

We beg to record our appreciation of the courtesy of the Indian Tariff Board in forwarding a copy of the application to us, and for the opportunity to base our representation upon the facts contained in that application.

In view of the limitation of the request of the Tinsplate Company of India Limited to what is approximately the revenue tariff, the Welsh Manufacturers do not consider that they can usefully oppose the application, and that there is not sufficient justification for them to send a personal representative to India to give oral evidence before the Board.

The Welsh Manufacturers in their representation call attention to the importance of differential duties, and they urge upon the Tariff Board the necessity for dealing with that aspect of the application of the Tinsplate Company of India. Twelve copies of our representation are sent herewith by Air Mail, but in case of accident twelve further copies have been despatched by the ordinary mail.

Enclosure.

*Representations dated the 3rd November, 1933, made on behalf of the Welsh Plate and Sheet Manufacturers' Association relating to the application of the Tinsplate Company of India, Ltd., for a continuance of protection for the Tinsplate Industry.*

(For convenience, the Welsh Plate and Sheet Manufacturers' Association will be referred to herein as "the Association," and the Tinsplate Company of India, Ltd., will be referred to as "the Indian Company," and the Indian Tariff Board as "the Board.")

1. The Association records its appreciation of the arrangements made by the Board for time and opportunity to study the application of the Indian Company, and to submit a representation relating thereto.

2. The Association begs to call the attention of the Board to certain statements in the application of the Indian Company and the pages referred to are the pages as numbered in that application, and the "Statements" referred to are as distinguished by letters in that application.

3. Statement F sets forth for each year from 1927 the tinsplate consumption in India. The figures shew that the consumption decreased from 66,663 tons in the year 1927-28 to 45,970 tons in the year 1932-33. The imports from the United Kingdom for the same period fell from 16,407 tons to 6,887 tons. That decrease in consumption may be due in the main to general world conditions in trade and finance. It is, however, important to take note in this connection of the fact that the development of consumption for purposes other than oil distribution has been most disappointing. It was hoped that local interest in the establishment of a tinsplate industry in India would have stimulated canning and distributive developments in India. Having regard to the great variety of products in India, and its vast consuming public, it is astonishing that so little has been done compared with other countries in the Orient as well as in the rest of the world. Indian Agriculture in particular would benefit enormously from an extended use of tinsplate for preserving and distributing various foods and other products,



In view of the above it is most desirable that tinplates of suitable qualities for modern canning operations should be available at reasonable prices comparable with those in other countries.

4. The Association observes that the Indian Company does not press for a duty much in excess of the Revenue Duty. In view of that limited request, the Association does not desire to contest the claims of the Indian Company as set forth in their application.

5. The Association does, however, call the special attention of the Board to paragraph 1, page 8, dealing with foreign competition.

The situation is much more definite and serious than would be gathered from the wording of that paragraph.

Up to the year 1931, the exports of tinplates from Germany were mainly confined to a few European countries which afforded advantages in freight, etc., but the German Steel combined have adopted a system of substantial subsidies to encourage the export of tinplates. For example, in the month of August, 1933, the German price of sheet bars for home consumption was £5=1 gold, but for export trade the price was £2=8 gold.

This policy of subsidising the tinplate export trade has resulted in sales of German tinplates all over the world. At first the sales were in small quantities, but the tonnage rapidly increased. In the first eight months (January-August) the German exports have been 23,103 tons in 1930, 38,238 tons in 1931, 49,166 tons in 1932, and 79,344 tons in 1933. Certain quantities of German tinplates have been imported into India recently, and there is a definite probability that, as has been the case in other countries, those quantities will increase, especially if there is a revival of demand. Another new factor has been the entry into the world's tinplate markets since 1931 of an Italian works that uses bars imported from continental countries at the subsidised export price. In the first six months the Italian exports of tinplates were: 1,388 tons in 1931, 2,389 tons in 1932, and 12,885 tons in 1933. Quantities of these Italian tinplates have also been imported recently into India.

There is also a possibility of lower prices competition from the United States of America if the inflation of the dollar leads to a lowered exchange value for her export trade.

In view of the above facts there is established the necessity for substantial differential duties if the policy of the Board is to be successful in affording to the Indian Company the protection required to maintain the "fair selling price" that may be fixed by the Board.

The Board is in a position to estimate within a reasonable margin the probable selling price of Welsh tinplates over a period, and the Indian Company tacitly admits that in respect of competition from Welsh Imports the revenue duty should be sufficient to safeguard the "fair selling price." It is known to them that there is a tariff of 33½ per cent. against imports of sheet bars into the United Kingdom, and there is no prospect of any substantial reduction in the price of bars to the Welsh tinplate manufacturers below the price of bars to the Indian Company.

The Association suggests therefore that tinplates from the United Kingdom should be subject to the Revenue Duty, but that imports of tinplates from other destinations should be subject to a differential duty corresponding to the difference between the subsidised price for bars of £2 8s. 0d. per ton, and the price taken in the cost calculations of the Indian Company.

(2) *Letter dated the 9th November, 1933, from the Welsh Plate and Sheet Manufacturers' Association.*

With further reference to representation made to the Tariff Board on behalf of the Welsh Plate and Sheet Manufacturers' Association, we beg to submit the following additional information:—

- (1) In order that the Tariff Board may have impartial confirmation of the statement made in the representation that the continental

cartel price for sheet bars for export was £2.8 per ton, we forward herewith a copy of L'Usine Belge dated September 6th, 1933, on which we have marked the item for the price of sheet bars for export purposes.

- (2) It may be desirable to point out that owing to the manner in which the recent competition of German tinplate exporters has been conducted it is not possible to quote their selling price without creating a misleading impression. Our experience is that there is no independent fixed price at which German tinplates are sold for export. The practice that has been adopted is to follow the price of the Welsh makers in the various markets, and to make a reduced offer sufficient to take the business. By such methods business has been taken in many countries irrespective of the operations of the Exchanges. That means that in countries on the gold standard, or at parity with sterling, or at a premium or discount to sterling, business is taken from the Welsh makers by the method of following their price and making such offers below that price as are necessary to take the business.

The Tariff Board can appreciate from this explanation that even if Welsh prices declined from their present figure, as is suggested by the Tinplate Company of India in their application, then if the present methods are continued the German competitors will still export to India at prices substantially below the estimated fair selling price that the Tariff Board may rely upon in their calculations.

A further point of interest in this connection is the fact that the American tinplate exporters will be allowed under the new American Steel Code to sell tinplates for export at 1 (one) dollar per basis box below the price fixed for internal sales. It appears to be clear that such subsidised sales must be provided against by a substantial differential duty if the fair selling price estimated by the Tariff Board is to have a reasonable chance of being maintained.

### **The National Petroleum Co., Bombay.**

*Letter No. 24565, dated the 19th December, 1933.*

We beg to address you with regard to an article recently published in the "Statesman" on the subject of revisions made to you by Messrs. Shaw Wallace & Co., Managing Agents of the Tinplate Company of India Limited for a differential duty of Rs. 33 per ton on non-British tinplates. With regard to this, we would remark as under:—

(1) It is 2 years since we entered into Kerosene Oil market in Bombay and we will build our installation in Calcutta by 15th of January.

(2) Burmah Shell and Standard Oil Co., make their tins of prime quality plates.

(3) The control of the Tinplate Company of India, Ltd., is in the hands of Burmah Oil Co., who hold 51 per cent. of the shares and the Managing Agents are not allowed to supply prime quality plates to other purchasers. They will, however, supply 3rd quality plates known as "Wasters", this only through their agents in Bombay M./S. Adamji Lukhmanji who are the agents for Burmah Shell. For some time we purchased through this medium, but we could never get regular supplies and often our Factory was closed on this account. Further, as a result of using these inferior plates our tins commanded a price one anna less than those of competitors, which caused us considerable loss.

(4) For some time we purchased through the Managing Agents direct and they refused to supply with all demands saying that they will not be

able to make extra supplies. Even they will only supply us second quality plates known as unassorted.

(5) English manufacturers of tinplates have formed a syndicate and their prices are on so high a basis as to make it impossible for them to compete with the Tinplate Company of India Limited.

(6) These sources of supply both being cut off, we were forced to buy German plates and we got an excellent quality of tinplates and since the inception of this method, we have had no difficulty. Our demand is something like 6000 cases monthly and when our Calcutta Installation is in its full swing, we may require something like 15,000 cases in all.

(7) Any differential duty imposed on non-British tinplates will only therefore operate in favour of Burmah Shell and will seriously injure and damage our business.

We shall esteem it a favour if bearing this in mind your Board will refrain from the imposition of such differential duty which would amount to preferential duty in favour of foreign oil companies.

The facts that Tinplate Company of India Ltd., is not in a position to meet our demands should be ample to ensure our request.

Requesting your favourable consideration.

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### **The Indian Merchant's Chamber, Bombay.**

*Letter No. 393, dated the 19th February, 1934.*

The attention of the Committee of this Chamber has been drawn to the plea put forward by the Tin Plate Company of India before the Tariff Board for an increased duty on non-British tin plates, and I am directed to place before the Board their observations in this connection as under:

My Committee have received complaints that if the proposed increased duty on non-British tin plates is levied as suggested by the Tin Plate Co., the same would result in a serious handicap to small concerns recently started in the country, which are using these articles for installation purposes in their factories, because they would have to pay higher price for Continental tin plates of prime quality. My Committee are further informed that the Managing Agents of the Tin Plate Co., are generally not in a position to supply all the requirements of these small concerns and even when they could the supplies are of second quality plates only. The Tariff Board will no doubt observe from this that any increase in duty on non-British tin plates would affect the development of small industries in the country. My Committee are further informed that as the controlling interest in the Tin Plate Co., is with the Burma Oil Company, complaints have arisen that trading rivals (mostly Indian firms) for the distribution of oil, petrol, etc., are sometimes penalised and handicapped in their operation by the policy of the Tin Plate Co., regarding the supplies of their products to such concerns. My Committee are, therefore, strongly opposed to any such increase in the duty. They hope that the Board will not countenance the suggestion of the Tin Plate Co., in this regard.

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### **The Buyers and Shippers Chamber, Karachi.**

*Letter No. G. C. 36/590, dated the 22nd March, 1934.*

My Committee understand that Messrs. The Tin Plate Company of India, Ltd., have approached the Tariff Board with a view to their recommending increase in duty on the imports of non-British Tin Plates into India. If this information is correct, my Committee strongly oppose the Tariff Board's entertaining any such proposal. In support of their this view, I have been directed to write to you as under:

The Tin Plate Company of India, Ltd., is not an independent industry working freely like any other enterprise, but is controlled by certain Oil Companies who direct its operations solely in their own interests and for their own benefits. The Management of the Company does not pay attention to the outside trade of this Company; nor are they mindful of the conveniences and requirements of persons and firms who need Tin Plates for their business.

The capacity of the Tin Plate Company of India, Ltd., is very restricted. It is unable to accept orders freely or even to an appreciable extent from parties other than those who have ultimately the guiding voice in its operations. Business of all those who use Tin Plates for manufacturing process has already suffered and will be still worse if the request of this Company for enhanced protection against non-British Tin plates is accepted.

The Oil Companies which control the Tin Plate Co., of India, Ltd., make improper use of the powers possessed by them and so carry on its work as to make the business of their competitors (who are mostly Indian firms importing foreign oil, recently established in the country) difficult, if not impossible. My Committee feel that a sheltered industry has no right to protection—let alone increased protection—if it fails to perform its functions impartially.

Several merchants of this place have approached the Tin Plate Company of India, Ltd., on a number of occasions asking to be supplied with its products. But on one excuse or the other orders have not been complied with since July last, and would not be supplied, as we are informed till the end of the current year, which means that for this period of 18 months the merchants will not be supplied with the products of the Tin Plate Company of India, Ltd. In support of this connection, I am directed to send copies of correspondence that has passed between some of the local firms and the Tin Plate Company of India, Ltd., which are enclosed herewith.

If the suggestion of the Tin Plate Company of India, Ltd., for enhanced duty on non-British Tin Plates is accepted, it would seriously cripple the business of those who require containers made out of tin plates for their business and of those who are engaged in manufacturing articles out of tin plates.

My Committee trust that looking to all these facts, which conclusively establish that the demand of the Tin Plate Company of India, Ltd., is absolutely unjustifiable, the Tariff Board would not entertain their proposal.

Enclosures.

No. 1.

23rd August, 1933.

The Tin Plate Co., Ltd.,  
Calcutta.

Dear Sirs,

**TIN PLATES.**

Messrs. Shaw Wallace & Co., Ltd., Karachi, who were accepting orders for tin plates, are now refusing to pass on any orders to you for tin plates. We shall thank you to kindly advise us of your prices for:—

18½" x 14",

20" x 10",

prime, assorted, or first as you can supply us, for immediate delivery.

Thanking you.

Yours faithfully,

The Mills Store Co.

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No. 2.

From The Tin Plate Company of India, Ltd.,  
Calcutta.  
To The Mills Store Co.,  
Karachi.

29th August, 1933.

TIN PLATES.

Dear Sirs,

We are in receipt of your letter of 23rd instant, but regret that owing to our production being fully booked, we are unable to offer you tinplates nor are we able to make you any offer for forward delivery.

Yours faithfully,  
for the Tinplate Company of India, Ltd.,  
for Shaw Wallace & Co.,  
Managing Agents.

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No. 3.

30th September 1933.

The Tin Plate Company of India, Ltd.,  
4, Bankshall Street,  
Calcutta.

Dear Sirs,

Reverting to your letter of the 29th August, we shall thank you to kindly let us know if you are now in a position to book order for tin plates both for ready and forward delivery and let us have your quotations for same.

Thanking you.

Yours faithfully,  
The Mills Store Co.

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No. 4.

23rd January, 1934.

The Tin Plate Company of India, Ltd.,  
4, Bankshall Street,  
Calcutta.

Dear Sirs,

Referring to your letter of the 29th August, 1933, we shall thank you to kindly advise us prices and delivery time for tin plates 18 $\frac{1}{2}$ " x 14" and 20" x 10". We would here mention that we have our own oil storage tanks and require a large quantity for our own consumption for marketing in four gallon tins. We hope you will therefore consider over the matter and let us have regular supplies. Our consumption being more than 1500 cases a month.

Awaiting your prompt reply, and thanking you.

Yours faithfully,  
The Mills Store Co.

No. 5.

## THE TIN PLATE COMPANY OF INDIA, LTD.

26th January, 1934.

The Mills Stores Co.,  
Karachi.

TIN PLATES.

Dear Sirs,

We are in receipt of your letter dated the 23rd January, and are obliged to your enquiry for tinplates. We regret, however, that our Works production is fully taken up with orders already on hand and in view of this full demand and the exceedingly heavy freight charges from Tatanagar to Karachi, we have been compelled to discontinue supplying to the Karachi market.

If we later find ourselves able to supply we shall not fail to let you know.

Yours faithfully,

for the Tin Plate Company of India, Ltd.,  
Managing Agents.

No. 6.

20th February, 1934.

The Tin Plate Company of India, Ltd.,  
4, Bankshall Street,  
Calcutta.

Dear Sirs,

We have our own tin can factory for manufacturing four gallon, one gallon and all kinds of tins, and require tinplates of the following sizes:—

18½" x 14",

20" x 10",

20½" x 18½",

20" x 14",

and shall feel obliged if you will kindly quote us your prices for same f.o.r. Karachi, for a wagon load of about 350 boxes.

Thanking you.

Yours faithfully,

The Haideri Tin Factory.

No. 7.

## THE TIN PLATE COMPANY OF INDIA, LTD.

24th February, 1934.

Messrs. The Haidary Tin Factory,  
Frere Road,  
Karachi.

Dear Sirs,

We are in receipt of your letter dated the 20th February and note that you require tinplates for manufacturing various kinds of tins. Although normally we should have been pleased to quote for your requirements, we regret that our production for the current half year is already fully booked and we are at present finding it impossible to supply the requirements of the Karachi market. Should we later in the year find that we can do so we shall not fail to advise you.

Yours faithfully,

for the Tinplate Company of India, Ltd.,  
Managing Agents.

No. 8.

27th February, 1934.

The Tin Plate Company of India, Ltd.,  
4, Bankshall Street,  
Calcutta.

Dear Sirs,

We are extremely sorry to read your reply No. T. P. M.-6456/24, dated 24th instant regarding supply of Tin Plates to us. You have been supplying Tin Plates to other Tin Can Manufacturers while you refuse us to supply under the grounds that you are heavily booked for the first half of the current year. We have to suffer heavily due to high duty. We have to pay on foreign imported Tin Plates while although you enjoy the monopoly and protection are never caring to supply our needs.

If you cannot supply the Tin Plates in equal share to us as you supply to other centres, we shall have as last resource to put the matter before the Tariff Board. Since last one year you not supplied us Tin Plates.

As your production is already booked for the first half of the year, we shall be pleased to know, whether you will book our order for the second half of the year and if so at what rate. On hearing from you, we shall let you know the quantity we shall require.

Expecting an early reply and hoping our letter will have your most careful attention.

We beg to remain,

Dear Sirs,  
Yours faithfully,  
The Haideri Tin Factory.

No. 9.

*Copy of letter No. T. P. M.-6490/24, dated the 5th March 1934, from the Managing Agents, Messrs. The Tin Plate Company of India, Ltd., 4, Bankshall Street, Calcutta, to Messrs. The Haidary Tin Factory, Frere Road, Karachi.*

We are in receipt of your letter dated 27th February.

We have been most reluctant to suspend the sale of our Golmuri Firsts tins to Karachi, but since we have at present, as already advised, insufficient production to meet the demands of other and nearer markets as well as Karachi, we have had no option but to do so. If we were to stop supplying other manufacturers in order to supply to you, they would then have to buy imported tins and would be in the same position as yourselves. It is no doubt regrettable that Karachi should suffer by reason of the distance and heavy freight charges from Tatanagar, but that is a circumstance over which we have no control.

We cannot yet estimate whether the position will change in the second half of the year, but if later we find that it is possible for us to resume supplies to Karachi, we shall let you know as early as possible.

**United Provinces Chamber of Commerce, Cawnpore.**

*Letter No. 9000/52, dated the 9th April, 1934.*

I am directed by the Committee of the Chamber to address you on the subject of increased duty on non-British tin-plates.

As far as my Committee are aware the Tin Plate Co. is the only concern in India, which manufactures tin-plates at present. With the recent industrial development in the country, demand for tin-plates of first grade has considerably increased and the said Company is not in a position to meet the requirement of the factories, which need tin-plates for installation purposes, in full. These factories have thus to indent for the tin-plates from outside in a very large quantity. If, therefore, the proposal of the Tin Plate Co., to increase duty on non-British tin-plates is accepted by the Board, the result will be that the price of the continental tin-plates will increase in the same proportion and affect the industries using foreign tin-plates. Besides, the Committee understand that the said concern is mainly controlled by the Burma Oil Co., which is taking the maximum advantage from its control over the Tin Plate Co., against its rival Indian firms. For this another reason also, my Committee are strongly opposed to an enhancement in the duty on non-British tin-plates.



***Wire and Wire Nails.***

### Questionnaire issued by the Tariff Board.

1. The main centres in India where the industry is carried on.
2. The principal markets in India for your products.
3. (a) The total Indian production (I) quantity and (II) value during each of the three financial years 1930-31, 1931-32 and 1932-33.  
(b) The annual output of your factory during the same periods.
4. The total imports into India of articles similar to those manufactured by the Indian industry (a) quantity and (b) value during each of the three financial years 1930-31, 1931-32 and 1932-33.
5. The monthly imports from Japan into India showing (a) quantity and (b) value during each of the three financial years 1930-31, 1931-32 and 1932-33.

**NOTE.**—If possible give the names of the particular brands or marks of the imported articles which are competing with your products.

6. The total exports, if any, from India of the articles manufactured by the industry (a) quantity and (b) value during each of the financial years 1930-31, 1931-32 and 1932-33.
7. (a) The total amount of capital invested in the Indian industry.  
(b) The amount of capital invested in your own concern.
8. The total amount of labour employed and wages paid annually (a) by the Indian industry and (b) by your own concern.
9. The cost of your production per unit of product for the latest year for which figures are available.

**NOTE.**—(a) If different kinds or classes of production should be given per unit of the most typical kind or class of article produced by the industry.

(b) Annual figures of the amount of depreciation allowed and interest paid on capital should be shown separately.

10. (a) The amount of capital required under normal conditions to instal a factory of reasonable dimensions in India.

(b) The approximate annual output which such a factory would yield, working at full capacity.

11. (a) The average c.i.f. price in Indian currency of articles imported (I) from Japan and (II) from other countries which compete with the Indian articles for which costs have been submitted.

I. January-June, 1931.

II. January-June, 1932.

III. January-June, 1933.

(b) For the year 1932 monthly prices should be given if possible.

(c) If information regarding c.i.f. prices is not available, the wholesale market prices for these periods should be given, naming the market to which they refer and the amount of duty and discount being shown separately.

12. (a) Are the articles produced by your industry consumed by other industries as their raw material: If so, what are these industries and how far would increased duties affect their cost?

(b) Are any of the raw materials used by your industry produced or grown in India? If so, what are these materials and to what extent are they used in your industry?

(c) Does this industry provide subsidiary occupation for the Indian agriculturist to any substantial extent?

13. (a) What are the classes of goods in respect of which you consider that assistance is required?

(b) What rates of duties do you consider necessary in addition to the existing duties?

14. Who are the principal consumers of your products in India; are they mainly rural or urban?

15. How far would the rates of duty proposed by you place a burden on these consumers?

## The Indian Steel and Wire Products, Tatanagar.

(1) *Letter No. 7173/53, dated the 30th September, 1955.*

We are herewith sending 6 copies of our representation as promised to the President.

Enclosure.

### CHAPTER I.

#### WIRE INDUSTRY.

Every one is familiar now a days with the use of wire for fencing and telegraph purposes but in addition to these there are countless forms in which it is employed ranging from ladies' dresses where it is found in hook and eye, pins, corsets, hats, artificial flowers, to its widespread use in the house in nails, bell wires, picture cord, and springs in mattresses and chairs. Besides this the wide ramification of its application can be clearly seen in the various branches of engineering trades for wire finds an important outlet in the manufacture of wire rope, bolts and pinions, etc. As we proceed we shall show that few if any iron and steel commodities enter more largely and intimately into the satisfaction of daily needs than wire. The industry has grown to vast importance during the past century in all the industrialised countries of the world. We would not be far wrong when we say that the consumption of wire nails alone will not fall short of one million tons a year.

*Uses of steel wire.*—For want of space it is not possible to give a complete enumeration of its use. However these uses may be grouped under a few main heads:—

- (1) Nail wire—hard or soft—round square, oval or triangular or grooved.
- (2) Telegraph and telephone wire.
- (3) Fence wire—plain, galvanized or varnished—round oval or flat hard or soft, straight with tension curves.
- (4) Rope wire, round oval, square or triangular.
- (5) Spring wire—round or square—made in different grades according to use.
- (6) Music wire, Piano wire, Mandolin wire, Covering wire, etc.
- (7) Corset steel and stay wire.
- (8) Miscellaneous and special wires:—Aeroplane wire, Armature binding wire, Auto spoke wire, Awl steel wire, Baling and binding wire, Bicycle spoke wire, Bird cage wire, Bolt wire, Book binder wire, Bottle wire, Broom wire, Brush wire, Cable armature wire, Can key wire, Card wire, Chain wire, Clock gong wire, Concrete reinforcing wire, Cotter pin wire, Clothes pin wire, Cotton tie wire, Crimping wire, Cushion wire, Drapery wire, Eye glass wire, Fish hook wire, Florists' wire, Grape tie wire, Gun barrel stock, Gun ribs, Hackle pin wire, Hair pin wire, Hair spring wire, Hat wire, Needle wire, Hook and eye wire, Hose wire, Hutter wire, Jacquard wire, Lace tip wire, Link wire, Machine screw wire, Mantle wire, Mattress wire, Needle wire, Opticle wire, Pail bail wire, Phonograph needle wire, Picture cord wire, Pin wire, Pinion wire, Poultry netting, Ramrod steel, Reed wire, River wire, Safety pin wire, Screen wire, Sewing machine needle wire, Show nail wire, Spooled market wire, Spindle wire, Stitching wire, Tack wire, Tag wire, Shoe nail wire, Spooled market wire, Tire wire, Toe calk wire, Umbrella wire, Welding wire.

*Wire production in different countries.*—The following statistics will give some idea of wire production in some of the most important manufacturing countries. It should be noted that the wire rod is the raw material from which wire and wire products are manufactured.

*Wire Rod Production in U. S. A.*

In gross tons (small quantity) copper covered Steel wire rods are included.

1928.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1931.
3,080,816	1,564,330	2,654,741	3,075,892	2,522,545	2,844,656	2,722,032	2,770,271	1,844,620

*German Production.*

1913.	1925.	1926.	1927.	1928.	1929.
1,157,873	1,072,880	1,049,660	1,149,219	1,150,572	1,170,683

*English Production.*

1920.	1924.	1925.	1926.	1927.	1928.	1929.	1931.
261,000	264,100	201,200	129,800	183,900	231,400	248,100	226,110

*Japanese Production.*

1931. (Federation of Iron and Steel Statistics.) 176,358 Metric tons.

*India's requirements of wire products.*—The following figures will give a rough idea of the requirements of the country. It is not possible for lack of necessary statistics to give import statistics of all wire products. Three main items may be chosen,—wire nails and wire other than fencing wire and fencing material including fencing wire.

*Wire Nails. \**

Particulars.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
From British Empire.	297	395	333	485	419	195	} 9,456	13,198
From foreign countries.	7,427	14,103	13,100	17,426	12,086	12,214		

*Wire other than Fencing Wire.*

Particulars.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
From British Empire.	1,341	870	1,261	1,342	1,178	..	} 9,430	9,631
From foreign countries.	5,263	4,843	6,742	864	7,554	12,345		

*Fencing Materials including Fencing Wire.*

1931-32.	1932-33.
3,486	4,524.

The above figures offer eloquent testimony to the importance of the industry but we should call special attention to the fact that these figures do not include all the wire products or the products in which wire is used

to a considerable extent. If this industry is not properly established in the country, there would be a drain of nearly 80 lakhs annually of these products alone which are noted in the Customs Statistics.

*Beginning of the Industry in India.*—India owes this industry to the pioneering work and enterprise of our predecessors the Indian Steel Wire Products, Ltd. The company was formed in 1919 with a view to manufacture all wire products as the name signifies and to utilise a substantial portion of the steel surplus of the Steel Company. Owing to great many initial difficulties the company could not commence operation until about 1923. It contained almost all the foremost Bombay industrialists in its Board of Directors, and was registered with the nominal capital of 50 lakhs of rupees of which 25 lakhs were subscribed. In 1923 the Company approached the Government to consider the grant of necessary protection and when the Commerce Department of the Government of India was satisfied that the Indian Steel Wire Products, Ltd., had made out a case for the consideration of the Tariff Board, they forwarded the case to the Tariff Board for enquiry and report. The case for the Indian Steel Wire Products, Ltd., was considered and enquired into by the Tariff Board in 1923-24 and their report was published in 1924. The Tariff Board found all the conditions laid down by the Fiscal Commission fulfilled to the letter by the industry and therefore it recommended a specific duty of Rs. 60 per ton on wire and wire nails and a specific duty of Rs. 40 on wire rods. Later, on account of the exigencies of the moment and with a view to equalise the exchange advantages derived by the foreigners, the specific duty was increased to Rs. 90 but as the Company was going through the throes of a financial crisis due to the unfair and questionable methods of competition employed by the Continental manufacturers, the Company was unable to take advantage of this increased protection. It was compelled to borrow on the issue of debenture bonds to the extent of 7 lakhs of rupees. This sum was found insufficient owing to the fact that it had to work on the basis of imported wire rods and on account of increased foreign competition. In view of this our predecessors again applied for supplementary protection. The Board went through their case and found that it had no recommendations to make to the Government regarding the increased protection to the industry but proposed that the protective duties on wire rods which had not even then been manufactured by the Steel Company should be withdrawn. This proposal was accepted by the Government and the protective duty having been withdrawn, the 10 per cent. *ad valorem* duty was reinforced on wire rods. After this the company worked intermittently for a few months in the year until the time of the Statutory enquiry when it was absolutely crippled which led to the discontinuance of the protection by the Government. The present Proprietors bought the concern from the debenture holders and commenced operation in March 1928 immediately after purchase. In spite of the overwhelming losses which amount to nearly 5 lakhs, the mill is kept on working. The total investments upto date are the following:—

	Rs.
Spent by old company . . . . .	32,00,000
Our purchase price . . . . .	3,40,000
Improvements up to 31st March 1933 . . . . .	1,85,050
Improvements up to 31st March 1933 . . . . .	91,250
Rod Mill . . . . .	10,00,000
Working capital . . . . .	15,00,000
	63,16,300

The Government and the legislature gave in 1932 some relief to the industry by a grant of temporary assistance in the shape of a protective duty of Rs. 45 per ton on imported wire and wire nails.

*Initial Difficulties Successfully Met.*—It is quite well known in the technical circles that wire drawing is an art which cannot be learnt by simply going through the learned tomes on the subject. Skill in this art like other arts can only be acquired by long practice and thoughtful investigation. It was well for this industry that in its initial stages it had the benefit of the experience and training of two American specialists in the line who were employed by our predecessors the Indian Steel Wire Products, Ltd. These experts were able to give a grounding in the art to our staff and workmen who rapidly and efficiently learnt all the processes and made adjustments suitable to Indian conditions. While our old staff did good work in the light of knowledge they had, it was felt that their methods and organisation were expensive and uneconomic. So, as soon as we took charge of the affairs, we at once started to remedy the defect. We studied every process minutely firstly with a view to effecting economies in the cost of production and secondly to perfect our methods in the production of our finished products. Wherever we found that manual labour was an expensive item we eliminated it altogether and introduced suitable machinery for the purpose. All the redundant labour was done away with and all economies as was possible under the circumstances were effected and the whole organisation was overhauled with a determined purpose of saving our works cost to the barest minimum. All this was easily accomplished within a few months of working. But the great problem of reducing further our cost and perfecting our methods remained. We found that in spite of all our efforts in economising human labour and eliminating expensive items from our works cost, our cost of production stood at a very high figure as compared to that obtaining in the countries of our competitors. While our staff was independently working on those problems, we sent our General Manager to Europe and America for an intensive study of the subject. He travelled extensively in Germany, France, Belgium, England and U. S. A., for about a year and a half and after great many difficulties succeeded in finding solution to all our problems. On his arrival our organisation was again overhauled and his researches and experience were freely and extensively drawn upon so that now our cost and finished material, taking into consideration our limited production, compare very favourably with those of our competitors. But the most important contribution of our General Manager's visit was the acquisition of knowledge of processes which are generally kept secret in the trade. This has not only helped us to lower our cost but also to improve the quality of our finished articles. Our present position is that given a fair field, we are able to produce goods of a fairly high quality and at competitive prices. But it had been our misfortune in this industry like other Indian infant industries to face the undesirable tactics of our competitors whose sole intention when opposed by a rising indigenous concern, is to under-sell or sell even below their cost of production, so that the indigenous industry may not have a ghost of a chance to thrive. These questionable methods of competition are the greatest stumbling blocks for the prosperity and establishment of this industry in the country. They require increasing vigilance on the part of our Commerce Department and call for some effective remedy in the form of necessary legislation.

## CHAPTER II.

### ESSENTIAL FACTS.

The leading features of the scheme formulated by the Indian Fiscal Commission Report may be summarised as follows:—

Protection should be granted only to those industries which possess comparative advantages which will qualify them ultimately to face foreign competition without any state help. Special consideration should be shown only to those industries in which there is a probability that in course of few years the whole needs of the country would be supplied by home production. This is tantamount to saving that those industries which show elasticity or extensibility of supply should be given state assistance. It is also clearly

mentioned that in all such cases where Tariff protection is considered necessary, it should be temporary and that it is expected that those industries which gain the benefit of such protection should be able to stand alone without any such assistance, that is to say that industries should be such as will eventually be able to face world competition without protection. The rate of protection required for any industry must be adequate for the purpose in view, i.e., the development of a particular industry—the difference of the relative cost of production in India and foreign countries being shown as affording some measure of guidance to this adequacy.

No one can quarrel with the statement of such a policy of discriminating protection. It is common sense to recognise that protection granted to industries which do not possess comparative advantage would be to deny the very rationale of same protectionism, the object of which should be to divert national resources from the less productive to more productive channels. It is also common sense to recognise that the protection should be given for a limited period of time, that is to say, it should be temporary in character. Perpetual protection in the long run is bound to burden the country with a crowd of parasitic industries. These are elementary and axiomatic conditions required by the Indian Fiscal Commission Report before the claim for protection of any industry can be entertained.

We beg to submit that all these conditions required by the Indian Fiscal Commission and specially formulated in section 97 of their report are fulfilled in the case of our industry.

(a) (1) *Raw Material*.—The question whether our industry fulfills all the conditions mentioned in section 97 of the Indian Fiscal Commission Report has been discussed threadbare by the Indian Tariff Board in their previous enquiries. The relevant fact brought to light by the discussion refers to the raw material which, at the time when protection was first granted to the industry, depended on what appeared at the time a reasonable possibility of the Steel Company putting up a Rod Mill for its manufacture. Though sufficient time was allowed by the Board this possibility failed to materialise—it should be added—for no fault of the Steel Company. “Unexpected difficulties of a very serious character supervened in the shape of the labour strike and large fall in the orders for steel which rendered it impossible for the Company to carry out the extensions originally contemplated.” This failure to secure the essential raw material has been one of the main causes for retardation and very slow growth of the industry and had this been provided at the earlier stage, the industry would have been able to make rapid progress and would have been by this time one of the greatest subsidiaries of the Steel Company. Since we took over the responsibility of installing the Rod Mill ourselves and of thus manufacturing our own raw material, all these difficulties have been permanently and finally solved. The question of the supply of billets required for rolling into wire rods has also been satisfactorily settled. According to our present arrangements, the Steel Company is prepared to supply us the full quantity of billets required for running our Rod Mill to its full capacity and there can be no doubt about the Steel Company's capacity to supply this additional quantity for our requirements even if trade conditions improve and make larger demands on their Billet mills. In this connection we quote the following from the latest Tariff Board's Report on our industry:—

“But if a larger quantity was required approximating to the maximum capacity of the proposed Rod mill, namely, 50,000 tons Billets, the Steel Company would be in a position to supply it. Mr. Mathur's evidence on the point may be quoted. ‘We could supply 4,200 tons a month from the beginning of next month if necessary. Even taking into account the possibility that we might require steel for other purposes as time goes, there is the equal possibility that we shall be able to increase the output of ingots. If this mill starts working in two years from now, we have no fear of not being able to supply the necessary billets . . . . .’” We might add that in making use of the indigenous steel, we would be using material

that would be eminently suited to the production of high quality of commodities. The Steel Company's steel is as good as the steel imported by us.

*Cheap Power.*—The Steel Company are now definitely in a position to supply the electricity required by us for the Rod Mill for additional plant has already been installed to generate this additional power and they have commenced supply since the opening of our Mill. The power will be supplied at the usual rate of 9 pies per unit subject to fluctuations in the price of coal.

*Home Market.*—Potentialities of production and elasticity of domestic supply are important conditions for the success of protection. Obviously the article getting the benefit of protection should be capable of responding markedly to the stimulus of the duty if it claims the benefit of the duty and the greater the elasticity of the domestic supply, the greater the assistance deserved by the industry. In other words it is useless to grant protection to an article the supply of which is not susceptible to marked expansion. From this point of view also, the rapid progress that we have made on the grant of protection though temporary in character, will clearly justify its extension and will deserve a more liberal measure of protection. The following facts speak for themselves:—

*Our Production year by year.*

Year.	Wire.			Wire nails.		
	T.	c.	q. lbs.	T.	c.	q. lbs.
1928-29 . . . .	1,898	12	2 6	1,038	10	3 15
1929-30 . . . .	865	13	2 3	1,090	10	3 15
1930-31 . . . .	1,818	18	1 27	1,553	12	2 4
1931-32 . . . .	2,116	5	2 3	1,754	4	3 0
1932-33 . . . .	4,951	16	2 0	3,678	18	3 3

Another notable result of the grant of protection has been the rise of several wire and wire nail plants in different parts of the country. This has created internal competition in these articles with the consequent reduction of their prices. As time goes on, other factories would be started. Indeed, as we have shown, there is a very large scope for the manufacture of products where wire is principally used—provided the protection granted is adequate and for sufficiently long period. The net result of such activities due to the stimulus of protection are clearly for the advantage of the consumers, whose articles of use would be considerably cheapened by internal competition. And this should be the object of all sane protection. When we commenced this industry, we were alone in the field and it was said at the time when legislation for our industry was being discussed that we were holding monopolistic position and therefore any protection granted to us would be for the benefit of this monopoly which would, by the aid of such assistance, be, in course of time, definitely in a position to dictate terms to the consumers. All these forebodings have been falsified by the subsequent course of events. As far as we know there have been started two fairly large sized factories with good future possibilities (one in Karachi and one in Bombay) since the grant of protection and whose present production may be estimated at 1,000 tons of nails annually. We believe there are very many smaller plants both in Calcutta and Bombay which manufacture wire nails from imported wire.

An important point which arises in connection with the installation of our Rod mill is the disposal of its output in the country. To our mind 20,000 to 25,000 tons should be an average annual consumption for the next ten years and this tonnage can be easily lifted by us and other wire and wire nail factories. The remaining 35 or 30 thousand tons can be used in making sections below half inch to make the Rod mill a paying proposition at all, for India's present requirements of wire rods are very limited. In fact the whole supply can be delivered in the course of two or three months'



working. Thus to make the production of wire rods economical, the mill shall have to turn out other articles, *i.e.*, sections below half-inch for which it is also designed. "The possibility of operating the Rod mill economically depends on the extent to which small sections can be rolled on it in addition to wire rods."

Apart from the protection which should be granted for sections below half inch and which we are going to discuss later, market for these sections is of very considerable importance, for the future of the Rod mill is inextricably connected with it. The average imports of unprotected steel bars, according to trade returns for the last three years are about 50,000 tons a year so that if we were to make 30 to 35 thousand tons of these sections, there should be sufficient market in the country to absorb the whole output.

The market for another product, the consideration of which was postponed owing to the fact that we had not commenced its manufacture though the machines were ready for erection—the market for Barbed wire is sufficiently large and according to our experience the major portion of imports accounted for under fencing material is really Barbed wire. To sum up, the markets for the products in which we are interested and for which we are soliciting protection can be fairly gauged from the following imports:—

Up to 1931—over 50,000 tons a year.

1931-32—40,407 tons a year. Bars not protected.

1932-33—47,347 tons a year.

(For imports figures of wire nails, wire other than fencing wire and fencing materials, *vide* Chapter I, page 3.)

*Labour.*—This is another factor of production in the case of which unlimited cheapness and supply can be fairly claimed in this country. Our country being in the first stages of industrial development, it is difficult for the nascent industries to secure skilled labour with the necessary efficiency in required quantities. The object of all sane protection is to give industries a breathing time so that they may improve the equipment and bring down the costs to the level of their competitors. It is fairly well recognised that though Indian labour is cheap, it is lacking in efficiency and therefore expensive in the long run. This defect can be remedied only by the lapse of time and by the imparting of necessary training. But given the sufficient training, the capacity of Indian labour for adjustment and improvement in efficiency is undoubtedly great as our own experience has proved.

Recently we had to engage the services of five Europeans for running our plant for we found that no Indian was sufficiently capable of taking up the work. These men are taken on three years' contract and on the expiry of this term, by which time it is expected that our Indian assistants would learn the technique and acquire the necessary skill.

*Location of the Industry.*—From this point of view our industry is situated in an ideal place. We are in the heart of iron and steel industry where we are in a position to take advantage of what is called external economies. Skilled labour who are used to machinery and who have some experience in rolling can be had in sufficient number. But for this it would have been impossible for us to start our Rolling mill. The proximity of our raw material, power and coal are advantages the value of which can hardly be denied. The factor of relative distances and therefore of a relative cost is of prime importance for all industries. If these advantages are lacking, protection cannot be expected to perform wonders.

*Relative Costs.*—From the point of view of the relative costs also, our case stands on a very strong basis. From facts gathered from different countries by our General Manager from authoritative sources, our costs are not much higher than those of foreign countries—in fact in certain items ours is lower. This is a sure enough guarantee against the exploitation of the consumer and the pursuit of inordinately high profits by us.

The two other conditions laid down by the Fiscal Commission follow logically from the first condition which deals only with the economic aspect

of protection. The sacrifice of the community due to a protective duty would be misdirected and abused if it is used to help an industry that would have been developed without any extraneous assistance. The past history of our industry shows clearly that it is impossible to establish and develop it with any chance of success without active state assistance. The main difficulty has been the foreign competition and until a fairly high tariff is not imposed there is not much chance for the industry growing up to its full stature as rapidly as is desirable in the interests of the country.

All our drawbacks are what is called "Functional" and not "Organic". They are capable of removal, if adequate protection for sufficient time is granted against the disturbing influences of foreign competition. If these conditions are assured, there is no reason why our industry should not be able eventually to face world competition without protection.

The sacrifice required is for a temporary period and it is hoped that the industry would be fairly established during this period to defy all competition which would be to the ultimate good of the country. "The crutches to teach the new manufactures to walk, as Colbert called protective duties, may teach them so much earlier than they would have learnt it, if left to themselves, that the cost of the crutches is more than repaid."

### CHAPTER III.

#### PROGRESS OF THE INDUSTRY.

We have great satisfaction to state that we have made an all round progress. In addition to further investment on improvements, we have during this period added three new lines which have remarkable potentiality for the future. Barbed Wire and galvanized wire and staples have been introduced during this period, that is to say, from the time we took over the concern. Though Galvanized Wire Department was worked intermittently before the grant of protection, we have run this department continuously since the grant of protection with the help of our European expert. The details of capital expenditure since we bought the concern are as follows:—

Since we took over this concern we have effected the following improvements:—

*Wire Drawing Department.*—Though we have not been able to put in new machines—in fact considering the capacity of the old machines there was no need for additional equipment—we have succeeded in reducing the cost to a great extent and also improving the quality of wire manufactured. Latest methods of wire drawing have been introduced to bring them up to the European practice.

*Mill Section.*—Originally there were only 15 nail machines but in 1930 twelve machines were installed and in 1932 there was another addition of twenty machines thus making a total of 47 machines and presses. The capacity of this section is considerably increased and it is hoped that this section will give us an output of 500 tons a month.

*Nail Cleaning Section.*—Additional Rattlers have been installed thus making a total of 12 which has doubled the capacity of the section.

*Keq Making and Packing.*—A fairly big plant for keq making has been installed which can turn out with greatest facility nearly 200 kegs a day. Besides giving us the required supply, this has enabled us to save our cost of packing to an appreciable extent. We have also introduced a nail packing machine which automatically packs packets of any size according to requirements.

*Barbed Wire Machines.*—There is an equipment of three machines with a maximum capacity of 3 to 4 tons a day. This is the first time that the barbed wire is being manufactured in India.

*Galvanizing Section.*—This department which was working intermittently previously is now continuously run. It has the maximum capacity of producing 8 to 9 tons a day.

*General Improvements.*—(1) A pucca compound wall has been built in the absence of which there was systematic pilfering.

(2) Track lines have been laid to connect different departments and economise in labour and time.

(3) A special shed for the Rattlers and Packing Department has been built as there was not enough room in the old building.

(4) A separate shed for Barbed Wire Section has recently been completed.

(5) Three buildings for stores have been provided since we took over charge of affairs.

*Rod Mill.*—Though this has involved us in a very big capital expenditure, we have not hesitated to carry out the directions of the Board, the Government and the Legislature in this respect. By the installation of this mill for the manufacture of our raw materials, we have fully qualified ourselves for the grant of substantive protection.

*Detailed cost of the additional plant year by year.*

	Rs.
1928-1930.	
1. 12 New Nails Machines . . . . .	38,000
2. Keg Making Machines . . . . .	14,000
3. 2 Circular Saw Benches . . . . .	3,000
4. Nail Packing Machine . . . . .	3,000
5. Rattlers . . . . .	6,000
6. Tempering Furnace . . . . .	4,500
7. Motors, Belts, Pullies and Line Shaft and Bearings . . . . .	9,550
8. New Drive for Galvanizing Plant . . . . .	2,500
9. Barbed Wire Machine . . . . .	3,000
10. Acid Tank . . . . .	2,000
11. Water Line . . . . .	7,000
12. Building for Nail Cleaning and Storing . . . . .	35,000
13. Keg Making Plant Buildings . . . . .	8,500
14. Store Buildings . . . . .	2,500
15. Compound Wall . . . . .	10,000
16. Buildings for Barbed Wire Machine . . . . .	2,500
17. Foundation and Concrete Work . . . . .	6,000
18. New Track Line . . . . .	2,500
19. Foundry . . . . .	3,000
20. Silver Wire Machine and Dies . . . . .	15,000
21. New Temporary Shed for labourers and electric installation for the superior staff quarters . . . . .	4,500
22. Motor Lorry . . . . .	3,000
Total . . . . .	1,85,050

	Rs.
1931-32 to 1932-33.	
1. 20 Nail Machines . . . . .	46,200
2. 2 Barbed Wire Machines and 1 Staple Machine . . . . .	5,900
3. Weighing Machine . . . . .	250
4. Steam Hammer . . . . .	450
5. Galvanizing Pans . . . . .	2,150
6. Lathe Machine . . . . .	1,500
7. Electric Motors, etc. . . . .	2,800
8. Welding Machine . . . . .	2,250
9. International Lorry . . . . .	4,500
10. Buick Car (Factory car) . . . . .	2,750
11. New Rattler Buildings . . . . .	15,000
12. New Stores Buildings . . . . .	5,000
13. New Foundry Buildings . . . . .	2,500
14. Rod Mill . . . . .	10,00,000
Total . . . . .	10,91,250

*Production increased.*—There has been a remarkable improvement in the production year by year. It is clear from the following figures that the production has more than doubled since the grant of protection:—

*Our production year by year.*

Year.	Wire.			Wire Nails.		
	T.	C.	Q. lbs.	T.	C.	Q. lbs.
1928-29 . . .	1,898	12	2 6	1,038	10	3 15
1929-30 . . .	865	13	2 3	1,090	10	3 15
1930-31 . . .	1,818	18	1 27	1,553	12	2 4
1931-32 . . .	2,116	5	2 3	1,754	4	3 0
1932-33 . . .	4,951	16	2 0	3,678	16	3 3

*Economy in the cost of production.*—But our greatest achievement has been the economy effected in the cost of production. We can say with just pride that we have economised in every item of expenditure and have in certain respects outstripped the calculation of the Board, though we recognise that this is to some extent due to reduction of prices of stores. The figures at a glance are the following:—

*Average cost per ton for 1928-29 to 1932-33.*

No.	Details.	1928-29.		1929-30.		1930-31.		1931-32.		1932-33.	
		Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
1.	Other materials (Sulphuric Acid, Soap Flake Grease, Lubricants, Lime Wire Drawing Plates, etc.)	10	11 6	15	7 0	9	4 0	7	10 0	*8	10 0
2.	Power including water . . .	10	0 10	15	15 0	8	3 1	7	14 9	6	15 5
3.	Labour . . . . .	13	11 10	19	11 8	13	4 9	10	11 ½	9	12 11½
4.	Repairs and Maintenance.	2	11 9	9	13 1	4	14 9	2	3 2	1	7 1
5.	Supervision and Office Staff.	10	6 0	12	4 6	8	15 0	11	15 3	3	9 0
6.	Packing . . . . .	11	0 1	25	10 10	15	4 4	12	0 9	10	11 9
7.	Miscellaneous (Travelling expenses, Postage, Stationery, Welfare, Medical Relief, Town, Repairs, etc.).	8	11 6	9	0 11	6	10 0	11	1 2	7	0 6

\* *Sulphuric Acid.*—When we started working two shifts, we had to spend much more sulphuric acid than before. The reason is that we have to clean the rod more quickly in order to supply our different departments and therefore our acid has to be much stronger. Before this while we were running our plant only one shift, we cleaned the rods at our leisure as they were not required till the next day.

## Average nett works cost of wire and wire nails for 1928-29 to 1932-33.

Year.	Wire.				Wire Nails.			
	Per ton.		Per Cwt.		Per ton.		Per Cwt.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
1928-29 . . . . .	148	5 6	7 6 8	205	13 6	10 4 8		
1929-30 . . . . .	150	15 0	7 8 9	219	4 4	10 15 5		
1930-31 . . . . .	135	5 0	6 12 3	176	10 9	8 13 4		
1931-32* . . . . .	128	5 10	6 6 8	169	1 1	8 7 3		
1932-33* . . . . .	127	10 3	6 6 2	166	5 9	8 5 2		

## CHAPTER IV.

## FOREIGN COMPETITION.

(1) *Our present difficulties.*—Since we have taken up this industry the greatest difficulty we have been experiencing is the situation arising out of the foreign competition. We would be the last persons to decry and minimise the value of competition, which, if carried on within decent limits and according to the rules of the game does create healthy rivalry between manufacturers with the consequent advantage to the consumers in price and finish of goods. But when it is carried on, as it is done now, with an avowed object of killing the infant industry of any country, it stands self condemned. This is the type of competition which it was our misfortune to encounter since we started this industry, the foreigners specially the Belgians and Germans, have carried on this predatory type of competition for many years. The organisation of the industry in their respective countries lends itself easily to this temptation. Those who are familiar with the Kartells in Europe would easily understand the far reaching effects of their policy.

Recent rivals in the field are the Japanese who come with the added prestige and financial power of their Imperial Government. The situation created by them calls for immediate action if the industry has to be saved.

(2) *How can they do it.*—The list of price attached to this section would show the c.i.f. prices without duty of continental imports since the beginning of the year. Taking the highest c.i.f. price at which continental goods have been imported say Rs. 6-14, the nett price realised by them is Rs. 4-0-5 per cwt. f.o.b. the continental port after deducting the freight, insurance and the exchange difference.

Rs. 6-14-0 per cwt. c.i.f. Calcutta.

Rs. 0-13-5 less freight and insurance.

Rs. 6-0-7

Rs. 2-0-2 less the exchange difference.

Rs. 4-0-5

It is very difficult to believe that this nett price gives any margin of profit to the manufacturers. It would not even cover the cost of production of wire rods. The average nett price of wire rods landed at our works works out at Rs. 105.

The only explanation we can offer is that Kartells allow some rebate for export just as there are concession freight allowed by their Railways and Steamers. All that we have written in our last representation regarding the organisation of sale by the Continental Kartells is according to our belief substantially correct.

\* These figures are worked out on the same basis as originally supplied to the Board for the years 1928-29, 1929-30 and 1930-31. That is to say in these calculations we used to omit the wastage considering it very nominal. But since the discussion we had with the Tariff Board during our oral evidence, we have been including this wastage in all our cost sheets. To avoid confusion we have followed the old basis and given the above figures for purpose of comparison.

## C.i.f. prices for Continental Imports.

		1931.				
		Wire Nails.		Barbed Wire.		
		Rs. A. P.		Rs. A. P.		
February	. . .	6 4 0		7 2 8	per cwt.	
March	. . .	6 2 8		7 1 4	„ „	
April	. . .	6 2 8		7 0 0	„ „	
May	. . .	6 2 8		7 0 0	„ „	
June	. . .	6 1 4		6 14 8	„ „	
July	. . .	6 4 0		6 14 8	„ „	
Sep.-Oct.	. . .	8 3 9		8 10 8	„ „	
1932.						
	Jan.	Mar.-Apl.	May-June.	July-Aug.	Sep.-Oct.	Nov.-Dec.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Wire Nails	. . . 8 13 4	8 9 4	8 1 4	8 0 0	7 2 8	{ 6 1 4
Barbed Wire	. . . 9 8 0	9 4 0	8 13 4	8 12 0	7 13 4	{ 6 4 8
						7 10 9
Gal Wire:						
6/10	. . . 7 0 0	6 10 8	6 10 8	6 10 8	6 8 0	6 6 8
11/14	. . . 7 13 4	7 9 4	7 8 0	7 6 9	7 6 9	7 5 4
15/18	. . . 9 8 0	9 2 8	9 0 0	8 14 8	8 14 8	8 13 4
Hard Bright Wire:						
6/8	. . . 5 13 4	5 10 4	5 9 4	5 8 0	5 6 8	5 5 4
8/12	. . . 6 5 4	6 1 4	6 0 0	5 14 9	5 13 4	5 10 8
13/16	. . . 6 13 4	6 12 0	6 10 8	6 9 4	6 8 0	6 5 4
17/18	. . . 8 2 6	7 14 9	7 13 4	7 12 0	7 13 4	7 10 9
Annealed Wire	. . . 6 13 4	6 9 4	6 2 8	8 1 4	6 0 0	6 0 0
1933.						
	Jan.-Feb.	Mar.-Apl.	May-June.			
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.		
Wire nails	. . . 6 9 4	6 13 3½	6 8 0	& 6 12 0		
Barbed Wire	. . . 7 5 4	7 10 9	7 9 4			
Galvanized Wire:						
6/10	. . . 6 6 8	6 9 4	6 8 0			
11/14	. . . 7 6 8	7 9 4	7 8 0			
15/18	. . . 8 13 4	9 0 0	8 14 7			
Hard Bright Wire:						
6/8	. . . 5 6 8	5 10 9	5 9 4			
8/12	. . . 5 10 8	5 14 9	5 13 4			
13/16	. . . 6 8 0	6 12 0	6 10 8			
Annealed Wire:						
7/9	. . . 6 0 0	6 4 0	6 1 4			

*Regarding Japan.*—The continental manufacturers were handicapped for sometime owing to disturbances in 1931 in their exchange, but the Japanese were not slow to step in their shoes and the industry had to face the most formidable competition it had ever encountered since its beginning in this country.

(1) The well known cause of this Japanese dumping is the collapse of their exchange in December, 1931, which was, according to popular belief, deliberately planned by them to stimulate export trade. Though we made many

representations to the Government on the subject, there was no action taken and the industry had to struggle as best as it could. But for the change in our sales policy and organisation for increased production, we would have been completely wiped out in spite of the so-called protection. As soon as we saw that the Government was unwilling to take any action to give relief to the industry, we changed our sales policy completely and tried our very best to sell in territories beyond the reach of the Japanese dumpers. When occasion demanded, we have reached Peshawar in the north, Rangoon in the east and Madras in the south and Indore and Bombay in the west—to all these territories we had hardly supplied in any good quantity before. Side by side with this we increased our production which effected some savings in cost and afforded us an opportunity of unloading our goods in these far off centres.

The Government's inability, it was said, to put down this unfair competition was due to the existence of Indo-Japanese treaty according to which they had to give six months' notice before any action of the sort suggested by us was possible. But when we pointed out that similar action could be taken against the continental manufacturers who were also at the time selling at dumping prices and which action if taken would not have been discriminating to the Japanese under the treaty, even then the Government failed to move in the matter.

The disastrous effect of Japanese dumping is clearly reflected in the following prices:—

Wire nails.		Barbed Wire.	
1932.		1932.	
March to May	7 4 0	April-May	8 4 0 per cwt.
June	7 6 6	June	7 12 0 " "
July	6 4 0	July	6 12 0 " "
August	6 0 0	August	6 4 0 " "
September	5 8 0	September	6 6 0 " "
Octr. to Decr.	5 12 0	October	6 6 0 " "
			to
			6 8 0 " "
		November	7 4 0 " "
		December	8 4 0 " "
1933.		1933.	
April-May	5 8 0	June	7 4 0 per cwt.
June	6 8 0		
July	6 4 0		

## Galvanized Wire.

1932.		1933.	
Nos. 20 and 22	Rs. 10-8 to Rs. 11-0	Rs. 8-4 to Rs. 10-8	
" 16 " 18	" 9-0 " " 9-6	" 7-0 " " 7-6	
No. 20	" " " "	" 10-12	

(2) Apart from this vital factor which helps the Japanese to undersell in the market, there are other considerations which place the Japanese iron and steel industry permanently in a position of vantage:—

(a) *The Iron and Steel Industry in Japan is predominantly a Government concern.*—The Japanese Government since the beginning of the industry has taken an active interest in the establishment of the industry in the country. In fact, according to the avowed policy of her statesmen, Japanese Government discarding the value of individual initiative and enterprise in business has directed all her resources and energies to the foundation and

prosperity of this industry of first rate national importance. This is in keeping with the policy pursued by her regarding the industrialisation of the whole country since her contact with Europe. There are few modern industries in Japan to-day that do not owe their existence to Government initiative and enterprise. First arsenals, first silk filature, first glass factory, first chemical works were all started by the Government. At one time or other the Government has operated Porcelain works, Silk spinning mills, Cotton spinning mills, Wool spinning and weaving mills, a linen factory, cement and brick plants, plants for soap making, type founding, paint making, and food factories. In most cases the Government has endeavoured to withdraw from the industries as soon as possible and to turn them to private companies but in some cases as Iron and Steel that has been impossible and the Government has continued as an active agent in manufacturing. Though recently some private companies have sprung up, it is undoubted that the *Japanese Government still remains a predominant partner in this industry*. The Imperial Works at Yawata are completely equipped with wire and wire nail plant (Report of the British Economic Mission to the Far East, Pages 20-21). "By Government regulation the Imperial steel works is not permitted to dispose off any of the pig iron and crude steel and can sell only the finished and semi-finished products such as rails, bars, plates, rods, wire nails Galvanized Plates and special steels. It is from the Imperial Steel Works that most of the Hardware and machine manufacturers of Japan secure their raw material." (John E. Orchard 'Japan's Economic Position').

When any Government goes into business, it can be imagined what havoc it can play specially in the export trade.

(b) *Bounty Fed Industry*.—The bounty fed character of the industry would be clear from the following quotations:—

(1) "The Japanese Government aims at making the country self sufficient in respect of pig iron and steel. Production is stimulated by Steel Manufacturing Encouragement Act which exempts from business tax, income and business profits tax for a period of 15 years from 1926 concerns which make 35,000 metric tons of pig iron and the same quantity of steel annually in one place, concerns which make articles of forged or cast steel together with 5,250 metric tons of steel in one place; and concerns which make crucible or electric steel or low phosphorous pig iron together with 3,500 metric tons of pig iron or the steel (as the case may be) in one place; exemption is also granted from duties on raw material or machinery for fifteen years. The Act further provides for the payment of subsidies which have been fixed by the Imperial Ordinance as follows:—

On the production of pig iron produced from ore for immediate steel production (5 yen per metric ton); pig iron for other purposes (3 yen per metric ton); steel ingot or steel shapes (15 per cent. *ad valorem*); sheets not exceeding 3 mm. thick (23-33 yen per metric ton); sheets other gauges (18-33 yen per metric ton); *Bars and Rods* (18-33 per metric ton); pipes and tubes not exceeding 15 mm. internal diameter (18 per cent. *ad valorem*); other pipes and tubes (15 per cent. *ad valorem*); and products of special steel (18 per cent. *ad valorem*). Heavy tariff duties have been imposed upon the import of certain kinds of iron and steel products. The tariff on Galvanized sheet was raised in 1926 to about 95 per metric ton and black sheets previously liable only to a low rate of duty became dutiable at rates equivalent to from 10 shillings to 65 shillings per metric ton and according to kind." (Survey of Metal Industries, 1928, Page 111, also Orchard, Page 239.)

(2) The British Economic Mission to the Far East which left London on the 13th September, 1930, and returned in April 4, 1931, reports as follows:—

"Under the plea of patriotism and the campaign to support home products, the pig iron makers through their syndicate have demanded



from the Japanese Government and are likely to succeed in obtaining the following assistance:—

(i) An increase of import duties from the present figure of 1·70 per ton to 7 yen (14 shillings) per ton.

(ii) The continuation of bounty they receive, *viz.*, 6 shillings per ton where pig iron is manufactured and sold for castings, etc., to outside works; 10 shillings where pig iron is produced and sold to other works for converting into steel and 12 shillings per ton where pig iron is produced and used in the same works for conversion into steel. (All these demands have since been conceded.) It would be noted that the iron industry in Japan is free from income and business profit taxes. The present duty and bounty alone amount to about 20 per cent. protection on the selling price." (Report of the British Economic Mission to the Far East.)

(c) *Japanese Industrial Policy.*—The industrial policy of Japan is governed by nationalistic consideration for which foreigners have no right to grumble. But when it is directed against the industry of other countries, some sort of effective remedy, if not retaliation, in self defence becomes essential. In the matter of export trade, Japanese Government has introduced an extraordinary innovation which is unknown, as far as we know, in any part of the world. "Direct state aid to Japanese export trade is given by means of Government encouragement for the establishment of Co-operative guild of manufacturers who are engaged in producing goods principally for export and by the partial payment of the cost of establishing export associations." (Page 48, British Economic Mission Report.)

Another extraordinary innovation is that "the Japanese Government offers further assistance to different industries by recompensing exporters for 70 per cent. of the losses, sustained on shipments to undeveloped markets which present obstacle to trade. Again by affording direct financial assistance to Banks in dealing with bills for the export trade, it enables the Bank to quote to exporters lower rates of discount than the normal market rates". (Page 48, British Economic Mission Report.) A bureau of Foreign trade within the Department of Commerce and Industry looks after these arrangements. We append a short note on the Japanese Industrial policy which may be of interest in this connection.

#### *Japanese Industrial Policy.*

The rapid development of Industrial Japan before the war may be attributed largely to the deliberate policy adopted by her statesman who had a lively appreciation of western civilisation. It was dictated more or less by a high patriotic ideal, following the western example, of making their country great and powerful in the eyes of the foreigners. They some how felt that the future greatness of their country could only be secured by adopting methods of mechanical civilisation which would provide them with ample means for their stability and future expansion. This laudable ambition of making their country great lacked that coherency, that definiteness and keen realisation of pressing needs of the country which is a characteristic feature of post war development of Japan.

The adaptation of the old industrial system of Japan to modern requirements presented great many difficulties but thanks to the practical insight of her statesman all these were solved in a characteristic Japanese way. They realised from the very beginning that to leave the responsibility of modernising the ancient industrial system on individual initiative and enterprise, even if individuals could come forward to undertake such responsibility, was a costly and to a great extent a risky procedure. They knew it would lead to nowhere. It would be wasteful in the long run to depend upon the individuals in carrying out such a large policy. So to avoid all waste and likely discouragement and the postponement of prosperous times ahead, they took the responsibility, on their own shoulders. *The Imperial Government of Japan became industrialists themselves. They went into*

*business themselves.* Since no one could be found in the country who knew the modern methods, highly paid experts from Europe and America 250 or more at a time were sent for. State factories were established in different industries. Students in large numbers were sent overseas to get training and education. Large sums were spent in the study of the markets and survey of the needs of the country. Expensive machinery for supplying the plant for the proposed factories were imported from foreign countries. All these activities were directed and controlled by the Central Government who took charge of the business affairs of the nation and everything was carried out in the most disciplined manner. As was expected this policy achieved notable results. It gave a convincing demonstration to the people on the value of these factories and the immediate result of the success of this policy was the transfer of these state factories to private ownership which were models for numerous other developments in different industries. "The texture to-day of Japan's industrial fabric shows the design laid at the foundation." Even those that have been released from Government control, the influence of the Government is still all pervading. The affairs of all these industries are closely watched by the Commerce and Industry department of the Government and all assistance short of actual interference in the management is freely and willingly given. Tariffs are revised to meet the changing needs of the industries; subsidies are sanctioned; education and research are encouraged at Government expenses; Banking system and Railway administration subserve industrial development and offer every assistance and facilities to the industrialists. The ideal aimed at, as we have pointed out, is that of self supporting industrial system requiring a minimum amount of import of manufactured goods. "Great progress had already been made even before 1914 towards the achievements of this ideal. The war by taking out of competition many of the manufacturing nations gave Japan a great opportunity which she seized in a remarkable manner. In ten years her industries increased in total production from £140 millions to nearly £700 millions. The biggest percentage increase was in the metal and machinery trades which multiplied seven fold during this period to a total of £105 millions. Meanwhile her total industrial population had increased from about a million to nearly two million factory workers and the number of manufacturing companies from roughly 5,000 to 12,000. In addition a large number of private factories came into existence prepared to make anything and everything." (Pages 17 and 18, Report of British Economic Mission.)

According to the Yamasaki and Ogawa (Effect of the War on Commerce and Industry, Page 149) New capital investment increased from Yen 292,584,250 in 1915 to Yen 2,676,901,300 in 1928 and the capital investment for new enterprises and expansion of old amounted to an unprecedented sum of 4,068,000,000 during the same period (Page 4, Tokyo Maiyo Shimbun, June, 1928). Such rapid development naturally had many drawbacks as the sudden slump on the cessation of hostilities amply proved but these were not dissimilar to those that prevailed in European countries. In spite of recurrent periods of crisis and depression the industries specially—the metal industry—have been able to consolidate their position by weeding out weaklings or by amalgamating them with strong rivals.

The productive capacity of the Japanese industries has increased immensely in spite of so many difficulties and it was further developed by the great Earthquake reconstruction programme and heavy ship building programme. For all this activity in the cause of industrial progress Japan has been amply rewarded. From being an importer she has rapidly passed through an intermediate and comparatively brief period of producer for her own requirements to become a full fledged experting nation as the following figures would show:—

1870—Figures not known.

1900—8 million pounds, 41 per cent. represented fully manufactured goods.

1910—46 million pounds.

1920—195 million pounds.

1925—230 million pounds sterling. 41 per cent. represented manufactured goods and 50 per cent. semi-manufactured. (Encyclopaedia Brit., pages 909, 909, 908 and 916.)

1929—2,149 million Yen or £214'9.

Japan's late arrival in the field of industrial enterprise has been a great advantage to her as it has enabled her to instal and utilise the latest industrial devices and equipment evolved and perfected by the enterprise of her rivals. The outstanding example is the cotton industry but equally striking examples can be easily furnished from other industries which have all been built up during the last 50 years. Most of these industries were unknown prior to her contact with western civilisation. (Report of British Economic Mission.)

Chief among the measures employed for the industrial development was the Tariff Protection. This has been devised so skillfully as to offer effective protection to infant industries until they attained maturity. The Japanese tariffs are sufficiently high to restrict materially just those goods in which the manufacturing nations of the west highly excel and which are likely to compete with the goods of native manufacturers. No compunction is shown to the foreigners on any account. Once it is shown that a particular industry has got to be protected from the ruinous competition of outsiders, prohibitive duty on the import of such commodities is the natural and inevitable consequence. Besides this, Tariff policy is manipulated to suit the changing needs of the different industries. In some instances a tariff rate levied initially on the weight of the machinery has been later revised on an *ad valorem* basis and thus there has been no hesitation in changing duties to suit Japanese requirements. When once tariff protection or state aid is granted or the importance of any industry recognised, the Japanese see to it that commodities enjoying such protection or state aid get sufficient patronage from the Government departments and municipalities. As for example, Japanese machinery may not equal in excellence that of Great Britain or Germany, yet they have been able to manufacture machinery and equipment which for all practical purposes is as efficient and productive as the imported article. So this so called inferiority in finish, etc., does not prevent the Japanese Government from issuing strict injunctions to the departments and municipalities concerned "to buy Japanese" even if they are inferior to foreign articles. It is significant that in the list issued by the Imperial Government Railway of Japan of firms permitted to tender, not one single foreign firm is mentioned. (Page 22, British Economic Mission.)

Special Government departments give all the necessary help in the matter of up-to-date information to the manufacturers. The information about the most recent developments in different industries and modern inventions of different kinds which are sometimes obtained by questionable means is freely circulated and the manufacturers concerned are encouraged to adopt them. ("Many instances could be cited where, dubious methods have been adopted to obtain technical information from foreign concerns for the benefit of the Japanese makers." Page 22, British Economic Mission.) Though this has led to the wholesale infringement of patents and designs, there is no doubt that the activity of this department keeps all the industries up-to-date and in pink of condition. "The practice of copying is so developed that even any catalogue or circular of particular excellence produced by a foreigner will be immediately copied and used, a Japanese name being substituted and the text being translated into Japanese. This is all apart of the educational scheme by means of which the Government and the great group leaders are determined that technical knowledge shall be widespread and up-to-date." (Page 22, British Economic Mission.) In the matter of export trade Japanese Government has introduced an extraordinary innovation which is unknown, so far as we know, in any part of the world. "Direct state aid to Japanese export trade is given by means of Govern-

ment encouragement for the establishment of co-operative guilds of manufacturers who are engaged in producing goods principally for export and by the partial payment of the cost of establishing export associations." (Page 48, British Economic Mission Report.)

Another extraordinary innovation is that "The Japanese Government offers further assistance to different industries by recompensing exporters for 70 per cent. of the losses sustained on shipments to undeveloped markets which present obstacle to trade. Again by affording direct financial assistance in dealing with bills for export trade, it enables the Banks to quote to exporters lower rates of discounts than the normal market rates." (Page 48, British Mission.) A Bureau of foreign trade within the department of Commerce and Industry looks after these arrangements.

In this summary of the industrial policy of the country two facts of outstanding importance should be noted. (1) When it is decided that a certain important industry should be developed, initial responsibility of running the whole business is accepted by the Government most willingly. As for example the iron and steel industry, the importance of which for purposes of defence is fairly well recognised was originally a state business and even now more or less run by the state though there have sprung up certain private firms since the foundation of the industry in 1900. (2) Even the interests of those industries that are released from state control are carefully watched by the Government and every aid given to them as if they still belonged to the state. [As for example, last year (1929) when the silk industry was in great distress, the Government guaranteed to Banks financing the raw silk industry the indemnification of the loss not exceeding Yen 30 millions within a period of five years." Page 13, Overseas Report to June 30th, 1930.] Such guarantees are of frequent occurrence. In view of all this it would be quite true to say that "throughout the period of Japan's industrialisation, Japanese Government has always been a partner in Japanese Commerce and Industry".

## CHAPTER V.

### WORKS COST AN FAIR SELLING PRICE.

The following is the Works' cost year by year:—

#### I.—Total Expenditure Incurred at the Works on Wire and Wirenails.

No.	Particulars.	1931.				1932-33.										
		T.	C.	Q.	lb.	Rs.	a.	p.	T.	C.	Q.	lb.	Rs.	a.	p.	
1.	War rods . . . . .	2,118	5	2	8	2,08,808	8	9	4,951	16	2	0	5,14,466	5	5	
2.	Other materials . . . . .	..	..	..	..	16,791	15	6	..	..	..	..	45,232	4	11	
3.	Power . . . . .	..	..	..	..	16,765	1	0	..	..	..	..	34,471	11	0	
4.	Labour . . . . .	..	..	..	..	22,626	15	3	..	..	..	..	48,567	9	3	
5.	Water and lighting (included in power.)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
6.	Repairs and maintenance . . . . .	..	..	..	..	4,648	8	10	..	..	..	..	7,145	15	3	
7.	Supervision and office staff . . . . .	..	..	..	..	25,345	5	6	..	..	..	..	39,608	12	8	
8.	Packing . . . . .	..	..	..	..	25,490	11	0	..	..	..	..	53,359	5	0	
9.	Miscellaneous (postage stationary, welfare, medical relief, town repairs, wastage commission on sales, travelling expenses, etc.)	..	..	..	..	36,628	11	1	..	..	..	..	66,730	14	3	
	Total . . . . .	..	..	..	..	3,57,105	12	11	..	..	..	..	8,09,582	13	9	
	Less credit realised if any . . . . .	..	..	..	..	Nil	..	..	..	..	..	..	2,898	2	0	
									Balance				8,06,684	11	9	
Total output during the year—																
	Wire . . . . .	..	..	..	..	..	..	..	4,951	16	2	0	..	..	..	..
	Wirenails . . . . .	..	..	..	..	..	..	..	3,678	16	3	3	..	..	..	..

## II.—Works Cost ex-Factory per ton of Wire (Hard Bright).

No.	Details.	1931.						1932-33.					
		Rods issued.			Amount.			Rods issued.			Amount.		
		T.	C.	Q. lb.	Rs.	s.	p.	T.	C.	Q. lb.	Rs.	s.	p.
1.	Wire rods	2,116	5	2 23	2,08,808	8	9	4,951	16	2 0	5,14,466	5	5
2.	Other materials (sul, acid, soap flake, grease, lubricants, lime, wire drawing plates, etc.)	..			10,554	11	11	..			23,283	15	8
3.	Power including water	..			10,773	9	0	..			23,815	0	0
4.	Water lighting, etc.	..			..			..			..		
5.	Labour	..			7,906	5	3	..			21,835	7	3
6.	Repairs and maintenance	..			2,120	0	3	..			2,820	4	11
7.	Supervision and Office Staff.	..			20,345	5	6	..			32,408	12	8
8.	Miscellaneous (wastage, travelling expenses, postage, stationary, welfare, medical relief, town repairs, etc.)	..			16,763	6	5	..			26,149	3	6
Total output during the year		2,116	5	2 23	2,77,271	15	1	4,951	16	2 0	644,779	1	5
Less credit if any realised		..			Nil			..			1,515	10	0
								Balance			6,43,263	7	5
Average cost during the year		..			Rs. 6-8-10 per cwt. or Rs. 131-0-8 a ton.			..			Rs. 6-8-0 per cwt. or Rs. 130 a ton.		

## III.—Works Cost ex-Factory per ton of Wirenails.

No.	Particulars.	1931.						1932.					
		Tonnage.			Amount.			Tonnage.			Amount.		
		T.	C.	Q. lb.	Rs.	s.	p.	T.	C.	Q. lb.	Rs.	s.	p.
1.	Wire issued to nails	1,754	4	3 0	2,29,878	2	10	3,678	16	3 3	4,78,249	14	2
		at Rs. 131-0-8 a ton.						at Rs. 130 a ton.					
2.	Other materials	..			6,237	3	7	..			21,948	5	3
3.	Labour	..			14,720	10	0	..			26,732	2	0
4.	Power	..			9,991	8	0	..			10,656	11	0
5.	Repairs and maintenance	..			2,528	8	7	..			4,325	10	5
6.	Supervision and office staff.	..			5,000	0	0	..			7,200	0	0
7.	Packing	..			25,490	11	0	..			53,359	5	0
8.	Miscellaneous (wastage, commission on sale, travelling expenses, bank charges, postage, etc., etc.)	..			19,865	4	8	..			40,581	10	9
Total during the year		1,754	4	3 0	3,09,712	0	8	3,678	16	3 3	6,43,058	10	7
Less credit realised if any		..			..			..			1,382	8	0
								Balance			6,41,671	2	7
Average cost during the year,		..			Rs. 8-18-3 per cwt. or Rs. 179-9-0 a ton.			..			Rs. 8-11-6 per cwt. or Rs. 174-6-0 a ton.		

## IV.—Average Nett Works Cost for the year 1932-33 for Galvanized Wire.

No.	Particulars.	Tonnage.			Amount.	
		T.	C.	Q. lb.	Rs.	A. P.
1.	Wire issued . . . . .	867	2	0 23	1,12,723	9 3
		at Rs. 130 a ton				
2.	Other materials (spelter, pig lead amonia-chloride, zinc chloride, coal aluminium ingots and shots, asbestos string and powder, cotton waste, lubricants, etc.) . . . . .	...			19,706	9 4
3.	Power . . . . .	...			1,300	0 0
4.	Labour . . . . .	...			3,666	8 3
5.	Repairs and maintenance . . . . .	...			965	8 0
6.	Supervision staff . . . . .	...			1,200	0 0
7.	Packing . . . . .	...			...	
9.	Miscellaneous (wastage, commission, bank charges, travelling expenses, etc.) . . . . .	...			4,765	6 8
	Total output during the year	867	2	0 23	1,44,327	9 6
	Less credit realised . . . . .	...			1,303	12 9
					1,43,023	12 9

At Rs. 164-15-5 a ton or Rs. 8-4-0 a cwt.

## V.—Nett Works Cost of Barbed Wire for the year 1932-33.

No.	Particulars.	Tonnage.			Amount.	
		T.	C.	Q. lb.	Rs.	A. P.
1.	Galvanized wire issued . . . . .	520	7	3 14	85,847	0 2
		at Rs. 164-15-5 a ton				
2.	Other materials, (lubricants, tool steel, cotton waste, etc.) . . . . .	...			238	8 5
3.	Power . . . . .	...			1,240	0 0
4.	Labour . . . . .	...			1,780	6 9
5.	Repairs and maintenance . . . . .	...			447	1 5
6.	Supervision staff . . . . .	...			1,200	0 0
7.	Packing . . . . .	...			4,304	4 0
8.	Miscellaneous (wastage, commission, postage, travelling expenses, bank charges, etc., etc.) . . . . .	...			3,943	5 10
	Total output during the year . . . . .	520	7	3 14	99,000	10 7
	Less credit realised if any . . . . .	...			Nil.	

Average cost during the year at Rs. 190-5-0 a ton or Rs. 9-8-3 a cwt.

## Fair Selling Price.

(1) *Block Capital*.—Though the Works were purchased at Rs. 3,40,000 it would not be wise for us to take this figure in view of the replacements and additions we shall have to make in the very near future. In fact much of the machinery shall have to be scrapped almost immediately if we are to effect economy in our cost of production. The best course under the circumstances is to take the replacement value of the factory and base our calculations on that amount. The replacement value given on page 29 of the

evidence recorded during our enquiry, the details of which for purpose of ready reference, we give below is the following:—

	Rs.
Factory house . . . . .	2,00,000
Cleaning and annealing equipment including Boiler . . . . .	40,000
Wire drawing machines and equipments . . . . .	70,000
Wirenail making machines with motors, etc. . . . .	1,00,000
Erection and construction costs (labour and materials) . . . . .	30,000
Transport wagons (light railway materials) . . . . .	5,000
Electric installation, switchboard, transformers switch board, lighting, etc. . . . .	15,000
Return passage and pay to two German Mechanics for one year . . . . .	12,000
Water reservoir . . . . .	5,000
Commission and brokerage . . . . .	25,000
Furniture and miscellaneous . . . . .	5,000
Nail polishing machine . . . . .	10,000
Nail packing department . . . . .	3,000
Keg plant . . . . .	15,000
Galvanising plant . . . . .	40,000
Housing and welfare . . . . .	20,000
Spares and miscellaneous . . . . .	15,000
Tools and plants . . . . .	5,000
	6,15,000

With the additions made up-to-date the Block Capital would stand as follows:—

	Rs.
Replacement value . . . . .	6,15,000
Machine Shop . . . . .	50,000
Additions up to 1931 . . . . .	1,85,000
New additions up-to-date . . . . .	91,250
	9,41,250

We wish to emphasise that the replacement value of the plant given at the last enquiry is a very reasonable figure. Conditions have so changed that the value of the machinery if purchased to-day would be much higher firstly because an additional customs duty of 10 per cent. has to be paid on all machinery imported and secondly because the principal countries from where these purchases are likely to be made are all on gold standard. Even in spite of these adverse conditions, we are prepared to adhere to the figure given at the last enquiry. It is not necessary to stress the fact that the valuation of the plant at the purchase price would be an impossible estimate in view of the replacements that are urgently required for the efficient running of the plant.

(2) *Depreciation on Machinery.*—It is a practice with the Tariff Board to charge depreciation on all machinery at the rate of 6½ per cent. we submit that owing to heavy duty that our machinery is subjected, this figure is not quite adequate. We have taken the opinion of Mr. Kenneth B. Lewis, one of the most prominent authority on Wire Industry and Practice in

America and he thinks that 12 per cent. is a very reasonable figure to take for annual depreciation. We reproduce his letter:—

“Replying to your letter of 21st March, I will say that a survey of practice in a number of widely scattered plants whose figure have to pass judgment of authorities in a number of states, indicates that the tax authorities regard 12 per cent. as a reasonable figure for annual depreciation of wire nail machinery and 10 to 12 per cent. for wire drawing machinery.”

Heavy nail machines and similar cold heading equipment for other products are subject to heavy upkeep and tool expense, and in some instances is depreciated as high as 25 per cent. but 12 per cent. is an average figure.”

We have also approached the Metallurgical Inspector who is fully conversant with our plant. In his opinion more than 12 per cent. should be provided for depreciation. On the basis of these opinions, we applied to the Income-tax authorities who replied to us in the following terms:—

No. A-62/18 of 1932.

Commissioner of Income-tax,  
Bihar and Orissa,

Hinco (Ranchi), the 30th March, 1933.

Depreciation of machinery—Wire and wire nails—Rate of—increase in—  
Indian Steel and Wire Products—Jamshedpur—Representation of—

Dear Sir,

Your letter dated the 24th March, 1933.

The Government of India have by a Notification dated the 4th February, 1933, prescribed the rate of depreciation allowance in respect of plant and machinery used for the manufacture of wire and wire nails at 7½ per cent. on prime cost. This rate will apply to the machinery at your works from the date of Notification

Yours faithfully,  
(Sd.) H. D. Chatterjee.

Taking all these facts into consideration, we submit that 7½ per cent. should be provided as the lowest figure for depreciation if no higher figure is deemed justifiable by the Board.

(3) *Interest on Working Capital.*—In 1931, the Board allowed a provision on account of interest on working capital at the rate of 7½ per cent. on the estimated average works costs of 6 months production. We submit that this should be continued unchanged. It is very difficult in spite of the better conditions prevailing in the money market to get money on the average at less than 7½ per cent. As long as the industry is not properly established in the country the handicap will continue.

(4) *Profits.*—In the first enquiry the Board has allowed for profit 10 per cent. on the investments. “In the case of smaller industries of which the wire industry may be regarded as one, a return of 10 per cent. is reasonable and any figure below that will fail to attract Indian Capital.” (*Vide* Annexure B, page 207, Para. 18 of the First Steel Report.)

In view of the past history of our concern which has suffered losses continuously for a series of years and in view of the fact that it is impossible to attract Indian Capital at any lower figure of profit, we submit that the recommendation of the first Tariff Board should be carried out to establish the industry on a sound basis.

*Metal Cost.*—According to details given in a separate chapter, the price of wire rod would come to Rs. 114.

*Manufacturing Cost.*—According to the statements submitted, the manufacturing costs of nails amount to Rs. 70 per ton. In our opinion no further reduction can be made as labour is paid on piece work basis and the price



of consumable stores is bound to go up. As regards repairs and maintenance, it is very difficult to effect any further economy considering the age of the machinery.

So the average selling price per ton of wire nails f.o.r. Works is as follows:—

	Rs. A. P.
Depreciation on machinery Rs. 9,41,250 at 7½ per cent. . . . .	7 0 11·2
Interest on working capital Rs. 8,50,000 at 7½ per cent. . . . .	6 6 0
Metal cost . . . . .	114 0 0
Manufacturing cost . . . . .	70 0 0
Profit at 10 per cent. on 9,41,250 . . . . .	9 6 4·8
	206 13 4

This represents the nett price f.o.r. Tatanagar which we should receive for our products if the new protective duty is at all effective. To achieve this result, it would be necessary to make adjustments regarding such freight disadvantages as may exist and for all other charges and discounts that would be necessarily incurred. (In the cost presented in this chapter only 2½ per cent. commission is included).

## CHAPTER VI.

### SALES AND FREIGHTS.

The adjustments which are absolutely necessary to make us earn the nett price shown in the last chapter are the following:—

(1) *Handling Charges to be paid to Agents in Stockyards in Different Areas.*—As customers insist on receiving supplies in small lots, we have established as an experimental measure stock yards in Jallo and Nagpur. It appears to us that in the near future we shall have to establish such stock yards in different areas which would necessitate an additional charge of Rs. 3-8 per ton which would be paid to the agents incharge of these stock yards.

(2) *Cash Rebates and Bad Debts.*—As our sales will increase to a considerable figure, we shall be compelled to give this rebate as an attraction to agents to make immediate payments of their bills. The present practice of waiting for payments after two or three months will require much more working capital than we have estimated besides involving us in risks which we cannot afford to take. The usual cash rebate granted by the Steel Company is one per cent. but considering the price of our products, ½ per cent. would serve the purpose. With regard to bad debts, an additional ¼ per cent. would be necessary.

(3) *Sales Office Organisation.*—At the present moment, we have no separate sales office organisation. With the increasing amount of work, it would be impossible to manage the sales efficiently with the present staff. This will necessitate a separate establishment which would cost at least Rs. 10,000 a year for the sale of wire and wire nails alone. As we are contemplating to convert the present concern into limited liability company, this allowance is the minimum required.

(4) *Freight.*—List I give the freight rates of stations where we have slight advantage. The maximum supply of this area may be taken as 2,000 tons per year but when our production increases to 10,000 tons a year, we shall be compelled to unload our material in areas where we have a decided disadvantage which works out on the average at 12 annas per maund. Making allowance for a sale of 2,000 tons or more in the advantageous area, we submit that the duty should be based on the assumption that the average freight disadvantage to be borne by us would be Rs. 15 per ton.

To sum up the adjustments should be as follows:—

	Rs. A. P.
Selling price f.o.r. Works . . . . .	206 13 4
Handling charges . . . . .	3 8 0
Cash rebate and bad debts . . . . .	2 0 0
Sales organisation . . . . .	1 0 0
Freight disadvantage . . . . .	15 0 0
	228 5 4 a ton
	or 11 6 8 a cwt.

*Freight List I.*

F. o. r. Station.	Our rate	Our rate	Old rate	Present rate	Remarks.
	wagon load per md.	small lots per md.	from nearest port.	from nearest port.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
Cawnpore . . . . .	0 10 1	0 14 5	1 6 9	1 0 10	+
Delhi . . . . .	0 10 7	0 14 5	1 12 4	0 11 1	—
Lahore . . . . .	1 3 11	1 7 4	2 5 6	1 2 11	—
Agra . . . . .	0 10 7	0 14 5	1 11 9	0 11 1	—
Kashi . . . . .	0 8 6	0 11 11	0 15 7	0 14 11	+
Patna . . . . .	0 6 3	0 9 1	0 12 6	0 6 9	—
Gorakhpur . . . . .	0 9 4	0 12 0	1 3 2	0 14 2	+
Basti . . . . .	0 10 1	0 12 5	1 4 6	1 0 5	+
Shahganj . . . . .	0 10 1	0 13 8	1 1 8	1 1 5	—
Tahsil Deoria . . . . .	0 8 9	0 11 4	1 2 1	0 12 9	+
Muzaffarpur . . . . .	0 7 6	0 9 10	0 14 3	0 10 9	+
Rampur . . . . .	0 10 7	0 14 5	1 12 8	0 15 0	+
Katni . . . . .	0 8 0	0 15 6	1 7 10	1 7 10	+
Nagpur . . . . .	0 7 7	1 4 6	1 11 9	1 3 2	—
Jubbulpore . . . . .	0 12 3	0 15 3	1 9 11	1 6 3	+
Sirhind . . . . .	1 1 11	1 4 2	2 0 1	0 13 6	—
Amballa . . . . .	0 13 7	1 3 2	1 15 4	0 12 7	—
Lucknow . . . . .	0 10 7	0 13 8	1 6 3	1 2 5	+
Shahjahanpur . . . . .	0 10 7	0 14 1	1 9 10	1 1 11	+
Bareilly . . . . .	0 10 3	0 14 5	1 11 4	1 0 4	+
Dehra-Dun via Saharan pur . . . . .	0 14 0	1 1 11	2 0 0	1 2 7	+
Haldwani . . . . .	0 13 8	1 1 6	1 14 8	1 3 8	+
Gaya . . . . .	0 6 1	0 9 2	0 10 11	0 10 11	+

Plus (+) indicates advantage.

Minus (—) indicates disadvantage.

Wagons booked to Delhi are detained on the way and therefore advantage if any has been neutralised.

## Freight List II.

Stations.	Freight Disadvantage.		Difference per maund.
	Freight from Tatanagar per maund.	Freight from nearest port per maund.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Madras . . . . .	0 14 6	..	0 14 6
Bombay . . . . .	0 11 1	..	0 11 1
Rangoon . . . . .	0 14 0	..	0 14 0
Surat . . . . .	0 15 5	0 6 3	0 9 2
Ahmedabad . . . . .	1 1 7	0 10 11	0 6 8
Bezwada . . . . .	1 0 0	0 10 1	0 5 11
Poona . . . . .	1 10 11	0 4 5	1 6 6
Sholapur . . . . .	1 5 8	0 10 11	0 10 9
Nasik . . . . .	1 6 4	0 5 1	1 1 3
Hyderabad . . . . .	1 5 0	1 2 6	0 2 6
Secunderabad . . . . .	1 4 10	1 2 9	0 2 1
Manmad . . . . .	1 4 1	0 6 4	0 13 9
Dhond . . . . .	1 9 4	0 6 8	1 2 8
Navsari . . . . .	1 3 11	0 5 7	0 14 4
Indore . . . . .	1 5 8	0 15 10	0 5 10
Ajmer . . . . .	1 7 4	1 4 3	0 3 1
Gwalior . . . . .	1 1 9	1 0 10	0 0 11
Madura . . . . .	1 12 9	0 14 3	0 14 6
Tuticorin . . . . .	1 0 0	..	1 0 0
Bhavnagar . . . . .	1 0 0	..	1 0 0
Ujjain . . . . .	1 3 5	1 0 2	0 3 3
Broach . . . . .	0 15 10	0 7 7	0 8 3
Wadi . . . . .	1 8 5	0 13 10	0 10 7
Jodhpur . . . . .	1 12 10	1 0 6	0 12 4
Mirpur Khas . . . . .	2 5 1	0 6 7	1 14 6
Phaladi . . . . .	1 15 5	1 3 2	0 12 3
Balotra . . . . .	1 13 7	0 13 11	0 15 8
Barmer . . . . .	1 15 9	0 11 10	1 3 11
Pipar Road . . . . .	1 13 7	1 1 4	0 12 3
Nagpur . . . . .	2 0 0	1 3 10	0 12 2
Luni . . . . .	1 12 1	0 15 8	0 12 5
Palana . . . . .	1 12 1	1 5 10	0 6 3
Bikanir . . . . .	1 11 7	1 5 4	0 6 3
Dulmera . . . . .	1 13 1	1 3 11	0 9 2
Palsana . . . . .	1 6 1	1 2 8	0 3 5
Ratangarh . . . . .	1 8 8	1 4 5	0 4 3
Jaipur . . . . .	1 4 4	1 1 11	0 2 5
Kishengarh . . . . .	1 6 8	1 3 3	0 3 5
Chitorgarh . . . . .	1 10 8	1 7 3	0 3 5
Palsana . . . . .	1 6 1	1 2 2	0 3 11
Palanpur . . . . .	1 15 1	1 11 8	0 3 5
Narnaul . . . . .	1 6 4	0 14 7	0 7 9
Chittagong . . . . .	0 11 9	..	0 11 9
Dacca . . . . .	1 4 2	0 8 5	0 11 9
Mymensingh . . . . .	1 3 8	0 7 10	0 11 9
Feni . . . . .	1 3 7	0 14 10	0 4 9

Stations.	Freight from	Freight from	Difference
	Tatanagar per maund.	nearest port per maund.	per maund.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Santah . . . . .	1 15 11	1 12 0	0 3 11
Sihor . . . . .	1 6 10	0 6 10	1 0 0
Palitana . . . . .	1 7 5	0 7 5	1 0 0
Madhada . . . . .	1 7 3	0 7 3	1 0 0
Hassan . . . . .	1 11 7	0 13 1	0 14 6
Mysore . . . . .	1 9 0	0 10 6	0 14 6
Bangalore . . . . .	1 5 6	0 7 0	0 14 6
Arsekera . . . . .	1 12 7	0 14 1	0 14 6
Chikballpur . . . . .	1 7 7	0 9 1	0 14 6
Madura . . . . .	1 12 9	0 14 3	0 14 6
Trivandrum . . . . .	2 3 7	1 5 1	0 14 6
Tenkasi . . . . .	1 15 11	1 1 5	0 14 6
Tinnevely . . . . .	1 15 9	1 1 3	0 14 6
Tiruchendur . . . . .	2 1 1	1 2 7	0 14 6
Quilon . . . . .	2 2 2	1 3 8	0 14 6
Erode . . . . .	1 10 1	0 12 1	0 14 6
Trichy . . . . .	1 9 0	0 10 6	0 14 6
Tanjore . . . . .	1 9 4	0 10 10	0 14 6
Salem . . . . .	1 9 4	0 10 10	0 14 6
Morappur . . . . .	1 10 9	0 12 3	0 14 6
Narayanganj . . . . .	1 0 7	0 4 10	0 11 9

## CHAPTER VII.

## ROD MILL COST AND FAIR SELLING PRICE.

We give below the approximate cost of wire rods and sections below  $\frac{1}{2}$ " approximate because since the mill has commenced operation only about a month and a half ago, our experience is limited and we are not in a position to forecast with any definiteness the actual cost of production. The works cost that we have incurred during this short period is unreasonably high and therefore cannot form a basis for any future calculation and for this reason we have omitted to give it here. But we beg to point out that, now that our mill is actually working, we are in a better position to know our requirements and therefore place before the Board our cost figures which should be found more correct than those submitted last time.

*Block Capital.*

	Rs.	A. P.
Machinery . . . . .	6,04,514	15 10
Building . . . . .	99,405	0 0
Foundation, concrete and earth work . . . . .	96,249	12 0
Miscellaneous . . . . .	81,000	0 0
Spares . . . . .	15,000	0 0
	<u>8,96,169</u>	<u>11 10</u>

(We mentioned 10 lakhs as block capital of our Rod Mill in the previous chapter. This was only a rough estimate as the accounts were not complete when the representation was sent.)

We give below the works cost on the production of 150 tons a day. We need hardly mention that it would be difficult to get this production in the very near future. We should think that 100 tons a day would be a reasonable

figure to take for calculating production for the next two years but we can promise that we would put our utmost endeavour to achieve 150 tons a day at the earliest possible opportunity. The works costs that follow are moderate and reasonable and in our opinion quite accurate. Any reduction would not be possible in the beginning. We might point out that the conversion cost on the Steel Company's Merchant Mill was considerably over Rs. 30 per ton in the beginning with all their resources and equipment and only recently after lapse of years it has come down to reasonable proportion. As we are inexperienced in the line, we would request the Board to arrive at a figure that would leave us a generous margin to work upon.

*Works Cost on a Production of 150 Tons a day.*

	Per ton.
	Rs. A. P.
Labour . . . . .	6 2 1
Power . . . . .	8 8 0
Repairs and maintenance . . . . .	2 0 0
Consumable stores (lubricants, cotton waste, tool steel, etc.) . . . . .	3 0 0
Water . . . . .	2 4 0
Coal . . . . .	1 4 0
Office staff and supervision . . . . .	2 0 0
Miscellaneous (soda, ice, welfare, town repairs, medical relief, etc.) . . . . .	1 0 0
Shipping expenses . . . . .	0 6 0
	<hr/>
	26 8 1

*Fair Selling Price of Wire Rods.\**

	Rs. A. P.
Depreciation on Rs. 8,96,169-11-10 at 6½ per cent.	0 12 3½
Interest on working capital at 7½ per cent. on 15 lakhs . . . . .	2 9 8½
Commission on sales . . . . .	3 0 0
Cash rebates and bad debts . . . . .	1 0 0
Stock yard expenses . . . . .	3 8 0
Profit at 10 per cent. . . . .	1 14 9½
Wastage at 10 per cent. less credit realised Rs. 2	5 0 0
	<hr/>
	44 4 10½

*Fair Selling Price of Sections Below ½".*

	Rs. A. P.
Freight disadvantage for sections and wire rods .	15 0 0
† Metal cost . . . . .	70 0 0
	<hr/>
	129 4 10½

\* When calculating the cost of wire nails we have not taken into account the disadvantage of freight on wire rods as these wire rods are actually manufactured at our works and directly taken for conversion into nails and wire products, but when calculating the fair selling price this freight disadvantage must be taken into account.

† *Metal cost.*—This question has not finally been decided and is under negotiation. Since the freight rates are increased, the Steel Company suggests that we should pay this extra sum that may be anything between 3 to 5 rupees.

We append a list of freights marked I showing the freights on sections below  $\frac{1}{2}$ " in United Provinces and near about where there is slight advantage and another marked II where we have a clear disadvantage and another marked III giving the c.i.f. prices of rods and sections below  $\frac{1}{2}$ ".

List I.—*List of Freight on Sections below half inch in United Provinces and near about where there slight advantage.*

For station.	Our rate wagon load per md.			Our rate small lots per md.			Old rates from nearest port.			Present rate from nearest port.			Remarks.
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	
Cawnpore . . .	0	9	9	0	14	5	1	6	9	1	0	10	+
Delhi . . .	0	10	3	0	14	5	1	12	4	0	12	4	—
Lahore . . .	1	3	11	1	7	4	2	5	6	1	6	0	—
Agra . . .	0	10	3	0	14	5	1	11	9	0	11	4	—
Kashi . . .	0	8	2	0	11	11	0	15	7	0	14	11	+
Patna . . .	0	5	10	0	9	1	0	12	6	0	6	9	—
Gorakhpore . . .	0	6	11	0	12	0	1	3	2	0	14	2	+
Basti . . .	0	9	8	0	12	5	1	4	6	1	0	5	+
Shahganj . . .	0	9	8	0	13	8	1	1	8	1	1	5	+
Tahsil Deoria . . .	0	8	4	0	11	4	1	2	1	0	12	9	—
Muzzafarpore . . .	0	7	1	0	9	10	0	14	3	0	10	9	+
Rampur . . .	0	10	3	0	14	5	1	12	8	0	15	0	+
Katni Murwara . . .	0	6	0	0	14	7	1	8	1	1	8	1	+
Nagpur . . .	0	6	7	0	15	3	1	11	9	1	3	2	+
Jubbulpore . . .	0	7	7	0	12	6	1	9	11	1	6	3	+
Sirhind . . .	1	1	7	1	4	2	2	0	1	1	1	1	+
Amballa . . .	0	13	3	1	3	2	1	15	4	1	0	1	+
Lucknow . . .	0	10	3	0	13	8	1	6	3	1	2	5	+
Barielly . . .	0	9	11	0	14	5	1	11	4	1	0	4	+
Shahjehanpur . . .	0	10	3	0	14	1	1	9	10	1	1	11	+
Dehra Dun . . .	0	13	8	1	1	11	2	0	0	1	4	7	+
Haldwani . . .	0	13	4	1	1	6	1	14	6	1	3	8	+
Gaya . . .	0	5	9	0	9	2	0	10	11	0	10	11	+

Plus (+) indicates advantage.

Minus (—) indicates disadvantage.

Wagons booked to Delhi from Bombay under special goods tariff can be diverted to any intermediate stations and unloaded.

List II.—*Freight Disadvantage.*

Stations.	Freight from Tatanagar per maund.			Freight from nearest port.			Disadvantage.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Madras . . .	0	10	6	..	..	..	0	10	6
Bombay . . .	0	10	11	..	..	..	0	10	11
Rangoon . . .	0	14	0	..	..	..	0	14	0
Surat . . .	0	14	5	0	6	3	0	8	3
Ahmedabad . . .	1	0	7	0	10	11	0	5	8
Poona . . .	1	9	11	0	4	5	1	5	6
Sholapur . . .	1	4	8	0	10	11	0	9	9
Nasik . . .	1	5	4	0	5	1	1	0	3
Manmad . . .	1	3	1	0	6	4	0	12	9
Dhond . . .	1	8	4	0	6	8	1	1	8
Nasari . . .	1	2	11	0	5	7	0	13	4
Indore . . .	1	2	9	0	15	10	0	2	11
Ajmere . . .	1	7	0	1	4	3	0	3	9

Stations.	Freight from	Freight from	Disadvan-
	Tatanagar pre maund.	nearest port.	tage.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Gwalior . . . . .	1 1 4	1 0 10	0 0 6
Madura . . . . .	1 8 9	0 14 3	0 10 6
Tuticorin . . . . .	1 0 0	..	1 0 0
Bhavnagar . . . . .	1 0 0	..	1 0 0
Ujjain . . . . .	1 0 1	1 0 2	0 0 1
Broach . . . . .	0 14 10	0 7 7	0 7 3
Wadi . . . . .	1 7 5	0 13 10	0 9 7
Jodhpur . . . . .	1 12 10	1 0 6	0 12 4
Mirpurikhas . . . . .	2 5 1	0 6 7	1 14 6
Phaladi . . . . .	1 15 5	1 3 2	0 12 3
Balotra . . . . .	1 13 7	0 13 11	0 15 8
Barmer . . . . .	1 15 9	0 11 10	1 3 11
Pipar Road . . . . .	1 13 7	1 1 4	0 12 3
Nagaur . . . . .	2 0 0	1 3 10	0 12 2
Luni . . . . .	1 12 1	0 15 8	0 12 5
Palana . . . . .	1 12 1	1 5 10	0 6 3
Bikaner . . . . .	1 11 7	1 5 4	0 6 3
Dulmera . . . . .	1 13 1	1 3 11	0 9 2
Palsana . . . . .	1 6 1	1 2 8	0 3 5
Ratangarh . . . . .	1 8 8	1 4 5	0 4 3
Jaipur . . . . .	1 4 4	1 1 11	0 2 5
Kishengarh . . . . .	1 6 8	1 3 3	0 3 5
Chitorgarh . . . . .	1 10 8	1 7 3	0 3 5
Palanpur . . . . .	1 15 1	1 11 8	0 3 5
Narnaul . . . . .	1 6 4	0 14 7	0 7 9
Chittagong . . . . .	0 11 9	..	0 11 9
Dacca . . . . .	1 4 2	0 8 5	0 11 9
Mymensingh . . . . .	1 3 8	0 7 10	0 11 9
Narayanganj . . . . .	1 0 7	0 4 10	0 11 9
Feni . . . . .	1 3 7	0 14 10	0 4 9
Santah . . . . .	1 15 11	1 12 0	0 3 11
Sihor . . . . .	1 6 10	0 6 10	1 0 0
Palitana . . . . .	1 7 5	0 7 5	1 0 0
Madhada . . . . .	1 7 3	0 7 3	1 0 0
Hassan . . . . .	1 3 7	9 13 1	0 6 6
Mysore . . . . .	1 1 0	0 10 6	0 6 6
Bangalore . . . . .	0 13 6	0 7 0	0 6 6
Arsekera . . . . .	1 4 7	0 14 1	0 6 6
Chikballpur . . . . .	0 15 7	0 9 1	0 6 6
Trivandrum . . . . .	1 15 7	1 5 1	0 10 6
Tenkasi . . . . .	1 11 11	1 1 5	0 10 6
Tinnevelly . . . . .	1 11 9	1 1 3	0 10 6
Tiruchendur . . . . .	1 13 1	1 2 7	0 10 6
Quilon . . . . .	1 14 2	1 3 8	0 10 6
Erode . . . . .	1 6 7	0 12 1	0 10 6
Trichy . . . . .	1 5 0	0 10 6	0 10 6
Tanjore . . . . .	1 5 4	0 10 10	0 10 6
Salem . . . . .	1 5 4	0 10 10	0 10 6
Morappur . . . . .	1 6 9	0 12 3	0 10 6

LIST III.—c.i.f. Prices of Sections below half inch Continental make during 1931-32-33.

Month.	1931.		1932.		1933.	
	Price per ton in £.	Price per cwt. in Rs.	Price per ton in £.	Price per cwt. in Rs.	Price per ton in £.	Price per cwt. in Rs.
	£. s. d.	Rs. A. P.	£. s. d.	Rs. A. P.	£. s. d.	Rs. A. P.
January	5 12 6	3 12 0	5 15 0	5 13 4.2	5 10 0	3 10 8.4
					to	to
					5 5 0	3 8 0
February	5 10 0	3 10 8.4	5 15 0	3 13 4.2	5 5 0	3 8 0
March	5 7 6	3 9 4.2	5 0 0	3 5 4.2	5 2 6	3 6 8.2
	to	to				
	5 5 0	3 8 0				
April	5 5 0	3 8 0	4 15 0	3 2 7.8	5 7 6	3 9 4.2
			to	to		
			4 12 6	3 1 3.6		
May	5 5 0	3 8 0	4 12 6	3 1 3.6	5 14 6	3 13 1.2
					to	to
					6 0 0	4 0 0
June	5 0 0	3 5 4.2	4 10 0	3 0 0	6 0 0	4 0 0
	to	to				
	4 17 6	3 4 0				
July	5 2 6	3 6 8.4	4 5 0	2 13 3.67	6 4 0	4 2 1.8
August	4 15 0	3 2 7.8	4 12 6	3 1 3.3	..	..
September	5 7 6	3 9 4.2	4 12 6	3 1 3.6	..	..
			to	to		
			4 15 0	3 2 7.8		
October	5 10 0	3 10 8.4	5 0 0	3 5 4.2	..	..
			to	to		
			5 10 0	3 10 8.4	..	..
November	5 12 6	3 12 0	6 2 6	4 1 4.2	..	..
December	6 0 0	4 0 0	5 15 0	3 13 4.2	..	..
	to	to				
	5 15 0	3 13 4.2				

## CHAPTER VIII.

## PROTECTION NECESSARY FOR THE INDUSTRY.

The facts adduced here clearly show that a further period of protection is absolutely necessary for the Industry. By their Report the Tariff Board has recommended a temporary protection—which was later translated into suitable legislation, i.e., The Wire and Wire Nail Industry (Protection) Act, 1932—with a view to give breathing time to the Industry to qualify itself for fulfilling certain conditions for substantive protection. As we have pointed out, all conditions required by the Tariff Board, Government and Legislature have been fulfilled. Taking into consideration the distressing condition of the Industry at the time and the enormous losses incurred in the past, any further investment was in the nature of "a leap in the dark" and involved incalculable risks. But since we had made the promise, we never flinched from carrying it out. As these requirements are satisfactorily carried out, it is the duty of the Government and the Board not to withdraw their support suddenly or to such an extent as to bring disaster on us who relying on their policy have invested our money in the Industry. We have sufficient justification for claiming protection on this ground alone for it is undeniable that *the Government and the Board have in a*



*sense an obligation to protect the creatures of their own acts.* Any sudden withdrawal or any hesitation to grant substantive protection would result in serious financial disaster which would have repercussion throughout the Indian Industries in that the faith of intending investors in the policy of protection will be rudely shaken.

If the scheme of protection is to attain its object, it must be applied for a substantial period to get any beneficial results. The present practice of reviewing the case every few years certainly leads to reaction on imports and prices and does undoubtedly lengthen the period when protection is required for the industry in question. In our case the protection has to create and establish a new industry and not as in the case of long established industries like Textile Industry or Agriculture to ward off certain temporary disadvantages. It is difficult for any protective scheme to succeed if it allows the industries to maintain a bare level of existence and is always jealous of any excess profits. The aim of protection as defined by the Fiscal Commission is to build up strong and flourishing industries that would face world competition. This aim can never be realised by the niggardly attitude shown and half hearted protection given. In America and other European countries which boast of up-to-date equipment and other natural advantages, people do not hesitate to vote for substantial tariff. In their earlier tariff history they have imposed protective duties up to 100 per cent. or more and even now after a lapse of years of high tariff, men are not wanting who "would vote for 300 per cent. as they would for 50". As we have shown, Japan following the example of other countries has raised very high tariff walls against foreign goods with a view to develop her industries in shortest time possible and there is no doubt that within a few years she has achieved results that have placed her competitors in different world markets in a very inconvenient position. From being an agricultural country about a generation ago, she has developed into first class industrial nation. She has proved her capacity in industrial development as she had done in war. If we are to achieve any results worth the name, we shall have to follow her example.

It is our deliberate opinion that a generous measure of protection is bound to be the cheapest for the industry and the country. If such an adequate protection for a fairly long period is afforded to our industry, naturally people would come forward with sufficient investment to start factories in different parts of the country with the result that by internal competition the price of our products to the consumers would be considerably reduced far more rapidly and efficiently than when one main factory alone is kept on a bare margin of existence.

The question for the country is not what is the lowest price it can pay for a certain article at a particular time but what is in the long run the best economical price at which it can get the material for all time. The recent cheap price of imported goods has been due to exceptional causes and if our industry did not exist the foreign manufacturers are bound to dictate their price to the consumers for all time. The Kartells in Europe and Japan, will between themselves divide our country and extort profits at their own sweet will.

The alternative for the country is clear, either to establish the different industries by sufficient encouragement and retain the money in the country or allow the industries to be wiped out and pay exorbitant prices to foreign countries.

*The Period of Protection.*—In our opinion the period of protection must not be less than ten years at the least. During this period we propose to start new lines and strengthen and consolidate the old ones and nothing short of this period is possible to achieve these results. Provided the protection is adequate and satisfactory in all respects, we think that the industry would be in a position to withstand world competition and provided also that the foreign manufacturers do not adopt questionable methods of competition. The short period that has been granted has already achieved satisfactory results in that it has seen the rise of many factories in different parts of

the country and within a fairly long period of protection, we have every hope that the industry would have a marked period of improvement and expansion. As far as we are concerned, we have planned to introduce as many new products as possible. Chains, Wire netting, Stranded wire, Telephone and Telegraph wire, Galvanized Wire of smaller gauges, Wire ropes are some of the products that we are going to handle during this period if all goes on well.

*Duty on Wire Rods.*—We submit that the new scheme of protection should include a substantial duty on wire rods. The rise of two factories in port towns, Karachi and Bombay, after the grant of temporary protection makes it essential that if the industry is to be established on a sound basis, the recommendation of the Fiscal Commission regarding the supply of indigenous raw material should be carried out. We mention this as we believe that there is a great temptation for these factories situated in port towns to work on the basis of imported raw material. We submit that steps should be taken to prevent such factories from working on wrong basis and contrary to the spirit of the recommendation of the Fiscal Commission.

This point has been very clearly stated by the Tariff Board in their Statutory Enquiry on Steel Industry 1926-27 (Volume VIII, Page 70, Para. 117): "We may state at once that, in our opinion, unless the rod from which wire is manufactured in India, no case can be established for the protection of the industry. For it then obviously fails to satisfy the first condition laid down by the Fiscal Commission Report. The fact that the industry depends on imported rods must always place it at a very serious disadvantage. From the point of view of national defence also, if wire is to be manufactured from imported wire rod, the establishment of the industry can be of little importance. Large quantities of wire of all kinds are required in modern warfare, but with the supply of the main raw material of the industry namely wire rod, liable to interruption, the national importance of the industry is seriously diminished. *We have therefore, no hesitation in stating our opinion that the manufacture of wire and wire nails from material imported from abroad is not a fit industry for the grant of protection.*"

It is therefore essential that the scheme of protection should be so devised as to preclude the possibility of these factories at distant port towns using the imported raw material.

Moreover if the rods are imported to the country free as now or at a rate of duty which would make it possible for such factories to prefer the imported material, it would seriously hamper the growth of the industry for the output of wire rods would be materially reduced and consequently the cost of production of wire rods would substantially rise.

Lastly we beg to submit that if the Board is inclined to make some concession in favour of these factories, it would be inflicting a great hardship and injustice on us for it is obvious that if we had known there was to be a change of policy, we would not have ventured on such an expensive scheme as the installation of the Rod Mill. We too would have worked on the basis of imported rod.

*Duty on section below half inch.*—To make the Rod Mill a paying proposition at all, it would be necessary to roll sections below half inch for which there is a large demand in the country and for which our Mill is specially designed. We do not wish to add anything more than what the Tariff Board has said on the subject in their last enquiry in our industry. As the cost of production of these sections would be more or less the same as the wire rods, we submit that the same duty should be imposed on sections below half inch as on wire rods.

The demand for small sections, as already pointed out, is very large and in our opinion the question of protection of these products should be judged also on its own merits. Our mill is so designed that with little adjustments and further improvements—which would of course require an additional capital investment—it can supply the whole demand of the country.

*Need for Legislation at the end of financial year.*—We submit that the duty on section below half inch should be imposed at the earliest opportunity but not later than March 1934. It appears that the Government intends to extend the period of protection on wire and wire nails by a special extending bill to a further period until the Tariff Board report is published and considered by the Government. Obviously the Government would not be in a position to consider about the duty on sections by March next, for by that time, they would not be in possession of full facts and findings of the Board. Such extension, we submit, even in the case of wire and wire nails would be harmful to our best interests for the present ruinous competition from Japan and the continental countries will continue to inflict losses that would take long for the industry to recover. Even if the Government take some action under the Safeguarding of industries Act, such extension will deprive us of the period of substantive protection to which we are entitled and for which we have fully qualified ourselves. But in the case of sections below half inch and wire rods, which have no protection at present and which will have to bear the combined on slaught of both the continental and Japanese competitors, the position would be greatly aggravated if the Board do not suggest a special measure to be introduced in the legislature at the end of the present financial year. We hope the Board would realise the risk that we have taken in carrying out their suggestions about the Rod Mill for we knew fully well that we shall have to work our mill without and Tariff protection for a short period of time. Though we gladly accept this risk up to March next, we confess any further extension would inflict great hardship on us and involve us in losses which it would be difficult for us to bear.

Under the circumstances, we would suggest to the Board to recommend that a special measure should be passed for our benefit at the beginning of the next financial year and not wait till September session as it is stated, the Steel Protection Act would be passed. Our special circumstances and difficulties warrant such recommendation and we hope the Board will not hesitate to give the desired relief to a long suffering industry.

*Amount of protection necessary.*—In the earlier part of our representation we have given a detailed statement of all the factors affecting our costs, selling price, etc. The fair selling price calculated for our products are as follows:—

	Rs.	A.	P.	
Wire nails . . . . .	11	6	8	} Per cwt.
Rods and section below $\frac{1}{2}$ inch . . . . .	6	7	5	

In our opinion the protection necessary should be as follows:—

Rs.	A.	P.	
11	6	8	fair selling price of nails.
6	14	0	highest c.i.f. price during the first half of this year.

	Rs.	A.	P.	
Wire and wire nails including Barbed Wire . . . . .	4	8	8	i.e., Rs. 90 per ton.
	6	7	5	fair selling price.
	3	5	9	average c.i.f. price during last year.
Rods and Section . . . . .	3	1	8	i.e., Rs. 60 per ton.

The claim is based on the understanding that necessary action would be taken against the Japanese, that is to say, that there should be an additional duty imposed on their imports in proportion to the depreciation of their currency. We should also point out that the world conditions are such that it is not possible to maintain a higher level of prices and that as soon as conditions change for the better, there would be great incentive for our competitors to work their plants to full capacity with the result that the prices may still further go down. In addition to this, the instability of currency condition has to be considered. Any depreciation of Franc or Mark would lead to collapse of prices which would be disastrous to the industry.

*Safeguards against the breakdown of protection.*—Such safeguards are absolutely essential if the scheme of protection recommended by the Board is at all to be effective. Though we have had a very short experience of protection, we have learnt enough to realise that without such safeguards the protection granted by the Government and the legislature becomes inoperative and neutralised. From our experience we know that as soon as a scheme of protection is adopted, the foreigners see to it that the prices are reduced, if not exactly equal to the duty, very much near it.

In our opinion to meet this situation arising out of the abnormal and unforeseen fall in import prices, resort should be had to the machinery provided in Chapter III of the first Tariff Board report. In fact this power has actually been conferred on the Governor General in Council by the Steel Industry (Protection) Act but this has been seldom used. It is suggested that, as the Government have shown some reluctance in taking executive action in such cases, the Tariff Board should recommend duties on a higher scale so as to provide a margin for such unforeseen circumstances.

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(2) *Letter No. 8287/33, dated the 18th November, 1933, from the Indian Steel and Wire Products.*

#### *Re SUPPLY OF BILLETS BY THE STEEL COMPANY.*

We are herewith enclosing a statement on the recent developments regarding the supply of billets. The matter is still under negotiation and we hope to come to some amicable settlement before our oral evidence.

Enclosure.

#### *RECENT DEVELOPMENTS REGARDING BILLETS.*

Since we took over the concern, we have tried our very best to influence the Steel Company to put up a Rod Mill for the manufacture of our Raw material wire rod so that our Industry may be established on a sound basis in the country. In this connection we saw personally all the important Officials of the Company and went to the length of proving to them that the installation of the Rod Mill will be a paying proposition to the Steel Company. We also promised to deposit two lakhs of rupees with the Steel Company if they undertook to instal the rod mill.

2. The Steel Company did not agree to any of the proposals and dissuaded us from putting up the mill ourselves until and unless we got tariff protection on our products.

3. On the grant of proection we again opened the subject with the Steel Company by our letter No. 1022/32, dated the 15th March, 1932, a copy of which is given in Appendix A.

4. The Steel Company were good enough to realise our difficulties and sanctioned the price of Rs. 60 per ton for the first two years *vide* their letter No. G402/332, dated the 4th April, 1932, given in Appendix B.

5. The above letter in which the Steel Company gave us concession of Rs. 60 per ton for the first two years did not contain any other condition or stipulation restricting us from making any section below half inch. We were under the impression that the Steel Company would not have any objection in our rolling sections below half inch as long as we did not come in conflict with their rolling programme.

On the basis of this understanding our Rod Mill was ordered with special instructions to the manufacturers to design it for all sections below half inch including flats, rounds, channels, squares and angles. Had we known that the Steel Company will object to our rolling any smaller sections besides wire rods and rounds below half inch, we would have hesitated to place the order.

6. When the mill had already begun operation, the Steel Company in reply to our letter No. 5086/33 of 26th September, 1932, sent in a formal agreement by their letter M-19, dated the 3rd October, 1933, given in Appendix C. The terms of the agreement were really a great surprise to us since we never imagined that the Steel Company will dictate such unjustifiable terms to us. The relevant clauses of the agreement to which we take exception are as follows:—

- (1) *Regarding Quantity.*—Clause 2 in which the Steel Company has reduced their supply of billets to 30,000 tons a year.
- (2) *Regarding Price.*—Clause 5 (a) and (b) in which they propose to increase the price of billets by the amount of increased freight.
- (3) *Clause (11)* in which they restrain us from rolling any smaller sections than rounds and wire rods. These are mainly the points on which there is difference between us.

*Our reasons for not accepting these terms.*

(1) *Regarding Quantity of Billets to be supplied.*—As far as we are concerned, this has been settled once for all. Mr. Mather's oral evidence on this point is quite clear (*vide* Tariff Board Report, page 4, section 5).

(2) *Regarding Price.*—The price for the first two years has been finally fixed at Rs. 60 per ton and there is no use to reopen this question at this stage for had the Steel Company's Board any reservation to make regarding the increased freight rate, they would have mentioned that point clearly in their letter of 4th April, 1932. We may add that it was an open secret last year that there would be an increased freight rate on the B. N. Railway in the very near future and we think that the Steel Company knew of this impending change when above quoted letter was drafted.

*Regarding Price after two years.*—We are prepared to pay Rs. 70 per ton but if it is found that the fair selling price of billets is fixed lower than this figure by the Board, we should be given the benefit of such reduction. Moreover, if the Steel Company has to sell billets outside, they should not put us at a disadvantage, that is to say, the price offered to the outsider should be on the same basis as ours.

*Regarding Sections to be rolled.*—This question was also settled between us. We have made it quite clear that we would not interfere with the rolling programme of the Steel Company.

To bring in terms that were discussed under different circumstances is not at all justifiable. It appears that the Steel Company is relying on the letter dated 25th/26th September, 1929, addressed to us (*vide* evidence, para. 136) which we have never accepted. Even taking for granted that we have tacitly agreed to those terms we should point out that the terms of the letter have been subsequently cancelled by the Steel Company themselves, that is to say, they have changed the price of billets from Rs. 90 to 60 and Rs. 70 per ton and again the supply of billets has been increased from 2,000 to 4,500 tons and we presume this revision of the terms was necessitated on account of the larger capacity of the Mill we were proposing to instal.

The fact of the matter is that in 1929 when we were placed in serious difficulties, we offered to set up a plant of 20 tons per shift capacity with a view to fulfil the first condition of the Fiscal Commission Report. Our idea was to apply to the Government for protection on the ground that all conditions required by the Fiscal Commission Report were fulfilled. Considering the small capacity of the plant and considering our emergent needs of those days, there was no question of our rolling any sections at all. We wanted only wire rods and we were ready to do anything to secure these. But the Steel Company even then gave us vague promises and vague replies ownig to which we did not dare to risk our money by putting up the rod mill. In fact they dissuaded us to put up the mill until and unless we get protection for our products. That was the position in 1929.

In 1931 when we succeeded in our application for enquiry, we had to revise and amend all our plans in view of the discussions we had with our experts. It was realised then that to make the Rod Mill a paying proposition at all, it was necessary to roll small sections for it was obvious that with 20 tons per-shift mill, it would not be economical to produce wire rods. The requirements of the country for wire rod at the time were very limited and will remain so until adequate protection for a fairly long period is granted to the Industry. That being the case, to have cheap rods, we shall have to produce sections. On this view of the case we submitted our representations to the Board.

It is clear then that the circumstances that might have forced us to agree to the restriction in our rolling programme in 1929 did not exist in 1931 when we thought out our plans afresh. These revised estimates and plans were shown to the officials of the Steel Company before our enquiry and were also submitted to their Head Office just before we ordered our mill. Our contention is that if the Steel Company had any objection or desire to restrict us to rolling certain sections only they should have pointed that out to us at the time before we placed the formal order for the mill.

We do not quite understand why the Steel Company is putting obstacles in our programme while we have given solemn assurances that we would not interfere with theirs. We are prepared to bind ourselves not to roll  $\frac{1}{2}$  inch sections or above as long as we are here and in our opinion this should be sufficient to safeguard their interest.

But when they insist that we should confine our attention to rolling wire rods and rounds only, it is our candid opinion that in doing so they are acting most arbitrarily and against the best interest of our industry. Why should we bind ourselves to such impossible and senseless conditions? Surely the Steel Company has not got the sole monopoly of rolling all iron and steel products in the country. There should be some chance given to others also.

Besides this, it should be remembered that the Steel Company was given nearly ten years to carry out the promise given to our predecessors and whatever they may say, they are morally responsible for the losses incurred owing to the withdrawal of protection on account of their inability to supply the raw material. In the statement made before the Tariff Board, they have also given an indication that they would not be in a position to interest themselves in the manufacture of these smaller sections for another 7 to 8 years. So the position would amount to this, that while they have no interest in manufacturing these sections themselves for some years to come, they would not like others to make an attempt. The absurdity of such a position is obvious.

It is quite clear that in taking up this attitude we are not doing any harm to the best interest of the Steel Company. In fact our prosperity and progress would be helpful to the Iron and Steel Industry in general for we would be helping to utilise their steel surplus. Besides all this we are dependent for electricity and water and land for which we think we are paying handsomely.

In this connection we should like to add that if our factory was located outside the limits of the Steel Company, the Steel Company would not have dared to dictate such absurd terms.

Lastly we should state as our emphatic opinion that the Steel Company that is receiving the benefit of protection should not be allowed to hinder the progress of another Industry which is dependent upon it in many ways.

#### APPENDIX A.

THE INDIAN STEEL AND WIRE PRODUCTS, TATANAGAR, B. N. RAILWAY.

15th March, 1932.

Ref. 1022/32.

Messrs. The Tata Iron and Steel Co., Ltd.,  
Bombay House, Bruce Street,  
Bombay.

#### Re BILLETS.

Dear Sirs,

We would like to have an early reply regarding your decision about the billets for we shall have to decide whether it is at all possible to undertake the risk. We can assure you that if there is any slight possibility of establishing the industry and if co-operation is forthcoming from your side, we are prepared to incur further capital expenditure. But at the same time we should like to point out that if the terms offered by you are impossible and unreasonably high, you would be seriously hampering the growth of the industry. In view of the Government orders which require us to order the Rod Mill before the next Assembly Sessions, we hope you would give your serious consideration and offer us generous terms which would redound to your credit and high reputation. We need not remind you that the future of the industry is absolutely in your hands. You can make it or mar it. You should realise the vicissitudes through which this industry has gone through and at every critical moment in its history its further progress has been determined by your decision.

We have personally explained to Mr. A. R. Dalal with whom we had an interview yesterday morning that owing to the risks involved we expect the Steel Company to reduce further their price of billets so as to enable us to work the Rod Mill. The figure of Rs. 70 given to the Tariff Board is most certainly exorbitant and can hardly permit us to run the mill economically. According to our point of view the most important thing to consider is the cost of production. It is our considered opinion that we cannot produce cheaply and economically at the figure taken by the Board for they themselves have recognised that sufficient data is lacking. (Para. 9, page 7) "Sufficient data for examining the question is obviously lacking and all that may be attempted is an indication of general possibilities." (Same paragraph page 8) "Estimates of cost not based on actual experience are unreliable especially when they are partly supplied by manufacturers of machinery." (Paragraph 10, page 8) "The data required for a correct estimate of costs are entirely lacking and there is no guarantee that if protection is granted, the conditions on which it is based will be fulfilled." In view of this, how can any sane person knowing fully well the dangers and responsibilities involved, venture to agree to such a proposal. As it has been made clear by the Board themselves that it is not wise to depend upon the rosy possibilities of their own mill denicted by the foreign manufacturers for it is quite natural that they would puff up the immense saving in cost in order to sell their machinery. In the present case we have solely and entirely depended upon the estimates offered by the different manufacturers and taking the reasonable view of the facts we come to the conclusion that

the estimate of the conversion cost of Rs. 25 as the Board themselves recognise—only applies under highly propitious circumstances. It is quite certain that we cannot reach this figure before the lapse of some years for there are so many circumstances beyond our control and so many difficulties that we cannot at this distance foresee. In view of this, we should suggest that the industry should be encouraged to grow and prosper so that it may be of help to the parent concern at some future date. If we accept your present terms and prices, we are perfectly convinced that there would be no chance for the industry to be established and no one would come forward to invest money in a concern with such gloomy prospects. The assistance which we request the company to grant is only temporary, that is to say, for the first two years only and there is no reason why we should grudge to pay a little more when the industry is established on a sound footing. Another misconception we should like to remove is that the temporary assistance given to us is based upon the conversion cost of wire and wire nails and has nothing to do with the cost of indigenous rods. The Board in examining our difficulties and cost of production proposed this scheme of assistance on the basis of imported rods. Besides, this temporary assistance according to the Tariff Board is designed to make it possible for us to exist and to establish this industry in the country. Taking all our troubles into consideration we can assure you that we find it still very hard to pull on even in spite of fresh duties imposed on our products. Protection at this scale, if it can at all be called protection, is most unsatisfactory and inadequate. We should request you to give us generous terms so that we may proceed with our work unhampered and unburdened with unnecessary losses. The industry has suffered much and it looks to you as a parent concern for help and guidance. So far as we are concerned, we have done our best. We have run the plant most efficiently and economically and we have arrived at a stage when without your co-operation and help it is impossible for us to take another stride forward.

We hope and believe that you would bestow your best attention and sympathy in arriving at some arrangement that may be beneficial to the future progress of the industry.

Yours faithfully,  
The Indian Steel and Wire Products.

(Sd.) B. Singh,  
Proprietor.

#### APPENDIX B.

THE TATA IRON AND STEEL CO., LTD.,  
BOMBAY HOUSE, 24, BRUCE STREET,  
FORT, BOMBAY.

4th April, 1932.  
G-402/33.

Messrs. The Indian Steel and Wire Products,  
Tatanagar (B. N. Railway).

#### SUPPLY OF BILLETS.

Dear Sirs,

With reference to your letter No. 1022/32 of the 15th ultimo, we have again considered the terms of supply of billets for your proposed Rod Mill.

2. In August last we announced to the Tariff Board, in the presence of your Proprietors, that we should be prepared to deliver billets at your Works at the price at which Continental billets could be delivered there subject to a minimum of Rs. 70 per ton. Our Board have decided to adhere to these



terms for the main period of supply to you. They recognize, however, that in the early stages of operation of your mill your conversion costs will be higher than normal and in response to the request on page 3 of your letter now under reply they are prepared to supply billets at Rs. 60 per ton delivered your Works for a period of two years commencing on January 1934 or on the date on which you first take delivery, if that date is earlier.

3. We trust that this substantial concession will result in your ordering the mill without further delay. On hearing that you have done so, we shall be pleased to take up the question of settling the details of the formal agreement.

Yours faithfully,  
Tata Sons, Ltd., Agents.

(Sd.) N. B. Saklatvala,  
Director.

#### APPENDIX C.

THE TATA IRON AND STEEL Co., LTD.,  
AGENTS' OFFICE.

Post Box No. 2402,  
100, Clive Street,  
Calcutta, 3rd October, 1933.

Messrs. Indian Steel and Wire Products,

E. I. Railway Works P. O./Tatanagar, B. N. Railway.

Dear Sir,

With reference to your letter No. 5086 of the 26th September, 1932, we forward herewith a copy of the formal agreement regarding the supply of billets to you. We shall be glad to have your early acceptance so that the agreement may be engrossed and duly signed by both parties.

Yours faithfully,  
Tata Sons, Ltd., Agents,  
By their constituted Attorney,  
(Sd.) R. Mather.

#### DRAFT OF THE REVISED PROPOSED AGREEMENT BETWEEN THE TATA IRON AND STEEL Co., LTD., AND MR. INDRA SINGH FOR THE SUPPLY OF BILLETS TO HIS WORKS AT JAMSHEDPUR.

THIS AGREEMENT made the day of one thousand nine hundred and thirty three BETWEEN THE TATA IRON AND STEEL Co., LTD., a company incorporated under the Indian Companies Act and having its registered Office at No. 24, Bruce Street, Fort, Bombay (hereinafter called "The Company" which expression shall unless excluded by or repugnant to the context include its assigns) of the one part and INDRA SINGH son of Kissen Singh Merchant at present residing at Jamshedpur in the province of Bihar and Orissa carrying on business in the name and style of The Indian Steel and Wire Products at Tatanagar in the province of Bihar and Orissa (herein referred as "The Purchaser") of the other part WHEREAS the Company manufacture at its factory or Works at Jamshedpur in the Province of Bihar and Orissa iron and steel goods and materials including steel billets AND WHEREAS the Purchaser requires Steel billets for the manufacture at his works at Jamshedpur of steel wire and steel rounds below half inch in diameter NOW IT IS HEREBY AGREED as follows:—

1. This agreement shall remain in force for five years commencing from the 1st day of January, 1934 or such earlier date as the Purchaser shall take the first delivery of steel billets under the terms of this agreement.

2. The Company will sell to the Purchaser such quantities of steel billets manufactured of the composition specified in the schedule hereto of such size or sizes suitable for the manufacture of wire as may hereafter from time to time be mutually agreed upon and in such quantities as the Purchaser may from time to time order subject to a maximum of 30,000 tons of billets in every year (a year for the purpose of this clause being calculated from the date of commencement of this Agreement as mentioned in Clause 1 hereof) and shall deliver the said billets at the Purchaser's said Works. Provided always that the Company shall not be obliged to deliver to the Purchaser more than 3,000 tons of billets in any one calendar month.

3. Every order given by the Purchaser shall be in writing and shall specify the date not being less than 21 days from the date on which the said order is given on which the said goods are to be delivered but such delivery shall be subject to the proviso in Clause 2 hereof contained.

4. All invoices for billets to be supplied by the Company to the Purchaser will be prepared by the Company on the basis of actual weight of the material as disclosed by weighment at the Company's weigh-bridge at the Company's Works and such weighment shall be final and conclusive between the parties hereto.

5. The Purchaser shall pay for all billets which the Company may supply at the Purchaser's said Works at the rates following, namely:—

(a) For the first two years of the operation of this agreement, at the rate of Rs. 60 per ton and provided that if after 30th June, 1933, the railway freight on the raw materials required by the Company for the manufacture of the said billets is increased then the said price of Rs. 60 per ton shall be increased so as to compensate the Company for the increase in such railway freight above the amount of such freight before 1st July, 1933.

(b) Thereafter, at the rate at which the Purchaser can obtain delivery at his said works of billets of similar quality and description of Continental manufacture subject to a minimum of Rs. 70 per ton (provided import duty taken into account is 12½ per cent.) the import duty being assumed as fixed at 12½ per cent. for the purpose of calculating the price at which the Purchaser can obtain delivery of Continental billets at his works.

6. The Purchaser shall pay to the Company the invoice price of the billets which may be supplied to him by the Company as aforesaid in cash in the following manner, namely:—

(a) During the first six months of the operation of this agreement, within one month from the date on which the said billets shall be delivered at the Purchaser's said Works and he shall pay interest at the rate of 6 per cent. per annum on such amount of the invoice price as shall be outstanding after the first ten days from the date of invoice until payment, and

(b) After the first six months of this agreement, all billets supplied shall be paid for in cash within 10 days of the date of invoice thereof and the Purchaser shall also pay interest at the aforesaid rate of 6 per cent. per annum on all sums outstanding after the said period of 10 days.

(c) The provisions for payment of interest as aforesaid shall not prejudice the right of the Company to demand and enforce payment of the invoice price on due date.

7. The Purchaser will not be entitled to withhold payment of any bills for the price of billets supplied on any account whatsoever and shall not claim to withhold such payment on the ground that any moneys are or may be due by the Company to the Purchaser either in connection with any other contract or business which the Company may have with the Purchaser apart from the supply of billets under this agreement or on the ground that any dispute or difference exists between the Company and the Purchaser regard-

ing the quantity or quality of billets supplied under this agreement or any other grounds whatsoever.

Should any dispute arise with regard to the quality and condition of the billets supplied hereunder the Purchaser shall nevertheless take delivery of the said billets as delivered and make due payment therefor as herein agreed.

8. The respective times hereinbefore stipulated for delivery of and payment for the said billets shall be deemed to be of the essence of the contract and the failure of the Purchaser to pay for any one or more of the Bills or invoices for the price of any lot or quantity supplied in accordance with the foregoing stipulations shall entitle the Company to treat such failure as a repudiation of this contract by the Purchaser and to recover damages for the breach of contract.

9. If and whenever it shall be established that the Purchaser is entitled to any refund or reduction in the amount of the price which shall have been paid by the Purchaser to the Company or that the Company is entitled to any moneys in excess of the invoiced amount or otherwise in respect of billets supplied by the Company to the Purchaser such difference shall be adjusted by the Company by issuing a Credit Note or a Debit Note as the case may be.

10. The Company will not be in any way liable for non-performance either in whole or in part of any contract for any delay in performance thereof in consequence of any strike, lock out, shortage of labour, failure on the part of the Railway Company to supply sufficient wagons to carry essential raw materials to and finished products from the Works of the Company, fire, breakdown or accident to machinery, riots, war, insurrection or restraints imposed by Government Act of Legislature or other authority and by reason of any other cause of whatsoever nature beyond the control of the Company. In the event of the Company being unable to give due delivery of any order by reason of any such causes as aforesaid the Purchaser shall have no claim or claims against the Company in respect of such omission to deliver. In the event of the determination of causes as aforesaid deliveries of this agreement shall be resumed within a reasonable time after such determination and the Company shall be relieved of its obligation hereunder to comply with all orders of the Purchaser up to the stated maximum amount of 30,000 tons in a year. In the event of any such causes as are enumerated in this clause coming into operation, the Company shall be the Sole judge whether they are able to deliver any and if so what quantity of the said billets under any particular order or to what amount of the stated maximum amount of 30,000 tons during that year.

11. This agreement is subject to the following conditions:—

- (a) The Purchaser undertakes not to manufacture at his said works any form of steel except rounds less than half inch in diameter and wire and wire products and the purchaser shall not use the billets purchased from the Steel Company for any other purpose or re-sell them to any other party, nor shall he, except as hereinafter specifically provided, use for the manufacture of the aforesaid articles any material other than the billets provided by the Company under this agreement. For instance, the Purchaser shall not roll in his works iron or steel bars of the description known in the trade as flats, tees, squares and angles of any size whatsoever and shall also not roll in his said works round bars of iron or steel of half inch in diameter or of any other size above half inch in diameter;
- (b) The Company shall not roll in its said factory or works round bars of any size less than half inch in diameter;
- (c) While the Purchaser's annual requirements do not exceed 30,000 tons of billets which the Company agrees to supply, the Purchaser shall not purchase any steel billets of the nature or of similar nature to those to be supplied under this agreement

from any other person, firm or Company during the continuance of this agreement but nothing herein shall prevent the Company from selling such steel billets to any other person, firm or Company;

- (d) If the Purchaser's annual requirements exceed 30,000 tons of billets the Purchaser shall give in writing the first refusal to the Company for the supply of additional billets at the contract price applicable to the supply of 30,000 tons of billets and only on the Company expressing in writing its inability to do so, will it be open for the Purchaser with the consent of the Company to purchase his additional requirements elsewhere, provided such consent shall not be unreasonably withheld by the Company.

Non-compliance by either party with the above-mentioned conditions will entitle the other party to terminate this agreement and to recover damages for the breach of the contract.

12. All questions or differences whatsoever which may at any time hereafter arise between the parties hereto touching these presents or the operation or the subject matter thereof or arising out of or in relation thereto respectively and whether as to construction hereof or as to whether any cause has arisen for the determination of this agreement under the provisions in that behalf hereinbefore contained or as to the rights duties or liabilities of either party in connection with the premises including liability for damages or the amount thereof or otherwise shall be referred to two arbitrators in Calcutta one to be appointed by either party to the difference or to an Umpire to be appointed by the arbitrators in accordance with the provisions in that behalf contained in the Indian Arbitration Act, 1899, or any subsisting statutory modification thereof it being agreed between the parties hereto that the provisions of the Indian Arbitration Act, 1899, shall apply to such arbitration as if a suit relating to the subject matter submitted to arbitration could be instituted in the High Court of Judicature at Fort Williams in Bengal and the decision of the arbitrators or Umpire shall be deemed to be an award within the meaning of the Indian Arbitration Act, 1899, and enforceable accordingly by the said High Court of Judicature at Fort Williams in Bengal.

THE SCHEDULE ABOVE REFERRED TO.

*Specification of Steel to be used for the manufacture of billets.*

Steel containing:—

- Carbon up to 0.13 per cent. maximum.
- Manganese 0.30 to 0.55 per cent. maximum.
- Silicon up to 0.08 per cent. maximum.
- Sulphur up to 0.06 per cent. maximum.
- Phosphorous up to 0.08 per cent. maximum.

- (3) *Letter No. 8956/33, dated the 12th December, 1933, from the Secretary, The Indian Steel and Wire Products.*

As desired by the Board, we are enclosing the following statements:—

- (1) Statement of the quantity of each class of wire manufactured in our Galvanizing Plant.
- (2) Quantity of zinc dross sold and actual amount realised.
- (3) Consumption of Spelter per ton of galvanized wire.
- (4) Statement showing the average selling price of wire and wire nails.
- (5) Supervision and office staff.
- (6) Wire and wire nails supplied during the year 1932-33 to principal stations.
- (7) Sales from different stock yards.

## Enclosures.

## (1) Statement of the quantity of each class of wire manufactured in our Galvanizing Plant.

6	7	8	9	10	11	12	13	14
815	200	1,228	60.23	785	40	9,537	140	4,537=17,342.23.

• Tons 867-2-0-23.

## (2) Quantity of Zinc Dross sold and the actual amount realised.

Zinc Dross	T. C. Q. lb.	Rs. A. P.
	0 14 0 25	96 0 0
	4 18 1 8	639 1 0
(Bad)	12 1 2 9	362 5 9
	1 4 0 7	156 6 0
	0 10 0 0	50 0 0
	<u>19 8 0 1</u>	<u>1,303 12 9</u>

## (3) Consumption of spelter per ton of Galvanized Wire.

Consumption of spelter per ton of galvanized wire is 102½ lbs. when we are making simply bazar quality. But when we shall have to manufacture according to specification, i.e., four minute wires, the consumption of spelter would, in our opinion be at least double the quantity we are using.

Average cost of spelter per ton of wire, 102½ lbs., at Rs. 14 per cwt. and at Rs. 12-13 per ton.

## (4) Statement showing the average selling price of wire and wire nails.

Year and Month.	Wire nails.	H. B. Wire.	Annealed Wire.	Gal. Wire.	Bar. Wire.	Scrap.
For the year 1932-33.						
1932.						
April	Rs. A. P. 10 11 7	Rs. A. P. 8 15 9	Rs. A. P. ..	Rs. A. P. ..	Rs. A. P. 12 0 5	Rs. A. P. ..
May	10 8 9	8 3 5	9 6 10	11 12 1	11 11 10	..
June	10 4 0	9 14 0	9 12 6	..	14 2 5*	Military order.
July	9 5 1	9 0 1	8 12 7	..	14 0 4*	Do.
August	9 10 7	8 8 6	7 9 8	..	9 2 3	..
September	10 1 9	8 0 10	8 14 8	10 8 0	9 3 5	..
October	9 5 2	8 2 1	7 12 4	8 12 3	8 11 0	..
November	9 5 0	8 10 11	8 8 4	8 8 7	8 10 8	4 0 0
December	9 2 11	7 6 8	8 3 5	10 5 9	8 13 4	..
1933.						
January	8 15 1	7 8 7	8 7 4	8 14 8	8 11 8	..
February	8 15 10	8 14 6	8 1 9	8 8 6	10 4 9*	Military order.
March	9 2 6	7 10 6	8 0 4	9 0 3	9 2 4	..

\* Barbed wire supplied to Military department is of special gauge and manufactured in 28 lbs. reels.

Year and Month.	Wire nails.	H. B. Wire.	Annealed Wire.	Gal. Wire.	Bar. Wire.	Scrap.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
For the year 1931-32.						
1931.						
April . . . .	7 15 0	..	6 8 0	..	..	3 12 0
May . . . . .	7 7 1	..	6 4 5½	..	..	..
June . . . . .	7 7 7	6 7 4	6 14 0	..	..	..
July . . . . .	7 10 8	..	5 5 1	..	..	..
August . . . .	8 1 2	..	5 8 6	..	..	..
September . . .	7 10 4	..	5 13 4	..	..	..
October . . . .	9 2 8	..	5 14 5	..	..	..
November . . .	8 2 3	7 11 4	8 7 4	..	..	..
December . . .	8 11 7	..	8 0 0	..	..	..
1932.						
January . . . .	9 3 11	..	8 5 10	..	..	..
February . . . .	10 5 3	..	8 6 0	..	..	..
March . . . . .	10 14 5	..	9 5 6 11 8 0	..	..	..

1. In some months the average rate is higher due to *more sales of wire nails in cases* and wire in 7 lbs. coils as required by the market.

2. On account of the freight advantage we had during the first part of the year 1932-33, *i.e.*, up to October 1932 and on account of our changed sales policy, we were able to realise better price. Since the East Indian Railway, North Western Railway and Great Indian Peninsula Railway, introduced special rates for wire nails, our average selling price has considerably gone down.

(5) *Supervision and Office Staff.*

Regarding office and supervision we allocate as follows:—

Amount taken into—	Rs. A. P.
Wire . . . . .	32,408 12 8
Nails . . . . .	7,200 0 0
G. I. Wire . . . . .	1,200 0 0
Barbed Wire . . . . .	1,200 0 0
	42,008 12 8

Regarding supervision on G. I. Wire and Barbed Wire, we allocate a portion of the salary of our European Superintendent on G. I. Wire and Barbed Wire which he looks after along with the Nail department, *i.e.*, Rs. 100 are taken for Galvanizing department and Rs. 40 for Barbed Wire. We have a further charge of Rs. 60 for Barbed Wire department, *i.e.*, monthly pay for a whole-time supervisor.

(6) *Wire and Wire Nails supplied during the year 1932-33 to principal stations.*

Bombay.	Madras.	Rangoon.	Indore.	Peshawar.	Madura.	Cochin.	Surat.	Bhav- nagar.	Kishen- garh.
T. C.	T. C.	T. C. Q.	T. C.	T. C.	T. C.	T. C.	Tons.	Tons.	Tons.
14 0	12 0	22 5 0	5 1	1 0	11 15	10	10	14	10
10 0	13 0	12 10 0	1 10	10 0	..	..	..	..	..
10 4	12 10	18 0 0	0 14	3 3	..	..	..	..	..
14 10	12 10	11 12 2	10 0	2 10	..	..	..	..	..
12 10	12 5	35 15 0	0 1	10 5	..	..	..	..	..
11 0	10 0	27 10 0	10 4	10 0	..	..	..	..	..
16 0	10 15	..	1 2	10 0	..	..	..	..	..
16 0	11 0	..	0 2	6 0	..	..	..	..	..
12 0	..	..	5 0	..	..	..	..	..	..
11 0	..	..	2 0	..	..	..	..	..	..
11 5	..	..	1 0	..	..	..	..	..	..
15 0	..	..	..	..	..	..	..	..	..
10 10	..	..	..	..	..	..	..	..	..
11 0	..	..	..	..	..	..	..	..	..
10 8	..	..	..	..	..	..	..	..	..
12 10	..	..	..	..	..	..	..	..	..
12 10	..	..	..	..	..	..	..	..	..
9 1	..	..	..	..	..	..	..	..	..
10 0	..	..	..	..	..	..	..	..	..
14 3	..	..	..	..	..	..	..	..	..
11 0	..	..	..	..	..	..	..	..	..
15 0	..	..	..	..	..	..	..	..	..
10 10	..	..	..	..	..	..	..	..	..
14 3	..	..	..	..	..	..	..	..	..
<b>294 4</b>	<b>94 0</b>	<b>127 12 2</b>	<b>36 14</b>	<b>62 18</b>	<b>11 15</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>10</b>

## CALCUTTA SALES.

1931-32.  
*Wire and wire nails.*  
Tons 1,033.

1932-33.  
*Wire and wire nails.*  
Tons 1,635-10.

(7) *Sales from different stockyards.*

Jallo.	Nagpur.	Rangoon.	Jubbulpore.	Calcutta.	Cawnpore.
Tons 506-16	69-9	127-12-2	17-10	197-12	121-7

These are the sales from stockyards which we attempted to open in different places. We had to shut down owing to heavy expense but stockyards in Jallo, Nagpur and Calcutta are in active operation.

(4) *Letter No. 8977/33, dated the 13th December, 1933, from the Indian Steel and Wire Products.*

As promised in our letter of yesterday, we are enclosing further statements required by the Board:—

Details of materials required for the manufacture of wire and wire nails.

## Enclosure.

*Details of materials required for the manufacture of wire and wire nails.*

Description of Material.	Value	Present
	per unit old.	price.
	Rs. A. P.	Rs. A. P.
1. Sulphuric Acid, per ton . . . . .	85 0 0	76 8 0
2. Soap Flake, per cwt. . . . .	55 0 0	35 0 0
3. Fat powder, per cwt. . . . .	8 0 0	21 0 0
4. Lubricants, per gallon . . . . .	1 9 3	1 15 0
5. Materials in Power Department . . . . .	} according to the material.	the price of these items have gone up by 50%.
6. Tools and implements . . . . .		
7. Tool steel . . . . .	2 3 0	2 6 0
8. Engineering Stores . . . . .	} Varies according to material.	
9. Materials in repairs and maintenance . . . . .		
10. Steam coal, per ton . . . . .	6 0 0	5 12 6
11. Lime, per ton . . . . .	16 8 0	16 8 0
12. Rodine, per gallon . . . . .	9 0 0	16 8 0

	1929-30.		1931-32-33.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
<i>Some of the details of item 5—</i>				
Renewable Links, each . . . . .	0 1 6	0 15 6	0 2 6	1 8 0
Machine screws, per gross . . . . .	0 15 2	2 7 0	0 15 2	2 7 0
Copper plates, per cwt. . . . .	40 0 0	90 0 0	50 0 0	105 0 0
Cables . . . . .	} 25 per cent. more than what we were paying.			
Lamps . . . . .				
Wires . . . . .				
Electric Brushes, each . . . . .	0 13 0		1 1 0	

<i>Some of the details of item 6—</i>				
Wire Drawing Plates, each . . . . .	11 0 0	15 0 0	14 7 9	18 0 0
Hack saw blades, each . . . . .	0 2 0	0 9 0	0 2 6	0 9 9
Grinding wheels, each . . . . .	2 4 0	23 8 0	2 13 0	25 5 0
Spring steel wire, per lb. . . . .	0 4 6	0 8 6	0 4 6	0 8 6
Hammers, per lb. . . . .	0 7 6	2 8 0	0 8 0	4 3 0

<i>Some of the details of item 8—</i>				
Cotton waste, per lb. . . . .	0 2 0		0 2 9	
Grease, per lb. . . . .	0 3 7	0 5 7	0 4 7	0 5 8
Chalk, per lb. . . . .	0 0 9	0 1 8	0 0 9	0 1 8
Hammer Handles . . . . .	0 1 9	0 7 3	0 1 9	0 7 3
Gunny bags . . . . .	0 2 0		0 2 0	
Emery cloth, per yard . . . . .	0 3 0		0 3 0	
Emery paper . . . . .	0 0 10	0 1 0	0 0 10	0 1 0
Rosin, per lb. . . . .	0 2 2		0 2 2	
White Lead powder, per lb. . . . .	0 1 10		0 3 4	
Red Lead, per lb. . . . .	0 4 6		0 6 1	
Asbestos Packing, per lb. . . . .	1 8 0	5 0 0	1 13 6	5 7 6



	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
<i>Some of the details of item 9—</i>				
Tin sheets, each . . . . .	0 2 6		0 2 6	
Water valves . . . . .	0 14 0—39	4 0	1 2 0—45	4 0
Wooden pieces, per c. ft. . . . .	0 4 6—9	12 4	0 4 6—9	12 0
Fire clay . . . . .	2 1 9—2	8 0	2 1 9—2	8 0

(5) Letter No. 9026/33, dated the 14th December, 1933, from the Indian Steel and Wire Products.

We are herewith sending the following as required by the Board:—

- (1) Cost Sheet for all our products just to show how our cost is arrived at.
- (2) 38 Original Invoices.\*

This completes all the statements required by the Board. We shall be obliged if you would kindly return the original Invoices after the Board has done with them.

Enclosure.

COST SHEETS FOR THE MONTH OF MAY, 1933.

*Cleaning House Operation.*

	Rs.	A.	P.
Direct raw materials:			
Wire rods, tons 618-10-2-14 at Rs. 105 . . . . .	64,945	12	6
Direct manufacturing labour . . . . .	286	0	9
Process materials:			
Steam coal 60 tons approximately . . . . .	345	0	0
Sulphuric acid . . . . .	1,621	6	3
Rodine . . . . .	...		
Lime . . . . .	14	1	4
Engineering stores . . . . .	0	3	8
Materials in repairs and maintenance . . . . .	44	4	1
Water charges . . . . .	447	11	0
	<u>67,704</u>	<u>7</u>	<u>7</u>

	T.	C.	Q.	lb.
Total wire rods issued . . . . .	618	10	2	14
Loss in cleaning . . . . .	3	16	1	2
Net after cleaning . . . . .	<u>614</u>	<u>14</u>	<u>1</u>	<u>12</u>

At Rs. 5-8-3 a cwt. or Rs. 110-5 a ton.

*Hard Bright Wire, 6 to 12 gauge.*

	Rs.	A.	P.
Direct raw materials:			
Wire rods cleaned, tons 614-14-1-12 at Rs. 110-5 a ton . . . . .	67,704	7	7
Direct manufacturing labour . . . . .	1,374	3	9
Direct manufacturing expenses:			
Soap Flake . . . . .	413	13	6
Lubricants . . . . .	93	7	0
Materials in power . . . . .	32	10	9
Tools and implements . . . . .	23	8	3
Tool steel . . . . .	17	15	9
Engineering stores . . . . .	6	9	4
Materials in repairs and maintenance . . . . .	97	4	1
General charges . . . . .	108	15	6
Electric power charges . . . . .	2,000	0	0
Labour in power . . . . .	127	9	9
Labour in repairs and maintenance, L/S . . . . .	200	0	0
Labour in dies and tools, L/S . . . . .	100	0	0
Supervision and Office staff . . . . .	6,322	8	6
Permanent over-head charges:			
Rent, Rates and Taxes . . . . .	167	3	6
Board of Works contribution . . . . .	109	0	0
Railway siding maintenance . . . . .	66	1	0
General charges . . . . .	1,441	2	0
Depreciation on Rs. 9,41,250 at 7½ per cent. . . . .	5,882	13	0
Interest on working capital Rs. 8,50,000 at 7½ per cent. . . . .	5,312	8	0
Wastage . . . . .	1,745	10	0
	93,347	7	3

Total wire 6 to 12 Gauge drawn: tons 614-14-1-12 at Rs. 7-9-6 a cwt. or  
Rs. 151-14 a ton.

*Hard Bright Wire, 13 to 20 Gauge.*

	Rs.	A.	P.
Direct raw materials:			
H. B. Wire, 6 to 12 Gauge, tons 140-10-1-26 at Rs. 151-14 a ton . . . . .	21,342	1	7
Direct manufacturing labour . . . . .	343	4	0
Direct manufacturing expenses . . . . .	236	8	3
Electric power charges . . . . .	300	0	0
	22,221	13	10

Total wire drawn 13 to 20 Gauge: tons 140-10-1-26 at Rs. 7-14-6 a cwt. or  
Rs. 158-2 a ton.

*Wire Nails Manufactured.*

	Rs.	A.	P.
Direct raw materials:			
Hard Bright Wire, 6 to 12 Gauge. tons 317-12-3-15 at Rs. 151-14 . . . . .	48,242	3	5
Hard Bright Wire, 13 to 18 Gauge, tons 57-18-3-20 at Rs. 158-2 . . . . .	9,162	10	3
Direct manufacturing labour . . . . .	1,450	12	6
Direct manufacturing expenses:			
Lubricants . . . . .	176	0	4
Tools and implements . . . . .	320	0	2
Tool steel . . . . .	276	7	2
Materials in repairs and maintenance . . . . .	430	10	3
Electric power charges . . . . .	500	0	0
Engineering stores . . . . .	61	13	0
Wastage . . . . .	2,336	14	10
General charges . . . . .	...		
Labour in repairs and maintenance . . . . .	407	15	9
	<hr/>		
	63,365	7	8
	<hr/>		

Total wire nails manufactured: tons 375-11-3-7 at Rs. 8-6-11 per cwt. or  
Rs. 168-10-4 per ton.

*Wire Nails, Cleaned and Packed.*

	Rs.	A.	P.
Direct raw materials:			
Wire nails cleaned tons 371-10-2 at Rs. 168-10-4 a ton . . . . .	62,656	2	4
Direct manufacturing labour . . . . .	874	13	6
Direct manufacturing expenses:			
Lubricants . . . . .	3	12	8
Kegs . . . . .	4,286	0	0
Cases, big . . . . .	2,261	0	0
Cases, small . . . . .	1,046	14	0
Bags, 46 at As. 3-1 each . . . . .	8	13	10
Labels . . . . .	44	0	0
Craft and Brown paper . . . . .	952	13	6
Engineering stores . . . . .	7	9	4
Materials in repairs and maintenance . . . . .	144	6	0
Electric power charges . . . . .	400	0	0
Bank charges . . . . .	81	4	0
Commission at 2½ per cent. . . . .	1,822	2	10
General charges . . . . .	109	9	3
	<hr/>		
	74,699	5	3
	<hr/>		

Total nails cleaned and packed: tons 371-10-2 at Rs. 10-0-10 per cwt. or  
Rs. 201-0-8 a ton.

*Galvanized Wire, 6 to 14 Gauge.*

	Rs.	A.	P.
Direct raw materials:			
H. B. Wire, 6 to 12 Gauge, tons 59-12-3-10 at Rs. 151-14 . . . . .	9,058	3	2
H. B. Wire, 13 to 14 Gauge, tons 15-9-2-7 at Rs. 158-2 . . . . .	2,447	7	9
Direct manufacturing labour . . . . .	310	5	6
Direct manufacturing expenses:			
Pig lead . . . . .	332	13	0
Spelter . . . . .	572	5	6
Salts . . . . .	95	14	1
Steam coal, L/S . . . . .	152	0	0
Lubricants . . . . .	1	2	5
Materials in repairs and maintenance . . . . .	226	10	5
Engineering stores . . . . .	6	2	0
General charges . . . . .	...		
Supervising staff . . . . .	100	0	0
Electric power charges . . . . .	100	0	0
Acid . . . . .	502	9	0
Alluminium ingots and shorts . . . . .	28	5	3
Wastage . . . . .	268	3	5
	14,202	1	6

Total wire galvanized: tons 75-2-1-17  
at Rs. 9-7-3 per cwt. or Rs. 189-1 per ton.

*Galvanized Barbed Wire.*

	Rs.	A.	P.
Direct raw materials:			
Galvanized wire, tons 52-8-3-4 at Rs. 189-1 a ton . . . . .	9,914	5	0
Direct manufacturing labour . . . . .	153	5	3
Direct manufacturing expenses:			
Lubricants . . . . .	6	0	6
Tool steel . . . . .	4	8	2
Reels . . . . .	477	12	0
Materials in repairs and maintenance . . . . .	28	7	9
Engineering stores . . . . .	5	0	0
Supervision staff . . . . .	100	0	0
Electric power charges . . . . .	100	0	0
General charges . . . . .	...		
Wastage . . . . .	209	12	9
	10,999	3	5

Total Barbed Wire manufactured: tons 52-8-3-4  
at Rs. 10-7-11 per cwt. or Rs. 209-14-4 a ton.

*Annealed Wire.*

	Rs.	A.	P.
Direct raw materials:			
H. B. Wire, 6 to 12 Gauge, tons 86-18-0-17 at Rs. 151-14-6 a ton . . . . .	13,199	1	5
H. B. Wire, 13 to 20 Gauge, tons 18-10-1-3 at Rs. 158-2 a ton . . . . .	2,927	8	0
Direct manufacturing labour . . . . .	130	1	3
Direct manufacturing expenses:			
Steam coal . . . . .	178	4	0
Gunny cloth . . . . .	73	0	9
Linseed oil . . . . .	130	0	0
Craft paper . . . . .	14	7	3
Engineering stores . . . . .	0	7	0
Materials in repairs and maintenance . . . . .	4	0	1
Wastage . . . . .	158	7	4
	16,815	5	1

Total wire annealed: tons 105-8-1-20  
at Rs. 7-15 a cwt. or Rs. 158-12 a ton.

(6) *Letter No. 315/34, dated the 9th January, 1934, from the Indian Steel and Wire Products.*

**Re SUPPLY OF BILLETS.**

We are herewith enclosing copies of further correspondence on the supply of billets which has passed between the Steel Company and ourselves. Our reply states our position clearly.

Enclosures.

THE INDIAN STEEL AND WIRE PRODUCTS,  
TATANAGAR, B. N. RAILWAY.

Dated 9th January, 1934.

Ref. No. 316/34.

Messrs. The Tata Iron and Steel Co., Ltd.,

Agents' Office,

100, Clive Street,

Calcutta.

Dear Sirs,

Reference your letter A3640/33, dated the 18th December, 1933.

We have given our most anxious consideration to the subject of your letter and have come to the conclusion that we should abide by the decision of the Board. It is rather awkward for both of us to go back on our word for it is on record that we both left the matter in the hands of the Board for them to decide as they pleased.

We might mention in passing that we have similarly left the matter of the supply of wire rods to other concerns at Karaohi and Bombay to the arbitration of the Board and are prepared to abide by their decision

for we have full confidence in the judgment of the Board. We are perfectly convinced that they would decide in the best interest of our industry.

Yours faithfully,  
The Indian Steel and Wire Products.  
(Sd.) V. P. Dube,  
Secretary.

THE INDIAN STEEL AND WIRE PRODUCTS,  
TATANAGAR, B. N. RAILWAY.

Dated 20th December, 1933.  
Ref. No. 9217/33.

Messrs. The Tata Iron and Steel Co., Ltd.,  
Agents' Office,  
Post Box No. 2402,  
Calcutta.

Dear Sirs,

We are in receipt of your letter A-3640/33, dated the 16th instant. We are to inform that we are giving our best consideration to its contents and shall let you know our final decision in the course of a week or two.

Yours faithfully,  
The Indian Steel and Wire Products.  
(Sd.) V. P. Dube,  
Secretary.

THE TATA IRON AND STEEL CO., LTD.,  
AGENTS' OFFICE.

Calcutta, 16th December, 1933.  
Ref. No. A-3640/33.

Messrs. The Indian Steel and Wire Products,  
Tatanagar.

Dear Sirs,

In connection with the proposed contract for the supply of billets by us for your Rod Mill and the informal conference held at the Tariff Board Office on the 27th November, 1933, our Board of Directors have resolved as follows on the three main points at issue, viz.:-

- (1) the tonnage of billets to be supplied,
- (2) price including the additional freight charges, and
- (3) the sections to be rolled.

2. With regard to (1) it is agreed that the tonnage of billets to be supplied would be upto a maximum of 4,000 tons in any one month.

3. As regards the price, our Board would prefer to stick to the existing proposals, but if the Tariff Board would prefer a fixed price, they will agree to a uniform price of Rs. 72-8 for the whole period, inclusive of the addition on account of increased freight charges.

4. As regards (3)—Sections, the Board resolved that the Indian Steel and Wire Products could roll rounds and squares less than 1 1/2" and that in the case of other sections (excluding flats) they could roll any section below 85 lbs. per foot. The rolling of flats should be excluded from the agreement, but if the Indian Steel and Wire Products required flats for such purposes as collapsible gates, the Steel Company would not with-

hold permission unreasonably, but would not give such permission if the Steel Company considered that such rolling would hamper other more economic development of the rolling of flats.

5. I shall be obliged if you will let me know by the 21st instant, if possible, if these terms are acceptable to you so that the Tariff Board could then be informed accordingly. I shall be in Jamshedpur on the 18th, 19th and 20th and shall be glad to see you if you so desire.

Yours faithfully,  
Tata Sons, Ltd., Agents,  
(Sd.) A. B. Dalal,  
Director.

(7) Letter No. 720/34, dated the 20th January, 1934, from The Indian Steel and Wire Products.

We regret to inform you that the N. W. Railway administration has introduced the following freight rates which are clearly against us:—

	Old rate per ton.	Newly introduced rate per ton.
	Rs. A.	Rs. A. P.
Ambala City . . . . .	48 0	21 0 4
Ambala Cantonment . . . . .	48 0	21 2 4
Simla . . . . .	68 0	37 0 8
Sirhind . . . . .	51 0	22 6 9
Ludhiana . . . . .	40 0	24 11 1
Phagwara . . . . .	48 8	25 15 6
Jullundur City . . . . .	48 12	26 10 11
Jullundur Cantonment . . . . .	48 12	26 10 11
Amritsar . . . . .	47 12	29 10 7
Batala . . . . .	49 4	31 1 3
Badamibagh . . . . .	46 0	31 10 4
Lahore . . . . .	45 12	31 10 4
Gujranwala . . . . .	48 8	34 3 3
Sialkot . . . . .	53 12	34 10 1
Jammu Town . . . . .	50 8	36 3 0
Rawalpindi . . . . .	54 4	42 4 8
Peshawar City . . . . .	56 4	49 1 8
Peshawar Cantonment . . . . .	56 4	48 13 2
Lyalpur . . . . .	41 12	37 0 8
Malerkotla . . . . .	48 0	25 1 11
Delhi . . . . .	42 0	18 4 11
Nowsherah Doaba . . . . .	49 8	27 6 3
Chheharta . . . . .	47 8	29 15 1

(Vide their Circular No. 1309-R/767, dated the 11th January, 1934.)

## (8) Letter dated the 24th January, 1934, from The Indian Steel and Wire Products.

We enclose herewith cost sheets of Rod Mill for the months of November and December, 1933, as desired by the President.

*Works cost of Rod Mill Products for the month of November, 1933, submitted by the Indian Steel and Wire Products, Tatanagar, B. N. Railway.*

	Rs. A. P.
Direct manufacturing labour . . . . .	7,821 6 0
Direct manufacturing expenses:	
Lubricants . . . . .	159 15 0
Coal . . . . .	2,396 14 0
Materials in repairs and maintenance including bearings . . . . .	1,971 0 0
Engineering stores . . . . .	100 4 0
Materials in power . . . . .	189 12 3
Tools and implements including guides . . . . .	1,229 10 6
Tool steel . . . . .	519 8 0
Water charges . . . . .	2,308 8 0
Power charges . . . . .	6,318 8 0
Supervision and office staff . . . . .	5,368 2 0
Rent, rates and taxes . . . . .	83 9 9
Board of works charges . . . . .	54 8 0
Railway siding maintenance . . . . .	33 0 6
General charges . . . . .	1,423 12 7
	<u>29,978 7 1</u>

	T. c.	
Billets issued . . . . .	1,026 0	
Wastage . . . . .	156 10	i.e., 18 per cent. approximately.
Production . . . . .	<u>869 10</u>	

Works cost at Rs. 34-9-11 a ton.

*Works cost of Rod Mill Products for the month of December, 1933, submitted by the Indian Steel and Wire Products, Tatanagar, B. N. Railway.*

	Rs. A. P.
Direct manufacturing labour . . . . .	7,568 11 0
Direct manufacturing expenses:	
Lubricants . . . . .	174 5 7
Coal . . . . .	2,201 6 3
Materials in repairs and maintenance . . . . .	1,489 10 3
Engineering stores . . . . .	70 5 3
Materials in power . . . . .	138 14 6
Tools and implements including guides . . . . .	1,031 0 9
Tool steel . . . . .	250 6 2
Water charges . . . . .	2,283 12 0
Power charges . . . . .	6,659 8 6
Supervision and office staff . . . . .	5,300 8 9
Rent, rates and taxes . . . . .	83 9 9
Board of works charges . . . . .	54 8 0
Railway siding maintenance . . . . .	33 0 6
General charges . . . . .	1,891 12 6
	<u>29,231 7 9</u>

	T. c. q.	
Billets issued . . . . .	973 8 2	
Wastage . . . . .	127 0 0	
Production . . . . .	<u>946 8 2</u>	i.e., 15 per cent. approximately.

Works cost at Rs. 34-8-10 a ton.



(9) *Letter No. 1246/34, dated the 1st February, 1934, from the Indian Steel and Wire Products.*

We are sending six copies of our representation on Barbed wire for the consideration of the Board.

Enclosure.

We beg to submit the following notes on the necessity of protective duty on Barbed wire:—

As far as we could gather from the discussion of the Advisory Board of the Imperial Council of Agricultural Research and their papers that are published in the evidence recorded in our last enquiry, the Imperial Council of Agricultural Research is only opposed to the import duty on woven wire fencing and not on Barbed wire.

*Distribution of Imports.*—Out of nearly 5,000 tons of last year's import of fencing materials including fencing wire, according to our knowledge hardly 20 per cent. is woven wire fencing, the major portion of which again is used for building and engineering purposes. Another 10 per cent. may be allowed for standard fencing wire which is largely used by the Railways in India. The remaining 70 per cent. is undoubtedly Barbed wire. This 70 per cent. of the fencing material is distributed as follows:—

- (a) The requirements of the Military Department in Barbed wire alone would not be less than 500 tons a year.
- (b) The Controller of Stores and nine Provincial Governments between them would not buy less than 500 tons annually.
- (c) The remaining 2,500 tons is purchased by 919 Tea plantations and Coffee estates, Municipalities, Indian States Administration and rich land owning classes. Taking Tea and Coffee plantations alone, the share of each plantation would be about 2½ tons.

*Cost of fencing material.*—The cost of fencing material is prohibitive to the Agriculturists who have not sufficient money even to buy necessities of life and as long as the economic condition of the masses remain as it is, it is unthinkable that they would ever think of using such expensive fencing materials. It is commonly known that many inexpensive substitutes are used for generations in this country. In the whole country, Babool (*Acacia Arabica*), prickly pear and bamboos are widely used for this purpose and no amount of propaganda on behalf of Agricultural Department would convince our Agriculturists of the desirability of utilising expensive fencing materials when they know by experience of ages and by their own experience that they can make their enclosures by inexpensive and dirt cheap material which can be had only a few yards away from their home-steads.

Under the present circumstances, if an Agriculturist were to enclose a 400 yards' farm, he shall have to spend money that would be at least double the amount he actually earns throughout the year which would be hardly enough for his maintenance. In a 400 yards farm, there would be required 100 angle iron posts of 1½" × 1½" × ¼" and of 7 feet in height. These alone would not cost less than 40 to 50 rupees. And then to make the field safe against wild animals, he shall have to have at least 12 rows of Barbed wire which would cost him another Rs. 120. Thus to enclose a farm of 400 yards, he shall have to invest nearly 160 to 170 rupees. It is obvious that very few among the well-to-do Agriculturists can afford this amount. Even those who are in a position to invest this amount, will hardly give up the country fencing materials in favour of Barbed wire on account of their cheapness and utility.

*Arguments of the Agriculturists' interest irrelevant.*—If the whole question is critically examined in the light of these facts, it would be found that the arguments about the Agriculturist's interests are not serious and sincere. It is no use to drag the agriculturists in the controversy. The fact of the

matter is that the only classes that would be affected by the duty would be a class of rich land owners, and large Coffee and Tea Planters—the classes that can afford to pay any amount of duty.

If the Agricultural department wants to make Barbed wire for fencing purpose popular and widely used, they shall have first to improve the economic condition of the masses. Without these improvements no propaganda will attain its object. By the time the Agricultural department has educated our peasantry on the utility of Barbed wire, as effective fencing, we shall be in a position to manufacture so cheaply and so economically that the peasantry can afford to buy.

*Trend of prices of Barbed wire.*—The following are the prices paid by the Indian Stores Department which would show at a glance the prices of the last few years and also show that as soon as we commenced manufacturing Barbed Wire, the prices have considerably gone down:—

1927-28.*		1928-29.*		1929-30.*		1930-31.*		1932-33.	
Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
15	0 0	12	9 6	12	3 6	11	0 0	8	12 0
to		to		to		to		to	
15	14 0	13	3 0	14	11 0	14	10 0	9	0 0

} Ruling market prices.

(\*Page 158, Evidence recorded in our Enquiry.)

It goes without saying that the above prices specially of the period before we commenced manufacture are monopoly prices and those who are in favour of abolition of duty should prove that in this particular instance at least no duty would mean cheaper articles for the consumers. It is a matter of common knowledge that the prices of foreign imports are generally regulated by the consideration of the ability of the consumers to pay and if the consumers want certain articles without which they cannot do, the foreigners see to it that they get the best prices the circumstances warrant. If there is any competition between them it easily adjusts itself by reduction of few annas in the price.

It therefore follows that in the absence of any indigenous industry the foreigners are in a position to dictate their own prices to the consumers. A case in point will illustrate our meaning. Before we started catering for the Madras market, the price in Madras was disproportionately high even in spite of the fact that there were in that area many contending foreign competitors but as soon as we entered that area with our material, the prices automatically went down. We believe that there are still some areas in the country where monopoly prices are charged.

*Capacity of our plant.*—Our present capacity may be put down at 1,200 tons a year but recently we have purchased eight more machines which would give us an additional capacity of at least 2,500 tons that is to say 3,700 tons annually. These new machines will commence operation by next April. We have also made arrangements for the extension of our Galvanizing Plant to cope with the new equipment of our Barbed Wire Department. It is our contention that as soon as the production of wire rod is assured in this country, it does not take long to put in new equipment to supply the demand in wire products of the whole country—the only desideratum being an extensive and profitable home market and reasonable amount of tariff protection.

*Multiplicity of products.*—Protection on multiplicity of products is most essential for the healthy and rapid development of our industry. If we are to confine our attention to wire nails and Galvanized wire alone, it would not be possible to develop the industry as we would like to do. The unexpected competition from foreign countries would make us helpless any moment but if we have many protected wire products—we do not mean

also those that we are not manufacturing, but only those that we are manufacturing and for which we have complete equipments—we can easily distribute the risk at such critical moment and gain some profit in the long run. We think this is the best policy to adopt both in the interest of the industry and the country. The country will be able to secure variety of products in quickest possible time. The industry will have some incentive to work upon if it is in a position to make some profit.

We might add that our competitors are also working on this principle. Majority of them handle multiplicity of products and they adjust their prices in such a way that they earn decent profits in the aggregate.

*View of the Commerce Department.*—Since it is realised that—even in the case of woven wire fencing—it is not solely used for agricultural but largely for non-agricultural purposes, the Commerce Department has rightly decided that the question of imposition of duty should be viewed mainly from viewpoints of the interests of the manufacturers of wire and wire products in India and loss of revenue.

*The military importance of Barbed Wire.*—The Board has in their previous report recognised the military importance of this industry. (Statutory Enquiry, 1926-27, Volume VIII, page 70, para. 117) “Large quantities of wire of all kinds are required in modern warfare.”

It may be said with confidence that Barbed wire, among all classes of wire is of the highest military importance. We claim that a suitable protective duty should be imposed on Barbed wire simply on grounds of military importance of the industry if not on any other grounds. If the manufacture of Barbed wire is not encouraged, the country would be running a great risk when the crisis comes. Now when there is time and when it can be established on a sound basis with a little help, no opportunity should be lost to give proper impetus and encouragement. The experience of the last war when Barbed wire was sold at Rs. 150 per cwt., is quite fresh in the mind of the present generation.

Our claim is based on the principle recognised by the Indian Fiscal Commission that if any industry is essential for purpose of national defence, it should be protected irrespective of the general conditions laid down by the Commission. “We have no hesitation in affirming the principle that any industry which is essential for purposes of national defence and for which the conditions in India are not unfavourable, should if necessary, be adequately protected, irrespective of the general conditions which we have laid down for the protection of Industries.” (Page 49, para. 106, Indian Fiscal Commission Report.)

It is also our belief that besides this military consideration, the economic production of Barbed wire can be made possible by the help of protective duty in a very short time.

*Woven fencing wire may be excluded.*—If it is found that there is a likelihood of the woven wire fencing being used largely by the agriculturists in the near future—and since we are not manufacturing it at present—we suggest that it may be excluded from duty and we think for Customs purposes there would be no difficulty in differentiating woven wire from Barbed wire. But before the Board decides upon this course, they shall have to take into consideration the interest of many small manufacturers of woven wire fencing in the country. Its manufacture is carried on more or less on the basis of cottage industries and this industry has been in existence long before we came on the scene. We think that if the Board decides upon such course on the ground of the fancied interests of the agriculturists, they would be inflicting a great loss and hardship on these poor manufacturers. We hope the Board will not ignore their interests.

Another consideration that should weigh with the Board is the future expansion of the Industry. If the object of protection is to make the country self-sufficient in the matter of wire products, steps should be taken to ensure that wire, the raw material for such expansion, should find an

outlet in many small industries like that of woven wire fencing. If such a policy is not pursued, it would reduce the market for and output of the basic industry in the country.

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(10) *Letter No. 2313/34, dated the 27th February, 1934, from the Indian Steel and Wire Products, Tatanagar.*

We are herewith enclosing copy of letter received from the Steel Company regarding Billets for the information of the Board.

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Enclosure.

*Copy of a letter from the Tata Iron and Steel Co., Ltd., Calcutta, to Messrs. The Indian Steel and Wire Products, E. I. R. Works P. O., Tatanagar, B. N. Railway.*

AGREEMENT FOR THE SUPPLY OF BILLETS.

Reference your No. 670, dated the 19th January, 1934.

We are unable to agree that your statement in the above letter that the President of the Tariff Board has advised that both of us should await the publication of the Tariff Board Report and that we have also shown our willingness to agree to this suggestion, is a correct representation of the existing position. This contract has been under negotiation for a very long time now and you have actually started your mill and have been working it for some months. We cannot go on supplying indefinitely you with Billets at the low provisional rate at which we have been till now doing, as it is based on an understanding regarding price for the contract period which you have not accepted. As the negotiations between us for the supply date long before the present Tariff Board enquiry and as there is no undertaking in this case on our part to supply the Billets at our fair selling price as fixed by the Board, as in the case of re-rolling mills manufacturing products not in competition with us, we do not see the object of awaiting the publication of the Tariff Board Report. Our Board have further considered this agreement and have now authorised us to state that we shall be prepared to agree to the terms communicated to you in our letter No. 3640/33, dated the 16th December, 1933, with the modification that the uniform price, after taking into consideration the addition on account of the increased freight charges, will be Rs. 70 per ton for the whole period instead of Rs. 72-8 per ton as communicated in para. 3 of that letter. Please let us know at an early date if these terms are acceptable to you.

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(11) *Letter dated the 3rd March, 1934, from the Indian Steel and Wire Products.*

We are sending herewith copies of further correspondence between ourselves and Messrs. The Tata Iron and Steel Co., Ltd., regarding billet supply for the information of the Board.

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Enclosures.

3rd March, 1934.  
2583/34.

Messrs. The Tata Iron and Steel Co., Ltd.,  
Agents' Office,  
100, Clive Street,  
Calcutta.

Reference A-549/34, dated the 22nd ultimo.

Dear Sirs,

It is obvious when both of us have left the decision in the hands of the Board, it is not justifiable for us to carry on any further negotiations until the Board's report is published. It is a matter of importance to note that though the Board have given their award, they have no means of enforcing it in view of their terms of reference and the only alternative left to them is the publication of their views about this controversy in their report and until this is done, we should in view of our joint appeal to them and for ordinary courtesy's sake await their report.

If we were to come to some settlement about this matter behind the back of the Board, we would be faced with an alternative which would be in our opinion most detrimental to the best interest of our industry. If we agree to your enhanced price as suggested in your letter No. A-549/34 we would be sacrificing the best interest of the industry for which we have made so many sacrifices; for, *this enhanced price will have to be paid out of the amount of protection granted to us.*

Besides in view of the award, the Tariff Board cannot be guided by such private arrangement. They will grant only as much as in their opinion is just and necessary, and they shall not be guided by arrangements which to all intents and purposes are meant to mislead them. If they were to do so, all these Tariff Board enquiries would be turned into a mere farce for the manufacturers can between them present the Board with a *fait accompli* any moment they choose.

This is exactly the position in which we would be placed if we were to make an agreement now. If you would kindly put yourself in our position, we have no doubt, you would without the least hesitation act as we are doing. In saying all this and raising these points, please do not think that we are disputing our costs and that we are questioning the protection you are demanding for billets on the basis of those costs. We confess we are not competent to decide such questions. We have stated simply our position and pointed to you our difficulties.

There must be some misunderstanding when you say that you cannot go on indefinitely supplying us with billets at the low provisional rate at which you are now doing. We have only to draw your attention to the fact that all bills regarding the price of billets are subject to final adjustment which clearly means that we are to pay the price at which the Board would fix the price of the billets. There is a possibility that the Board may fix a higher rate than you are supposing for which, under the circumstances we are placed, we shall have to take the risk.

We are not prepared to agree that you should charge us at any imaginable figure while you are agreeable to sell to other re-rolling mills outside the limits of Tatanagar at the fair selling price fixed by the Board. We should ask you whether this is at all a reasonable attitude to adopt. Is it our fault to be situated at Tatanagar and is it our fault that we are one of the largest buyers of your semi-finished materials? We might remark in passing that while other firms are talking theoretically about the consumption of billets, that is to say, they are planning only to put up Mills at some distant date when they would be in a position to consume your material, we are here right on the spot actually working our Mill and consuming your material. Moreover, we are the only people who have no intention of manufacturing products in competition with yours while others whom you are anxious to supply at the fair selling price fixed by the Board will agree with you with great many reservations.

After all, these difficulties have arisen only in view of the scheme of protection which the Board has to suggest, otherwise these matters can be settled by a few hours' discussion. In countries like Japan and other countries of the continent where discriminating protection is not practised

these problems seek their own solution without much trouble on either side but here where protection is given half-heartedly and where there is a meticulous examination of every anna and pie, difficulties such as we are now experiencing are bound to arise. We are sure you would agree with us when we say that protection granted to our industry would only be based on the actual conversion costs. This conversion cost would be the barest minimum required and there can be hardly any possibility of economising anything on it. It would be different if we had multiplicity of products like the Steel Company which handles from the iron ore to semi-finished and finished materials. If this position is accepted, it is evident that not a pie can be given away from this conversion cost and if we were to do so, we would be ruining all chances for the growth and development of the industry which is the main object of all protection. We can assure you that we have done our very best to come to some agreement about this matter but unfortunately we have not succeeded in persuading you to accept our view point. The last attempt we made was just before our public enquiry when we saw Mr. Dalal as we realised that undesirable publicity was being given to our differences; but no notice was taken of our entreaties on the ground that the matter was left in the hands of the Board.

We can only make a personal appeal to Mr. Dalal to judge these matters with sympathy. The future of practically all the Rolling Mills in the country depends on your action and if you decide that your terms should be accepted, you are creating a situation for us and for others similarly placed which can only be described as critical.

Regarding the opening sentence of your above quoted letter, the writer does not wish to bring in the President of the Tariff Board in this controversy but is constrained to say that the facts have been truthfully stated.

Yours faithfully,  
The Indian Steel and Wire Products.

(Sd.) V. P. Dube,  
Secretary.

THE TATA IRON AND STEEL CO., LTD.,  
AGENTS' OFFICE.

Post Box No. 2402,  
100, Clive Street, Calcutta,  
Dated the 22nd February, 1934.  
A-549/34.

Messrs. The Indian Steel and Wire Products,  
E. I. R. Works Post,  
Tatanagar, B. N. Railway.

*Agreement for the supply of Billets.*

Dear Sirs,

Reference your No. 670, dated the 19th January, 1934.

We are unable to agree that your statement in the above letter that the President of the Tariff Board has advised that both of us should wait the publication of the Tariff Board Report and that we also have shown our willingness to agree to this suggestion, is a correct representation of

the existing position. This contract has been under negotiation for a very long time now and you have actually started your Mill and have been working it for some months. We cannot go on indefinitely supplying you with billets at the low provisional rate at which we have till now been doing, as it is based on an understanding regarding price for the contract period which you have not accepted. As the negotiation between us for this supply date long before the present Tariff Board enquiry and as there is no undertaking in this case on our part to supply the billets at our fair selling price as fixed by the Board, as in the case of re-rolling mills manufacturing products not in competition with us, we do not see the object of awaiting the publication of the Tariff Board Report. Our Board have further considered this agreement and have now authorised us to state that we shall be prepared to agree to the terms communicated to you in our letter No. A-3640/33, dated the 16th December, 1933, with the modification that the uniform price, after taking into consideration the addition on account of the increased freight charges, will be Rs. 70 per ton for the whole period instead of Rs. 72-8 per ton as communicated in paragraph 3 of that letter.

2. Please let us know at an early date if these terms are acceptable to you.

Yours faithfully,  
Tata Sons, Ltd., Agents,  
(Sd.) A. B. Dalal,  
Director.

THE INDIAN STEEL AND WIRE PRODUCTS,  
E. I. R. WORKS POST.

Tatanagar, 19th January, 1934.

Messrs. The Tata Iron and Steel Co., Ltd.,  
Agents' Office,  
100, Clive Street,  
Calcutta.

*Reference A-107/34, dated the 15th instant.*

The undersigned has interviewed, in connection with the billet supply, the President of the Tariff Board who has advised that both of us should await the publication of the Tariff Board Report. It appears that you also have shown your willingness to agree to this suggestion. Under the circumstances no useful purpose would be served by further discussion on the subject.

Yours faithfully,  
The Indian Steel and Wire Products.  
(Sd.) V. P. Dube,  
Secretary.

**Messrs. Devidas Jethanand & Co., Karachi.**

(1) *Letter dated the 16th September, 1933.*

With reference to the Government of India, Department of Commerce, resolution No. 260-T. (8)/33, dated the 26th August, 1933, we beg to submit the following for the consideration of the Board:—

That we are the sole proprietors of the Devidas Iron and Steel Works Karachi, a privately owned factory for the manufacture of Wires, Wire nails, Wood screws, barbed wire, shoe-tacks, paper clips, etc. The factory

started working in February, 1932, and has been since then supplying its product to the market. The production in 1932 was about 1 ton of wire nails daily and  $1\frac{1}{2}$  ton of wires and small quantities of other products. The output was necessarily small owing to the need of training operatives and the factory receiving neither rebate of import duty on its wire rod nor concession in Railway freight, which placed an extra burden of Rs. 2 on our rates.

By March 1932 the recommendation of the Tariff Board on the Wire and Wire Nails Industry 1931 were enacted into law called the Wire and Wire Nails Industry Act of 1932 and as result of strenuous representations made to the Government of India our factory received rebate of customs duty on the rods imported which did not take effect until about March 1933 when the next consignment of wire rods arrived in India. Subsequently however the duty paid on the previous consignment of wire rods was refunded. The Railway freight concession has however up-to-date of writing not been extended to our products in the same measure as enjoyed by Indian wire products Company Tatanagar over the Bengal Nagpur Railway and East Indian Railway and which according to the estimate of the Tariff Board contained in their report of 1931 page 13 working up to an average of annas 12 per cwt. In consequence of this double handicap the factory had rather a chequered career until about October, 1932, when the North Western Railway authorities seeing their traffic in wire and wire nails being seriously affected by the growing invasion of the Punjab market by the I. W. P. Tatanagar adjusted their rates of freight on *All* wire and wire nails booked from Karachi to the stations in the Punjab so as to be anna one per maund less than the rates from Tatanagar to those stations, *i.e.*, if the rates from Tatanagar to Lahore for instance was Re. 1-7-9 per maund, the rate from Karachi to Lahore was reduced to Re. 1-6-9 per maund. The effect of this was speedily nullified by the I. W. P. Tatanagar reducing its rates in the Punjab by annas 8 per cwt. On the other hand Japan stepped into the market about this time with cheap wire nails which were carried over North Western Railway at the same rates of freight as our products unlike in the case of Tatanagar factory which enjoys freight concession on their products exclusively. By suitable reduction in rates we however succeeded in disposing of our goods in the Punjab market to the extent of about 1000 to 1200 cases monthly. We have now increased our production and are prepared to increase our plant and even roll our own rods should we receive adequate protection and freight concession from the Government.

We must say that we are both our own capitalists and our own experts. In spite of innumerable difficulties which an industry of this class has to face in this country we succeeded in producing marketable products in a very short time in fact from almost the very first month of our existence. In spite of severe internal and external competition which we faced under handicaps and are still facing we have succeeded not only in increasing our production but also added to our plant. We are sure given adequate facilities we shall amply justify the protection recommended by the Tariff Board.

From our experience of over 18 months we have found that Karachi is the natural centre of production and supply of Wire and Wire nails and other wire products for the Punjab markets, the Bombay market in fact for the whole west coast of India on this side of a line drawn from Allahabad to Cape Comorin. Its nearness to these markets effects a great saving in freights and time resulting in proportionate economy in price convenience to the consumer. As an illustration the distance from Tatanagar to Lahore is 1015 miles and from Karachi to Lahore is 755 miles from Tatanagar to Amritsar 1082 miles and from Karachi to Amritsar 788 miles from Tatanagar to Peshawar 1399 miles and from Karachi to Peshawar 921 miles and from Tatanagar to Rawalpindi 1294 miles and from Karachi to Rawalpindi 897 miles.



It will thus be seen that for four of the largest consuming centres in the Punjab the wire nails have to travel 50 per cent. more distance if supplied from Tatanagar than if supplied from Karachi and all this by Railway. The average freight rate to those stations from Tatanagar works up to Re. 1-11-5 per maund or (1 cwt, nails packed weigh 1 maund 23 seers) Rs. 2-11-3 per cwt. of nails or say Rs. 55 per ton. The same ton of nails if supplied from Karachi under the same freight concessions as from Tatanagar would reach the consumer at nearly Re. 1 per cwt. less than and thus Karachi would be a more economical centre of supply. This is in regard to the Punjab. Bombay and the other markets on the west coast would show a more remarkable saving as in the case of these markets, the supply from Karachi would be made by sea at shorter distances and lesser freights whereas that from Tatanagar has to travel longer distances by Railway.

The fact that wire rod is being rolled at Tatanagar does not alter the above conclusion as the price of indigenous rods is not going to be less than that of the imported rod. The cost of transportation to Karachi of these rods in large quantities would be hardly  $\frac{1}{4}$  of the saving effected in Railway freights alone from Karachi. But the importation of Wire nails in such large quantities dumping the market resulting in loss due to rusting and deterioration of packing, double handling and godown charges, etc. In the event a rod mill is installed in Karachi Billets from Tatanagar would be imported in thousand of tons at a time in specially chartered steamers resulting in still great economy in transportation costs. That Karachi has a tremendous market for Nails and Wires specially galvanized wires and rolled goods will be apparent by a look at the past 5 years figures of import of these articles through Bombay, Karachi and the other ports on the west coast.

Karachi has an equable climate all the year round and there is ample supply of requisite Indian labour. The local power supply Company is only too anxious to meet any demands for energy made on them at reasonable rates. Karachi is thus eminently suited for the installation of both the Wire products factory and a rod rolling mill from billets obtained from Tatanagar. In fact it will be more feasible for Karachi factory to roll rods from Tatanagar billets than for England to roll sheets from the same billets for supply to India under the Ottawa agreement.

We intend to install our own merchant mill for rolling all kinds of sections as soon as we are extended all facilities and are assured of our position *vis-a-vis* the protection.

Our working costs of wires and wire nails from wire rods amounts to a little over Rs. 6 per cwt. distributing this equally between Wire and Wire nails. With greater production and assured facilities and markets it would be possible to reduce them to a trifle below Rs. 6. We therefore consider this as a reasonable figure to fix the spread between Wire rod and Wire nails. Our galvanizing plant which we worked for some time has owing to the severe Japanese competition stopped lately and as soon as some imposition is placed on foreign galvanized wire this will be restarted. The cost of making galvanized wire in our factory is the same as of making nails and should have the same margin, *viz.*, Rs. 6 per cwt. over metal cost.

Lastly we submit that in our case as in the case of the I. W. P. Tatanagar, the Railway freights must be adjusted to equalize these obtaining on the E. I. and the B. N. Railways for I. W. P. products *same rate for same distances* and not as now *same rate for same stations*. This is perfectly feasible as both the East Indian Railway and North Western Railway are state-owned Railways and it will be inequitable to deprive one factory of the benefits afforded to another of the same class of industry. In the words of Sir G. Schuster at the salt conference on 27th May 1932, "The Government of India could not take action for the sake of putting profits in the pockets of one set of manufacturers and pro-

ducers at the expense of another set of manufacturers and producers, nor could they, except in national interests interfere with free competition among Indian producers."

Any action contrary to the spirit of this would also militate against the wholesome principle laid down by the Tariff Board in their last report on wire nails industry, para. 11, page 10, viz., that "If an industrialist, believing in the assurances given by the Government and the legislature, invests money in an industry which is declared protected but finds, in the mean time that protection is withheld on account of temporary developments which have disturbed the assumptions underlying the protective scheme, the faith of intending investors in the policy of protection will be rudely shaken. Occurrences of this kind may go far to render protection ineffective in developing industries".

In the end we must request that until such time as the I. W. P. Company, Tatanagar, are in a position to supply us their own-rolled wire rods the present rebate of duty concession on imported Wire rod be continued in our case.

Enclosure.

ESTIMATE OF COST ABOVE WIRE ROD ON MAKING WIRE NAILS BASED ON ACTUALS FOR AUGUST, 1933.

*Production 1108 cases.*

	Rs.
Pay of establishment . . . . .	816
Electricity charges . . . . .	783
Acid bill . . . . .	244
Bazar bill, grease, lubricating oils, lime, coal, etc. . . . .	350
Dies and tools for drawing . . . . .	70
Belts' bolts, etc. . . . .	70
Saw dust . . . . .	80
Wooden cases . . . . .	831
Paper for packing nails . . . . .	277
Misc. Stores—gum labels . . . . .	30
Postage and office expenses . . . . .	65
Brokerage . . . . .	270
Rent . . . . .	300
Transport and muccadim . . . . .	100
Director's remuneration . . . . .	1,000
Interest . . . . .	100
Depreciation . . . . .	80
10 per cent. less on metal . . . . .	554
Water and taxes . . . . .	20
Profit at 5 per cent. . . . .	555

(2) *Letter dated the 17th September, 1933.*

We beg to submit the following representation regarding our Screw Making Factory at Karachi with reference to the Government of India, Commerce Department, Resolution No. 260/T. (8)/33, dated the 26th August, 1933.

(1) That we have installed a Screw making Factory at Karachi conjointly with our Wire Nails Making Factory and commenced making screws about end of July, 1932, which have been regularly marketed.

(2) That the present capacity of our plant is one thousand gross iron-wood screws countersunk heads per day.

(3) That we are on the list of approved suppliers of these screws to the Indian Stores Department and The Director of Contracts (Military), Simla.

(4) That we have at great cost of time, labour and money obtained personal training for the making of screws in large European Factories and have succeeded in imparting training to our Indian workmen.

(5) That we have means at our disposal for increasing our production to about 5,000 gross per day and more, within reasonable time so as to cover a large part of all India requirement.

(6) That the price of Wood-screws all over the world is regulated by discounts on standard British prices contained in a catalogue of Messrs. Guest Keen and Nettlefolds, Screw makers, London.

(7) That at the end of the year 1931 and before exchange fell the British screws were offering at 65 per cent. discount and the continental screws at 73 per cent. In India the screws were selling at annas 5-3 per gross of screws 1" long for in India screws sell by the 'size—1½" screw selling at 1½ times the price of 1" screw.

(8) That after the fall in exchange the Continental screws were offered at 85 per cent. discount and the British at 70 per cent.—the market price in India having fallen as low as annas 2-8½ which has recently fallen to annas 2-7 per gross inch (i.e., one gross of screws, 1" long).

(9) That in Europe where International cartels regulate screw prices and prevent International competition they sell at an equivalent of annas eight per gross inch.

(10) That Japan is recently entering this field with an offer of 90 per cent. discount. The standard price of screws according to the Nettlefold price list being one shilling for one gross of 1" screws the price of Japanese screws works to less than one anna six pies per gross inch at the present rate of exchange.

(11) That screws unlike wire nails provide highly skilled jobs on decent salaries.

(12) That Karachi is the best centre of supply of this commodity as of wire nails and other iron products. In fact railway freight does not greatly affect its cost to the consumer.

(13) That raw material in the shape of manufactured wire rod is available in India and will be shortly made also by us at Karachi.

(14) That as our Factory has been mainly running to train establishment it is difficult to make out exactly our working costs for one gross inch of screws. We consider that annas 6-6 per gross inch should be taken as the correct selling price of this article and a protection of annas 4-6 per gross inch on screws of non-British origin and annas 4 per gross on those from Britain should presently justly meet the requirements of this important budding industry without imposing an appreciably heavy burden on the consumers which is generally the building trade.

An estimate of working cost derived from our own experience is appended for consideration.

*Estimate of cost of one gross screws, 1" length and No. 8 size.*

	A. P.
Weight of screws is 1 lb. nett.	
Wire required is 1½ lb. nett.	
Cost of wire at Rs. 8 per cwt. is . . . . .	1 8½
Energy bill at Rs. 350 a month . . . . .	0 5
One man making at 60 gross screws from four machines in a day at Re. 1 per day shaving and slotting only . . . . .	0 3
One man making at 30 gross threading only . . . . .	0 6
Two men on heading machine making 500 gross per Re. 1 per day . . . . .	0 1
Supervision charges at Rs. 500 per month on 500 gross output per day . . . . .	0 2½
Tools . . . . .	0 2
Repairs to 75 machines producing 500 gross a day . . . . .	0 3
Cost of belting, lubricants, polishing material, water, etc. . . . .	0 2
Labels, wooden case for 500 gross, packing, etc. . . . .	0 1½
Packing box of card board . . . . .	0 6
Interest at 5 per cent. on a capital outlay of Rs. 1 lakh . . . . .	0 6
Depreciation of machines at 8 per cent. . . . .	0 10
Office and mukadim . . . . .	0 1
Postage, commission, carriage . . . . .	0 1
Selling organisation . . . . .	0 1½
5 per cent. profit . . . . .	0 6
	6 6

**The Indian Hume Pipe Co., Ltd., Bombay.**

(1) *Letter No. H. P./4239, dated the September 21/22, 1933.*

**Re PROTECTION FOR STEEL INDUSTRY (WIRE AND WIRE NAILS).**

With reference to the inquiry on the granting of protection for the Steel Industry by your Board, we should like to inform you that we are manufacturers of steel wire.

Upon the recommendation made by your Board in 1931, which resulted in the Wire and Wire Nails Industry (Protection) Act of 1932, and believing that there is a good field for the industry in this country, we erected a Wire and Wire Nail factory in Bombay early in this year.

We find, however, that due to the fall in market rates for foreign nails, it is very difficult to compete with outside products.

We are, therefore at present, forced to concentrate mainly on the manufacture of wire, and though we have not been able to enter the market yet without some loss, due to the high cost of production, we are confident that we shall be able to compete with similar products in near future, provided the present scale of duties and facilities afforded, are not altered.

Market rate for foreign wire is about Rs. 9-12 per cwt. Our rate at present is in the vicinity of Rs. 9-12 to Rs. 9-14. The rods obtained by us from the Continent, free of duty, cost Rs. 5-4 per cwt., delivered at

site and the actual production cost analysis, since we have started is shown below.

	Per ton.
	Rs. A.
Rod . . . . .	105 0
Labour . . . . .	12 9
Material . . . . .	10 0
Overhead and Establishment . . . . .	24 10
Power . . . . .	5 0
Wastage at 8½ per cent. . . . .	8 12
Packing . . . . .	8 0
Interest and depreciation . . . . .	18 3
Agents commission 2½ per cent. . . . .	5 0
	<hr/>
	197 2 Rs. 9-13 per cwt.

It is clear therefore that with the present market rates remaining unaltered, and with further improvement in our manufacture, we shall be able to sell our products at competitive rates.

As far as the protection for this industry is concerned, the requirements of the Fiscal Commission are satisfied by the new Rod Mill, erected at Jamshedpur. It will be some time, however, before this Mill is in a position to manufacture rods *economically*, as specifically mentioned by your Board in their report (page 9, para. 10) in 1931. Their production also will take some time to come up to a capacity which will meet with the requirements of the whole of the Indian market. But above all, the wire industry is too young yet to be able to stand on its own legs. It is not more than one year since your recommendations have fructified in the installation of Wire Mills at Karachi and Bombay.

The Wire Industry is just trying to stand on its own and we seriously believe that more attention should be paid to place this industry on a sound footing by affording it every possible help and relieving it of any avoidable burden.

Your Board arrived at the following cost for wire rods manufactured in India, considering a production of 100 tons per day, the cost was Rs. 100 per ton and with a production of 150 tons per day, the cost calculated was Rs. 96-4. As the present rate for foreign wire rods delivered at site, in Bombay is about Rs. 105 per ton, it is evident that no undue competition will work against the new Rod Rolling Mill of Messrs. The Indian Steel Wire Products and therefore no protection is necessary. Moreover, the new Rod Rolling Mill is in the happy position of consuming its own rods, at least temporarily, as their full scale production will take some time to materialize.

We realize that this will not give any incentive to use Indian raw materials made out of Indian Steel as required by the Fiscal Commission, but we desire that such a step as requested by us should be only temporary to give breathing time to the newly erected Wire mills to place their manufacture on a sound level. An industry which has taken three centuries to develop in Europe should at least be given a few more years, say from three to five years careful nurturing without any burden on its raw materials, i.e., wire rods, or any alteration in the rate of duty or any facility given hitherto.

With the present rate of prices and with improved experience in manufacture, it is even possible, or could be made possible by the Government granting cheap transport facilities across India, to sell Indian wire rods at rates which will compare favourably with the Continental prices.

There is a tendency for the Continental prices of wire rods to increase and the prices of wire to fall. We paid last year a price of Rs. 100 per ton for wire rods which has now risen to Rs. 105 per ton.

This being the case, any restriction in the use of wire rods would be quite unnecessary and will act unfavourably on the development of the wire industry at this stage.

We therefore earnestly hope that the present *status quo* will be maintained for another short period and that the facilities afforded for the free import of wire rods and the protective duty of Rs. 45 per ton on imported wire and wire nails will remain unchanged.

Enclosure.

WIRE AND WIRE NAILS.

Replies to the questionnaire.

1. Jamshedpur, Karachi and Bombay.
2. Throughout India.
3. (b) Erected this year only.

	Quantity.			Value.		
	1929-30. Tons	1930-31. Tons	1931-32. Tons	1929-30. Rs.	1930-31. Rs.	1931-32. Rs.
Wire . . . . .	8,732	12,345	9,340	17,69,600	20,50,110	15,41,633
Wire nails . . . . .	12,505	12,409	9,456	21,90,950	19,76,103	14,76,873

	Quantity.			Value.		
	1929-30. Tons	1930-31. Tons	1931-32. Tons	1929-30. Rs.	1930-31. Rs.	1931-32. Rs.
Wire . . . . .	21	nil	15	410	..	2,947
Wire nails . . . . .	11	nil	nil	4,550	..	..

6. Nil.

7. (b) Rs. 35,000.

8. 14 men daily. Rs. 6,000 yearly.

9. Rs. 105- 0 Rods per ton.

Rs. 10- 9 Material per ton.

Rs. 12- 9 Labour per ton.

Rs. 5- 0 Power per ton.

Rs. 24-10 Establishment per ton.

Rs. 8-12 Wastage per ton.

Rs. 8- 0 Packing per ton.

Rs. 18- 3 Interest and depreciation.

Rs. 191- 2

Note (b) 10 per cent. depreciation on machinery and 10 per cent. interest on capital.

10. (a) Rs. 1,00,000.

(b) About 15 tons a day.

11. (c) Bombay wholesale market about Rs. 186 per ton. Duty Rs. 45 per ton.

12. (a) Yes. Reinforced concrete Pipe making.

(b) Not till now.

(c) No.

13. (a) Steel wire.

(b) We do not consider that any increase in the present rate of duty of Rs. 45 per ton is necessary. We however consider that the present facility of importing rods free of duty should not be altered.

14. Rural and urban.

15. None.

(2) Letter No. HP/5429/61, dated the 4th December, 1933, from the Indian Hume Pipe Co., Ltd.

Re DRAWING WIRE.

We beg to send herewith 5 copies of a short note which we consider will simplify matters as regards our case in this connection. Any further information required on the point can be given during our evidence.

Enclosure.

NOTE.

We have now seen the reports of the evidence of the Indian Steel Wire Products before the Tariff Board in Calcutta which suggest to us that in order to simplify matters we should make a concrete proposal as follows:—

- (1) That we should be supplied rods between 3 and 6 gauge not exceeding 1,000 tons per year delivered at Rs. 105 per ton f.o.r. Bombay at which we get our imported wire delivered at site at present.
- (2) That we on our part will undertake not to sell the wire drawn from this or the rod itself in the open market if it helps the Indian Steel Wire Products and if the Board so desire that it is in the interest of the Industry.
- (3) That from the wastage what few nails will be made will be used as far as possible in the works of this Company or associated Companies. It is not intended to specially make nails for the market.

As regards the price of Rs. 105 per ton, our reason for suggesting this is, firstly, we do not propose to sell in the market and thus not compete with Mr. Indrasingh, secondly, the Railway freight from Jamshedpur to Bombay should be less than that from Jamshedpur to Karachi, and thirdly, our imported wire costs us Rs. 105.

(3) Letter No. HP/91/61, dated the 5th January, 1934, from the Indian Hume Pipe Co., Ltd.

Re OUR EVIDENCE BEFORE YOUR BOARD ON 6TH DECEMBER, 1933.

In continuation of our letter No. HP/5668/61, dated the 13th December, 1933, we beg to send herewith a Note giving the description of wire we require for our purposes.

NOTE.

Specification of Wire.

The Indian Hume Pipe Co., Ltd., required Cold Drawn Mild Steel Annealed Wire, guaranteed suitable for Hume Pipe manufacture, tensile strength 28/32 tons per square inch, Gauge 5 to 14, and also Hard Bright Gauge 3 to 12.

(4) Letter No. HP/109/61, dated the 8th January, 1934, from Messrs. The Indian Hume Pipe Co., Ltd.

Re FREIGHTS ON WIRE RODS.

As desired by you, during the evidence of our representative, we wrote to the Bengal Nagpur Railway and beg to enclose herewith copies of two letters received from the Bengal Nagpur Railway and the Indian Steel

and Wire Products, showing the freight on wire rods from Jamshedpur to Karachi and from Jamshedpur to Bombay.

It will be seen that the difference in freights, as shown by the Bengal Nagpur Railway is Rs. 1-8-4 per maund or about Rs. 41 per ton in favour of Bombay.

Enclosures.

*Copy of letter No. 8944/33, dated the 12th December, 1933, from the Indian Steel and Wire Products, to the Indian Hume Pipe Co., Ltd., Bombay.*

**Re FREIGHT ON WIRE RODS AND WIRE.**

Your letter No. Hp/5486/168, dated the 7th December, 1933.

In reply to your above quoted letter, we give below the approximate freight on wire from Tatanagar on Wagon loads of 15 tons at a time:—

To Bombay As. 11 per maund.

To Karachi Rs. 2-9-4 per maund.

The above rates are for wire only and we do not know whether this also applies for wire rods. You may please enquire from the railway authorities concerned.

*Copy of letter No. R. C. 41/77, dated the 18th December, 1933, from Bengal Nagpur Railway Co., Ltd., Kidderpore, to Messrs. The Indian Hume Pipe Co., Ltd.*

In reply to your letter No. HP/5487/168 of 6th/7th December, 1933, the quotations you asked for are as follows. There may be other conditions attached to these rates which appear in the Bengal Nagpur Goods Tariff.

Articles.	Conditions.	From	To	Route.	Rate per Maund.						
					Rs. A. P.						
Wire rods and Wire as iron or Steel Division B.	O. R. W/400 over B. N. & E. I. and R. R. on actual weight over rest (Owners to load).	Tatanagar	Karachi	Via Gomoh Cawnpore central and goods shed Kuchman Road and Hyd. Sind.	B. N.	0 1 9					
					E. I.	0 8 0					
					B. B. & C. I.	0 10 9					
					J.	0 11 9					
					N. W.	0 3 0					
					(a) 2 3 3						
					D. R. over E. I. and R. R. over rest in small lots.	Do. . Do. .	Do. .	Do. .	Ditto	B. N.	0 5 1
										E. I.	0 8 10
										B. B. & C. I.	0 10 9
										J.	0 11 9
N. W.	0 3 0										
(a) 2 7 5											
O. R., C. C., L.	Do. .	Do. .	Bombay	Via Nagpur	B. N.	0 6 7					
					G. I. P.	0 4 4					
0 10 11											
R. R., in small .	Do. .	Do. .	Do. .	Do. .	B. N.	1 3 11					
					G. I. P.	1 2 10					
2 6 9											



(a) These rates apply to such articles of iron or steel Div. B as are actually manufactured at Tatanagar and consigned by the following firms at Tatanagar:—

- (1) Messrs. Tata Iron and Steel Co., Ltd., (2) Tin Plate Company of India, Ltd., (3) Indian Cable Co., Ltd., (4) Agricultural Implement Co., Ltd., (5) Tatanagar Foundry Co. and (6) Indian Steel Wire Products, Ltd.

### **The Pioneer Wire Nail Manufacturing Company, Calcutta.**

*Letter No. 789/F., dated the 30th November, 1933.*

I have come to learn that your Board is engaged in considering the question of granting substantive protection to the Wire and Wire Nail Industry.

When tentative protection was granted to industry last year, the Board felt under no obligation to consider the question of discrimination in protective duty between Wire and Wire Nail, primarily for the reason that no nail manufacturer had approached the Board with any proposal for a higher duty on Nail than on Wire. In order that the Board might not feel technically precluded from considering the question on the present occasion as well on the self-same ground, I am constrained, as a nail manufacturer, to reiterate, for the third time, my claim to a higher protective duty on Nail than on Wire.

In doing so I need hardly go over the grounds I have already placed before the Board in their previous enquiries.

The Board's second reason for not considering the question of protective discrimination between Wire and Wire Nail in their previous enquiry, was that the protection granted to the Wire and Wire Nail Industry was not substantive and so the Nail manufacturers had no cause for complaint. Apart from the logic of the argument adduced, I need only point out that the protection to be granted this time would be substantive and according to the Board's own way of thinking, therefore, the question of discrimination can no longer be laid aside.

### **Messrs. Vishram Narsi & Bros., Bombay.**

*(1) Letter dated the 8th December, 1933.*

*Re WIRE AND WIRE NAIL INDUSTRY.*

We humbly beg to approach your Board with a request that we had put a plant in Bombay in April last for manufacturing wire nails from imported wire. The capacity of our plant is 1,200 to 1,500 tons of wire nails from Steel wire but before we could do anything substantial the Japanese nails were dumped in all about the presidency at a ridiculously low rate that we could not do anything in the matter and had to stop the Factory. Now the Factory is not working and the overhead charges are incurring and we are suffering heavy losses.

We have kept up all the establishments, etc., with a hope of something being done by the Government in this connection when the Tariff Board enquiry next meets. We knew that the last enquiry had recommended to allow the wire rods of 5 to 6 gauge for drawing of wire and manufacturing wire nails there from which was accepted by the Government and now request your Board to kindly recommend to the Government of India to allow the wire upto 18 gauge to be imported duty free specially for the manufacturing of wire nails and wood screws as the steel wire is not produced in India. Or in the alternative the increased protective duty be put on imported wire nails and screws to make this industry establish or otherwise it is bound to die in its infancy.

We request, it will be just and fair to help our industry in any manner that may be possible. The force of reasons that apply to the wire rods does

apply to the wire also and require not much investigation as it has already been known from other manufacturers of wire products.

(2) *Letter dated the 11th December, 1933, from Vishram Narsi & Bros.*

**Re WIRE AND WIRE NAILS INDUSTRY.**

In continuation of our letter to your goodselves dated 8th instant, we beg to send you herewith our representation regarding the above and further state that we will give guarantee to put up an additional plant for drawing out wire (for making nails) from rods in two years time and we request your Board to kindly recommend now, in your report in this enquiry, that we may be given 1,500 to 2,000 tons of wire rods by the Indian Steel and Wire Product Co., at a price that may be fixed for the Tata C. C. and Hume Pipe Co., as soon as we would procure a certificate from the Director of Industries of the presidency, that our plant is ready for drawing out wire from wire rods.

In the meantime as our factory is idling and costing us heavily every month, we earnestly request that we may be allowed to import wire, duty free, to keep our factory going.

We pray, your Board will consider our matter along with other proposals favourably and recommend to the Government of India the necessary help and survive our Industry.

**Imperial Council of Agricultural Research, New Delhi.**

*Letter No. F. 237/33/Agri., dated the 11th December, 1933.*

I am directed to refer to item (b) of paragraph 1 of the Commerce Department Resolution No. 260-T. (8)/33, dated the 26th August, 1933, in which the Government of India have directed the Tariff Board to undertake the Statutory Enquiry into the Indian iron and steel industry including the wire and wire nail industry. I am to invite attention, to this Department letter No. 2244A. dated the 17th September, 1931 (copy enclosed for ready reference), addressed to the Tariff Board, at the time of their enquiry into the Indian wire and wire nail industry, in which was stated the importance, of cheapening the cost of wire fencing used for Agricultural purposes especially for the protection of crops from the depredations of animals, and the exemption from duty of such fencing materials suggested. In paragraph 17 of its report on the grant of protection to the wire and wire nail industry, the Board recommended the exclusion from the protective duty *inter alia* of barbed and stranded fencing wire and wire netting but expressed the view that the protection of the wire and wire nail industry should be examined fully in connection with next statutory steel enquiry. The Board's recommendations were accepted by the Government of India in their Commerce Department Resolution No. 362-T. (16), dated the 3rd February, 1932.

As the position of wire fencing including netting will now be re-examined by the Tariff Board in connection with their present enquiry, I am to bring to the Board's notice the fact that the continued fall in the price of agricultural produce has rendered it particularly necessary that the cost of all agricultural appliances including wire fencing and netting should be kept as low as possible.

**Enclosure.**

*Copy of a letter No. 2244A. dated the 14th/17th September, 1931, from the Secretary, Imperial Council of Agricultural Research, to the Secretary, Indian Tariff Board, Stonehouse Hill, Ootacamund.*

**CHEAPENING THE COST OF WIRE FENCING USED FOR THE PROTECTION OF CROPS AGAINST WILD ANIMALS.**

In connection with the question of the Wire Nail Industry which is now engaging the attention of the Tariff Board I am directed to state that at

the meeting of the Board of Agriculture, held at Pusa in December, 1929, a special sub-committee consisting of the following officers was appointed "to review the progress made in regard to the protection of crops from the depreciations of wild animals since 1925, and to advise whether the recommendations made by the Board of Agriculture in that year require modifications in the light of the knowledge and experience now available". The Committee after a very careful examination of the entire question recommended *inter alia* that "in view of the importance of extending the use of wire fencing for crop protection the Committee would support any suggestion to bring such fencing within the scope of recommendation 71 (extract attached for ready reference) of Chapter IV of the Royal Commission's report and considers that it should be exempt from import duty. In view of the difficulty of deciding whether fencing is imported for agricultural purposes or not, a rebate of the import duty paid should be given on the recommendation of an officer duly authorised to grant certificates to this effect. If this proposal is not feasible, as an alternative the Committee recommends that specified types of woven wire fencing, mainly or entirely used for agricultural purposes, should be exempt from duty". The report of the Committee in this respect was adopted by the Board.

- (1) Mr. F. J. Plymen, C.I.E., A.C.C.I., Director of Agriculture, Central Provinces (Chairman).
- (2) Mr. T. Bainbridge Fletcher, R.N., F.L.S., F.E.S., F.Z.S., Imperial Entomologist, Imperial Institute of Agricultural Research, Pusa.
- (3) Mr. P. V. Isaac, B.A., D.I.C., M.Sc., F.E.S., Second Entomologist (Bepterist), Pusa.
- (4) Rao Sahib B. P. Vagholkar, Deputy Director of Agriculture, South Central Division, Bombay Presidency.
- (5) P. B. Richards, A.R.C.S., F.E.S., Entomologist to Government, United Provinces.
- (6) Mr. C. Mayadas, M.A., B.Sc., Principal and Professor of Agriculture, Agricultural College, Cawnpore.
- (7) Mr. Mohd. Afzal Husain, M.Sc. (Pb.), M.A. (Cantab.), I.A.S., Locust Research Entomologist, Imperial Council of Agricultural Research, Layallpur.
- (8) Mr. F. D. Odell, M.A., Deputy Director of Agriculture, West Central Circle, Magwe, Burma.

2. This particular recommendation of the Board of Agriculture was taken up for consideration by this Department and it was ultimately decided that the question should be placed before the Advisory Board of the Imperial Council of Agricultural Research before any further action was taken. I am to forward herewith for favour of consideration by the Tariff Board, a copy of Mr. Hydari's Note, dated the 19th May, 1931, circulated to the members of the Advisory Board, in June last and a record of the discussion at the Board on the subject.

### **The Upper India Metal Works, Amritsar.**

*Letter No. 01703, dated the 6th December, 1933.*

With reference to the enquiry being held by the Tariff Board regarding the protection of the Steel Industry, we shall be obliged if you lay our representation before the board for their consideration.

Being concerned with sheet scrap and steel wire, we shall confine ourselves only to the above two items and shall lay before you our own case which is a typical example of the difficulties and handicaps under which small manufacturers labour.

#### **I. SHEET SCRAP.**

We opened our works at Chbeharta near Amritsar in 1932 and took up the manufacture of Galvanized Iron Buckets. We proposed to manufac-

ture the buckets out of black sheet scrap and completely galvanize the article after manufacture, hoping to be able to supply the buckets at competitive prices and at the same time offer an article much superior to the bucket, which is made out of galvanized sheet but with other parts ungalvanized and simply painted over. The ruling price of the article made it impossible for us to make the bucket out of good sheet but we had estimated that by using sheet scrap, we would be able to compete in the market.

We negotiated with the Tata Iron and Steel Co., Ltd., for the purchase of sheet scrap who, we had hoped, would give special facilities to small industries. But this hope was not realized, The Tata Company offering to supply us sheet scrap at Rs. 35 per ton f.o.r. Tatanagar which together with concession freight amounted to Rs. 66 per ton f.o.r. Chheharta. Later at the time of our placing orders, the Tata Iron and Steel Co., Ltd., changed their mind and increased their rate to Rs. 45 per ton f.o.r. Tatanagar. Having already laid our plant, we had no option but to purchase sheet scrap from the Tata Co., at this high rate, the foreign sheet scrap being taxed too much to compete with Tata's material.

A few months back the Tata Iron and Steel Co., informed us that in future they shall supply sheet scrap only in widths of 6" to 24" and quoted us Rs. 65 a ton f.o.r. Tatanagar, thus increasing the rate by Rs. 20 per ton under pretext of a slight variation in grading. This has made it impossible for us to carry on with the manufacture of buckets and if we do not obtain redress, we shall be compelled to close down this part of our industry.

One of the reasons weighing with Tatas may be that this manufacture might indirectly affect the sale of their galvanized sheets. With the help of large subsidies from Government and enjoying protection to a large extent, it is not fair for the Tata Iron and Steel Co., to oust small manufacturers and specially those whose products do not directly compete with Tata products.

If foreign sheet scrap is to be taxed for the purposes of protecting Tata material, the interests of smaller manufacturers should be safeguarded which, in our opinion can be done if protection is given after Tata Co. have given the undertaking that:—

- (1) They would be prepared to sell sheet scrap 6" to 24" width for use by other industries at not more than Rs. 45 per ton f.o.r. Tatanagar.
- (2) That they would not restrict the sale of sheet scrap to any one or more parties who are not *bonâ fide* manufacturers and are not regularly using such materials themselves.
- (3) That they would be prepared to enter into agreements with such manufacturers who exclusively buy Tata material, and give them a regular supply at special rates.

## 2. STEEL WIRE.

The only representation we have to make in this respect is that the protected steel wire industry should give special rates to those manufacturers who use steel wire in their manufacture such as Hasps and Staples industry. A provision should be made in the act so that industries which are fed by wire products should be able to claim special rates from the manufacturers of steel wires. Director of Industries should be able to issue certificates to such *bonâ fide* manufacturers whose industry needs protection. We are manufacturing Hasps and Staples and our present output is about 25 gross a day. Time is fast approaching when we shall have to approach the board for special protection for this industry. This industry being quite in its infancy needs special consideration of the Government.

**Mr. B. N. Gupta, Shikohabad.**

*Letter dated the 20th September, 1933.*

Referring to the Government communiqué, dated Simla, the 4th September, 1933, regarding claim for protection of any industry manufacturing iron

and steel products, I beg to request that the following bright drawn wires be exempted from import duty:—

- B. W. G. Nos. 16, 17, 18, 19 and 20.

I intend to manufacture  $\frac{1}{4}$ " and  $\frac{1}{2}$ " wire nails at Cawnpore. To my knowledge there is no firm in India manufacturing small size nails.

As a rule the prices of wires and nails are maintained at about the same level. This holds particularly true for 2" nails and 12 gauge wire. There is a greater difference between prices of thinner wires and small nails of the sizes mentioned above.

However at the present market prices, the manufacturing cost of nails plus the cost of wire will come up almost equal to the prices of imported nails, leaving no profit to the manufacturer.

To my knowledge the above bright drawn wires will not be used for other than manufacturing wire nail in the country and if the present duty of Rs. 45 per ton is discontinued for these sizes and type of wires, it will give me and others interested a chance and encouragement to take up this work quickly.

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### Associated United Kingdom Manufacturers of Wire and Wire Products.

*Letter dated the 1st February, 1934.*

On behalf of the Associated United Kingdom Manufacturers of Wire and Wire Products\* I have the honour to address this representation to you requesting your consideration of the application of differential duties for such products with a view to securing the continued protection of Indian industry and at the same time relieving the consumer of unnecessary burden.

I have to acknowledge the courtesy of the Board in permitting me to see the representation submitted by the Indian Steel Wire Products Company and the replies to the questions put to them by the Board. I have also to acknowledge the courtesy of the Indian Steel Wire Products Company in permitting me to visit their Works, and to pay a well deserved tribute to the enterprise they have shown in the erection of a rod mill admirably suited for their requirements and the skill with which the whole of their plant has been laid out. Their initial difficulties in regard to the training of inexperienced labour will, naturally, be overcome in course of time and the Board will no doubt decide that they have in every way qualified for continued protection.

An examination of their representation shows clearly that the protection they require is in no way protection against British competition but entirely against competition other than British.

The Board will no doubt have ascertained the correct figures showing the market available for the various products, based upon the imports plus Indian production. The Customs returns show that the aggregated importations of the various products during the six years from 1927 to 1932 range from a total of 43,510 tons in 1929 to a total of 21,589 tons in 1932, of which United Kingdom imports vary from 7,560 tons in 1929 to 3,095 tons in 1932.

It is assumed that, as no reference is made by the Indian Steel Wire Products Company to the competition of United Kingdom imports, the tonnage of the United Kingdom imports would consist at any rate in the main of special qualities of wire, etc., to specifications and tests, which the Indian Steel Wire Products Company would not wish to undertake.

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\* Mr. I. F. L. Elliot, Delegate for the United Kingdom Iron and Steel Industry.

The quantity of British wire imported into India as compiled from the British Industry's own returns is as follows:—

1929 . . . . .	1,883 tons.
1930 . . . . .	1,169 "
1931 . . . . .	1,196 "
1932 . . . . .	2,014 "
1933 (for 7 months) . . . . .	1,062 "

During the same period the wire imports into India from all sources were as follows:—

1928-29 . . . . .	9,982 tons.
1929-30 . . . . .	8,732 "
1930-31 . . . . .	12,345 "
1931-32 . . . . .	9,430 "

It will be appreciated that the Indian Customs returns cover the year ending March 31, whereas the period of the British returns is the year ending December 31. A strict comparison cannot, therefore, be made, but the British figures given above illustrate in a general way the extent of the interest of the British industry.

Apart from the question of special qualities of wire, the very limited production of galvanised wire and barbed wire in India and the inability of the Indian Steel Wire Products Company to supply more than a small part of the requirements will no doubt be borne in mind by the Board.

The difference between the British figures for wire importations and the aggregated figures for wire and wire products in the Customs returns appears to be accounted for by Wire Ropes, to which no protective duty applies. In the case of wire nails, a principal product of the Indian Steel Wire Company, the importation from the United Kingdom has been negligible.

In the hope that it will be of assistance to the Board in deciding the amount of protective duty (if any, in the case of British) tables showing the current landed prices (present duty included) of the various British and Continental products covered in this representation, are attached.

It will no doubt be found that Continental prices during the recent years have been substantially below the current levels, and it is submitted that protective duties against other than British should be based upon the lowest Continental prices, or Japanese prices in the case where competition from Japan has been experienced, as in Wire Nails.

In the case of British prices, however, the United Kingdom industry is in a position to ensure the maintenance of stable prices which can further be guaranteed by a provision for off-setting duties in the extremely unlikely event of such provision ever becoming necessary.

With regard to wire rods and sections (particularly rounds and squares) under  $\frac{1}{2}$ " for which the Indian Steel Wire Products Company claims protection due to the fact that a large portion of the output of their mill will have to be sold in these forms, I have also to request the Board's consideration for the application of differential duties on precisely similar grounds. The Board will no doubt have received evidence in regard to Continental prices for these products, for which the current British minimum prices f.o.b. United Kingdom ports are as follows:—

Wire Rod, £7-15 per ton, f.o.b. British Ports.

Rounds and Squares—

$\frac{1}{4}$ " dia., £7-7-6 per ton, f.o.b. British Ports.

$\frac{3}{8}$ " dia., £7-12-6 per ton, f.o.b. British Ports.

$\frac{1}{2}$ " dia., £8-2-6 per ton, f.o.b. British Ports.

$\frac{3}{4}$ " dia., £8-12-6 per ton, f.o.b. British Ports.

Sections under  $\frac{1}{2}$ " from £7-7-6 per ton, f.o.b. British Ports upwards with similar increases for smaller diameters.

Special light sections for special purposes at varying higher prices.

As the Board is aware, the policy of the British industry generally is to co-operate with the Indian industry, in so far as this is found to be practicable, and I am to assure the Board that it is the British industry's earnest desire and intention to carry out this policy in the case of wire and wire products, should the principle of differential duties be applied.

Enclosure.

1. BRITISH GALVANISED IRON WIRE.

C.i.f. Calcutta Price.

Gauge.	Cwt.	Ton.	Exchange at 1s. 6d.	Interest at 1 per cent.	Duty at Rs. 45.	Landing Charges.	Landed cost Calcutta Jetty.
	s. d.	£ s. d.	Rs. s. p.	Rs. s. p.	Rs.	Rs. s. p.	Rs. s. p.
6 to 8 . . . .	12 1½	12 2 6	161 10 8	1 9 11	45	3 4 0	211 8 7
9 . . . . .	12 7½	12 12 6	168 5 4	1 11 0	45	3 4 3	218 4 7
10 . . . . .	12 10½	12 17 6	171 10 6	1 11 6	45	3 4 4	221 10 4
11 . . . . .	13 7½	13 12 6	181 10 8	1 13 1	45	3 4 10	231 12 7
12 . . . . .	13 10½	13 17 6	185 0 0	1 13 8	45	3 4 11	235 2 7
13 . . . . .	14 1½	14 2 6	188 5 4	1 14 2	45	3 5 1	238 8 7
14 . . . . .	14 7½	14 12 6	194 15 10	1 15 2	45	3 5 4	245 4 4

2. HARD DRAWN BRIGHT WIRES.

6 to 8 . . . .	10 4½	10 7 6	138 5 2	1 6 2	45	3 3 0	187 14 4
9 . . . . .	10 6	10 10 0	140 0 0	1 6 5	45	3 3 1	189 9 6
10 . . . . .	10 7½	10 12 6	141 10 8	1 6 8	45	3 3 2	191 4 6
11 . . . . .	10 10½	10 17 6	145 0 0	1 7 3	45	3 3 4	194 10 7
12 . . . . .	11 1½	11 2 6	148 5 4	1 7 4	45	3 3 6	198 0 2
13 . . . . .	11 4½	11 7 6	151 10 8	1 8 3	45	3 3 7	201 6 6
14 . . . . .	11 7½	11 12 6	154 15 9	1 8 9	45	3 3 8	204 12 2

3. CONTINENTAL.

(i) Galvanised Iron Wire.

Gauge.	Basis.		Exchange at 1s. 6d.		Interest at 1 per cent.	Duty at Rs. 45.	Landing and adv.	Landing cost Calcutta Jetty.
	£ s. d.	£ s.	£ s. d.	Rs. a. p.	Rs. a. p.	Rs.	Rs. a. p.	Rs. a. p.
4 to 8 . . . .	9 13 9	...	9 13 9	129 2 8	1 4 8	45	3 2 8	178 10 0
9 . . . .	9 13 9	5 0+40%=	10 0 9	133 13 4	1 5 5	45	3 2 11	183 5 8
10 . . . .	9 13 9	10 0+40%=	10 7 9	138 8 0	1 6 2	45	3 3 1	188 1 3
11 . . . .	9 13 9	15 0+40%=	10 14 9	143 2 8	1 7 0	45	3 3 3	192 12 11
12 . . . .	9 13 9	20 0+40%=	11 1 9	147 13 4	1 7 8	45	3 3 5	197 8 5

(ii) Hard Drawn Bright Wires.

4 to 8 . . . .	8 3 3	...	8 3 3	108 13 4	1 1 5	45	3 1 11	158 0 8
9 . . . .	8 3 3	5 0+40%=	8 10 3	113 8 0	1 2 2	45	3 2 0	162 12 2
10 . . . .	8 3 3	7 6+40%=	8 13 9	115 13 4	1 2 8	45	3 2 2	165 2 0
11 . . . .	8 3 3	10 0+40%=	8 17 3	118 2 9	1 2 11	45	3 2 3	167 7 10
12 . . . .	8 3 3	12 6+40%=	9 0 9	120 8 0	1 4 0	45	3 2 4	169 14 4



4. BARBED WIRE COIL—CONTINENTAL.

	Exchange at 1 s. 6d.	Interest at 1 per cent.	Duty at 20 per cent.	Landing charges.	Landed cost at Calcutta Jetty per ton.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
11s. 3½d. per cwt.					
£ 11 5 10 per ton.	150 8 11	1 8 1	30 1 10	3 3 6	185 6 4

5. BARBED WIRE COIL—BRITISH.

	Exchange at 1s. 6d.	Interest at 1 per cent.	Duty at 10 per cent.	Landing charges.	Landed cost at Calcutta Jetty per ton.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
15s. 10½d per cwt.					
£ 15 17 6 per ton.	211 10 7	2 1 11	21 2 8	3 5 11	238 5 1

6. BRITISH WIRE NAILS.

Gauge.	—	Calcutta Sterling cost.	Per ton.	Exchange 1s. 6 d.	Interest 1 per cent.	Duty Rs. 45 per Ton.	Landing Charges.	Landed cost at Calcutta Jetty per ton.
	s. d.	s. d.	£ s. d.	Rs. a. p.	Rs. a. p.	Rs.	Rs. a. p.	Rs. a. p.
3-7	..	10 10½	10 17 6	145 0 0	1 7 3	45	3 3 4	194 10 7
8	0 9	11 7½	11 12 6	155 0 0	1 8 10	45	3 3 8	204 12 6
9	1 0	11 10½	11 17 6	158 5 4	1 9 4	45	3 3 10	208 2 6
10	1 6	12 4½	12 7 6	165 0 0	1 10 5	45	3 4 1	214 14 6
11	1 9	12 7½	12 12 6	168 5 4	1 11 0	45	3 4 3	218 4 7
12	2 0	12 10½	12 17 6	171 10 8	1 11 6	45	3 4 4	221 10 6
13	3 0	13 10½	13 17 6	185 0 0	1 13 8	45	3 4 11	235 2 7
14	4 0	14 10½	14 17 6	198 5 4	1 15 9	45	3 5 5	248 10 6

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7. WIRE NAILS—CONTINENTAL.

Gauge.	—	C.i.f., Calcutta	Exchange 1s. 6 d.	Interest 1 per cent.	Duty Rs. 45 per ton.	Landing Charges.	Landed cost at Calcutta Jetty.
		Sterling price per ton.					
	£ s. d.	£ s. d.	Rs. s. p.	Rs. s. p.	Rs.	Rs. s. p.	Rs. s. p.
7 . . . .	7 19 3 Basis	7 19 3	106 2 8	1 1 0	45	3 1 9	155 5 5
8 . . . .	+10+40%	8 13 8	115 8 0	1 2 6	45	3 2 1	164 12 7
9 . . . .	+15+ „	9 0 3	120 2 8	1 3 3	45	3 2 4	169 8 3
10 . . . .	+20+ „	9 7 3	124 13 4	1 4 0	45	3 2 6	174 3 10
11 . . . .	+25+ „	9 14 3	129 8 0	1 4 9	45	3 2 9	178 15 6
12 . . . .	+30+ „	10 1 3	134 2 8	1 5 6	45	3 2 11	183 11 1
13 . . . .	+35+ „	10 8 3	138 13 4	1 6 3	45	3 3 1	188 6 8
14 . . . .	+ 40+ „	10 15 3	143 8 0	1 7 0	45	3 3 3	193 2 3

***Iron and Iron Products.***

### The Bengal Iron Co., Ltd., Calcutta.

(1) *Letter No. 21843, dated the 29th August, 1933.*

#### INDIAN IRON AND STEEL INDUSTRY—IRON AND STEEL PIPES.

In a Communique from Simla, dated August, 25th, it was stated that firms interested in the Iron and Steel Industry who desire that their views should be considered by the Tariff Board should address their representations to you.

We, together with the Mysore Iron Works are particularly interested in the Iron and Steel Pipe Industry which in recent years has met with considerable competition from abroad, and more recently of a particular nature from Japan. We desire that our views be heard by your Board in due course, and as a preliminary we enclose for your information copy of a joint petition submitted to the Member of Commerce, Government of India, on the 14th September, 1932.

Enclosure.

*Copy of letter dated the 14th September, 1932, from the Bengal Iron Co., Ltd., and the Mysore Iron Works, to the Secretary, Department of Commerce, Government of India, Simla.*

We are addressing this representation to the Government of India on behalf of the Bengal Iron Co., Ltd., Kulti, and the Mysore Iron Works, Bhadravati, the two manufacturers of cast iron pipes in the country, in regard to the protection required by the Cast Iron Pipe industry in the present circumstances of the world depression and the foreign competition in the Pipe Trade.

The Bengal Iron Company have been making cast iron pipes for over 30 years and have developed a trained organisation and installed equipment which enables them to turn out upwards of 60,000 tons per annum of pipes of all sizes. The Mysore Iron Works installed their first Turn-table for the manufacture of pipes of small diameters in 1926 and another table in 1930 for the manufacture of pipes of larger diameter. They have an annual capacity of about 15,000 tons of pipes. For many years the Bengal Iron Company, and more recently the Mysore Iron Works, have supplied India with practically its entire requirements of pipes for the various water supply schemes at competitive rates. They have also arrived at an understanding by which the available custom in the country is shared between the two concerns in the most equitable manner, and their geographical situation, one in the North and the other in the South, helps them to distribute their products all over the country in a most rational manner.

For some time, particularly during the last two years, the demand for pipes, cast iron or other types, has fallen off considerably owing to the straitened financial position of the various Governments and Municipal and other Local Bodies. Correct figures are not available as in Import and other statistics, pipes and pipe fittings of all kinds are classified as one. From the best information available to us, however, it is believed that the demand in India which used to be in the neighbourhood of 50,000 tons a year has dropped to less than 8,000 tons during the first half of the calendar year 1932.

For this reduced demand, there is very keen competition from all countries and lower and lower prices are being quoted especially for pipes of Continental and Japanese manufacture. In the case of Japan the manufacture and export of Iron and Steel products is encouraged by the State in various ways—such as a substantial State subsidy on manufacture, a subsidy on export and the fact that Japanese steamers returning empty to India will carry cargo at nominal rates.

As the Government of India are aware, the iron and steel plants all the world over are working very much below their capacity, and manufacturers are anxious to secure orders outside their own country even at unremunerative prices. To the best of our information, foreign pipes are being offered

in India below the prices ruling in the country of origin and definitely below the cost of production. This situation has been rendered much worse by the continued depreciation of Japanese currency. Against a c.i.f. Port prices of Rs. 120 to Rs. 130 a ton ruling in the Indian Market for some time past, Japanese pipes were offered in the beginning of this year at about Rs. 105 a ton c.i.f. Calcutta. In June they were quoted at Rs. 78 a ton c.i.f. Bhavnagar against an enquiry from that Durbar for pipes. More recently, the price has been reduced to Rs. 67 a ton c.i.f. Calcutta and Rangoon and this rate is hardly higher than the price at which pig iron is being sold in these places. Such low quotations for pipes were never contemplated in fixing the current Tariff Schedule so that to-day we have the anomaly of the revenue duty on pig iron being higher than on the finished product, viz., cast iron pipes. According to the Tariff Schedule, a minimum value of Rs. 73 a ton has been fixed for pig iron whereas pipes are assessed "*ad valorem*". The result is that while foreign pig iron is subject to a duty of Rs. 11-4 per ton, the Japanese pipes will, at their present quotation, pay a duty of Rs. 10-5 a ton.

It is universally accepted that cast iron pipes are the most suitable for water supply mains having regard to their long life and satisfactory service. Instances are not lacking in which pipes which have been laid in the ground for over 200 years have been taken out and laid elsewhere as capable of further long service. As already stated, the two concerns are in a position to meet the entire Indian demand at a price which can be termed fair from all points of view. We may add that the demand for low pressure pipes can be fully met by the reinforced concrete pipes made by the Indian Hume Pipe Co., Ltd., at comparatively low rates. The existing concerns can thus meet the entire needs of the country for all kinds of pipes and for whatever purpose.

As the Government of India are aware the Iron and Steel Industry in India including the two concerns on whose behalf this representation is made has been very adversely affected by the fall in the local demand for Pig Iron and by the heavy import duties recently levied by Japan. The Bengal Iron Company has further suffered by the almost complete stoppage of orders from Indian Railways for Cast Iron railway sleepers. The phenomenal fall in the value and the almost complete absence of demand for the bye-products of Wood Distillation has made the position of the Mysore Iron Works more and more difficult. The further lowering of prices of pipes coupled with the reduced demand might practically compel us to close down the works which would not be in the best interests of the country.

Under the circumstances, we request that the Government of India may be pleased to make the necessary investigations and arrange to increase the duty on pipes imported to India so as to secure a fair selling price for the Indian output. We may add that we are convinced that such help is required only for a temporary period until normal situation is restored in the Iron and Steel trade, as under normal conditions our costs will be low enough to enable us to compete with any manufacturer in the world.

We would suggest the following revised scale of duties for the consideration of the Government of India:—

S. No.	No. in the Statutory Schedule.	Name of article.	Duty.
103 H	61	Pipes and tubes also fittings, etc. Made of iron, steel or any other materials excluding pipes, tubes and fittings therefor otherwise specified (see Serial No. 103g).	
		(a) British Manufacture . . . . .	Rs. 25 per ton or 20 per cent, <i>ad valorem</i> whichever is higher.
		(b) Not of British Manufacture . . . . .	Rs. 50 per ton or 50 per cent, <i>ad valorem</i> whichever is higher.

We have suggested that this clause should include pipes other than those made of iron or steel as for sometime pipes made of asbestos are being imported to India and competing with local cast iron pipes.

We would further request that immediate action may kindly be taken by the Government to avoid large consignments of pipes entering the country at the existing rates. If the investigation is likely to take sometime, we would request that under Section 3 of the Indian Tariff Act, 1894, a Tariff value of Rs. 140 a ton which is comparable with that provided for pig iron, be immediately substituted for the *ad valorem* valuation now adopted in the Indian Custom Tariff. This is calculated to afford some temporary relief until such time as the final action is decided by Government.

We have no doubt that this representation will receive the early and sympathetic consideration of the Government and should any of the points require further elucidation the representatives of the works will be glad to meet any officer of the Government and submit necessary explanations.

(2) *Letter No. 475, dated the 14th October, 1933, from the Secretary, Tariff Board, to the Bengal Iron and Steel Co.*

With reference to your representation forwarded with your letter No. 21843, dated the 29th August, 1933, I am directed to ask you to be so good as to supply the following information, *viz.* :—

The total capital expenditure on housing, electricity (for employees), water supply, roads, drainage, hospitals, schools and similar municipal services and other amenities: the annual gross expenditure thereon and the net expenditure after deducting any rents, fees and rates recovered; and the method by which this is allocated to the various works costs.

(3) *Letter dated October 21, 1933, from the Bengal Iron Co., Ltd., Calcutta.*

In reply to your letter 475 of the 14th instant, the following is the information you require:—

	Rs.
Capital Expenditure on—	
Buildings, bungalows, including electric light and fans, Babus' quarters, and lines for native workmen . . . . .	12,27,980
Water supply . . . . .	98,636
Roads, drainage and sanitation . . . . .	87,964
Hospital . . . . .	48,139
Schools . . . . .	30,242
Bazar . . . . .	3,240
Ice and soda water plant . . . . .	45,811
	15,42,012
Annual gross expenditure on—	
The above capital outlay for repairs and maintenance of houses, roads, drains, etc . . . . .	95,745
Electricity . . . . .	13,930
Water supply . . . . .	12,771
Medical . . . . .	27,463
Schools . . . . .	6,360
	1,56,269

Against this set off receipts for house rent and water supply, received from people who are not employees of the Company Rs. 6,075.

At the present time the above expenditure is allocated mainly to the various Foundries, which are practically the only Departments operating at the moment. In normal times such expenditure is allocated accurately to Departments to which it is actually due.

The following information may also be of interest:—

<i>Number of Work People Employed at the Present Time.</i>	
Skilled Labour . . . . .	1,384
Unskilled Labour . . . . .	746
Female Labour . . . . .	183
	2,313

It is estimated that for every person employed in the works, four people in the form of dependents of some sort or other, are housed on the Company's property in addition to the working labour.

It might also be worth noting that unemployed servants of the Company to the number of 624 are still occupying Company's quarters without charge. These consist mainly of people who have become domiciled in Kulti and whose families have been there for a long time.

*Educational—*

Number of schools . . . . .	7
Teaching staff . . . . .	29
Daily attendance of students . . . . .	565

*Technical classes.*—Are also being held in the evenings after office hours for those who wish to study subjects that are likely to be of use to them in the Company's Works. These instructions are given at a nominal charge, and in some cases, without charge to the student.

*Medical.*—There is one fully equipped Hospital and two Dispensaries and the average daily attendance of patients is 200 per day at the present time. In 1928-29, when the works were fully employed, the average daily attendance of patients was 310 per day.

There is also one Leper Clinic.

(4) *Letter dated December 12, 1933, from the Bengal Iron Co., Ltd., Calcutta.*

**PROTECTION OF IRON PIPE INDUSTRY.**

During the course of my oral evidence before your Board on December 1st the President asked me to prepare and submit an estimate of the Capital Expenditure required to provide Buildings, Plant, etc., which would give an output of 60,000 tons of Cast Iron Pipes per annum, as such an estimate would be of assistance in arriving at a fair selling price for our products.

This matter has had the most careful attention of our Engineering, Foundry and Accounts Staff and I now enclose a statement which, I hope, will be found to contain the information required by your Board.

In compiling the enclosed statement we have had to give consideration to a number of points not directly concerned with the actual manufacture of Pipes and as a brief explanation I would comment on each item of the statement in seriatim as follows:—

*Foundries.*—The Capital sum of Rs. 20,03,359-2 represents the actual cost to this Company of the 2 Pipe Foundries and the General Castings Shop with their respective equipment. The General Castings Shop is a necessary complement of the Pipe Foundries proper not merely for the manufacture of Bends, Tees, etc., but for the continual manufacture of Plant replacements, moulding boxes, corebars, etc.



*Pattern Shop.*—The Capital sum of Rs. 1,69,288-14 represents the actual cost to this Company of the existing Pattern Shop. It is unnecessary to comment on the necessity of Patterns in the manufacture of Pipes and Pipe Castings.

*Engineering Department.*—The Capital sum of Rs. 10,23,269-14 represents the cost of Buildings, Plant and Machinery required to deal with an output of 60,000 tons Pipes per annum. The work carried out by this Department covers the finishing of moulding boxes, corebars, etc., facing and turning, drilling (for flanges), repair work to Pipe Foundries themselves and for complemental departments.

*Coke Ovens.*—Your Board is aware that in place of Fuel we use for the drying of cores, etc., Coke Oven Gas. Were we to use coal our manufacturing costs would be considerably higher than they are. Coke is a necessary material for the Cupolas in the Pipe Foundries. For the production of 60,000 tons of Pipes per annum it is considered that one Battery of Regenerative Ovens would be sufficient to give the Coke and Gas required (as against the 4 Batteries which we have). We have accordingly shown against this item the actual Capital cost of the Plant and Machinery for one Battery amounting to Rs. 12,80,337-11.

*Power House.*—This item which we show as Rs. 18,19,928-10 represents the actual cost to us of our existing Power House. If an Electric Power Company were situated near to us a Power House would not be a vital necessity to the manufacture of Pipes but it is thought that the difference between the cost of current purchased and the actual cost of the power generated within the Works would be so great that any firm deciding to erect a Pipe Works would find it an economy to generate their own Power. Our own Power House is sufficient for all our requirements.

*General Works Buildings.*—It is not thought necessary to comment on this item as Offices for Managerial Staff, Foremen Clerks and Stores are obvious requirements. We have included the cost of our Hospital under this heading as with the Personnel and Labour Staff required provision for medical attention particularly in cases of accidents is of paramount importance.

*Sidings and Permanent Way.*—To produce 60,000 tons of Pipes per annum approximately 210,000 tons of incoming raw materials would have to be handled, in addition to the despatch of finished material. The figure we give in our statement, viz., Rs. 10,72,639-11 represents our estimate of the cost of Track, Rolling Stock, Locos, etc., required to handle this. Our estimate has been obtained by pro rating the actual cost of our existing Sidings Permanent Way and Stock which cost us Rs. 22,83,346-11.

*Water Supply.*—No comment is required in respect of this item. The main expense is the cost of the Pumps, Pump House and Pipe Lines.

*Town Department.*—The figure given for this item represents our estimate of the cost of Bungalows, Equipment, Dhowrahs, etc., requisite for the Supervision and Labour staff referred to under General Works Buildings. It does not include the cost of a Director's Bungalow.

*Calcutta Office Administration and Sales Department.*—Capital Expenditure on this account is not considerable as offices are rented and the equipment only has to be purchased. The figure we have given of Rs. 4-12-10 per ton represents the approximate cost of running our existing small Calcutta office including staff salaries plus 2 per cent. on a fair selling price of 60,000 tons of pipes per annum to cover Agency fees, commission, Advertising, Travelling, etc. In actual practice we allow Agents from 3 per cent. to 5 per cent. Commission but as we sell a proportion of our manufactures direct on which no commission is payable we have taken 2 per cent. on the total as being our approximate outlay.

To complete the statement we have taken 6½ per cent. for Depreciation, the rate suggested by your President and 10 per cent. for interest on Capital. It is hoped that this will not be considered as excessive and that consideration will be given to our outstanding debentures which represent a fixed charge.

The figures given in our estimate are, we consider, as accurate as it is possible to give them and they have been taken from our Plant Registers which are open to inspection by your Board at any time. It is of interest to note that a recent extension to the Staveley Company in England to produce a further 40/50,000 tons of Pipe per annum was reported to have cost £400,000 (at per Rs. 53,20,000) which added to the cost of provision for Import Duty, Water Supply, Gas Supply, Sidings Permanent Way and Town Department approximates very closely to our estimate.

We trust our estimate and explanations thereon will enable your Board to affix a fair selling price for our production and that the protection we seek to enable us to meet present competition will be afforded to us.

Enclosure.

*Original Capital Value.*

		Rs.	A.	Rs.	A.	P.
1. <i>Foundries</i> (Pipe Foundries and G. C. Shop)—						
	Land and Buildings . . . .	9,33,241	14			
	Plant and Machinery . . . .	10,70,117	4			
				20,03,359	2	0
2. <i>Pattern Shop</i> —						
	Land and Buildings . . . .	1,07,486	3			
	Plant and Machinery . . . .	61,802	11			
				1,69,288	14	0
3. <i>Engineering Department</i> —						
	Land and Buildings . . . .	4,32,946	10			
	Plant and Machinery . . . .	5,90,323	4			
				10,23,269	14	0
4. <i>Process Departments, Coke Ovens, No. 4, Battery</i> —						
	Plant and Machinery . . . .	...		12,80,337	11	0
5. <i>Power House</i> —						
	Plant and Machinery . . . .	...		18,19,928	10	0
6. <i>General Works Buildings, (Offices, Stores, Hospitals, etc.)</i> —						
	Land and Buildings . . . .	4,83,472	9			
	Plant and Machinery . . . .	15,790	15			
				4,99,263	8	0
7. <i>Sidings and Permanent Way</i> —						
	Railway Lines . . . .	4,67,286	11			
	Rolling Stock . . . .	6,05,353	0			
				10,72,639	11	0
8. <i>Water Supply</i> —						
	Land and Buildings . . . .	9,733	15			
	Plant and Machinery . . . .	3,38,599	6			
				3,48,333	5	0
9. <i>Town Department</i> —						
	Land and Buildings . . . .	11,60,840	3			
	Plant and Machinery . . . .	42,013	9			
	Roads and Bridges . . . .	75,797	3			
				12,78,650	15	0
				94,95,071	10	0
				95,00,000	0	0
				77	7	0
				At Works.		
	Average cost of Pipes per ton . . . .	...				

	Rs.	A.	P.
<i>Add:—</i>			
<i>Depreciation—</i>			
6½% on Rs. 95,00,000=Rs. 5,93,750 per annum ÷ 60,000 tons	9	14	4
<i>Interest on Capital—</i>			
10% on Rs. 95,00,000=Rs. 9,50,000 per annum ÷ 60,000 tons	15	13	4
<i>Selling Expenses—</i>			
Calcutta Office	Rs. 1,20,000	per annum	
Agents Fees (2%			
on 60,000 tons			
x Rs. 140)	Rs. 1,68,000	per annum	
	Rs. 2,88,000	per annum ÷ 60,000 tons	
		4	12
		107	15
		6	6
		At Works.	

(5) *Letter dated the 14th December, 1933, from the Bengal Iron Co., Ltd., Calcutta.*

**IRON PIPE INDUSTRY—FREIGHT DISADVANTAGES COMPARED WITH IMPORTED PIPES.**

Further to our letter of the 12th instant, we now have pleasure in forwarding a statement as asked for by your President, showing the disadvantages in respect of rail freight which this Company has to overcome in meeting competition from Imported Pipes.

The list shows the major contracts we have executed in the past 2 years and there is a column against each item in which are shown the nearest Indian Ports to the destination at which the pipes had to be delivered. In the next column are shown the rail freights from those Ports to destination and in the following column the freights from our Works at Kulti to those destinations. The differences are shown in the last column.

With a current steamer freight from Japan of approximately Rs. 7 per ton and from England and the Continent to Indian Ports of between sh. 15 and sh. 22-6 per ton (say Rs. 13-15 per ton) it will be readily seen that except for destinations nearer to Kulti than to Ports (excepting Calcutta) we have to make very heavy allowances in our delivered rates to compete with delivered prices quoted for imported materials.

## Enclosure.

Order No.	Date.	—	—	Tons.	Nearest Port to Site.	Railway freight Rate from nearest Port.	Railway freight Rate from Kulti.	Disadvantage to Kulti.
						Per ton. Rs. A. P.	Per ton. Rs. A. P.	Per ton. Rs. A. P.
5813	8th Jan. 1931	South Indian Export Co., Ltd.	Trivandrum Distribution.	7,100	Trivandrum .	<i>Nil.</i>	98 8 6	98 8 6
6557	10th July 1931					<i>Nil.</i>	98 8 6	98 8 6
5903	28th Jan. 1931 .	Controller of Stores, G. I. P. Railway.	Burhanpore .	290	Bombay .	20 2 1	55 2 4	35 0 3
5942	4th Feb. 1931 .	Executive Engineer, Indore City Water Supply and Dr. Division.	Palia . .	600	Do. . .	29 1 0	56 15 10	27 14 10
6163	31st Mar. 1931 .	Executive Engineer, Water Works, Calcutta Corporation.	Calcutta . .	375	Calcutta .	<i>Nil.</i>	9 8 0	9 8 0
6164	31st Mar. 1931	B. Kashyap & Co. . . .	Delhi Municipality.	1,450	Do. . .	48 3 3	46 3 6	1 15 9
6279	2nd May 1931 .	Chief Controller of Stores, I. S. D.	Jamalpore .	1,090	Do. . .	18 6 11	10 3 4	8 3 7
6333	16th May 1931 .	South Indian Export Co., Ltd.	Jalna . .	350	Bombay .	18 6 11	68 3 0	49 12 1
6868	2nd Oct. 1931	Ditto . .	Madras Corporation,	640	Madras .	<i>Nil.</i>	67 9 11	67 9 11

7469	14th Mar. 1932 .	C. Varadarajoo Moodaliar	Aurangabad .	360	Bombay .	16 2 7	65 14 9	49 12 2
7563	11th Apl. 1932 .	Ditto . . .	Hyderabad .	318	Vizagapatam or Madras.	28 10 2	62 1 6	33 7 4
7550	7th Apl. 1932 .	Ditto . . .	Do. . .	1,300	Do. . .	31 9 10	62 1 6	30 7 8
	20th May 1932 .	Calcutta Corporation .	Calcutta . .	454	Calcutta .	Nil.	9 8 0	9 8 0
7814	29th June 1932	Ditto . . .	Do. . .	367	Do. . .	Nil.	9 8 0	9 8 0
7796	24th June 1932	South Indian Export Co., Ltd.	Tiruvannamalai	508	Madras .	13 9 9	73 7 0	59 13 3
7880	28th July 1932 .	Executive Engineer, Dr. & W. W., Gwalior.	Ujjain . . .	757	Bombay .	40 1 11	55 2 4	15 0 5
8418	3rd Jan. 1933 .	Chief Engineer, M. & S. M. Railway.	Madras . . .	278	Madras .	Nil.	67 9 11	67 9 11
8444	10th Jan. 1933 .	Clark & Greig, Ltd.	Akyab . . .	1,800	Akyab . .	Nil.	20 0 0	20 0 0
8575	9th Feb. 1933 .	Mysore Iron Works .	Upleta . . .	283	Port Okha. .	15 14 1	85 1 0	69 2 11
8771	27th Mar. 1933	South Indian Export Co., Ltd.	Madras Corpora- tion.	518	Madras .	Nil.	67 9 11	67 9 11
9211	13th July 1933 .	Engineer-in-charge, Rai- chur W. W.	Raichur . . .	4,580	Bombay or Madras.	28 10 2	72 13 11	44 3 9
9275	27th July 1933 .	M. Noorulla Ghasanfa- rulla.	Hathras Killah	274	Calcutta .	48 3 3	40 6 5	7 12 16
9350	11th Aug. 1933	Gannon Dunkerley & Co.	Madras Corpora- tion.	1,217	Madras .	Nil.	67 9 11	67 9 11
9535	22nd Sep. 1933	P. C. Coomar & Co. .	Puri . . .	1,800	Calcutta .	20 11 2	24 10 8	3 15 6

(6) *Letter dated the 17th January, 1934, from the Bengal Iron Co., Ltd., Calcutta.*

From the newspaper reports of your Board's Oral Examination of the Indian Iron and Steel Co., Ltd., and the Tata Company in respect of the domestic prices of pig iron in India it would seem that you are somewhat impressed with the difference in the prices which large buyers pay for their requirements and the prices which are quoted to small local founders.

In reading the reports it occurred to me that if the small founders realised what it cost us to get the pig iron we buy into our Cupolas there would be less discontent. To keep our blast furnaces idle (maintenance charges only) it costs us between Rs. 92,000 and Rs. 98,000 a month which on present foundry outputs of 4,000 tons per mensem represents an on-cost Rs. 23/24 per ton on the price we pay for our pig iron. In fact it would be truthful to say that our iron at Rs. 30 per ton f.o.r. Hirapur costs us Rs. 54 per ton into our Cupolas at Kulti.

Apart from all that and the fact that throughout the world large consumers usually pay less for their requirements than small consumers, we have a peculiar right to cheap iron from the Indian Iron and Steel Co., Ltd., in that we closed down our furnaces on that condition and, further, are responsible to their Debenture Holders for the Capital and Interest on their Debentures.

I have no doubt you have the foregoing well before you and if I have butted in needlessly I would ask you please to accept my apologies.

### **The Mysore Iron Works, Bhadravati.**

(1) *Letter No. B-751, dated the 20th September, 1933.*

With reference to Notification No. 260-T. (8)/33, dated Simla, the 26th August, 1933, issued by the Government of India in regard to the further continuance of protection for the Iron and Steel Industry in India, we beg to submit six copies of the Representation by the Mysore Iron Works. The Report\* by Mr. S. M. Marshall which forms Annexure 2 to the Representation will be forwarded to-morrow. Kindly acknowledge receipt.

Enclosure.

#### *Representation to the Tariff Board.*

1. *Last Tariff Board Enquiry.*—The position of the Mysore Iron Works and its future prospects were examined in detail by the Tariff Board in 1928 and 1929 in connection with their enquiry on the removal of the Revenue Duty on Pig Iron. The Board formed the opinion that "The Works are well-equipped and manufacture is carried on entirely under Indian management under conditions which may be regarded as reasonably efficient. The manufacture of pig iron has been going on since 1923 but it is only recently that anything like the full output has been reached. We have examined the costs submitted to us by the Mysore Iron Works and having regard to the peculiar conditions of manufacture we are satisfied that on the whole they may be considered economic. There is room for hope that in course of time they will be reduced considerably below their present level."

2. *Subsequent Changes.*—During the four years that have elapsed since the above report was written, there have been many changes in the Plant, the operations and the situation in the Wood Distillation and Iron Industries which have affected the financial results of the Works. It is proposed to allude briefly to the more important of them here.

3. *Enlargement of Pipe Foundry.*—The Pipe Foundry which was then in operation was capable of manufacturing pipes up to 16" in diameter and the machinery was located in a part of the General Foundry. The building was cramped and even otherwise not well suited for the operations of a pipe-making plant. It was decided to transfer this equipment to a new building specially designed for the purpose and also add another Turn Table

\* Not printed.

for the manufacture of pipes from 16" to 33" in diameter. As it was found uneconomical to crowd many sizes on one table, a separate unit was installed for the manufacture of pipes of 3" and 4" in diameter. The enlarged pipe foundry with the various accessories has cost Rs. 19-66 lakhs including the old plant and during the last two years about 18,000 tons of pipes varying from 3" to 30" in diameter have been produced. Sand, blacking and other materials have been standardized to a very large extent and the quality and appearance of the pipes considerably improved.

4. *Installation of a Steam Turbine.*—For power, electricity was being generated with a reciprocating Steam Engine, three units of which had been installed as part of the original plant. Having regard to the progress made on steam turbines, the consumption of steam in the engine was found very high and its operation uneconomical. One of the units was replaced by a steam turbine of 710 K. W. capacity, up-to-date in design and calculated to ensure the lowest consumption of steam. This unit has been working satisfactorily and has reduced the consumption of wood at the boilers by about 15 tons a day resulting in a saving of about Rs. 30,000 per annum.

5. *Manufacture of Firebricks.*—A large quantity of firebricks are required in the Plant for repairs to the cupola lining, boiler and retort settings. The firebricks were being imported partly from Kolar and partly from Bihar and Orissa after meeting heavy freight charges. As fireclay of suitable quality was found locally within a short distance of the Works, the manufacture of these firebricks has been undertaken on a small scale to meet the requirements of the Plant.

6. *Additional Equipment.*—Additional machinery has been installed in the Machine Shop and the General Foundry to enable the Works to take up outside engineering orders and it may not be out of place to refer to the most important of them recently executed by the Works. For the Waste Weir of the Krishnarajasagara Reservoir, automatic and lift gates of cast iron with all accessory appliances were designed by the engineers in charge in consultation with the Works to whom the manufacture and supply was entrusted. The entire order of the value of Rs. 3-65 lakhs has been completed satisfactorily.

7. *Restricted Retort Output and Charcoal Burning in Forests.*—The complete collapse of the market for the products of the Wood Distillation Industry in the year 1930 was a severe blow to the Works which had already been hit by the general depression. The manufacture of synthetic methanol, acetone and acetic acid had already reduced the income from bye-products, and in 1930 it became practically impossible to market the products at any price. Wood Distillation Plants in America closed down their operations and the Works were advised to limit as far as possible the manufacture of charcoal in retorts if not entirely shut them down. With the supply of charcoal from the retorts considerably reduced, it became necessary to meet the requirements of the furnace by burning charcoal in forests by the ordinary pit method. Without a substantial credit from bye-products, it would not pay to manufacture charcoal at Bhadravati either in retorts or in country kilns as the cost of transport of wood would be prohibitive. In burning charcoal in the forests scattered over a large area, strict supervision was difficult and the quality of the charcoal could not be ensured. To overcome these difficulties many experiments were conducted and cheap kilns made of cast iron were designed after the model of steel kilns in use in France. In spite of the weight and consequent difficulty in handling and transport, cast iron plates were adopted in order to use the material locally available and keep down the initial cost. These kilns are giving satisfactory service and about 200 of them are now in use. The adoption of these kilns for obtaining a portion of the charcoal requirements of the Plant has been of great advantage to the Works even from other points of view but cost has yet to be brought down with more experience and standardization.

8. *Utilization of Charcoal Braize.*—Charcoal is easily friable and in its transport over long distances by road and rail, large percentage is reduced to

**braise.** Part of this is used in the Gas Plant of the Pipe Foundry and the finer braise is being burnt under the Boilers. To ensure the most satisfactory results, it has been decided to instal a pulverising machine provided with Grid type burners patented by H. M. Fuel Research Board. The installation of this equipment is calculated to save the wood that is being burnt under Boilers and make use of the charcoal fines which are being either wasted or uneconomically burnt.

9. *Use of Bamboo Fuel.*—The Forests which are exploited for the supply of fuel to the Works have rich bamboo growth which was largely going to waste. As a scheme for the manufacture of paper has not yet been seriously taken up, the experiment was tried of burning the bamboo under the Boilers and has been very successful. Though the cost of collection is slightly higher than that for wood, bamboo has proved a cheaper fuel on account of its higher calorific value besides helping the Works to conserve the fuel supply.

10. *Cheaper Siliceous Ore.*—As Kemmangandi ore, the main supply of the Works, is low in silicon, a siliceous ore is being mixed with it. This ore was being obtained from Birur, a distance of about 30 miles with freight paid on the Mysore Railways. A deposit has since been located on the Works Tramways and has now replaced the costlier Birur ore.

11. *Understandings in regard to Sale of Pig Iron and Pipes.*—Practically in every country, there has been a phenomenal fall in the demand for iron and steel and plants have been working very much below capacity. Even in normal years, the demand for pig iron in India was very low compared with the output. Accurate figures are not available but it is believed that the maximum demand for pig iron in the country was about 180,000 tons. Besides the general slackening of demand, the cast iron sleeper requirements of the Government of India have contracted considerably. This position led to a very severe competition in the Indian market for pig iron and lower and lower prices were quoted in the scramble to secure orders. At the same time the demand for cast iron pipes in the country was considerably reduced on account of the depression and the financial position of the various Governments and Municipalities and competition became very much keener and prices were reduced below the economic level. In order to stop this unhealthy competition, understandings were reached in regard to prices and markets between the Mysore Iron Works and the Bengal Iron Company in regard to pipes, and the Tata Iron and Steel and Indian Iron and Steel Companies in regard to Pig Iron. These arrangements are working satisfactorily and ensure a sale for the Mysore Iron Works of about 6,000 tons of Pig Iron and 8,000 tons of pipes a year.

12. *Japanese Competition in Pipes.*—Hardly had the agreement in regard to pipes been concluded when the market was disturbed by the offer of Japanese pipes in the Calcutta market at very low rates. This competition has since then been felt in every part of the country and tended to reduce prices considerably. Determined action taken by the Bengal Iron Company and the Mysore Iron Works to keep out Japanese pipes, at whatever cost, is responsible for the small imports but this competition has had a disastrous effect on prices. A copy of the joint representation submitted to the Government of India by the Bengal Iron Company and the Mysore Iron Works is enclosed herewith which explains the position clearly. (Annexure I.)

13. *Progress during Ten Years.*—The Plant has now been in operation for over 10 years and during this period there has been steady progress in reducing the operations to a system, lowering costs and improving sales. The cost of collection of raw materials has been reduced even below the level originally estimated at the time of preparing the project [*vide* Statement I]. The staff has been considerably reduced in all Departments [*vide* Statements II (a) and II (b)] and steady attempts are being made to meet the ever-varying conditions in both the Wood Distillation and Iron Industries during this period of depression. And yet the results have shown an operation loss of about Rs. 2 lakhs a year. A close study of the operations and sales will disclose that this loss is due entirely to the want of a market for pig iron since the commencement of operations. The situation has been rendered



worse during the last few years by the utter collapse of the Wood Distillation market and the low prices in the pipe trade brought about by the Japanese competition.

14. *Review of Operations by Mr. S. M. Marshall.*—Mr. S. M. Marshall, then a partner in the firm of Messrs. Perin and Marshall, Consulting Engineers of New York, happened to visit India in July 1930. He was requested to examine and report upon the Plant and its operations and give his views in regard to future developments. He spent about 15 days at Bhadravati, inspected every department of the Plant, went over the operation records and examined the costs very carefully and discussed with the Officers concerned a large number of points on which his opinion was invited. He has left detailed notes covering all problems and the following extract from a letter written by him to the Chairman gives his general impression in a brief compass:—

“I was greatly pleased with what I found at Bhadravati. As a rule, when an industry is not profitable, maintenance will suffer, repair work will be neglected, the equipment will deteriorate and the plant and community will become shabby. This is not the case at Bhadravati. I found the plant excellently maintained, repairs kept up, most of the plant clean and the town itself charming. Some of your repairs have been heavy as is true in any plant of this nature, but they have been well done and the retort repairs particularly excited my admiration for your Mechanical staff.

Every industry faces deterioration and obsolescence of equipment and in spite of the best maintenance and repairs, and this is true at the Iron Works, but there is but a small part of the plant which will rapidly decrease in serviceability if currently repaired. Consequently you can look forward to a number of years of operation without excessive major repairs or replacements.

I was particularly struck by the character of the men making up the Bhadravati staff. The Mysorean organization has functioned distinctly better than the earlier one with Europeans in positions of operating responsibility. This testifies to the ability of your organization and the direction of your General Manager. My impression of the staff formed from the results alone was confirmed by my personal acquaintance with them and I am happy that such a competent organization has been built up during the last few years of operation.

So far as the future is concerned I was encouraged by the fact that the present manufacturing costs are below the selling prices by a material amount. This does not mean success unless the margin is sufficient for depreciation and capital charges and unless all the production is sold, but the fact that the Management has been able to pull the costs down faster than the rapidly declining selling prices have fallen during the past few years, shows that the plant has been competently managed and that there are possibilities for more success in the future, because I believe that we have almost reached the bottom prices for your products and bye-products.”

15. *Demand for Pig Iron considerably below Output.*—Owing to the general depression the demand for pig iron has been considerably reduced in every country and the situation in India is rendered worse by the lack of proportion in the output of pig iron and steel which is unusual. The principal market for the Indian pig iron used to be Japan but she has been trying by increased tariffs and other measures to restrict its import. No reliance can be placed on this market for even the reduced quantities now being sold as will be evident from the following extract from the *Iron and Coal Trades Review* dated August 4, 1933:—

“An important agreement has, it is understood, been reached between pig iron producers in Japan and the Kishimoto Shoten, the largest importer of Indian pig iron, with the object of eliminating mutual competition. The principal points of the reported agreement are that the Kishimoto Company will become the official agent of the Pig Iron Co-operative Distributing Association of Japan; the volume of Japanese pig iron handled by the Company will be limited to about 50,000 tons a year; imports of Indian pig iron to be prohibited, but permission may be given for a certain amount whenever

supplies in Japan are scarce, the Indian pig iron thus brought in to be distributed through the Co-operative Distributing Association."

16. *Future Prospects of Sales.*—Thus the position of the concerns in India manufacturing pig iron alone or a large quantity of surplus pig iron will become more and more difficult. Having regard to the trend of the demand in the territory favourable to the Mysore Iron Works and the terms of the agreement arrived at between the Mysore Iron Works and the Bengal Companies, a normal sale of about 6,000 tons per annum can be assumed in the Indian market. In the present condition of the world pig iron capacity and output and the steps taken in every country to increase its own output as far as possible, the export market can be relied on only for about 1,000 tons and on account of the heavy freight from Bhadravati, the return is likely to be very low. The market for pipes is very unsteady and during the last few years the demand has been maintained by the water supply schemes initiated in some of the Indian States. Here again the Mysore Iron Works have an understanding with the Bengal Iron Company and in view of this, the outlet of pipes can be counted for a normal disposal of about 8,000 tons of pig iron. Even with pipe specials and other castings absorbing 1,000 tons, the Works will be left with four or five thousand tons of surplus pig iron at the present rate of blowing which cannot be reduced without interfering with the smooth operation of the Furnace. This surplus can only be sold in foreign markets at very low prices yielding about Rs. 25 at the Works.

17. *Further Scope for Economy Limited.*—As already stated there is very little room for further economies and the only possible way of reducing costs with the present plant is to drive the Blast Furnace to the full capacity and increase the output to the rated 28,000 tons. But this will only add to the tonnage to be sold at unremunerative rates. It is not therefore possible to continue the operations on the existing lines which will at best result in no operation loss or a loss of about Rs. 1 to 2 lakhs if any of the factors assumed miscarry.

18. *Steel the Only Remedy.*—After a good deal of consideration and consultation with experts, the Works are convinced that the only solution is the manufacture of steel sections in common demand in the surrounding country.

19. *Mr. Marshall's Scheme.*—When he came to Bhadravati, Mr. Marshall was opposed to the Works embarking on the steel scheme, but his study of the position convinced him that there was no other alternative and that its manufacture was a paying proposition. He examined the various proposals and estimates, and in close association with the officers of the Works, prepared a detailed scheme, for the manufacture of 14,000 tons of steel sections a year, with estimates of capital and operation costs. As his scheme is comprehensive and includes a review of all departments of the enlarged plant, a copy is appended. (Annexure 2.)

20. *Further Consultations.*—Subsequently, one of the officers was deputed to Europe to visit the important iron and steel plants, discuss the various special features of the existing plant and proposed extensions with experts and manufacturers. He visited Italy, Czechoslovakia, Germany, Sweden, England and Belgium and paid particular attention to the latest developments in processes and plants. The latest proposals including Mr. Marshall's report were placed before Herr Karl Raabe, who was formerly Chairman of the Board of Directors of Klockner-Werke A. G. and is at present Director of the Employers' Association of Iron and Steel Industries in Rhineland and also Director of the Technical Committee of the Metal Industry incorporated in the Raw Steel Association. His views were invited as to the further steps to be taken by the Works to ensure its success and Herr Raabe's opinion is summarised in the following extracts:—

"The present position of only blasting pig iron suitable for foundry purposes must often lead to loss, as the market is strongly contested in these sorts.

It is therefore a pressing necessity for you to seek a way out of these unhealthy conditions.

I agree with your authoritative gentlemen who have dealt with this question that only the change-over to steel production offers you the possibility of avoiding loss in future.

As you yourselves can make these materials for round about Rs. 100, the guarantee is given that the conversion of your pig iron into steel in normal times must bring you a considerable profit and that also in bad times your production costs lie always under the prices of foreign materials in your territory.

The rentability is, in my opinion, so unobjectionably provable, that I can only advise to go over to steel manufacture in the described manner."

A complete copy of Herr Raabe's report is also enclosed. (Annexure 3.)

21. *Action Delayed.*—Detailed proposals for the addition of a Steel Plant in the Works were formulated and have also been approved by the Government of Mysore but further action has been suspended as the time for which protection was granted by the Government of India is about to expire and the question would form the subject of another enquiry.

22. *Original Scheme Inherently Sound.*—The continued losses on the Works and the failure to restore equilibrium between revenue and expenditure in spite of the various measures that have been adopted from time to time might lead to the impression that the scheme is inherently defective and that no amount of help can save it. But a close examination of the data on which the scheme was based, the actual results realized during operations and the series of troubles that confronted the industry during these years will convince any one that the situation is otherwise. The cost of raw materials, labour and other operating expenses have been reduced below the level estimated and there has been disappointment only in regard to sales and selling rates. The graph shown on next page indicates the continuous decline in the prices realized.

23. *Loss due to External Factors.*—The main factors responsible for the continued losses are:—

- (1) The growing use of ordinary cast iron for special purposes for which charcoal pig iron was used in the past;
- (2) The present depression with the contraction of the market for even coke pig iron and reduced prices;
- (3) Simultaneous and sudden expansion of pig iron capacity in India, coinciding with depression;
- (4) The almost universal attempt on behalf of every Nation to be independent of other countries in respect of essential raw materials like iron and steel; and lastly
- (5) The collapse of the Wood Distillation market owing to the competition of synthetic products.

Obviously the Works have had no control over these extraneous circumstances affecting the industry. These disturbances came one after another in rapid succession and left the Works hardly any time to adjust itself to the new circumstances and recover from their effects.

24. *Remedies.*—The natural advantages are still there and the remedy is to adapt the operations to suit the latest conditions. While the demand for pig iron is poor, there is a large consumption of steel sections in the areas surrounding the Works which cannot be easily reached by the Bengal Companies or by imported material. The area is still mainly agricultural and new industries are just springing up so that the demand for steel is bound to grow and the manufacture of steel sections to meet this demand is calculated to remedy the main defect, viz., the absence of a ready market for pig iron.

The situation created by the low price of acetate of lime and other by-products has been met in America and Germany by the adoption of one or other of the new processes for the manufacture of acetic acid direct from nvrlogneous liquor. One of the Officers of the Works was deputed to Europe to study this and allied problems of the industry, and in consultation with experts a scheme has been prepared for the manufacture of acetic acid

ACETATE OF LIME AND C.I. PIPES IN RUPEES PER TON

230  
220  
210  
200  
190  
180  
170  
160  
150  
140  
130  
120  
110  
100  
90  
80  
70  
60

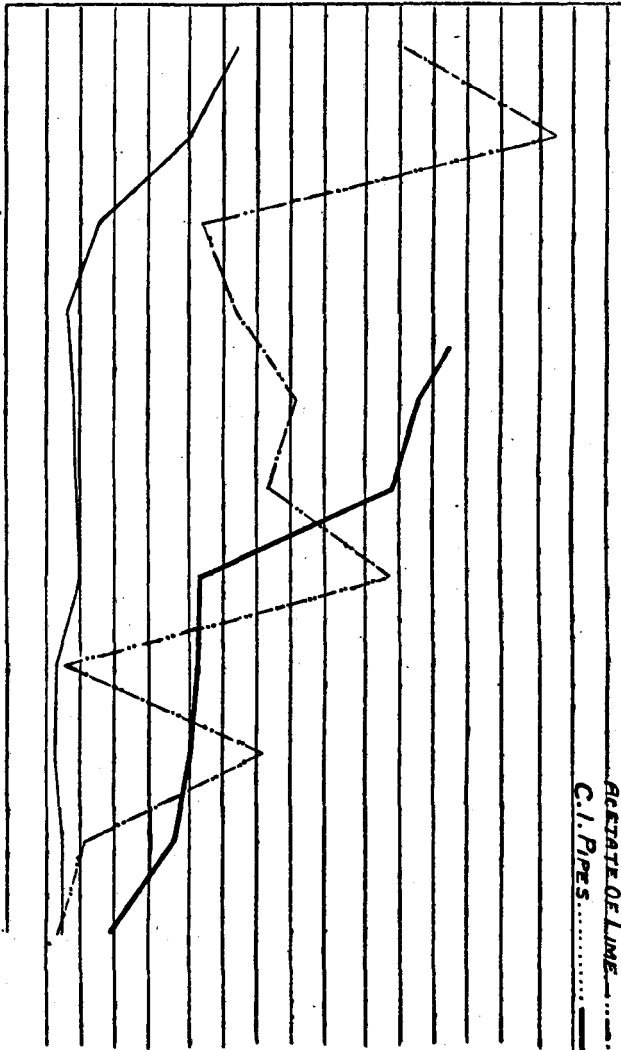
Pg IRON IN Pgs PER TON

300  
200  
100  
50  
40  
30  
0

1923  
1923-24  
1924-25  
1925-26  
1926-27  
1927-28  
1928-29  
1929-30  
1930-31  
1931-32  
1932-33

RATES REALISED FOR THE PRODUCTS  
ADJUSTED TO THE NEAREST RUPEE  
PER TON

REFERENCES  
Pg IRON .....  
ACETATE OF LIME .....  
C.I. PIPES .....



by Dr. Klar's cold process. In the case of the Bhadravati Iron Works, it has been calculated that the best results will be obtained by getting about one-half of the requirements of charcoal from the forests using cast iron kilns, the balance being carbonized in the retorts, and the pyroigneous liquor being used for the manufacture of acetic acid. The manufacture of acetic acid on a restricted scale will enable the Works to sell the product at remunerative rates in the surrounding countries.

25. *Other Possibilities.*—There are also other possibilities. Sooner or later, with the adoption of the steel scheme, hydro-electric power will be brought to Bhadravati and this is calculated to reduce almost immediately the cost of power for the whole plant including steel by about a lakh of rupees. It also opens up possibilities for further expansion by way of the manufacture of electric pig iron, superior grades of electric steels, stainless and alloy steels, and ferrochrome and ferrosilicon. These products, essential for the development of Engineering industries in India, are not now being made in the country, and Mysore with its resources of manganese and chrome ores and hydro-electric power has special facilities for manufacturing them. There is thus no doubt that the Iron Works have a future provided the Steel Plant is established and helped sufficiently to pass through the early years.

26. *Indirect Benefits.*—There have been losses, but the establishment of the Works has been of indirect advantage to the country in a number of ways. It has afforded regular employment to about 1,800 people and another five to six thousand people find subsidiary occupation in the collection of raw materials. In spite of the fact that the raw materials are transported mostly on the tramways built by the Works, the freight paid on the traffic afforded by the Works to the Indian Railways amounts to nearly Rs. 3.5 lakhs a year. On the M. & S. M. Railway system the traffic works out to 2 per cent. of their total metre-gauge traffic or taking both broad-gauge and metre-gauge together about one per cent.

The Bhadravati Works have indirectly led to the establishment of three small industries making use of the products of the Works as their raw materials. These are the Acetone Plant in the Cordite Factory at Aruvankadu, the Creosoting Plant at Bhadravati and the Formaldehyde Plant at Kirloskarvadi, using acetate of lime, wood tar creosote and methanol respectively. The Turkey Red and Dye Works and the Sayaji Dye Works at Petlad use small quantities of acetate of lime for the manufacture of dyes.

27. *Capital Outlay.*—The main plant was built during the period of high prices after the close of the War and mainly as a result of this, the capital expenditure was very high. The question was reviewed in detail and the capital cost was reduced by about 50 per cent. in 1929. The reduced capital outlay with the cost of later additions and improvements now stands at Rs. 1.29.60 lakhs distributed as shown in the statement enclosed. (Statement IV.) To this has to be added Rs. 16 lakhs, the estimated cost of the Steel Plant (*vide* detailed estimate in Mr. Marshall's report). A further sum of Rs. 3 to 4 lakhs would be necessary for minor improvements on the Plant and to provide additional accommodation, sanitary facilities and other amenities of the Town. Though a good deal has been done to house the employees and provide them with pure water, electric lighting, medical help and facilities for education and recreation, the expenditure has had to be curtailed during these years and it is necessary to make a liberal provision to complete the programme. Other capital works such as an Acetic Acid Plant, equipment for drying air for Blast Furnace, improved equipment for melting pig iron in the Foundry are under active consideration and expenditure on such account may amount to about Rs. 1 lakh a year but they will be adopted only which it is assured that the savings resulting therefrom will more than pay depreciation and interest on the new capital.

28. *Financial Charges.*—In order to arrive at the financial charges to be added to the cost of manufacture, the total capital outlay may be taken as

Rs. 150 lakhs. As this includes large sums spent on Tramway construction, Mining development, buildings and steel structures, it was felt during the last enquiry of the Tariff Board that the depreciation charges may be calculated at 3½ to 4 per cent. On the basis of 4 per cent. the depreciation charges will amount to Rs. 6 lakhs a year. The present working advance is Rs. 26·6 lakhs. With the manufacture of steel, the stock of finished products will be low and the present stores and other balances will gradually get reduced to more normal levels. In this view the working advance may be limited to Rs. 20 lakhs and interest thereon at 4 per cent. amounts to Rs. 0·80 lakhs. When the Scheme was originally sanctioned by the Government of Mysore they had in view not only the indirect benefits to the country but also anticipated that it would pay a fair return. In view, however, of the present condition of both the Wood Distillation and the Iron and Steel Industries, Government would be content for the present with interest on capital outlay and in calculating the costs, a return of only 4 per cent. on the current capital value has been assumed. The total financial charges will thus amount to Rs. 12·80 lakhs a year, and its distribution among the various products will be shown later.

29. *Operation Costs.*—In regard to the cost of manufacture estimates have been prepared (*vide* Statements V, VI and VII) on the basis of (a) current operations without steel, (b) with steel plant added and an output of 14,000 tons of steel sections, and (c) with the full output of 20,000 tons of steel, visualized by Messrs. Marshall and Raabe. Current operations have been standardised except perhaps in the Pipe Foundry, and the present scale of expenditure has formed the basis of these estimates. In regard to the Steel Plant, detailed estimates have been prepared both by Mr. Marshall and Herr Raabe who had at the time a close acquaintance with the operations and costs of the Tata Iron and Steel Company. Mr. Marshall is also well conversant with the prevailing labour and other conditions in India and had made a detailed study of the methods and costs at Bhadravati. These estimates can therefore be taken as fairly accurate under present conditions.

30. *Future Variations in Costs.*—But over a long period of time, there are some factors which are bound to change and affect the cost, and it is necessary to indicate the more important of them here. The rates for collection of raw materials and handling them at various stages have gone down materially during recent years owing to the phenomenal fall in prices and it is necessary to be prepared on the return of more normal times for small increases which will, however, be felt gradually. Generally speaking, the Plant has been maintained well and repairs are attended to promptly but it has been in operation for ten years and it may be necessary to spend on repairs and maintenance more than what has been provided in these estimates. At the same time, spare parts and other equipment are being made in the shops very much cheaper than the imported material, and additional expenditure on this account may not exceed Rs. 25,000 a year. The monthly rated staff have been drawing salaries on a scale much lower than what the nature of their duties and responsibilities demands and some increases to salary will be necessary, but the growth of expenditure will be gradual. The factory labour at Bhadravati is, on the whole, comparatively well paid (Statement VIII) and no increases seem necessary in the near future.

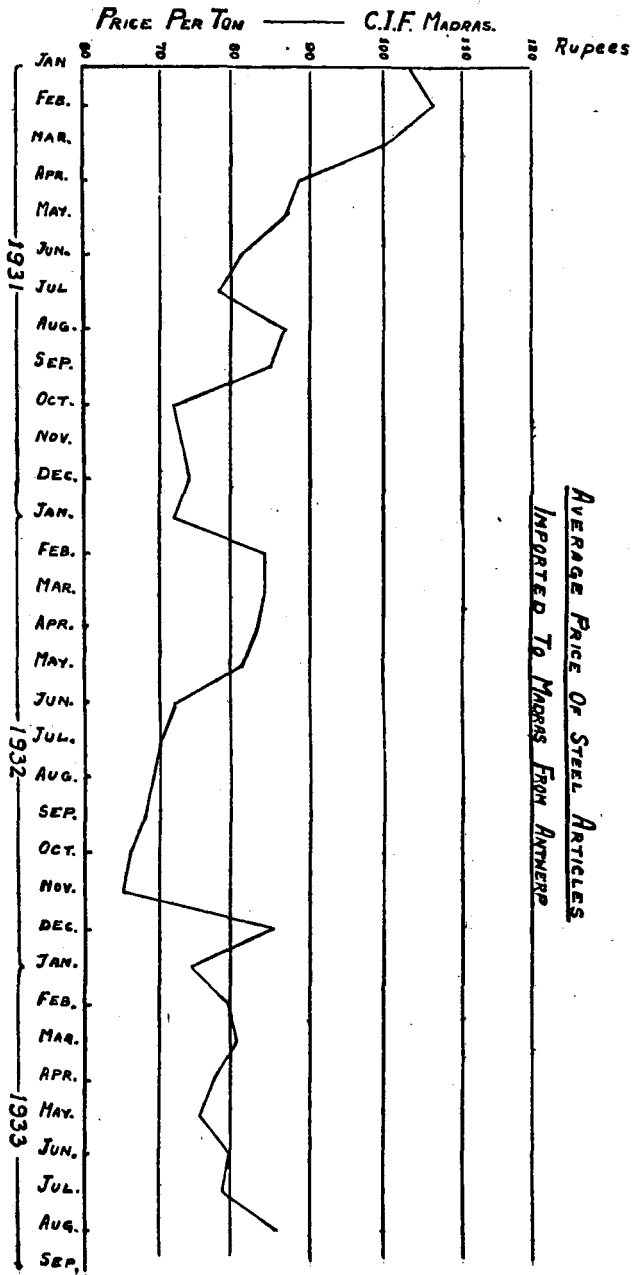
On the other side, the quality and cost of charcoal burnt in the forests is capable of improvement with experience gained and the advent of hydro-electric power will reduce the cost of electricity by about Rs. 1 lakh on the combined plant. The manufacture of acetic acid, even keeping the present scale of retort operation, is calculated to improve the return by about Rs. 60,000 after paying depreciation and interest on the new capital outlay of about Rs. 2·5 lakhs. The expenditure in the Steel Plant has been estimated on the basis of using coal pig iron but after some time a large proportion of the charge will be hot metal direct from the Furnace, and savings may be expected in the cost of coal. The adoption of improvements and up-to-date methods may also help to reduce costs to some extent.

Thus, on the whole, the chances are that there may be improvement over the costs calculated on the present basis. In any case, the present costs may be taken as the basis for arriving at the help required by the Works as any improvement will only increase to a slight extent the return on capital.

31. *C.i.f. Price with Duty required.*—The distribution of the expenditure on auxiliary services has been made on the lines adopted in this plant and the financial charges have been allocated as a percentage on the manufacturing costs of the commodities available for sale. The full output of 20,000 tons of steel can only be realized after a few years' operation and for the purpose of calculating the help required the output has been taken as 17,000 tons, the mean of 14,000 and 20,000 tons. The following statement indicates clearly the manufacturing cost with different outputs, their average, the distribution of the financial charges and arrives at the corresponding *c.i.f.* price with duty after making allowance for Port Turst and Clearing charges and any possible freight advantages:—

Serial No.	Product.	Manufacturing cost.			Financial charges.	Total.	Railway Freight advantage.	Port Turst and Clearing charges.	Corresponding <i>c.i.f.</i> price with duty.
		With a steel production of 14,000 tons.	With a steel production of 20,000 tons.	Average.					
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	Pig Iron . .	40.83	37.80	39.32	16.12	57.44	..	4	53.44
2	Pipes . . . .	104.20	101.74	102.97	47.59	150.56	..	4	146.56
3	Steel Bars . .	92.35	85.17	88.76	40.91	129.67	6	4	119.67
4	Iron Castings.	142.46	137.00	139.73	64.41	204.14	6	4	194.14
5	Steel Castings and Special Steels.	182.04	182.04	182.04	83.91	265.95	..	4	261.95

The freight advantage has been calculated in the expectation that the rates at present in existence on the M. & S. M. Railway for the Bhadravati products will be continued, and that the existing rates for pig iron and castings will also be quoted for steel products. It is further based on the experience of the tonnage of pig iron sold in different markets in the territory favourably situated to Bhadravati. Of the 6,000 tons of pig iron that can find a ready sale, about 2,000 tons will be sold to the Railway Workshops and private foundries in Bombay, and about 800 tons in Madras which involve freight disadvantages of about Rs. 12 and Rs. 5 respectively. As against this the balance of 3,200 tons will be sold to the foundries in the interior where an average freight advantage of about Rs. 8 to Rs. 9 may be assumed. Thus on the whole, there will neither be an appreciable advantage nor disadvantage. As regards pipes, it is almost impossible to forecast the places of supply as the bulk of the sales will be for new Water Supply Schemes. Supplies within the Mysore State or the Southern Mahratta country will have a freight advantage of about Rs. 8 but despatches to places on the Coast will have to be made against a freight disadvantage, ranging from Rs. 6 to Rs. 20. For the purpose of this calculation, this factor will have to be ignored. For steel bars and iron castings, the Works will have an average freight advantage of about Rs. 8 over imports in the territory marked in the map on the next page. This territory, it has been





calculated, will absorb about 15,000 tons and if the output is raised, the advantage may be reduced to about Rs. 6. In regard to special steels and steel castings, the price is comparatively high and the small variation on account of freight advantage or disadvantage may perhaps be neglected.

32. *Duties Proposed.*—The following statements compare the figures arrived at as the *c.i.f.* price with duty, corresponding to the Bhadravati costs with the latest quotations for similar materials of British, Continental and Japanese manufacture and arrive at the amount of protection required in each case. The latest prices quoted in Technical Journals and import manifests at Bombay and Madras have been shown in this statement but it is difficult to be sure that the recent increases in price are of a permanent character. The graph opposite shows the variation since January 1931 in the monthly average prices of steel sections published by the Madras Customs in their daily List of Imports and Exports. For this purpose, imports from the Continent only have been taken. These lists do not show separately mild steel bars below  $\frac{1}{4}$  inch in diameter and the average price may on this account be slightly higher.

The continuance of the existing revenue duty will be sufficient for Pig Iron except in regard to Japanese competition. In regard to pipes, the local product has to meet the competition of not only cast iron pipes imported from abroad but also of substitutes such as steel and asbestos cement pipes. It is requested that the duty on steel pipes be raised to the same level as on cast iron pipes. Asbestos pipes fall under serial No. 129 (A) of the Customs Classification and are liable to duty at 20 per cent. or 30 per cent. *ad valorem* according to the place of origin. On the basis of the prices quoted in a few instances that have come to notice, the further raising of the duties by 10 per cent. would seem to meet the situation.

Products.	C.i.f. Price corresponding to total costs per ton at Bhadravati.	Current quotations for material of	Amount of protection required.	*Present duties including surcharge.		Difference between 3 and 4.	Protective duties proposed inclusive of Revenue duty.
				Revenue.	Protective.		
1	2	3	4	5	6		

A—British Manufacture *c.i.f.* Indian Ports.

	Ra.	Ra.	Ra.	Rs.	Ra.	Ra.	Ra.
Pig Iron	53.44	52.7*	0.74	7.5 (10% <i>Ad valorem</i> ) (Tariff value Rs. 75)	Nil.	-6.76	Revenue duty.
C. I. Pipes	146.56	114	32.56	11.4 (10% <i>Ad valorem</i> )	Nil.	21.16	33
Steel bars and light structural.	119.67	99.33†	20.34	Nil.	32.5	-12.16	20

\* On the basis of £3-2-6 per ton f.o.b. Eng. Port (*I. & C. Tr. Rev.*, 21-7-33).

† On the basis of £6-12-6 per ton f.o.b. Eng. Port (*I. & C. Tr. Rev.*, 21-7-33).

Products.	C.i.f. Price corresponding to total costs per ton at Bhadravati.	Current quotations for material of	Amount of protection required.	Present duties including surcharge.		Difference between 3 and 4.	Protective duties proposed inclusive of Revenue duty.
				Revenue.	Protective.		
1	2	3	4	5	6		

*B—Continental Manufacture c.i.f. Madras.*

Pig Iron	53.44	44.7*	8.74	15 (20% <i>Ad valorem</i> ) (Tariff value Rs. 75)	Nil.	-6.26	Revenue duty.
C. I. Pipes	148.56	96	50.56	19.2 (20% <i>Ad valorem</i> )	Nil.	31.38	50
Steel bars and light structurals.	119.67	73†	46.67	Nil.	45.25	0.42	47

*C—Japanese Manufacture c.i.f. Bombay.*

Pig Iron	53.44	35	18.44	15 (20% <i>Ad valorem</i> )	Nil.	3.44	19
C. I. Pipes	146.56	70	76.56	14	Nil.	62.56	77

\* On the basis of £2-10-0 f.o.b. Antwerp and Ocean freight of 17s. per ton (*I. & C. Tr. Rev.*, 21-7-1933).

† On the basis of £5-9-6 c.i.f. Madras (*I. & C. Tr. Rev.*, 4-8-1933).

At present the protective duty is not levied on bars below  $\frac{1}{2}$  inch diameter. The Mysore Scheme counts on the manufacture of about 1,000 tons of such bars and it is requested that these bars may also come under the Protective Scheme. It is learnt that a rolling mill is proposed to be established at Negapatam for rolling imported billets and in the interests of the Indian industry a corresponding duty should be levied on billets also.

In the case of iron and steel castings, it is almost impossible to secure correct prices of imported material but the Works feel that the continuance of the existing duties will be sufficient.

33. *Period of Protection.*—In their report on the continuance of protection to the Steel Industry in December 1926, the Tariff Board were particularly anxious that their recommendations should not only be calculated to give relief to the Tata Iron and Steel Company but should be such as to enable new concerns to start the manufacture of steel and steel articles; but this has not been realized mainly on account of the present world-wide depression and the fact that the Scheme of protective tariff was to be in operation for only seven years. The uncertainty in regard to the future policy at the end of the seven-year period has been a strong deterrent. The Mysore Iron Works are anxious that any scheme adopted as a result of the recommendations of the Tariff Board after the

present enquiry should be for a substantially long period so that further development may be undertaken without any rear of protection being withdrawn or reduced before the operations have been fully standardized. The scheme of protection in Japan is for 15 years while South Africa has also adopted the same period. Canada, it is believed, guaranteed protection for about 22 years and the United States of America, in spite of all her wealth, resources and a large home market have still been continuing protection. India is undeveloped and the starting and organization of new industries take more time and the Works would therefore submit that the scheme now to be adopted should run for at least a period of twenty years. Such a long period may or may not be necessary for the Tata Iron and Steel Company but as the object of the Tariff Board is to foster new industries, the period asked for cannot be considered too long especially as it is uncertain when the present depression will end and normal conditions be restored.

34. *Periodical Examination.*—It is no doubt true that conditions may change from time to time during this long period and the duties recommended now may be more or less than what the changing situation may warrant. Even now, as already stated, it is difficult to form a correct estimate of the prices that are likely to be quoted by competing countries and the Works therefore submit that the Tariff Board should prescribe the level to which the prices c.i.f. Indian Port should be raised in order to afford adequate protection to the local industry. The Executive Government should take power to vary the duties from time to time so as to maintain the level prescribed by the Tariff Board. This procedure, the Works believe, will be satisfactory and help to realize the objects which the Government and the Tariff Board have in view.

35. *Bounties.*—The Tata Iron and Steel Company is already supplying a large share of the demand in India for articles produced by them and in their natural market almost the entire demand for such articles is probably met. It is one of the largest industrial undertakings of the world and has received the benefit of protection for some years. The Tariff Board may perhaps find that the level of protection required by the Mysore Iron Works or any new Iron and Steel undertaking is higher than what the Tatas would require. In such a case the Works would strongly urge that the amount of protection considered necessary should be afforded to the new undertakings, the duties being supplemented by adequate bounties.

36. *Special Considerations for the Mysore Iron Works.*—The case of the Mysore Iron Works has some special features which justify exceptional treatment. It is the only charcoal iron and wood distillation plant in India and probably the largest in the British Empire and its products, especially acetate of lime, form an essential requisite of national defence. It forms a very valuable asset in times of war not only for India but for the whole British Empire. The national importance of the Mysore Iron Works from this point of view has already been recognized by the Tariff Board (*vide* pages 10 and 11 of the *Report of the Indian Tariff Board* on the removal of the revenue duty). The purer charcoal iron and the special steels and steel castings which the Works will be able to manufacture with hydro-electric power would prove very useful for war purposes. In spite of the state of the wood distillation industry, the Mysore Iron Works propose to keep the retorts in operation, though on a restricted scale, but the full output could be resumed at very short notice. Even when the manufacture of acetic acid is taken up, the present Chemical Plant will be kept intact so that acetate of lime may always be available for the Cordite Factory. During peace, very small quantities are used by the Army Department and it will be no great benefit to the Works even if special rates are paid for this material.

The other iron and steel concerns have been given special freights for the carriage of their raw materials and in some cases new lines have been even constructed. In the case of the Bhadravati Works, the necessary

tramways, about 60 miles in length, have been constructed by the Works and the entire cost of running, maintenance and depreciation has to be borne by them. Freights as low as one-fifteenth pie per maund per mile have been allowed by the Indian Railways but even taking the present statutory minimum of one-tenth pie per maund per mile, the extra cost borne by the Works amounts to about Rs. 1.5 lakhs a year.

The Mysore Iron Works has already incurred considerable losses in maintaining a work of national importance during the period of unprecedented depression and the Works would urge that this and other factors mentioned above should be taken into consideration and a special bounty sanctioned for at least ten years by which time the plant will have been expanded in all possible ways.

37. *Special Railway Freights.*—The bulk of the traffic of the Mysore Iron Works in finished goods is on the Madras and Southern Mahratta Railway System and they have granted special freight rates applicable to pig iron, castings, acetate and methanol. A special rate has been given on the transport of coal and coke from the Mormugao Harbour but ordinary rates are levied on machinery and other construction material. The special rates on pig iron, castings and acetate range from one-sixth to one-seventh pie per maund per mile, and 0.65 pie on methanol. They have further granted from time to time rebates under certain conditions which reduce the freight on pig iron, castings and acetate of lime to one-tenth pie per maund per mile on their system. This arrangement terminates in March 1934. In the interests of the development of a basic industry of such importance as iron and steel, the Works would urge that a uniform scale of telescopic rates should be adopted on all local manufactures throughout the Indian Railway system, applicable to all concerns alike. If there is any difficulty in bringing this about, the Works would request that the Mysore Iron Works should secure the continuance of the present rebates on the Madras and Southern Mahratta Railway System for a period of 20 years and it may be made applicable to steel and construction materials also. The special telescopic rates prevailing for the transport of coal and coke on the Northern Railway systems do not apply on the Madras and Southern Mahratta, South Indian and Mysore Railways. In spite of the use of charcoal and hydro-electric power, the Works would still require a large quantity of coke and coal and a special rate of one-tenth pie per maund per mile should be allowed on consignments to Bhadravati during the same period of 20 years. It may be added that the existing heavy freight on coal and coke has been a serious obstacle for the industrial development in South India.

38. *Removal of Duty on Machinery.*—Until about a year ago machinery was on the free-list and the imposition of a duty provoked bitter opposition in the country and in the Legislative Assembly. In fact the duty was voted down and would not have been reimposed but for accidental political circumstances which had no bearing on the merits of this question. The removal of the duty would be a great blessing to developments not only in the Iron and Steel Industry but in the whole field of industrial development.

39. *Plea for Government and Public Support.*—Each time the question of protection to the Iron and Steel Industry is taken up for consideration, the cry is raised in some quarters that the interests of the consumers are neglected in order to benefit a few concerns. Where, for one reason or another, the scheme of protection fails to develop new undertakings, as in the case of the Steel Industry during the last nine years, it gives room for the further comment that the sacrifice borne by the people is out of all proportion to the advantages derived by the industry. A review of the internal prices maintained in various countries will show that the price level which the Tariff Board have been requested to recommend is not disproportionately high. The figures given in the following table extracted from the latest technical journals make this position clear.

## Internal Prices obtaining in other Countries.

	Internal Prices (Ex-Works) per ton.	Export (f.o.b.) English or Continen- tal Port, per ton.
United States of America—		
Pig Iron . . . . .	\$16.50—17.00 or Rs. 49.5—51 \$23.17 or Rs. 69.5 (for charcoal pig iron).	
O. I. Pipes . . . . .	\$36—47 or Rs. 108—141 (depending on class and size).	
Steel Bars and Sections . . . . .	1.6—1.95c. per lb. or Rs. 110—130.	
United Kingdom—		
Pig Iron . . . . .	62/6—65 or Rs. 41.7—43.3	58/6 or Rs. 39
Steel Bars . . . . .	£8-17-6 or Rs. 118.3	£6-15-0 to 6-17-6 or Rs. 90—91.7
Joists and Sections . . . . .	£8-15-0 or Rs. 116.7	£7-7-6 or Rs. 98.3
Continental (Belgium)—		
Pig Iron . . . . .	Not available	} * £2-10-0 or Rs. 33.3 £4-1-6 to 4-3-6 or Rs. 54.3—55.7
Steel Bars and Sections . . . . .	Not available	

\* The internal prices for these articles of Continental manufacture are not easily available, but it is understood that they are considerably higher than the export prices. The following extract from page 290 of *Iron and Coal Trade Review* of 25th August, 1933, supports this view: "According to the 1932 report of the *Acières de Rombas*, prices of steel products have been kept stable at a satisfactory level by the comptoirs, and on the whole inland French prices were 74 per cent. of the 1918 level but were lower than the mean commodity price level. Export prices were an average of 54 per cent. of 1913 rates."

40. Iron and Steel concerns all the world over have been passing through very great difficulties and in practically every country the people associated with it have, in the urgent task of reconstruction and rationalization, received the sympathy of the people and the help of Governments in all possible ways. Even the United Kingdom, the strong-hold of free trade, has had to adopt a scheme of heavy protective duties to help the Iron and Steel Industry in the country to be re-established on a firm footing. The Mysore Iron Works earnestly hope that the recommendations of the Tariff Board and the further action taken by the Government to implement the same will securely establish the industry in India and promote its natural growth so as to make the country self-sufficient in respect of iron and steel which are essential for the country's advancement.

*Summary.*

(1) The Tariff Board examined the position of the Mysore Iron Works in 1928 and formed the opinion that it is well equipped, operations reasonably efficient and the cost of manufacture economic. (Paragraph 1.)

(2) Since then, there have been many developments on the Works, the more important of them being the enlargement of the Pipe Foundry, addition of a Steam Turbo-Generator, additional equipment for the General Foundry and Machine Shop for the execution of Engineering orders. Due to the phenomenal fall in the prices of Wood Distillation Products, only a few retorts are in operation and the balance of charcoal burnt in cast iron kilns in forests. (Paragraphs 2 to 10.)

(3) Even in normal years, the demand for pig iron and pipes in India bears no comparison with the output. Due to the trade depression, the demand further slackened which resulted in severe internal competition. To stop this, understandings were reached in regard to markets and prices with the other manufacturers in the country. (Paragraph 11.) This, however, was immediately followed by the competition of Japanese pipes which are being offered in the Indian market at very low rates, and a joint representation has been made to the Government of India in regard to the relief against this competition. (Paragraph 12.)

(4) During the last ten years, steady progress has been made by the Works in reducing the staff, cost of collection of raw materials, and other items of expenditure. Mr. S. M. Marshall, then a partner of Messrs. Perin and Marshall of New York, made a detailed examination of the Plant in 1930 and was favourably impressed with the progress made. (Paragraphs 13 and 14.)

(5) The market for pig iron in the country is limited and export market is unreliable, while that for pipes is unsteady. The only solution for the utilization of the surplus production of pig iron at Bhadravati is the manufacture of steel sections in local demand. (Paragraphs 15 to 18.)

(6) The addition of a steel making unit to the plant has received detailed consideration. Mr. Marshall, finally, prepared a comprehensive scheme for the manufacture of 14,000 tons of steel sections a year. This scheme has been further reviewed by Herr Kari Raabe. It is considered that the manufacture of steel is not only economically feasible but is the only remedy for placing the Works on a stable basis, as there is a large consumption of steel sections in areas surrounding the Works which cannot be reached by the Bengal Companies or by imports. Steel scheme has been approved by Government but further action suspended pending enquiry by the Tariff Board. (Paragraphs 20 and 21.)

(7) The manufacture of Acetic on a restricted scale enabling the Works to sell the product at remunerative rates will meet the situation created by the low price of acetate of lime. (Paragraph 24.)

(8) The original Scheme is inherently sound and the losses are due to external factors over which the Works have had no control and the manufacture of Steel and Acetic Acid is calculated to improve the prospects of the Works. (Paragraphs 22 to 24.)

(9) The manufacture of steel opens up other possibilities. With cheap hydro-electric power, the manufacture of electric pig iron, ferro-alloys, stainless steel and other superior grades of electric steel will be possible. (Paragraph 25.)

(10) The reduced capital outlay on the Works with the cost of later additions and improvements amounts to Rs. 1,29,60 lakhs. A further sum of Rs. 20 lakhs for steel manufacture and minor improvements is needed. For calculating financial charges a sum of Rs. 1,50 lakhs is assumed and the financial charges, which include the depreciation on the total capital outlay (including the expenditure to be incurred on the new Steel Plant), interest on Working Capital and a fair return on the investment, amount to Rs. 12,80 lakhs. (Paragraphs 27 and 28.)

(11) Operation costs under present conditions and when manufacture of steel is taken up, are separately furnished. (Paragraph 29.)

(12) Total costs including financial charges are worked out, and compared with the import price for similar articles. (Paragraph 31.)

(13) The measure of protection required for each product, namely, pig iron, pipes and steel sections, is discussed. The continuance of the existing revenue duties will be sufficient for pig iron, and an existing additional duty on pipes and the continuance of the protective duties on steel sections (inclusive of bars below  $\frac{1}{4}$ " diameter) have been suggested. (Paragraph 32.)

(14) In order to allow time for full development without anxiety, the protective measures should be effective for a period of 20 years. To guard against further fall in import prices, the Executive Government may take power to raise or lower duties so as to maintain the level to which the c.i.f. prices should be raised in order to afford adequate protection. (Paragraphs 33 and 34.)

(15) If the duties to be recommended by the Tariff Board are less than those required by the Mysore Iron Works, or any other new undertaking, they may be supplemented by adequate bounties. (Paragraph 35.)

(16) The Mysore Iron Works has some special features justifying exceptional treatment as the only Charcoal Iron and Wood Distillation plant in India and the East, manufacturing essential raw material for national defence, and a special bounty is requested. (Paragraph 36.)

(17) The Works urge the adoption of a uniform scale of telescopic rates for iron and steel articles of local manufacture throughout the Indian Railway system. The special rates for coal and coke prevailing on the Northern Railway system should be applied on the Southern Railways also, as the present high rates are a serious obstacle to industrial development in South India. (Paragraph 37.)

(18) Removal of duty on machinery would also be of considerable assistance not only to the iron and steel industry but all industries in general. (Paragraph 38.)

(19) The cry raised in some quarters that the interests of the consumer are neglected by imposing protective duties to benefit a few manufacturers is not correct. The landed prices recommended for the approval of the Tariff Board are not disproportionately high when compared with the internal prices ruling in other countries. (Paragraph 39.)

(20) Iron and Steel Industries all over the world have received sympathetic treatment from Governments and the public in view of their national importance. To make India self-sufficient in respect of iron and steel which are necessary for its advancement, the support of the people and Government is essential.

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\* Not printed.

## ANNEXURE I.

14th September, 1932.

To

The Secretary,  
Department of Commerce,  
Government of India,  
Simla.

Dear Sir,

We are addressing this representation to the Government of India on behalf of the Bengal Iron Company, Limited, Kulti, and the Mysore Iron Works, Bhadravati, the two manufacturers of cast iron pipes in the country, in regard to the protection required by the Cast Iron Pipe Industry in the present circumstances of the world depression and the foreign competition in the Pipe Trade.

The Bengal Iron Company have been making cast iron pipes for over 30 years and have developed a trained organization and installed equipment which enables them to turn out upwards of 60,000 tons per annum of pipes of all sizes. The Mysore Iron Works installed their first Turn-table for the manufacture of pipes of small diameters in 1926 and another table in 1930 for the manufacture of pipes of larger diameter. They have an annual capacity of about 15,000 tons of pipes. For many years, the Bengal Iron Company, and more recently the Mysore Iron Works, have supplied India with practically its entire requirements of pipes for the various water supply schemes at competitive rates. They have also arrived at an understanding by which the available custom in the country is shared between the two concerns in the most equitable manner and their geographical situation, one in the North and the other in the South, helps them to distribute their products all over the country in a most rational manner.

For some time, particularly during the last two years, the demand for pipes, cast iron or other types, has fallen off considerably owing to the straitened financial position of the various Governments and Municipal and other local Bodies. Correct figures are not available as in Import and other statistics, pipes and pipe fittings of all kinds are classified as one. From the best information available to us, however, it is believed that the demand in India which used to be in the neighbourhood of 50,000 tons a year has dropped to less than 8,000 tons during the first half of the calendar year 1932.

For this reduced demand, there is very keen competition from all countries and lower and lower prices are being quoted especially for pipes of Continental and Japanese manufacture. In the case of Japan, the manufacture and export of Iron and Steel products are encouraged by the State in various ways—such as a substantial State subsidy on manufacture, a subsidy on export and the fact that Japanese steamers returning empty to India will carry cargo at nominal rates.

As the Government of India are aware, the iron and steel plants all the world over are working very much below their capacity, and manufacturers are anxious to secure orders outside their own country even at unremunerative prices. To the best of our information, foreign pipes are being offered in India below the prices ruling in the country of origin and definitely below the cost of production. This situation has been rendered much worse by the continued depreciation of Japanese currency. Against a c.i.f. Port price of Rs. 120 to Rs. 130 a ton ruling in the Indian Market for some time past, Japanese pipes were offered in the beginning of this year at about Rs. 105 a ton c.i.f. Calcutta. In June they were quoted at Rs. 78 a ton c.i.f. Bhavnagar against an enquiry from that Durbar for pipes. More recently, the price has been reduced to Rs. 67 a ton c.i.f. Calcutta and Rangoon and this rate is hardly higher than the price at which pig iron is being sold in these places. Such low quotations for pipes were never contemplated in fixing the current Tariff



Schedule so that to-day we have the anomaly of the revenue duty on pig iron being higher than on the finished product, viz., cast iron pipes. According to the Tariff Schedule, a minimum value of Rs. 73 a ton has been fixed for pig iron whereas pipes are assessed *ad valorem*. The result is that while foreign pig iron is subject to a duty of Rs. 11.4 per ton, the Japanese pipes will, at their present quotation, pay a duty of Rs. 10.5 per ton.

It is universally accepted that cast iron pipes are the most suitable for water supply mains having regard to their long life and satisfactory service. Instances are not lacking in which pipes which have been laid in the ground for over two hundred years have been taken out and laid elsewhere as capable of further long service. As already stated, the two concerns are in a position to meet the entire Indian demand at a price which can be termed fair from all points of view. We may add that the demand for low pressure pipes can be fully met by the reinforced concrete pipes made by the Indian Hume Pipe Company, Limited, at comparatively low rates. The existing concerns can thus meet the entire needs of the country for all kinds of pipes and for whatever purpose.

As the Government of India are aware, the Iron and Steel Industry in India including the two concerns on whose behalf this representation is made, has been very adversely affected by the fall in the local demand for pig iron and by the heavy import duties recently levied by Japan. The Bengal Iron Company has further suffered by the almost complete stoppage of orders from Indian Railways for cast iron railway sleepers. The phenomenal fall in the value and the almost complete absence of demand for the bye-products of Wood Distillation has made the position of the Mysore Iron Works more and more difficult. The further lowering of prices of pipes coupled with the reduced demand might practically compel us to close down the Works which would not be in the best interests of the country.

Under the circumstances, we request that the Government of India may be pleased to make the necessary investigations and arrange to increase the duty on pipes imported to India so as to secure a fair selling price for the Indian output. We may add that we are convinced that such help is required only for a temporary period until normal situation is restored in the Iron and Steel trade of the World, as under normal conditions our costs will be low enough to enable us to compete with any manufacturer in the World.

We would suggest the following revised scale of duties for the consideration of the Government of India:—

Sl. No.	No. in the Statutory Schedule.	Name of Article.	Duty.
103A	61	Pipes and tubes, also fittings, etc., made of iron, steel or any other materials excluding pipes, tubes and fittings therefor otherwise specified (see Serial No. 103g).—	
		(a) British Manufacture . . . . .	Rs. 25 per ton or 20 per cent. <i>ad valorem</i> whichever is higher.
		(b) Not of British Manufacture . . . . .	Rs. 50 per ton or 50 per cent. <i>ad valorem</i> whichever is higher.

We have suggested that this clause should include pipes other than those made of iron or steel as for some time pipes made of asbestos are being imported to India and competing with the local cast iron pipes.

We would further request that immediate action may kindly be taken by the Government to avoid large consignments of pipes entering the country at the existing rates. If the investigation is likely to take some time, we would request that under section 3 of the Indian Tariff Act, 1894, a Tariff Value of Rs. 140 a ton, which is comparable with that provided for pig iron, be immediately substituted for the *ad valorem* valuation now adopted in the Indian Custom Tariff. This is calculated to afford some temporary relief until such time as the final action is decided by Government.

We have no doubt that this representation will receive the early and sympathetic consideration of the Government and should any of the points require further elucidation, the representatives of the works will be glad to meet any officer of the Government and submit necessary explanations.

Yours faithfully,

For and on behalf of the Bengal Iron Co., Ltd.,

W. T. V. HARMER,  
Commercial Manager.

For and on behalf of the Mysore Iron Works,

M. VENKATANARANAPPA,  
General Manager.

#### STATEMENT I.

*Cost of Collection of Raw Materials and their Transport on Tramways from 1923-24 to 1932-33.*

Year.	Delivered at Rallhead per ton.				Transport charges on Tramways per ton.	Handling of wood at Sidings and Wood Yard.	Charcoal Burning.	
	Kemman-gandi ore.	Siliceous ore.	Flux.	Wood.			At Wood Yard per ton.	At Forest Coupes per bag.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1923-24 .	3 2 0	4 12 9	6 14 3	4 1 11	1 8 8	1 12 0	18 0 0	..
1924-25 .	3 0 9	3 1 9	6 12 7	3 15 8	1 7 4	1 3 3	15 10 0	..
1925-26 .	2 14 6	4 12 0	7 3 7	3 6 5	1 5 2	1 0 3	14 0 0	..
1926-27 .	2 9 6	4 3 8	3 13 1	2 5 1	1 1 6	1 1 1	9 8 0	..
1927-28 .	2 1 1	4 2 4	..	3 5 6	1 1 2	1 2 0	9 8 0	..
1928-29 .	2 0 2	4 0 7	..	3 11 0	0 15 11	1 3 7	9 8 0	..
1929-30 .	2 3 7	1 4 11	..	3 8 9	1 2 7½	1 3 1	9 8 0	..
1930-31 .	2 0 0	1 12 11	3 2 4	3 4 9	1 3 10½	1 2 11	9 8 0	..
1931-32 .	*3 10 4	†2 10 3	..	3 5 10	‡1 6 9½	0 12 3	7 0 0	0 5 6
1932-33 .	2 1 9	1 11 9	3 4 6	3 0 2	‡1 4 6½	0 13 5	5 0 0	0 3 3

\* Only 3,408 tons mined during the year as against 30,000 tons average per annum.

† Only 1,908 tons mined during the year as against an average of 3,600 tons per annum.

‡ Fall in the quantities of wood transported to the Works due to making charcoal in the Forest coupes.

§ Increase of lead.

## STATEMENT II (a).

Statement showing number of employees in receipt of salaries of Rs. 100 and above on the Works on 1st July, 1923, 1926, 1929 and 1933.

(Cost per month.)

Year.	100 to 200.		201 to 500.		501 and above.		Total No.	Total Amount.
	No.	Amount.	No.	Amount.	No.	Amount.		
		Rs.		Rs.		Rs.		
1st July 1923	29	3,805	9	2,895	16	18,391	54	25,091
1st July 1926	38	2,900	18	5,775	6	5,125	62	13,800
1st July 1929	42	5,940	12	3,410	4	3,135	58	12,485
1st July 1933	40	5,630	12	3,342	2	1,575	54	10,547

In the above statement the number of employees in receipt of pay or wages below Rs. 100 is not shown as there have been considerable changes from year to year from monthly to daily and *vice versa*.

STATEMENT II (b).

Statement of Monthly and Daily Rated Staff.

1st July of	Main Plant.				General Foundry.				Pipe Foundry.				Mines and Ropeways.			
	Monthly rated.		Daily rated.		Monthly rated.		Daily rated.		Monthly rated.		Daily rated.		Monthly rated.		Daily rated.	
	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.
1923	253	Rs. 25,542	352	Rs. 10,851	1	Rs. 90	43	Rs. 1,811	..	Rs. ..	..	Rs. ..	31	Rs. 3,599	62	Rs. 1,542
1926	277	20,641	463	12,206	2	200	49	1,410	6	840	123	2,836	17	1,561	42	1,103
1929	232	17,129	492	18,182	2	250	127	3,230	14	1,560	315	7,088	9	964	28	624
1933	209	14,114	542	11,023*	4	865	212	4,075	21	1,465	484	12,293	4	575	28	578

1st July of	Tramways.				Wood Yard.				Charcoal Kilns.				Total.
	Monthly rated.		Daily rated.		Monthly rated.		Daily rated.		Monthly rated.		Daily rated.		
	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.	
1923	134	Rs. 2,837	89	Rs. 1,856	26	Rs. 540	8	Rs. 319	..	Rs. ..	..	Rs. ..	Rs. 48,987
1926	168	4,244	81	1,868	27	670	6	178	..	..	..	..	47,757
1929	156	3,735	72	1,662	27	950	1	52	..	..	..	..	55,426
1933	113	1,704	60	1,278	6	278	†190	2,342	5	545	293	4,148	54,783

\* The following items of work that were being done on petty contract basis between 1923 and 1926 are now being attended to by the Works Staff :-

(1) Handling fuel at Boilers and Retorts	Rs. 200 per month.
(2) Fix Iron carrying and stacking in the Yard	800 " "
(3) Ore dumping into bins	200 " "
(4) Lime burning	800 " "
(5) Unloading charcoal from cars into bins	500 " "

Tar Plant and Alcohol Refinery Plant came into operation in 1925 and 1926 respectively.

† A portion of the work in the Wood Yard is now got done Works Staff by

The Elec. staff and P. W. gang were being paid on monthly basis up to 1st September 1927 and the staff in these two sections were converted into daily from that date

Rs. 1,850 extra.  
Total Rs. 3,150

## STATEMENT III.

Statement showing the Position of Block Account as on 30th June, 1933.

	Rs.	A. P.	Rs.	A. P.
<i>Land and Buildings:</i>				
Main plant . . . . .	24,45,774	1 0		
Mines and Ropeways . . . . .	73,525	12 3		
Tramways . . . . .	6,06,273	8 2		
			31,25,573	5 5
<i>Machinery:</i>				
Main Plant . . . . .	65,03,414	10 0		
Mines and Ropeways . . . . .	3,45,718	6 6		
Tramways . . . . .	9,23,074	4 7		
			77,72,207	5 1
<i>Track:</i>				
Main Plant . . . . .	4,02,176	7 9		
Mines and Ropeways . . . . .	17,722	0 10		
Tramways . . . . .	6,81,500	0 0		
			11,01,398	8 7
<i>Miscellaneous:</i>				
Main Plant . . . . .	8,59,342	8 10		
Mines and Ropeways . . . . .	74,650	14 9		
Tramways . . . . .	26,865	0 0		
			9,60,858	7 7
Total . . . . .			1,29,60,037	10 8

## STATEMENT IV.

Estimate of Costs for production of 20,800 tons of Pig Iron, 8,000 tons of C. I. Pipes and 1,000 tons of C. I. Castings.

## OVERHEAD CHARGES.

	Rs.	Rs.
<i>Administration:</i>		
Salaries . . . . .	600	
Board Charges . . . . .	1,200	
Audit Charges . . . . .	7,200	
Guests' Charges . . . . .	1,800	
		10,800
<i>Management:</i>		
Salaries . . . . .	35,000	
Watch and Ward . . . . .	8,000	
Tata Iron & Steel Co. . . . .	7,200	
Library . . . . .	1,500	
Leave Fund . . . . .	13,000	
Postage and Telegrams . . . . .	2,000	
Travelling Expenses . . . . .	2,400	
Consultation Fees . . . . .	7,200	
Stationery and Printing . . . . .	4,800	
Accident Fund . . . . .	1,500	
Insurance Fund . . . . .	15,000	
Petty Repairs . . . . .	1,000	
Miscellaneous . . . . .	2,000	
		1,05,600

	Rs.	Rs.
<i>Hospital:</i>		
Salaries . . . . .	10,000	
Supplies . . . . .	3,600	
	<hr/>	13,600
<i>Laboratory:</i>		
Salaries . . . . .	10,500	
Supplies . . . . .	4,800	
Repairs . . . . .	200	
	<hr/>	15,500
<i>Town:</i>		
Salaries and Wages . . . . .	8,000	
Supplies . . . . .	1,500	
Repairs . . . . .	8,000	
	<hr/>	17,500
Stores and Purchases . . . . .	7,500	
Shipping $\frac{1}{2}$ (half) cost . . . . .	2,000	
Accounts . . . . .	18,500	
	<hr/>	28,000
<i>Indirect Charges:</i>		
Electricity . . . . .	24,000	
Water . . . . .	2,500	
	<hr/>	26,500
	<b>Total</b>	<hr/> <b>2,17,500</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	16,313
Steam . . . . .	16,313
Electricity . . . . .	16,313
Water . . . . .	16,313
Retorts and Chemical House . . . . .	32,623
Furnace . . . . .	43,500
General Foundry . . . . .	21,750
Pipe Foundry . . . . .	54,375
	<hr/>
<b>Total</b>	<b>2,17,500</b>

## MECHANICAL ENGINEERING.

	Rs.	Rs.
<i>Direct Charges:</i>		
Salaries . . . . .	7,000	
Wages (Net) . . . . .	1,800	
Repairs . . . . .	6,000	
Supplies . . . . .	3,000	
	<hr/>	17,800
<i>Indirect Charges:</i>		
Electricity . . . . .	6,500	
Water . . . . .	75	
	<hr/>	6,575
	<b>Total</b>	<hr/> <b>24,375</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	1,828
Steam . . . . .	1,828
Electricity . . . . .	1,828
Water . . . . .	1,828
Retorts and Chemical House . . . . .	3,656
Furnace . . . . .	4,875
General Foundry . . . . .	2,438
Pipe Foundry . . . . .	6,094
<b>Total</b> . . . . .	<b>24,375</b>

## CIVIL ENGINEERING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages (Net) . . . . .	180	
Miscellaneous . . . . .	1,200	
<b>Total</b> . . . . .		<b>2,700</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	203
Steam . . . . .	203
Electricity . . . . .	203
Water . . . . .	203
Retorts and Chemical Plant . . . . .	403
Furnace . . . . .	540
General Foundry . . . . .	270
Pipe Foundry . . . . .	675
<b>Total</b> . . . . .	<b>2,700</b>

## YARD SWITCHING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages . . . . .	12,480	
Repairs . . . . .	24,000	
Supplies . . . . .	3,000	
Coal, 600 tons at Rs. 17 . . . . .	10,200	
Wood, 600 tons at Rs. 7-8 . . . . .	4,500	
<b>Indirect Charges:</b>		55,500
Overhead Charges . . . . .	16,313	
Mechanical Engineering . . . . .	1,828	
Civil Engineering . . . . .	203	
Water . . . . .	150	
<b>Total</b> . . . . .		<b>18,494</b>
<b>Total</b> . . . . .		<b>73,994</b>

## DISTRIBUTION.

	Rs.
Steam . . . . .	7,399
Retorts and Chemical Plant . . . . .	11,099
Furnace . . . . .	14,799
General Foundry . . . . .	3,700
Pipe Foundry . . . . .	22,198
Wood Yard . . . . .	14,799
Total	73,994

## STEAM.

	Rs.	Rs.
Salaries . . . . .	5,000	
Wages . . . . .	12,000	
Repairs . . . . .	8,000	
Supplies . . . . .	2,000	
		27,000
Bamboos, 20 tons per day at Rs. 7-8 a ton . . . . .		54,750
<i>Inter-Adjustments:</i>		
1,200 tons of Retort Braize . . . . .	12,000	
1,000 tons of Forest Braize . . . . .	10,000	
720 tons of Sol. Tar. . . . .	10,800	
Furnace Gas . . . . .	1,18,560	
		1,51,360
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	16,313	
Mechanical Engineering . . . . .	1,828	
Civil Engineering . . . . .	203	
Yard Switching . . . . .	7,399	
Electricity . . . . .	1,800	
Water . . . . .	1,500	
		29,043
Total		2,62,153

## DISTRIBUTION.

	Rs.
Electricity . . . . .	1,21,937
Water . . . . .	6,096
Retorts and Chemical Plant . . . . .	60,964
Furnace . . . . .	73,156
Total	2,62,153



## ELECTRICITY.

	Rs.	Rs.
Salaries . . . . .	11,000	
Wages . . . . .	9,000	
Repairs . . . . .	5,000	
Supplies . . . . .	4,000	
		29,000
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	16,313	
Mechanical Engineering . . . . .	1,828	
Civil Engineering . . . . .	203	
Steam . . . . .	1,21,927	
Water . . . . .	23,500	
		1,63,771
<b>Total</b>		<b>1,92,771</b>

## DISTRIBUTION.

	Rs.
Overhead Charges . . . . .	24,000
Mechanical Engineering . . . . .	6,500
Steam . . . . .	1,800
Water . . . . .	83,655
Retorts and Chemical Plant . . . . .	13,686
Furnace . . . . .	5,325
Pipe Foundry . . . . .	38,035
General Foundry . . . . .	11,410
Saw Benches . . . . .	4,560
Brick Kiln . . . . .	3,800
<b>Total</b>	<b>1,92,771</b>

## WATER.

	Rs.	Rs.
Salaries . . . . .	3,500	
Wages . . . . .	2,000	
Repairs . . . . .	2,000	
Supplies . . . . .	1,000	
		8,500
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	16,313	
Mechanical Engineering . . . . .	1,828	
Civil Engineering . . . . .	203	
Steam . . . . .	6,096	
Electricity . . . . .	83,655	
		1,08,095
<b>Total</b>		<b>1,16,595</b>

## DISTRIBUTION.

	Rs.
Overhead Charges . . . . .	2,500
Mechanical Engineering . . . . .	75
Yard Switching . . . . .	150
Steam . . . . .	1,350
Electricity . . . . .	23,500
Retorts and Chemical Plant . . . . .	54,025
Furnace . . . . .	23,790
General Foundry . . . . .	210
Pipe Foundry . . . . .	9,785
Saw Benches . . . . .	430
Tramways . . . . .	430
Brick Kilm . . . . .	350
Total	1,16,595

## RETORTS AND CHEMICAL PLANT.

	Rs.	Rs.
<i>Retorts:</i>		
Salaries . . . . .	3,000	
Wages . . . . .	9,200	
Repairs . . . . .	8,000	
Rebottoming Fund . . . . .	9,600	
Supplies . . . . .	1,200	
		31,000
<i>Raw Materials:</i>		
Wood 43,200 tons at Rs. 6 . . . . .	2,59,200	
Ex. Fuel 10,800 tons at Rs. 6 . . . . .	64,800	
		3,24,000
<i>Chemical Plant:</i>		
Salaries . . . . .	3,000	
Wages . . . . .	9,000	
Repairs . . . . .	4,000	
Supplies . . . . .	4,000	
Lime 500 tons at Rs. 30 a ton . . . . .	15,000	
Wood 500 tons at Rs. 6 . . . . .	3,000	
		38,000
Total Direct Cost		3,93,000
<i>Inter-Adjustments:</i>		
720 tons of Sol. Tar to Boilers . . . . .		-10,080
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	32,623	
Mechanical Engineering . . . . .	3,656	
Civil Engineering . . . . .	403	
Yard Switching . . . . .	11,099	
Steam . . . . .	60,964	
Electricity . . . . .	13,686	
Water . . . . .	54,025	
		1,76,456
Total		5,59,376

	Rs.	Rs.
<i>Less: Value of Bye-products:</i>		
800 tons of Acetate at Rs. 100 . . . . .	80,000	
Tar and Tar products . . . . .	40,000	
Alcohol and Alcohol products . . . . .	40,000	
1,200 tons of Braize to Boilers . . . . .	12,000	
	<u>1,72,000</u>	
Total Cost of Retort Charcoal 9,600 tons . . . . .		3,87,376
	Rs. per ton 40-35	
<b>FURNACE</b>		
	Rs.	Rs.
Salaries . . . . .	12,060	
Wages . . . . .	40,000	
Repairs . . . . .	16,000	
Relining Fund . . . . .	24,000	
Stores and Supplies . . . . .	10,000	
	<u>1,02,060</u>	
<i>Raw Materials:</i>		
<i>Ores and Flux:</i>		
Kemangandi Ore 34,200 tons at Rs. 3-6 . . . . .	1,15,425	
Manganese Ore 350 tons at Rs. 8 . . . . .	2,800	
Tanigebyle Ore 3,000 tons at Rs. 3 . . . . .	9,000	
High Calcium Flux 1,000 tons at Rs. 5 . . . . .	5,000	
Charcoal 12,650 tons at Rs. 26 . . . . .	3,28,900	
	<u>4,61,125</u>	
		<u>5,63,185</u>
<i>Inter-Adjustments:</i>		
Retort Charcoal 9,600 tons . . . . .	3,87,376	
Braize to Boilers 1,000 tons . . . . .	-10,000	
Braize to Pipe Foundry 1,450 tons . . . . .	-14,500	
Gas to Boilers . . . . .	-1,18,560	
	<u>2,44,316</u>	
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	43,500	
Mechanical Engineering . . . . .	4,875	
Civil Engineering . . . . .	540	
Yard Switching . . . . .	14,799	
Steam . . . . .	73,156	
Electricity . . . . .	5,325	
Water . . . . .	23,790	
	<u>1,65,985</u>	
Total . . . . .		<u>9,73,486</u>

**PRODUCTION.**

20,800 tons of Pig Iron produced at Rs. 46-8 per ton.

## GENERAL FOUNDRY.

	Rs.	Rs.
Salaries . . . . .	7,200	
Wages . . . . .	60,000	
Coke 500 tons at Rs. 27 . . . . .	13,500	
Other supplies . . . . .	15,000	
Repairs . . . . .	3,600	
	<hr/>	99,300
<i>Inter-Adjustments:</i>		
1,600 tons of Pig Iron at Rs. 46.8 . . . . .	84,250	
Deduct adjustment on account of Plan repair and other departmental jobs . . . . .	-60,000	
	<hr/>	24,250
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	21,750	
Mechanical Engineering . . . . .	2,438	
Civil Engineering . . . . .	270	
Yard Switching . . . . .	3,700	
Electricity . . . . .	11,410	
Water . . . . .	210	
	<hr/>	39,778
Total . . . . .		<hr/> <hr/> 1,63,328

## PRODUCTION.

1,000 tons of Castings at Rs. 163.33 per ton.

## PIPE FOUNDRY.

	Rs.	Rs.
Salaries . . . . .	20,000	
Wages . . . . .	1,20,000	
Repairs . . . . .	60,000	
Supplies . . . . .	70,000	
Coke 2,800 tons at Rs. 27 . . . . .	75,600	
Straw 600 tons at Rs. 13.8 . . . . .	8,100	
Limestone 1,080 tons at Rs. 5 . . . . .	5,400	
Sand and Clay . . . . .	7,200	
	<hr/>	3,66,300
<i>Inter-Adjustments:</i>		
9,500 tons of Pig Iron at Rs. 46.8 . . . . .	4,44,635	
1,450 tons of Braize . . . . .	14,500	
	<hr/>	4,59,135
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	54,375	
Mechanical Engineering . . . . .	6,094	
Civil Engineering . . . . .	675	
Yard Switching . . . . .	22,198	
Electricity . . . . .	38,035	
Water . . . . .	9,785	
	<hr/>	1,31,162
Total . . . . .		<hr/> <hr/> 9,56,597

## PRODUCTION.

8,000 tons of Cast Iron Pipes at Rs. 119.57 per ton.

## STATEMENT V.

(Estimate of Costs for a production of 14,000 tons of Steel Products.)

OVERHEAD CHARGES.		Rs.	Rs.
<i>Administration:</i>			
Salaries		600	
Board Charges		1,200	
Audit Charges		7,200	
Guests' Charges		1,800	
		<hr/>	10,800
<i>Management:</i>			
Salaries		35,000	
Watch and Ward		8,000	
Tata Iron and Steel Co.		7,200	
Library		1,800	
Leave Fund		25,000	
Postage and Telegrams		2,400	
Travelling Expenses		2,400	
Consultation Fees		7,200	
Stationery and Printing		5,000	
Accident Fund		1,800	
Insurance Fund		16,600	
Petty Repairs		1,200	
Miscellaneous		3,600	
		<hr/>	1,17,200
<i>Hospital:</i>			
Salaries		11,000	
Supplies		4,000	
		<hr/>	15,000
<i>Laboratory:</i>			
Salaries		13,000	
Supplies		6,000	
Repairs		500	
		<hr/>	19,500
<i>Town:</i>			
Salaries and Wages		8,000	
Supplies		1,500	
Repairs		8,000	
Stores and Purchases		7,500	
Shipping $\frac{1}{2}$ (half) cost		2,500	
Accounts		20,000	
		<hr/>	47,500
			<hr/>
			2,10,000
<i>Indirect Charges:</i>			
Electricity		18,000	
Water		2,750	
		<hr/>	20,750
			<hr/>
<b>Total</b>			<b>2,30,750</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	11,537
Steam . . . . .	11,537
Electricity . . . . .	11,537
Water . . . . .	11,537
Retorts and Chemical House . . . . .	11,537
Furnace . . . . .	34,614
General Foundry . . . . .	14,422
Pipe Foundry . . . . .	46,150
Open-hearth and Rolling Mills . . . . .	66,342
Steel Castings . . . . .	11,537
<b>Total</b>	<b>2,30,760</b>

## MECHANICAL ENGINEERING.

	Rs.	Rs.
<i>Direct Charges:</i>		
Salaries . . . . .	7,000	
Wages (Net) . . . . .	1,800	
Repairs . . . . .	6,000	
Supplies . . . . .	3,600	
		18,400
<i>Indirect Charges:</i>		
Electricity . . . . .	3,250	
Water . . . . .	85	
		3,335
<b>Total</b>		<b>21,735</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	1,087
Steam . . . . .	1,087
Electricity . . . . .	1,087
Water . . . . .	1,087
Retorts and Chemical Plant . . . . .	1,087
Furnace . . . . .	3,260
General Foundry . . . . .	1,358
Pipe Foundry . . . . .	4,347
Open-hearth and Rolling Mills . . . . .	6,248
Steel Castings . . . . .	1,087
<b>Total</b>	<b>21,735</b>

## CIVIL ENGINEERING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages (Net) . . . . .	180	
Miscellaneous . . . . .	1,200	
		2,700
<b>Total</b>		<b>2,700</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	135
Steam . . . . .	135
Electricity . . . . .	135
Water . . . . .	135
Retorts and Chemical Plant . . . . .	135
Furnace . . . . .	405
General Foundry . . . . .	169
Pipe Foundry . . . . .	540
Open-hearth and Rolling Mills . . . . .	776
Steel Castings . . . . .	135
Total	<u>2,700</u>

## YARD SWITCHING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages . . . . .	20,280	
Repairs . . . . .	30,000	
Supplies . . . . .	4,000	
Coal, 1,200 tons at Rs. 17 . . . . .	20,400	
Wood, 600 tons at Rs. 7-8 . . . . .	<u>4,500</u>	80,500

*Indirect Charges:*

Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Water . . . . .	<u>170</u>	12,929
Total		<u>93,429</u>

## DISTRIBUTION.

	Rs.
Steam . . . . .	9,343
Retorts and Chemical Plant . . . . .	9,343
Furnace . . . . .	14,014
General Foundry . . . . .	4,671
Pipe Foundry . . . . .	18,686
Open-hearth and Rolling Mills . . . . .	18,686
Wood Yard . . . . .	<u>18,686</u>
Total	<u>93,429</u>

STEAM.

	Rs.	Rs.
Salaries . . . . .	6,000	
Wages . . . . .	12,000	
Repairs . . . . .	10,000	
Supplies . . . . .	2,000	
Braize . . . . .	18,400	
	<hr/>	48,400
Wood, 10 tons per day at Rs. 6 . . . . .	21,900	
Bamboos, 30 tons per day at Rs. 7-8 . . . . .	82,125	
	<hr/>	1,04,025
<i>Inter-Adjustments:</i>		
1,200 tons of Retort Braize . . . . .	12,000	
1,000 tons of Forest Braize . . . . .	10,000	
720 tons of Soluble Tar . . . . .	10,800	
Furnace Gas . . . . .	1,36,800	
	<hr/>	1,69,600
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Yard Switching . . . . .	9,349	
Electricity . . . . .	1,650	
Water . . . . .	2,050	
	<hr/>	25,802
Total		<hr/> <hr/> 3,47,827

DISTRIBUTION.

	Rs.
Electricity . . . . .	2,11,907
Water . . . . .	5,353
Retorts and Chemical House . . . . .	56,722
Furnace . . . . .	73,845
	<hr/>
Total	3,47,827

ELECTRICITY.

	Rs.	Rs.
Salaries . . . . .	12,000	
Wages . . . . .	10,000	
Repairs . . . . .	6,000	
Supplies . . . . .	4,000	
	<hr/>	32,000
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Steam . . . . .	2,11,907	
Water . . . . .	50,000	
	<hr/>	2,74,666
Total		<hr/> <hr/> 3,06,666



## DISTRIBUTION.

	Rs.
Overhead Charges . . . . .	18,000
Mechanical Engineering . . . . .	3,250
Steam . . . . .	1,650
Water . . . . .	98,700
Retorts and Chemical Plant . . . . .	3,948
Furnace . . . . .	4,935
Pipe Foundry . . . . .	29,610
General Foundry . . . . .	8,883
Saw Benches . . . . .	4,935
Brick Kiln . . . . .	2,468
Open-hearth and Rolling Mills. . . . .	1,24,365
Steel Castings . . . . .	5,922
Total . . . . .	<u>3,06,666</u>

## WAGES.

	Rs.	Rs.
Salaries . . . . .	4,500	
Wages . . . . .	2,400	
Repairs . . . . .	2,400	
Supplies . . . . .	1,200	10,500
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Steam . . . . .	5,353	
Electricity . . . . .	98,700	1,16,812
Total . . . . .		<u>1,27,312</u>

## DISTRIBUTION.

	Rs.
Overhead Charges . . . . .	2,750
Mechanical Engineering . . . . .	85
Yard Switching . . . . .	170
Steam . . . . .	2,050
Electricity . . . . .	50,000
Retorts and Chemical Plant . . . . .	99,100
Furnace . . . . .	17,205
General Foundry . . . . .	180
Pipe Foundry . . . . .	7,072
Saw Benches . . . . .	320
Tramways . . . . .	320
Brick Kiln . . . . .	255
Open-hearth and Rolling Mills . . . . .	7,745
Steel Castings . . . . .	80
Total . . . . .	<u>1,27,312</u>

## RETORTS AND CHEMICAL PLANT.

	Rs.	Rs.
<i>Retorts:</i>		
Salaries . . . . .	3,000	
Wages . . . . .	9,200	
Repairs . . . . .	8,000	
Rebottoming Fund . . . . .	9,600	
Supplies . . . . .	1,200	
	<hr/>	31,000
<i>Raw Materials:</i>		
Wood, 43,200 tons at Rs. 6 . . . . .	2,59,200	
Extraneous fuel, 10,800 tons . . . . .	64,800	
	<hr/>	3,24,000
<i>Chemical Plant:</i>		
Salaries . . . . .	3,000	
Wages . . . . .	9,000	
Repairs . . . . .	4,000	
Supplies . . . . .	4,000	
Lime, 500 tons at Rs. 30 . . . . .	15,000	
Wood, 500 tons at Rs. 6 . . . . .	3,000	
	<hr/>	38,000
<i>Inter-Adjustments:</i>		
720 tons of Sol. Tar to Boilers . . . . .		-10,080
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Yard Switching . . . . .	9,343	
Steam . . . . .	56,722	
Electricity . . . . .	3,948	
Water . . . . .	39,100	
	<hr/>	1,21,872
		<hr/>
		5,04,792
<i>Less: Value of Bye-products:</i>		
800 tons of Acetate at Rs. 100 . . . . .	80,000	
Tar and Tar products . . . . .	40,000	
Alcohol and Alcohol products . . . . .	40,000	
1,200 tons of Braize to Boilers . . . . .	12,000	
	<hr/>	1,72,000
		<hr/>
Net Cost of Retort Charcoal 9,600 tons . . . . .		3,32,792
		<hr/>
Cost per ton Retort Charcoal Rs. 34.67		

## FURNACE.

	Rs.	Rs.
Salaries . . . . .	12,060	
Wages . . . . .	40,000	
Repairs . . . . .	16,000	
Relining Fund . . . . .	24,000	
Stores and Supplies . . . . .	10,000	
	<hr/>	1,02,060

	Rs.	Rs.
<i>Raw Materials:</i>		
Kemngandi Ore 33,400 tons at Rs. 3-6 . . . . .	1,29,600	
Manganese Ore 450 tons at Rs. 8 . . . . .	3,600	
Tanigebyle Ore 3,840 tons at Rs. 3 . . . . .	11,520	
High Calcium flux 1,300 tons at Rs. 5 . . . . .	6,500	
Charcoal 15,650 tons at Rs. 26 . . . . .	4,06,900	
		5,58,120
<i>Inter-Adjustments:</i>		
Retort Charcoal 9,600 tons . . . . .	3,32,792	
Braize to Boilers 1,000 tons . . . . .	—10,000	
Braize to Pipe Foundry 1,450 tons . . . . .	—14,500	
Gas to Boilers . . . . .	—1,36,800	
		1,71,492
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	34,614	
Mechanical Engineering . . . . .	3,260	
Civil Engineering . . . . .	405	
Yard Switching . . . . .	14,014	
Steam . . . . .	73,845	
Electricity . . . . .	4,935	
Water . . . . .	17,205	
		1,48,278
<b>Total</b>		<b>9,79,950</b>

**PRODUCTION.**

24,000 tons of Pig Iron produced at Rs. 40.83 per ton.

**GENERAL FOUNDRY.**

	Rs.	Rs.
Salaries . . . . .	7,200	
Wages . . . . .	60,000	
Coke 500 tons at Rs. 27 . . . . .	13,500	
Other supplies . . . . .	15,000	
Repairs . . . . .	3,600	
		99,300
<i>Inter-Adjustments:</i>		
1,800 tons of Pig Iron at Rs. 40.83 . . . . .	73,495	
Deduct adjustment on account of Plant repair and other departmental jobs . . . . .	60,000	
		13,495
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	14,422	
Mechanical Engineering . . . . .	1,358	
Civil Engineering . . . . .	169	
Yard Switching . . . . .	4,671	
Electricity . . . . .	8,883	
Water . . . . .	160	
		29,663
<b>Total</b>		<b>1,42,458</b>

**PRODUCTION.**

1,000 tons of Castings at Rs. 142.46 per ton.

## PIPE FOUNDRY.

	Rs.	Rs.
Salaries . . . . .	20,000	
Wages . . . . .	1,20,000	
Repairs . . . . .	60,000	
Supplies . . . . .	70,000	
Coke 2,800 tons at Rs. 27 . . . . .	75,600	
Straw 600 tons at Rs. 13-3 . . . . .	8,100	
Limestone 1,080 tons at Rs. 5 . . . . .	5,400	
Sand and Clay . . . . .	7,200	
Scrap 3,000 tons at Rs. 27 . . . . .	81,000	
	<hr/>	4,47,300
<i>Inter-Adjustments:</i>		
6,500 tons of Pig Iron . . . . .	2,65,400	
1,450 tons of Braize . . . . .	14,500	
	<hr/>	2,79,900
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	46,150	
Mechanical Engineering . . . . .	4,347	
Civil Engineering . . . . .	540	
Yard Switching . . . . .	18,686	
Electricity . . . . .	29,610	
Water . . . . .	7,072	
	<hr/>	1,06,405
		<hr/>
Total . . . . .		8,33,605

## PRODUCTION.

8,000 tons of Cast Iron Pipes at Rs. 104.20 per ton.

## STEEL PLANT.

	Rs.	Rs.
Salaries and Wages . . . . .	1,16,800	
Repairs . . . . .	42,500	
Supplies . . . . .	30,000	
Moulds and Tools . . . . .	10,500	
Fuel, Coal and Wood . . . . .	1,45,600	
Refractories . . . . .	88,500	
Spar . . . . .	2,520	
Limestone 3,200 tons at Rs. 5 . . . . .	16,000	
Kemangandi Ore 1,260 tons at Rs. 3-6 . . . . .	4,253	
Manganese Ore 480 tons at Rs. 8 . . . . .	3,840	
Steel Scrap 5,500 tons at Rs. 27 . . . . .	1,48,500	
Additions 145 tons at Rs. 250 . . . . .	36,250	
Miscellaneous (Rolls, etc.) . . . . .	27,500	
	<hr/>	6,72,763
<i>Inter-Adjustments:</i>		
9,700 tons of Pig Iron at Rs. 40.83 . . . . .		3,96,060

	Rs.	Rs.
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	66,342	
Mechanical Engineering . . . . .	6,248	
Civil Engineering . . . . .	776	
Yard Switching . . . . .	18,686	
Electricity . . . . .	1,24,365	
Water . . . . .	7,745	
	<u>2,24,162</u>	
Total		<u>12,92,985</u>

## PRODUCTION.

14,000 tons of Steel bars, beams, angles, etc., at Rs. 92.35 per ton.

## STEEL CASTINGS.

	Rs.	Rs.
Salaries . . . . .	6,000	
Supplies . . . . .	20,400	
Steel Scrap 350 tons at Rs. 27 . . . . .	9,450	
	<u>35,850</u>	
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Electricity . . . . .	5,922	
Water . . . . .	80	
	<u>18,761</u>	
Total		<u>54,611</u>

## PRODUCTION.

300 tons of Steel Castings and Special Bars at Rs. 182.04 per ton.

## STATEMENT VI.

Estimate of Costs for a production of 20,000 tons of Steel Products.

## OVERHEAD CHARGES.

	Rs.	Rs.
<i>Administration:</i>		
Salaries . . . . .	600	
Board Charges . . . . .	1,200	
Audit Charges . . . . .	7,200	
Guests' Charges . . . . .	1,800	
	<u>10,800</u>	
<i>Management:</i>		
Salaries . . . . .	35,000	
Watch and Ward . . . . .	8,000	
Tata Iron and Steel Co. . . . .	7,200	
Library . . . . .	1,800	
Leave Fund . . . . .	25,000	
Postage and Telegrams . . . . .	2,400	
Travelling Expenses . . . . .	2,400	
Consultation Fees . . . . .	7,200	
Stationery and Printing . . . . .	5,000	
Accident Fund . . . . .	1,800	
Insurance Fund . . . . .	16,600	
Petty Repairs . . . . .	1,200	
Miscellaneous . . . . .	3,600	
	<u>1,17,200</u>	

	Rs.	Rs.
<i>Hospital:</i>		
Salaries . . . . .	11,000	
Supplies . . . . .	4,000	
	<hr/>	15,000
<i>Laboratory:</i>		
Salaries . . . . .	13,000	
Supplies . . . . .	6,000	
Repairs . . . . .	500	
	<hr/>	19,500
<i>Town:</i>		
Salaries and Wages . . . . .	8,000	
Supplies . . . . .	1,500	
Repairs . . . . .	8,000	
	<hr/>	17,500
Stores and Purchases . . . . .	7,500	
Shipping $\frac{1}{2}$ (half) cost . . . . .	2,500	
Accounts . . . . .	20,000	
	<hr/>	30,000
<i>Indirect Charges:</i>		
Electricity . . . . .	18,000	
Water . . . . .	2,750	
	<hr/>	20,750
<b>Total</b>		<hr/> <b>2,30,750</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	11,537
Steam . . . . .	11,537
Electricity . . . . .	11,537
Water . . . . .	11,537
Retorts and Chemical House . . . . .	11,537
Furnace . . . . .	34,614
General Foundry . . . . .	14,422
Pipe Foundry . . . . .	46,150
Open-hearth and Rolling Mills . . . . .	66,342
Steel Castings . . . . .	11,537
	<hr/>
<b>Total</b>	<b>2,30,750</b>

## MECHANICAL ENGINEERING.

	Rs.	Rs.
<i>Direct Charges:</i>		
Salaries . . . . .	7,000	
Wages (Net) . . . . .	1,800	
Repairs . . . . .	6,000	
Supplies . . . . .	3,600	
	<hr/>	18,400
<i>Indirect Charges:</i>		
Electricity . . . . .	3,250	
Water . . . . .	85	
	<hr/>	3,335
<b>Total</b>		<hr/> <b>21,735</b>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	1,087
Steam . . . . .	1,087
Electricity . . . . .	1,087
Water . . . . .	1,087
Retorts and Chemical Plant . . . . .	1,087
Furnace . . . . .	3,260
General Foundry . . . . .	1,358
Pipe Foundry . . . . .	4,347
Open-hearth and Rolling Mills . . . . .	6,248
Steel Castings . . . . .	1,087
Total	<u>21,735</u>

## CIVIL ENGINEERING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages (Net) . . . . .	180	
Miscellaneous . . . . .	1,200	
		<u>2,700</u>
Total		<u>2,700</u>

## DISTRIBUTION.

	Rs.
Yard Switching . . . . .	135
Steam . . . . .	135
Electricity . . . . .	135
Water . . . . .	135
Retorts and Chemical Plant . . . . .	135
Furnace . . . . .	405
General Foundry . . . . .	169
Pipe Foundry . . . . .	540
Open-hearth and Rolling Mills . . . . .	776
Steel Castings . . . . .	135
Total	<u>2,700</u>

## YARD SWITCHING.

	Rs.	Rs.
Salaries . . . . .	1,320	
Wages . . . . .	20,280	
Repairs . . . . .	30,000	
Supplies . . . . .	4,000	
Coal 1,200 tons at Rs. 17-0-0 . . . . .	20,400	
Wood 600 tons at Rs. 7-8-0 . . . . .	4,500	
		<u>80,500</u>
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Water . . . . .	270	
		<u>12,929</u>
Total		<u>93,429</u>

## DISTRIBUTION.

	Rs.
Steam . . . . .	9,343
Retorts and Chemical Plant . . . . .	9,343
Furnace . . . . .	14,014
General Foundry . . . . .	4,671
Pipe Foundry . . . . .	18,686
Open-hearth and Rolling Mills . . . . .	18,686
Wood Yard . . . . .	18,686
<b>Total</b> . . . . .	<b>93,429</b>

	Rs.	Rs.
<b>STEAM.</b>		
Salaries . . . . .	6,000	
Wages . . . . .	12,000	
Repairs . . . . .	10,000	
Supplies . . . . .	2,000	
Braize . . . . .	10,000	
		40,000
Wood 10 tons per day at Rs. 6-0 . . . . .	21,900	
Bamboos 30 tons per day at Rs. 7-8 . . . . .	82,125	
		1,04,025
<i>Inter-Adjustments:</i>		
1,200 tons of Retort Braize . . . . .	12,000	
1,000 ,, Forest ,, . . . . .	10,000	
720 ,, Soluble Tar . . . . .	10,800	
Furnace Gas . . . . .	1,45,200	
		1,78,000
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Yard Switching . . . . .	9,343	
Electricity . . . . .	1,650	
Water . . . . .	2,050	
		25,802
<b>Total</b> . . . . .		<b>3,47,827</b>

## DISTRIBUTION.

(32,500 lbs. of steam per hour.)

	Rs.
Electricity . . . . .	2,11,907
Water . . . . .	5,353
Retorts and Chemical Plant . . . . .	58,722
Furnace . . . . .	73,845
<b>Total</b> . . . . .	<b>3,47,827</b>



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ELECTRICITY.

	Rs.	Rs.
Salaries . . . . .	12,000	
Wages . . . . .	10,000	
Repairs . . . . .	6,000	
Supplies . . . . .	4,000	
	<hr/>	32,000
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Steam . . . . .	2,11,907	
Water . . . . .	50,000	
	<hr/>	2,74,666
Total . . . . .		<hr/> 3,06,666

DISTRIBUTION.

K. W. Hrs. in thousands per month.		Rs.
35.0	Overhead Charges . . . . .	18,000
8.5	Mechanical Engineering . . . . .	3,250
4.5	Steam . . . . .	1,650
200.0	Water . . . . .	99,700
8.0	Retorts and Chemical Plant . . . . .	3,948
10.0	Furnace . . . . .	4,935
60.0	Pipe Foundry . . . . .	29,610
18.0	General Foundry . . . . .	8,833
10.0	Saw Benches . . . . .	4,935
5.0	Brick Kiln . . . . .	2,468
252.0	Open-hearth and Rolling Mills . . . . .	1,24,365
12.0	Steel Castings . . . . .	5,922
	<hr/>	
623.0	Total . . . . .	<hr/> 3,06,666

WATER.

	Rs.	Rs.
Salaries . . . . .	4,500	
Wages . . . . .	2,400	
Repairs . . . . .	2,400	
Supplies . . . . .	1,200	
	<hr/>	10,500
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Steam . . . . .	5,353	
Electricity . . . . .	98,700	
	<hr/>	1,16,812
Total . . . . .		<hr/> 1,27,312

## DISTRIBUTION.

Gals. in thousands per day.		Rs.
164.0	Overhead Charges . . . . .	2,750
5.0	Mechanical Engineering . . . . .	85
10.0	Yard Switching . . . . .	170
120.0	Steam . . . . .	2,050
3500.0	Electricity . . . . .	50,000
2500.0	Retorts and Chemical Plant . . . . .	39,100
1100.0	Furnace . . . . .	17,205
10.0	General Foundry . . . . .	160
425.0	Pipe Foundry . . . . .	7,072
20.0	Saw Benches . . . . .	320
20.0	Tramways . . . . .	320
16.0	Brick Kiln . . . . .	255
495.0	Open-hearth and Rolling Mills . . . . .	7,745
5.0	Steel Castings . . . . .	80
<u>8417.0</u>	Total . . . . .	<u>1,27,312</u>

## RETORTS AND CHEMICAL PLANT.

<i>Retorts:</i>	Rs.	Rs.
Salaries . . . . .	3,000	
Wages . . . . .	9,200	
Repairs . . . . .	8,000	
Rebottoming Fund . . . . .	9,600	
Supplies . . . . .	<u>1,200</u>	31,000
<i>Raw Materials:</i>		
Wood 43,200 tons at Rs. 6 . . . . .	2,59,200	
Ex. Fuel 10,800 tons at Rs. 6 . . . . .	<u>64,800</u>	3,24,000
<i>Chemical Plant:</i>		
Salaries . . . . .	3,000	
Wages . . . . .	9,000	
Repairs . . . . .	4,000	
Supplies . . . . .	4,000	
Lime 500 tons at Rs. 30 a ton . . . . .	15,000	
Wood 500 tons at Rs. 6 a ton . . . . .	<u>3,000</u>	38,000
<i>Inter-Adjustments:</i>		
720 tons of Soluble Tar to Boilers . . . . .		-10,080
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Yard Switching . . . . .	9,343	
Steam . . . . .	56,722	
Electricity . . . . .	3,948	
Water . . . . .	<u>39,100</u>	1,21,872
		<u>5,04,792</u>

	Rs.	Rs.
<i>Less: Value of Bye-products:</i>		
800 tons of Acetate at Rs. 100 . . . . .	80,000	
Tar and Tar Products . . . . .	40,000	
Alcohol and Alcohol Products . . . . .	40,000	
1,200 tons of Braize to Boilers . . . . .	12,000	
		<u>1,72,000</u>
		<u>3,32,792</u>

Net Cost of Retort Charcoal, 9,600 tons at Rs. 34.67 per ton.

RETORTS AND CHEMICAL PLANT.

(Manufacturing Acetic Acid instead of Lime Acetate.)

<i>Retorts:</i>	Rs.	Rs.
Salaries . . . . .	3,000	
Wages . . . . .	9,200	
Repairs . . . . .	8,000	
Rebottoming Fund . . . . .	9,600	
Supplies . . . . .	1,200	
		<u>31,000</u>

*Raw Materials:*

Wood 43,200 tons at Rs. 6 . . . . .	2,59,200	
Ex. Fuel 10,800 tons at Rs. 6 . . . . .	64,800	
		<u>3,24,000</u>

*Chemical Plant:*

Salaries . . . . .	3,000	
Wages . . . . .	9,000	
Repairs . . . . .	4,000	
Supplies . . . . .	4,000	
Extracting and Oxidising Agents . . . . .	10,000	
Wood 500 tons at Rs. 6 a ton . . . . .	3,000	
		<u>33,000</u>

*Inter-Adjustments:*

720 tons of Soluble Tar to Boilers . . . . .		--10,080
--	--	----------

*Indirect Charges:*

Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Yard Switching . . . . .	9,343	
Steam . . . . .	48,722	
Electricity . . . . .	2,948	
Water . . . . .	20,100	
		<u>93,872</u>

4,71,792

*Less: Value of Bye-products:*

375 tons Acetic Acid at Rs. 350 . . . . .	1,31,250	
Tar and Tar Products . . . . .	40,000	
Alcohol and Alcohol Products . . . . .	40,000	
1,200 tons of Braize to Boilers . . . . .	12,000	
		<u>2,23,250</u>

**Total** . . . . . 2,48,542

**Net cost of Retort**

Charcoal 9,600 tons=Rs. 2,48,542=Rs. 25.90 per ton.  
 Add interest and depreciation  
 on new Capital 2.25 Lakhs at  
 12½ per cent. per annum=Rs. 28,125 or Rs. 2.93

Rs. 28.83 per ton charcoal.

FURNANCE.		Rs.	Rs.
Salaries . . . . .		12,060	
Wages . . . . .		40,000	
Repairs . . . . .		16,000	
Relining Fund . . . . .		28,000	
Supplies . . . . .		<u>10,000</u>	
			1,06,060
<i>Raw materials:</i>			
Kemmangandi			
Ore	44,800 Tons at Rs. 3-6 . . . . .	1,51,200	
Manganese Ore	520 „ at Rs. 8-0 . . . . .	4,160	
Tanigebyle Ore	4,480 „ at Rs. 3-0 . . . . .	13,440	
High Calcium Flux	1,500 „ at Rs. 5-0 . . . . .	7,500	
Charcoal Extraneous	18,250 „ at Rs. 26-0 . . . . .	<u>4,74,500</u>	
			6,50,800
Total Direct Cost . . . . .			<u>7,56,860</u>
<i>Inter-Adjustments:</i>			
Retort Charcoal	9,600 tons . . . . .	3,32,792	
Braize to Boilers	1,000 . . . . .	—10,000	
„ Pipe Foundry	2,450 . . . . .	—24,500	
Gas to Boilers . . . . .		<u>—1,45,200</u>	
			1,53,092
<i>Indirect Charges:</i>			
Overhead Charges . . . . .		34,614	
Mechanical Engineering . . . . .		3,260	
Civil Engineering . . . . .		405	
Yard Switching . . . . .		14,014	
Steam . . . . .		73,845	
Electricity . . . . .		4,935	
Water . . . . .		<u>17,205</u>	
			1,46,278
Total . . . . .			<u>10,58,230</u>

#### PRODUCTION.

28,000 tons of Pig Iron produced at Rs. 37.8 per ton.

#### GENERAL FOUNDRY.

	Rs.	Rs.
Salaries . . . . .	7,200	
Wages . . . . .	60,000	
Coke 500 tons at Rs. 27 . . . . .	13,500	
Other supplies . . . . .	15,000	
Repairs . . . . .	<u>3,600</u>	
		99,300

	Rs.	Rs.
<i>Inter-Adjustments:</i>		
1,800 tons of Pig Iron at Rs. 37.8 . . . . .	68,040	
<i>Deduct:</i> Adjustments on account of Plant repair and other departmental jobs, etc. . . . .	60,000	
	<u>          </u>	8,040
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	14,422	
Mechanical Engineering . . . . .	1,358	
Civil Engineering . . . . .	169	
Yard Switching . . . . .	4,671	
Electricity . . . . .	8,883	
Water . . . . .	160	
	<u>          </u>	29,663
<b>Total</b> . . . . .		<u>1,37,003</u>

**PRODUCTION.**

1,000 tons of castings produced at Rs. 137.00 per ton.

**PIPE FOUNDRY.**

	Rs.	Rs.
Salaries . . . . .	20,000	
Wages . . . . .	1,20,000	
Repairs . . . . .	60,000	
Supplies including Wood . . . . .	60,000	
Coke 2,800 tons at Rs. 27 . . . . .	75,600	
Straw 600 tons . . . . .	8,100	
Sand and Clay . . . . .	7,200	
Limestone 1,080 tons at Rs. 5 . . . . .	5,400	
Steel Scrap 3,000 tons at Rs. 27 . . . . .	81,000	
	<u>          </u>	4,37,300
<i>Inter-Adjustments:</i>		
6,500 tons of Pig Iron at Rs. 37.8 . . . . .	2,45,700	
2,450 tons of Braize from Furnace . . . . .	24,500	
	<u>          </u>	2,70,200
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	46,150	
Mechanical Engineering . . . . .	4,347	
Civil Engineering . . . . .	540	
Yard Switching . . . . .	18,686	
Electricity . . . . .	29,610	
Water . . . . .	7,072	
	<u>          </u>	1,08,405
<b>Total</b> . . . . .		<u>8,13,905</u>

**PRODUCTION.**

8,000 tons of Cast Iron Pipes produced at Rs. 101.74 per ton.

## STEEL PLANT.

	Rs.	Rs.
Salaries and Wages . . . . .	1,64,500	
Repairs . . . . .	60,000	
Supplies . . . . .	42,000	
Moulds and Stools . . . . .	15,000	
Fuel (coal and wood) . . . . .	2,08,800	
Refractories . . . . .	1,26,000	
Spar . . . . .	3,600	
Limestone 4,440 tons at Rs. 5 . . . . .	22,200	
Kemmangandi Ore 1,800 tons at Rs. 3-6 . . . . .	6,075	
Manganese Ore 660 tons at Rs. 8 . . . . .	5,280	
Steel Scrap, 8,036 tons at Rs. 27 . . . . .	2,16,972	
Additions 204 tons at Rs. 250 . . . . .	51,000	
Miscellaneous (Rolls, etc.) . . . . .	40,000	
Total Direct Cost . . . . .	<u>9,61,427</u>	
<i>Inter-Adjustments:</i>		
13,700 tons of Pig Iron at Rs. 37.8 . . . . .	5,17,860	
	<u>5,17,860</u>	
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	66,342	
Mechanical Engineering . . . . .	6,248	
Civil Engineering . . . . .	776	
Yard Switching . . . . .	18,686	
Electricity . . . . .	1,24,365	
Water . . . . .	7,745	
	<u>2,24,162</u>	
Total . . . . .	<u>17,03,449</u>	

## PRODUCTION.

20,000 tons of steel bars, angles, etc., produced at Rs. 85.17 per ton.

## STEEL CASTINGS.

	Rs.	Rs.
Salaries and Wages . . . . .	6,000	
Supplies, etc. . . . .	20,400	
Steel Scrap 350 tons at Rs. 27 . . . . .	9,450	
	<u>35,850</u>	
<i>Indirect Charges:</i>		
Overhead Charges . . . . .	11,537	
Mechanical Engineering . . . . .	1,087	
Civil Engineering . . . . .	135	
Electricity . . . . .	5,922	
Water . . . . .	80	
	<u>18,761</u>	
Total . . . . .	<u>54,611</u>	

## PRODUCTION.

300 tons of Steel Castings and Special Bars at Rs. 182.04 per ton.

## STATEMENT VII.

*Abstract of Cost Sheets.*

<i>Expenditure.</i>	Without steel.	With	With 20,000
	Manufacture of pig iron only 20,800 tons. Rs. lakhs	14,000 tons steel products. Rs. lakhs.	tons steel products. Rs. lakhs.
1. Overhead and general charges . . . . .	1.91	2.10	2.10
2. Auxiliary Departments . . . . .	1.42	1.75	1.75
(a) Furnace Gas . . . . .	1.19	1.37	1.45
(b) Other Fuel . . . . .	0.55	1.22	1.14
3. Retorts and Chemical Plant . . . . .	3.93	3.93	3.93
4. Blast Furnace direct charges including Relining Fund . . . . .	1.02	1.02	1.06
Ores and Flux . . . . .	1.32	1.51	1.76
Ex. Charcol . . . . .	3.29	4.07	4.75
Deduct for Furnace Gas to Boilers . . . . .	— 1.19	— 1.37	— 1.45
5. General Foundry (1,000 tons) . . . . .	0.39	0.39	0.39
6. Pipes C.I. (8,000 tons) . . . . .	3.66	4.47	4.37
Steel Plant Charges . . . . .	..	6.73	9.61
Steel Castings . . . . .	..	0.36	0.36
<b>Total Expenditure . . . . .</b>	<b>17.49</b>	<b>27.55</b>	<b>31.22</b>
Depreciation 4 per cent. . . . .	5.20	6.00	6.00
Interest on working Capital 20 lakhs . . . . .	0.80	0.80	0.80
<b>Total . . . . .</b>	<b>23.49</b>	<b>34.35</b>	<b>38.02</b>
<i>Receipts.</i>			
6,000 tons pig iron at Rs. 57 . . . . .	3.42	3.42	3.42
3,500 " " " 25 . . . . .	0.88	..	..
General Castings 1,000 tons at Rs. 204 . . . . .	2.04	2.04	2.04
C.I. Pipes 8,000 tons at Rs. 151 . . . . .	12.08	12.08	12.08
Steel Bars at Rs. 130 . . . . .	..	18.20	26.00
Special Steels and Castings at Rs. 266 per ton . . . . .	..	0.80	0.80
<b>Total Receipts . . . . .</b>	<b>18.42</b>	<b>36.54</b>	<b>44.34</b>
<b>Net Surplus or Deficit . . . . .</b>	<b>— 5.07</b>	<b>2.19</b>	<b>6.32</b>

## STATEMENT VIII.

Statement showing Average Rates of Wages being paid in the several Departments of Works.

Department.	Average wages per man per day.		
	Rs.	A.	P.
Locos (Yard)	1	2	0
Blast Furnace	1	0	0
Machine Shop	1	0	0
Electric and Water Supply	1	0	0
Chemical Plant	0	13	6
Pipe Foundry	0	13	6
Retorts	0	13	0
Boiler House	0	12	0
General Foundry	0	12	0
Civil Engineering	0	11	0
Mines	0	11	0
Tramways	0	11	0
Firebrick	0	9	6
Charcoal Camps	0	8	0
Wood Yard	0	7	0

} Unskilled  
labour.

(2) Letter No. 475, dated the 14th October, 1933, from the Secretary, Tariff Board, to the Mysore Iron Works.

With reference to your representation forwarded with your letter No. B-751, dated the 20th September, 1933, I am directed to ask you to be as good as to supply the following information, viz.:-

The total capital expenditure on housing, electricity (for employees), water supply, roads, drainage, hospitals, schools and similar municipal services and other amenities: the annual gross expenditure thereon and the net expenditure after deducting any rents, fees and rates recovered; and the method by which this is allocated to the various works costs.

(3) Letter No. 632, dated the 10th November, 1933, from the Mysore Iron Works.

With reference to your No. 475, dated the 14th October, 1933, we beg to note below the particulars asked for therein:—

	Rs.	Rs.
(1) Capital expenditure on Residential Buildings, Water Supply, Drainage, Roads, Hospitals, Schools, etc.		5,82,021
Bungalows and Cottages	3,90,353	
Electric installation of residential buildings	23,629	
Water supply and drainage	1,35,760	
Roads	18,711	
Hospitals	3,783	
School building	6,298	
Club	3,487	
(2) Average gross revenue expenditure during the three years ended June, 1933		38,480
		per annum.
(3) Rent, etc., realized during the three years ended June, 1933		17,380
		per annum average.



In our cost sheets the Gross Revenue Expenditure incurred on town, hospitals, etc., is included under "General Expenses account" the total amount of which is distributed to the various units in the following proportions:—

	Per cent.
1. Yard switching . . . . .	5
2. Boilers . . . . .	5
3. Electric Power . . . . .	5
4. Water . . . . .	5
5. Retorts . . . . .	5
6. Chemical Plant . . . . .	5
7. General Foundry . . . . .	10
8. Blast Furnace . . . . .	30
9. Pipe Foundry . . . . .	30
Total	100

Rents on Buildings, etc., realized being small they are treated as miscellaneous receipts and closed to the profit and loss account direct once a year.

We need hardly mention that the welfare of the labour employed on the Works as well as in the Forests and Mines has been constantly engaging the attention of the Board of Management. We have in Bhadravati two Hospitals well stocked with medicines with a few beds to take care of emergent accident cases. One of the Hospitals has a full complement of X-Ray Apparatus and the other is located in the Town for the convenience of women and children of the employees. A Lady Medical Officer from Shimoga visits Bhadravati every week and renders medical aid to women. In addition, the doctors are sent out frequently to the Mines and Forest Camps. A Primary School, a Co-operative Society including a Bank and a Club with extensive play grounds have also been provided. The Co-operative Society sends provisions to the labour engaged in making charcoal in Camps. Employees have been encouraged to build their own huts for which materials have been issued at cost price which is recovered in easy instalments from their wages.

If any more particulars are required we shall be glad to furnish them on hearing from you.

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(4) Letter No. G-562, dated the 26th October, 1933, from the Mysore Iron Works.

Adverting to the discussions at Bhadravati, I am sending six blue prints\* showing the area of the favourable territory for the Mysore Iron Works Products and six copies of the Mysore Engineers' Association Bulletin\* containing papers describing the several units of the works. The maps contain more particulars than the printed one in our representation.

I also enclose six copies of a sheet which gives the analyses of the principal ores used on the Bhadravati works.

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\* Not printed.

Enclosure.

*Analyses of principal ores and flux used at the Mysore Iron Works, Bhadravati.*

	Kemmangandi Ore.	Siliceous Ore.	Manganese Ore.	Limestone.
Loss . . . . .	7.57	..	...	41.50
SiO <sub>2</sub> . . . . .	2.00	55 to 65	2.10	4.36
Al <sub>2</sub> O <sub>3</sub> . . . . .	4.00	..	11.47	1.20
Fe. . . . .	60.00	24 to 31	17.50	..
Mn. . . . .	0.10	..	34.50	0.62
P. . . . .	0.045	..	..	..
S. . . . .	0.040	..	..	..
CaO . . . . .	..	..	..	50.56
MgO . . . . .	..	..	..	1.47
Alkalies . . . . .	..	..	..	..

(5) *Letter No. 654, dated the 14th November, 1933, from the Mysore Iron Works.*

As desired by the President, Tariff Board, when the Board was here last month, we beg to forward herewith six copies of the statement showing the manufacturing cost of pig iron during the three years 1930-31, 1931-32 and 1932-33. Six copies of the Trading, Profit and Loss Statement and Balance Sheet for the same period are also enclosed. We request that the receipt of the copies may be acknowledged.

Enclosures.

No. 1.—Statement showing the manufacturing cost of pig iron during the three years 1930-31, 1931-32 and 1932-33 compared with the estimate given in our representation to the Tariff Board.

Gross production of pig iron.	1930-31 Tons 19,681.		1931-32 Tons 15,146.		1932-33 Tons 11,762.		Estimate for tons 20,800 pig iron given in our representation to the Tariff Board.		
	Rs.	Cost per ton.	Rs.	Cost per ton.	Rs.	Cost per ton.			
Ores and flux . . . . .	69,007	3-51	(a) 86,938	5-74	(b) 49,053	4-17	79,220		3-81
Carbonizing wood . . . . .	3,88,846	17-21	65,922	4-35	1,26,840	10-78	1,99,800		9-60
Ex. fuel (wood, bamboos, etc.) . . . . .	1,40,454	7-13	98,545	6-51	99,039	8-42	94,662		4-55
Forest charcoal . . . . .	58,989	3-00	3,62,565	23-95	1,90,567	16-20	3,11,507		14-97
Transport . . . . .	1,90,175	9-66	1,37,068	9-05	1,54,354	13-12	1,54,686		7-43
Fuel and coal for Locomotives . . . . .	26,900	1-47	15,312	1-00	16,233	1-38	14,700		0-71
Lime . . . . .	28,764	1-46	7,566	0-50	9,984	0-85	15,000		0-72
Salaries and wages . . . . .	3,32,546	16-89	2,63,686	16-75	2,35,895	20-06	2,64,660		12-72
Repairs and renewals . . . . .	1,70,395 (c)	8-66	93,976	6-20	1,03,575 (e)	9-23	1,14,600		5-51
Stores and supplies . . . . .	1,13,198 (d)	5-75	45,641	3-01	47,817 (e)	4-07	40,000		1-92
Miscellaneous . . . . .	65,210 (f)	2-81	39,786	2-63	40,810	2-34	47,460		2-30
		15,26,484		12,06,995		10,79,167		13,36,295	
Alcohol Refinery . . . . .		5,491		1,195		2,291		2,700	0-15
Tar Plant . . . . .		12,179		5,023		3,615		4,300	0-21
		15,44,154		12,13,213		10,85,073		13,43,295	64-58

Gross production of pig iron.	1930-31 Tons 19,681.		1931-32 Tons 15,146.		1932-33 Tons 11,762.		Estimate for tons 20,800 pig iron given in our representation to the Tariff Board.			
	Rs.	Cost per ton.	Rs.	Cost per ton.	Rs.	Cost per ton.				
<i>Pigs Foundry.</i>										
Salaries and wages . . . . .	1,42,511	7.24	(g) 1,53,777	10.15	(h) 1,53,333	13.04	1,40,000		6.73	
Sand, plumbago, stores, etc. . . . .	98,713	5.02	88,470	5.84	(k) 71,138	6.06	(l) 90,700		4.36	
Coke . . . . .	92,224	4.68	89,235	5.89	82,057	6.97	75,600		3.63	
Repairs and renewals . . . . .	69,233	3.52	50,622	3.34	54,374	4.62	60,000		2.89	
		4,02,681		3,82,104		3,60,901		3,66,300		
General Foundry . . . . .		43,153	(m) 1,22,059	8.05	(n) 1,08,934	9.26		99,300	4.77	
Total expenditure . . . . .		19,89,988		17,17,376	113.37		15,54,908	131.06	18,08,895	86.96
Miscellaneous credits . . . . .		98,071	(o) 1,64,872	10.80	(p) 1,64,330	13.90		84,369	4.05	
Net expenditure . . . . .		18,91,917		15,52,704	102.57		13,90,578	117.16	17,24,526	82.91
Credits on account of bye-products as per accompanying sheet.		12,77,251		12,14,406	80.18		11,60,709	115.67	12,40,000	59.61
Balance . . . . .		6,14,666		3,38,298			2,29,869		4,84,526	
Net output of pig iron . . . Ts.	8,521	72.13	3,108	108.84	573	401.17	9,700		49.95	

*Notes for variations.*

(a) & (b) As explained in statement 1 the quantities mined during these two years were only 3,408 tons and 1,908 tons respectively as against 30,000 tons average per annum. Further the rope on the ropeway was renewed in 1930-31 at a net cost of Rs. 17,771-7-6 and the whole amount was charged on "transport by rope" account. These account for the high cost of collection and delivery of this ore at the railhead in these two years.

(c) Includes the outlay incurred on the following:—

	Rs.
(1) Retorts re-bottoming charges . . . . .	48,481
(2) Due to the renewal of big bell into the Furnace . . . . .	4,500
(3) Outlay on shifting the small pipe table to the new building . . . . .	28,142
Total . . . . .	81,123

(d) This sum includes a sum of Rs. 72,481 the value of coal used under boilers as against Rs. 6,570 and Rs. 3,587 used in the years 1931-32 and 1932-33 respectively. The fuel consumption under boilers was high in 1930-31 as the steam turbine had not come into operation in that year.

(e) Includes coal burnt under boilers of the value of Rs. 3,587. No provision has been made for this in the estimate in the next column.

(f) Includes expenses in connection with the visit of Mr. S. M. Marshall and Mr. P. R. Balakrishnan's foreign deputation.

(g) & (h) Wages vary with reference to production and sizes of pipes. The output in the Pipe Foundry were during—

	Tons.
1930-31 . . . . .	8,786
1931-32 . . . . .	8,602
1932-33 . . . . .	9,472
Estimate . . . . .	8,000

There has been a reduction in labour this year.

(k) Owing to the present depression there has been keen competition for supply of sand, straw, etc., the rates quoted were very low.

(l) It is anticipated that the rates for supply of sand, straw, etc., will go up. Provision has been made for the use of gas coal in the gas plant.

(m) & (n) Include expenditure incurred for the manufacture of charcoal kilns.

(o) & (p) These include the following:—

- (1) Castings made for plant repair jobs.
- (2) Castings made on capital account.
- (3) Castings made for Mines and Tramways.
- (4) Castings made for C. I. Kilns.

No. 2.—Production during the three years 1930-31, 1931-32 and 1932-33 compared with the estimates given in our representation to the Tariff Board.

	1930-31.			1931-32.			1932-33.			Estimate for tons 20,600.		
	Quantity.	Rate.	Value.	Quantity.	Rate.	Value.	Quantity.	Rate.	Value.	Quantity.	Rate.	Value.
Acetate . . . Tons	1,406	Es. 100·13	Rs. 1,40,783	279	Es. 81·65	Rs. 22,780	368	Es. 74·25	Rs. 28,809	800	...	Rs. 80,000
Alcohol Products . . Gals.	76,492	...	53,610	28,344	...	80,306	20,483	...	15,172	64,000	...	40,000
Tar and Tar Products . .	...	...	50,135	...	...	25,345	...	...	20,894	...	...	40,000
Pipes . . . . .	8,785	110·17	9,67,843	8,602	108·07	9,12,414	9,472	89·2	8,44,902	8,000	...	8,80,000
General Foundry . . . .	206	814·95	64,880	896	249·51	2,23,561	910	275·75	2,50,982	1,000	...	2,00,000
Pig Iron Gross . . . Tons	19,681	...	12,77,251	15,146	...	12,14,408	11,762	...	11,60,709	20,600	...	12,40,000
Pig Iron Nett . . . .	8,621	..		3,108	...	...	578	...	...	9,700	...	...

No. 3.—Statement showing the consumption of ores, flux, fuel, etc., during 1930-31, 1931-32 and 1932-33.

STEEL—III

	1930-31.	1931-32.	1932-33.	Estimate, for 20,800 tons.
	Tons,	Tons.	Tons.	Rs.
<i>Ores and Flux—</i>				
Kemmangandi Ore . . . . .	31,837	24,516	19,386	34,200
Manganese Ore . . . . .	744	511	258	350
Tanigebyle Ore . . . . .	3,095	2,575	2,151	3,000
Flux . . . . .	1,093	984	702	1,000
Chattanahalli Ore . . . . .	..	412	..	..
Carbonizing wood . . . . .	75,011	20,393	32,355	43,200
<i>Extraneous fuel—</i>				
Retorts . . . . .	17,205	6,392	11,140	10,800
Boilers . . . . .	10,638	9,039	10,445	..
Bamboos . . . . .	723	4,844	3,887	7,300
Forest charcoal . . . . .	..	13,682	7,432	12,650

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No. 4.—Balance sheet as at 30th June, 1931.

	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
<i>I. Drawings from the Comptroller—</i>							<i>I. Plant, Building and Machinery—</i>						
Against Block Account	1,26,89,310	12	0				Plant and buildings including furniture, Mines, Tramways and Railways.	1,09,03,633	8	7			
Working advance— (Limit Rs. 28,62,000)	27,02,960	12	4				Minor improvement to the Plant.	3,78,813	8	0			
				1,53,92,271	8	4	Pipe Foundry extension	12,39,960	11	2			
							Steel Investigation	1,32,387	7	6			
<i>II. Sundry Creditors—</i>							Jog Hydro-electric Survey.	11,885	7	8			
Auditor, Mysore Railways.	1,60,373	11	3				Forest Industries	22,630	1	1			
Best & Co., Madras	24,569	7	5								1,26,89,310	12	0
Bhadravati Iron Works Co-operative Society	3,301	12	3				<i>II. Finished products</i>	..			19,30,450	7	1
Other Creditors	1,57,680	8	7				<i>III. Raw materials—</i>						
Fuel contractors for work done.	34,816	11	1				Fuel and charcoal at Forest and Woodyard.	2,10,351	14	0			
Unpaid wages	1,705	1	7				Ores and flux at Mines and Railheads.	1,77,267	13	0			
				3,82,447	4	2	Transport on fuel in Woodyard.	3,810	11	9			
							Ores, fuel and charcoal at the Plant.	48,558	8	0			
<i>III. Deposits—</i>							Materials with the Sections of Plant.	1,07,413	5	0			
Miscellaneous Deposits	3,49,705	13	0								5,47,402	3	9
Tools Deposit	151	0	0				<i>IV. Miscellaneous—</i>						
Ticket Deposit	512	0	0				Stationery in stock	3,364	0	6			
				3,50,368	13	0	Laboratory supplies and chemicals.	12,719	2	0			
							Hospital medicines	726	5	6			
							Suspense (foreign materials in transit).	3,716	0	6			
											20,525	8	6



**IV. Funds—**

Relining Fund . . . . . 39,079 0 0

**V. Stores**

General Stores . . . . . 2,20,138 1 0  
 Spare stores . . . . . 1,91,527 4 0  
 Tools account . . . . . 26,754 14 0  
 Mining Stores and tools . . . . . 43,868 7 10

4,82,288 10 10

**V. Suspense Heads—**

Adjustment Account . . . . . 41,481 15 10

**VI. Packages . . . . .**

38,402 4 9

**VII. Book Debts—**

Fuel Advance . . . . . 35,988 1 0  
 Miscellaneous Advance . . . . . 15,132 7 11  
 Sundry Debtors on sales account . . . . . 3,97,302 0 3  
 Sundry Debtors on other accounts . . . . . 17,485 14 10  
 Tata Iron & Steel Co., Bombay . . . . . 18,909 0 1

4,84,817 8 1

Less provision for bad debts . . . . . 6,586 14 3

4,78,230 9 10

**VIII. Closing balance—**

Cash	Bank	Treasury	Petty cash.
Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
3,565 13 1	10,122 7 5	5,229 12 1	120 0 0

19,038 0 7

Total . . . . . 1,62,05,648 9 4

1,62,05,648 9 4

*Manufacturing account for the year ended 30th June, 1931.*

*Manufacturing Expenses—*

	Rs.	A.	P.
1. Salaries and wages . . .	4,96,497	4	7
2. Repairs and maintenance.	2,10,951	4	3

3. Miscellaneous . . . . .	2,88,654	9	5
4. Raw materials . . . . .	8,84,112	12	5
5. Overhead charges . . . . .	11,701	5	11

*Manufactured Products—*

*Main Plant—*

		Rs.	A.	P.		Rs.	A.	P.
Pig Iron . . . . .	Net Tons.	8,520-14-1-17	4,22,882	14	9			
Acetate . . . . .	"	1,405-11-3-0	2,17,122	0	6	6,40,004	15	3

*Tar and Tar Products—*

Dehydrated tar . . . . .	Tons.	243-18-0						
Neutral oil . . . . .	Gals.	323½						
Kreso . . . . .	"	2,118½						
Wood Pre. 'A' . . . . .	"	1,023						
Do. 'B' . . . . .	"	23,575						
Refined tar . . . . .	Tons.	365-2-3						
Refined N. oil . . . . .	Gals.	127						
Residual oil . . . . .	"	445						
Special fraction . . . . .	"	431						
Pyro. liquor . . . . .	"	40						
Pond tar . . . . .	Tons.	20-5-0	46,285	7	4			

*Alcohol and Alcohol Products—*

Cr. alcohol . . . . .	Gals.	14,946½						
C. P. methanol . . . . .	"	63,942						
Methyl acetone . . . . .	"	12,550	1,28,535	0	5			
General Foundry castings . . . . .	Tons.	206-3-2-3	43,153	2	6			

*Pipe Foundry—*

Small pipes . . . . .	Tons	1,835-3-3-17						
Big " . . . . .	"	6,950-6-1-19	10,05,796	14	11			
Small pipe Foundry Shifting.	"	..	28,141	12	2			

**Total . . . . .** Rs. 18,91,917 4 7

Rs. 18,91,917 4 7

Trading Account for the year ended 30th June, 1931.

Opening Balance—		Rs. A. P.	Rs. A. P.	Sales made—		Rs. A. P.	Rs. A. P.		
Pig Iron . Tons.	27,201-1-2-14	13,27,891	12 7	Pig Iron . Tons.	10,970-5-2-26	4,48,794	7 4		
Acetate . "	1,006-7-0-0	1,27,893	12 0	Acetate . "	626-7-2-18	62,709	1 1		
<b>Tar and tar products—</b>			14,55,685	8 7			5,01,503	8 5	
Light oil . Gals.	3,150	1,575	0 0	<b>Tar and tar products—</b>					
Heavy oil . "	2,500	1,562	8 0	N. oil . Gals.	45	21	11 9		
Pitch . Tons.	622-12-2-7	18,678	13 0	Light oil . "	17½	8	11 5		
Spl. fraction . Gals.	135	98	9 0	Heavy oil . "	15	13	6 3		
Wood Pre. 'A' . "	3	7	6 0	Pitch . Tons.	70-5-0-1	1,342	15 0		
Do. 'B' . "	354	299	3 0	Wood Pre. 'A' . Gals.	582½	1,433	4 9		
Black paint . "	3,362½	6,422	2 0	Do. 'B' . "	30,283½	22,164	13 1		
Refined tar . Tons.	18-19-2-0	942	10 0	Kreso . "	2,082½	3,697	14 0		
Pond tar . "	4-16-3-0	145	2 0	Refined tar . Tons.	377-13-1-17	18,291	15 8		
Dehydrated tar . "	12-5-0-0	490	0 0	Pitch tar . "	1-1-1-1	77	11 6		
Neutral oil . Gals.	3,129	2,284	3 0	Pond tar . "	26-5-3-9	857	9 0		
Refined N. oil . "	14	10	8 0	Pyro. liquor . Gals.	40	10	11 0		
Residual oil . "	64	46	11 0	Black paint . "	1,089½	2,004	11 11		
Kreso . "	124½	256	13 9					49,925	7 4
Iron acetate . "	330	165	0 0	<b>Alcohol and alcohol products—</b>					
<b>Alcohol and alcohol products—</b>			32,984	8 9	Crude alcohol . Gals.	10,006½	12,448	4 9	
Cr. alcohol . Gals.	16,615 }	51,016	8 0	C. P. Methanol . "	40,669½	26,531	8 11		
Cr. alcohol in process.	51,407 }	874	0 0	Methyl acetone . "	14,297½	13,816	15 1		
C. P. methanol . "	750	874	0 0	Dn. methanol . "	3,151	1,178	5 4		
Methyl acetone . "	6,489	10,345	3 0					53,975	2 1
Dn. methanol . "	4,946	4,432	13 0	General Foun. Tons.	63-11-3-14	..	..	20,030	14 1
General Foun. dry castings.	214-13-3-26	..	66,468	8 0	dry castings.	..	..	..	..
			26,583	5 3					
<b>Pipe Foundry—</b>					<b>Pipe Foundry—</b>				
Small pipes . "	5,657-9-2-12 }	..	6,60,444	1 6	Small pipes . Tons.	2,938-16-2-6 }	..	9,97,110	12 8
Big pipes . "	290-5-3-4 }	..			Big pipes . "	6,120-10-1-3 }	..		
			22,42,066	0 1				16,22,545	12 7

	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
Brought forward .				22,42,066	0	1	Brought forward .				16,22,545	12	7
<i>Manufactured products—</i>				<i>Closing stock—</i>									
Pig Iron . . . Net	8,520-14-1-17			4,22,882	14	9	Pig iron . . . Tons	24,738-8-1-3			10,74,857	8	6
Acetate . . . "	1,405-11-3-0			2,17,122	0	6	Acetate . . . "	1,886-5-3-0			1,40,556	8	0
<i>Tar and tar products—</i>				<i>Tar and tar products—</i>									
Dehydrated tar Tons	243-18-0						Light oil . . . Gals.	20			10	0	0
Neutral oil . . Gals.	323½						Heavy oil . . . "	890			556	4	0
Kresol . . . "	2,118½						Wood Pre. 'A' . . "	410			1,025	0	0
Wood Pre. 'A' . . "	1,023						Wood Pre. 'B' . . "	600			450	0	0
Wood Pre. 'B' . . "	28,575						Black paint . . . "	1,614½			2,960	1	9
Refined tar . . Tons	365-2-3-0						Special fraction . . "	381			285	12	0
Refined N. oil . Gals.	127						Neutral oil . . . "	1,414			1,060	8	0
Residual oil . . "	445						Refined N. oil . . "	18			13	8	0
Special fraction . . "	431						Kresol . . . "	146½			277	6	8
Pond tar . . . Tons	20-5-0						Residual oil . . . "	150			112	8	0
Pyro liquor . . Gals.	40	46,285	7	4			Iron acetate . . . "	300			150	0	0
							Pond tar . . . Tons	8-10-3			114	15	0
							Dehydrated tar . . "	196-1-2			7,843	0	0
							Refined tar . . . "	23-1-0			1,240	4	0
							Pitch . . . . . "	584-9-0			11,104	8	0
<i>Alcohol and alcohol products—</i>				<i>Alcohol and alcohol products—</i>									
Cr. alcohol . . Gals.	14,946½						Cr. alcohol . . . Gals.	66,759			50,069	4	0
C. P. methanol . . "	63,942						C. P. Methanol . . "	24,296			19,740	8	0
Methyl acetone . . "	12,550	1,28,535	0	5			Methyl acetone . . "	4,275			4,275	0	0
General Foundry castings . Tons	206-3-2-3			43,153	2	6	Dn. methanol . . . "	11			11	0	0
							General Foundry castings . Tons	333-2-0-3			49,595	14	4

Pipe Foundry—

Small pipes . . .	1,835-3-3-17	} 10,05,796 14 11
Big pipes . . .	6,950-6-1-19	

Pipe Foundry shifting . . .	..	28,141 12 2
-----------------------------	----	-------------

————— 18,91,917 4 7

Total . . . 41,33,983 4 8

Pipe Foundry—

Small pipes . . .	4,059-15-0-25	} 5,65,141 0 10
Big pipes . . .	1,015-9-1-3	

————— 19,30,450 7 1

Prepaid expenses released during the year . . .	..	..	23,975 4 1
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Loss carried to Profit and Loss Account . . .	..	..	5,57,011 12 11
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————— 41,33,983 4 8

Profit and Loss Statement for the year ended 30th June, 1931.

	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
TO				BY						
Brought forward from the previous year . . .	1,54,437	4	4	House rent and Miscellaneous receipts . . .	..			29,243	12	2
Loss from trading account . . .	5,57,011	12	11	Net loss of the previous year . . .	1,54,437	4	4			
Interest . . .	6,175	15	8	Net loss during the year . . .	5,38,543	10	6	6,92,980	14	10
Miscellaneous . . .	4,599	10	1							
Total . . .	<u>7,22,224</u>	<u>11</u>	<u>0</u>	Total . . .	..			<u>7,22,224</u>	<u>11</u>	<u>0</u>

No. 5.—Balance Sheet as at 30th June, 1932.

			I. Plant, Building and Machinery—								
	Rs.	A. P.	Rs.	A. P.		Rs.	A. P.	Rs.	A. P.		
<i>I. Drawings from the Comptroller</i>						<i>(a) Plant and Buildings including furniture, mines, Tramways and Railways</i>					
Working advance limit	1,28,87,645	1 11									
Rs. 27,69,019	25,48,704	2 10	1,54,36,349	4 9		1,26,04,042	8 8				
						<i>(b) Minor im prove-ments to the Plant.</i>					
						1,33,695			14	8	
						<i>(c) Steel investigation.</i>					
						1,49,906			10	7	
<i>II. Sundry Creditors—</i>						<i>II. Finished products.</i>					
Auditor, Mysore								1,28,87,645	1 11		
Railways	2,19,215	15 11						16,64,615	2 4		
Best & Co., Ltd.	8,080	4 2									
Bhadravati Iron Works											
Co-operative Society.		5 5 1									
Other creditors	1,44,348	5 1									
Fuel contractors for work done	1,09,890	3 8									
Unpaid wages		924 2 10									
			4,82,464 4 9			<i>III. Raw materials—</i>					
						Fuel and Charcoal at Forest and Woodyard.			3,03,103 11 0		
						Ores and Flux at Mines and Railheads			1,36,541 5 0		
						Ores, Fuel and Charcoal at the Plant			37,285 12 0		
						Transport on the fuel at Woodyard			5,465 2 0		
						Materials with the sections of the Plant			82,452 9 3		
<i>III. Deposits—</i>						<i>IV. Miscellaneous—</i>					
Miscellaneous deposits.	1,10,779	15 7						5,64,848	7 3		
Ticket deposit	661	8 0									
			1,11,441 7 7								

IV. Funds—

Blast Furnace relining fund.	54,224 0 0	
Retorts rebottoning fund	4,936 0 0	59,160 0 0

V. Provisions for consultation

6,084 8 11

VI. Suspense Heads—

Adjustment account.	..	51,957 13 10
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Stationery in stock	2,467 9 0
Hospital medicines	483 14 0
Laboratory supplies and Chemicals	11,188 9 0
Foreign materials in transit	2,035 15 9

16,175 15 9

V. Stores—

General Stores	1,90,038 8 0
Spare stores	1,80,719 0 0
Tools account.	26,913 4 0
Mining Stores and Tools.	24,930 15 5

4,22,601 11 5

VI. Packages

25,014 10 5

VII. Book Debts—

Fuel advances	38,052 15 7
Miscellaneous advance	14,431 13 4
Sundry Debtors on sales account	4,64,426 7 8
Sundry Debtors on other accounts.	36,903 9 7
Tata Iron and Steel Co., Ltd	11,295 13 11

5,65,110 12 1

Less Provision for bad debts	15,066 9 3
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5,50,044 2 10

VIII. Closing balance—

Petty cash	Bank	Treasury	Cash.	
Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
120 0 0	8,102 10 7	1,973 2 9	6,316 6 7	16,512 3 11

Total

1,61,47,457 7 10

Total.

1,61,47,457 7 10

*Manufacturing account for the year ended 30th June, 1932.*

	Ra.	A.	P.	Manufacture—			Ra.	A.	P.
Raw Materials . . . . .	7,71,094	0	3	Pig Iron . . . . .	Tons Gross	15,145-10-2-0			
Salaries and wages . . . . .	4,24,349	13	8	Less issues to foundries . . . . .		12,037-5-1-20			
Repairs and renewals . . . . .	1,68,985	10	2		Nett tons . . . . .	3,108-5-0-8	1,71,046	4	0
Stores and supplies . . . . .	1,79,879	3	11	Chemical Plant—					
Overhead charges . . . . .	8,395	12	0	Acetate . . . . .	Tons.	278-13-0-0			
				Light Oil . . . . .	Gals.	1,821			
				Wood Preservative 'A' . . . . .	"	521			
				"          'B' . . . . .	"	333			
				Residual Oil . . . . .	"	248			
				Kreso . . . . .	"	1,972			
				Special fraction . . . . .	"	31			
				Pitch, Tar . . . . .	Tons.	0-16-3-25			
				Ref. Tar . . . . .	"	344-17-1-27			
				C. P. Methanol . . . . .	Gals.	8,603			
				Methyl Acetone . . . . .	"	2,773			
				Dn. Grade . . . . .	"	45			
				W. W. Methanol . . . . .	"	18,723	1,06,542	1	4
				General Foundry Castings . . . . .	Tons.	896-5-1-8	1,81,307	9	8
				C. I. Pipes . . . . .	"	8,601-14-2-16	10,93,808	9	0
<b>Total</b> . . . . .	<b>16,52,704</b>	<b>8</b>	<b>0</b>	<b>Total</b> . . . . .			<b>15,52,704</b>	<b>8</b>	<b>0</b>

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Trading account for the year ended 30th June, 1932.

	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.			
I. Opening balance—															
Pig Iron . . Tons.	24,738-8-13			10,74,857	8	6									
							Sales made—			7,577-4-3-10					
							Pig Iron . . Tons.			3,37,774	11	7			
<i>Chemical Plant —</i>															
Acetate . . Tons.	1,886-5-3-0	1,40,556	8	0			Acetate . . Tons.	916-18-1-7	74,877	11	3				
Light Oil . . Gals.	20	10	0	0			Light Oil . . Gals.	28	13	11	0				
Heavy Oil . . "	890	556	4	0			Heavy Oil . . "	20	19	9	9				
Wood Pre. 'A' . "	410	1,026	0	0			Wood Pre. 'A' . "	531	1,235	13	3				
" 'B' . . "	600	450	0	0			" 'B' . . "	2,001	1,411	6	11				
Black Paint . . "	1,614½	2,960	1	9			Kreso . . . . "	2,001	3,731	14	8				
Spl. fraction . . "	381	285	12	0			Black Paint . . "	852	1,576	5	2				
N. Oil . . . . "	1,414	1,060	8	0			Ref. Tar . . Tons.	350-16-3-9	19,469	8	8				
Ref. N. Oil . . "	18	13	8	0			Pitch Tar . . . "	1-9-2-22	109	2	0				
Kreso . . . . "	146½	277	6	8			Dehydrated Tar . "	0-1-3-4	9	14	9				
Residual Oil . . "	150	112	8	0			Pitch . . . . "	284-0-0-16	8,842	15	1				
Iron Acetate . . "	300	150	0	0			C. P. Methanol Gals.	12,952	11,868	5	3				
Pond Tar . . Tons.	3-10-3-0	114	15	0			Methyl Acetone . "	3,049	3,011	3	7				
Dehydrated Tar . "	186-1-2-0	7,843	0	0			Dn. Grade . . . "	75	88	14	3				
Ref. Tar . . . . "	23-1-0-0	1,240	4	0			W. W. Methanol . "	11,952	13,673	4	9				
Pitch . . . . "	584-9-0-0	11,104	8	0								1,39,929	12	4	
Crude Alcohol . Gals.	66,759	50,069	4	0			General Foun- Tons.	918-4-3-11	..	2,90,053	4	10			
O. P. Methanol . "	24,296	19,740	8	0			dry Castings.			8,54,849	3	7			
Methyl Acetone . "	4,275	4,275	0	0			C. I. Pipes . . . "	8,058-14-0-27	..						
Dn. Methanol . . "	11	11	0	0											
General Foun- Tons.	333-2-0-3	..			2,41,855	15	5								
dry Castings.					48,595	14	4								
C. I. Pipes . . . "	4,075-4-2-0	..			5,65,141	0	10								
Total . . . .					19,30,450	7	1		Total . . . .				15,61,607	0	4

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	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
Brought forward				19,30,450	7	1	Brought forward				15,61,607	0	4
<i>Manufactured products—</i>							<i>Closing Stock—</i>						
Pig Iron Gross Tons.	15,145-10-2-0						Pig Iron . Tons	20,259-12-1-24	8,71,202	7	3		
Less issues to foundries.	12,037-5-1-20						Acetate . . . . .	1,248-0-1-21	92,972	11	9		
	<u>3,108-5-0-8</u>	1,71,046	4	0			Dehydrated Tar . . . . .	43-13-0-0	1,746	0	0		
<i>Chemical Plant—</i>							Pitch . . . . .	10-8-0-0	209	11	0		
Acetate . . Tons.	278-13-0-0						Light Oil . Gals.	1,655	827	8	0		
Light Oil . . Gals.	1,821						Heavy Oil . . . . .	60	37	8	0		
Wood Pr. 'A' . . . . .	521						Wood Pr. 'A' . . . . .	3	6	12	0		
"    'B' . . . . .	333						Spl. fraction . . . . .	20	15	0	0		
Residual Oil . . . . .	248						Residual Oil . . . . .	245	183	12	0		
Kresol . . . . .	1,972						Iron Acetate . . . . .	300	150	0	0		
Spl. fractions . . . . .	31						Black Paint . . . . .	245	790	9	6		
Pitch Tar . . Tons	0-16-3-25						Kresol . . . . .	137½	270	10	10		
Ref. Tar. . . . .	344-17-1-27						Crude Alcohol . . . . .	46,550	34,912	8	0		
C. P. Methanol Gals.	6,803						Water white Methanol . . . . .	6,772	6,772	0	0		
Methyl Acetone . . . . .	2,773						C. P. Methanol . . . . .	16,768	14,531	1	0		
Dn. Grade . . . . .	45	1,06,542	1	4			Methyl Acetone . . . . .	3,061	3,061	0	0		
W. W. Methanol.	18,723						General Castings Tons	265-8-0-14	37,949	5	0		
							C. I. Pipes . . . . .	5,646-14-2-11	5,98,976	10	0		
											<u>16,64,615</u>	2	4

General Foundry Tons. 896-5-1-8 1,81,307 9 8  
 Castings.

Prepaid expenses released from the opening stock during 20,957 13 8  
 the year.  
 Loss carried to Profit and Loss account . . . . . 2,35,974 15 0

C. I. Pipes . . . . . 8,601-14-2-16 10,93,808 9 0

----- 15,52,704 8 0

Total . . . . . 34,83,154 15 1

Total . . . . . 34,83,154 15 1

*Profit and Loss Statement for the year ended 30th June, 1932.*

TO

BY

	Rs. A. P.		Rs. A. P.
Loss from Trading account . . . . .	2,35,974 15 0	Miscellaneous receipts (House rent, etc.) . . . . .	23,362 5 2
		Rebate of Railway freight on traffic hauled on M. & S. M. Railway during the year 1930-31.	32,079 11 0
		Net loss for the year . . . . .	180,532 14 10
Total . . . . .	<u>2,35,974 15 0</u>	Total . . . . .	<u>235,974 16 0</u>

No. 6.—Balance Sheet as at 30th June, 1933.

	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
<b>I. Drawing from the Comptroller.</b>	1,29,60,037	10	8										
Working advance (limit Ra. 28,78,753).	24,60,680	8	4										
	<hr/>			1,54,20,718	3	0							
<b>II. Sundry Creditors—</b>													
a. Auditor, Mysore Railways.	2,83,532	0	8										
b. The Bhadravati Iron Works Co-operative Society Ltd.	1,512	2	4										
c. Other creditors .	1,78,059	3	4										
d. Fuel contractors for work done.	63,968	5	1										
e. Unpaid wages . .	2,098	2	1										
	<hr/>			5,29,169	13	6							
<b>III. Deposits—</b>													
Miscellaneous deposits .	6,932	12	11										
Ticket Deposit . . .	634	8	0										
	<hr/>			7,567	4	11							
<b>I. Plant, Buildings and Machinery—</b>													
a. Plant and Buildings including furniture.	1,26,30,928	12	4										
b. Minor improvements to the plant.	1,75,695	13	7										
c. Steel investigation .	1,53,413	0	9										
	<hr/>										1,29,60,037	10	8
<b>II. Finished products .</b>											13,56,007	10	11
<b>III. Raw Materials—</b>													
a. Fuel & Charcoal, etc., at Forest & Woodyard.	3,24,816	10	0										
b. Ores and Flux at Mines and Railheads.	1,27,218	10	0										
c. Ores, fuel and charcoal at the plant.	30,197	2	0										
d. Transport on fuel and charcoal at Woodyard.	1,440	7	0										
e. Materials with the sections of the plant.	1,59,255	12	7										
	<hr/>										6,42,928	9	7
<b>IV. Miscellaneous—</b>													
a. Stationery in stock .	2,508	0	9										
b. Hospital medicines .	977	6	0										
c. Laboratory supplies and chemicals.	9,403	15	0										
d. Foreign materials in transit.	2,652	13	0										
	<hr/>										15,542	2	9

**IV. Funds—**

Blast Furnace Relining fund.	8,760 0 0
Retorts rebottoming fund.	12,574 0 0
Accident fund . . . . .	1,174 13 6
Insurance fund . . . . .	1,180 8 9

23,689 6 3

**V. Suspense heads—**

Adjustment account . . . . .	54,712 2 11
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Total . . . . . 1,60,35,856 14 7

**V. Stores—**

a. General stores . . . . .	1,90,090 15 0
b. Spare stores . . . . .	1,77,566 4 0
c. Tools account . . . . .	27,934 3 0
d. Mining stores and tools.	28,955 3 10

4,22,546 9 10

**VI. Packages . . . . .**

9,225 11 0

**VII. Book Debts—**

a. Fuel advances . . . . .	21,152 1 11
b. Miscellaneous advances.	14,353 12 10
c. Sundry Debtors on sales account.	5,58,010 7 5
d. Sundry Debtors on other accounts.	16,810 0 7
e. Tata Iron & Steel Co.	10,824 9 3
f. Best & Co. . . . .	7,779 12 3

6,26,930 12 3

Less Provision for bad debts. . . . . 3,048 9 1

6,23,882 3 2

**VIII. Closing Balance—**

Petty Cash.	Bank.	Treasury.	Cash.
Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
120 0 0	4,063 6 6	345 1 7	1,157 12 7

5,686 4 8

Total . . . . . 1,60,35,856 14 7

*Manufacturing account for the year ended 30th June, 1933.*

*Manufacturing expenditure—*

*Manufactured Products—*

	Rs.	A.	P.			Rs.	A.	P.
Raw materials . . . . .	6,42,428	8	9	Pig Iron . . . Gross Tons		11,762-6-2-0		
				Less issues to foundries . . .		11,189-16-1-25		
						<hr/>		
Salaries and wages . . . . .	4,03,066	7	0	Net Tons . . . . .		572-10-0-3	32,506	9 0
				Acetate . . . . Tons		388-10-0-0	62,299	5 10
Repairs and maintenance . . . . .	1,44,385	9	4	Pitch Tar . . . . "		17-13-0-0		
				Refined Tar . . . . "		183-17-1-0		
				Neutral oil . . . Gals.		305		
				Light oil . . . . "		3,745		
Miscellaneous . . . . .	1,92,074	1	1	Heavy oil . . . . "		1,447		
				Wood Pr. "A" . . . . "		421		
				" " "B" . . . . "		590		
				Special fraction . . . . "		37		
				Kreso . . . . "		1,160		
Overhead charges . . . . .	8,623	13	1	Refined N. oil . . . . "		18		
				Residual oil . . . . "		167		
				Black paint . . . . "		576	16,151	1 8
				Water white methanol . . . . "		4,958		
				C. P. Methanol . . . . "		15,525	26,584	12 9
				General castings . . Tons.		909-11-0-8	1,91,654	4 8
				C. I. Pipes . . . . "		9,471-13-2-1	10,61,382	5 4
						<hr/>		
<b>Total</b> . . . . .	<b>13,90,578</b>	<b>7</b>	<b>3</b>			<b>Total</b> . . . . .	<b>13,90,578</b>	<b>7 3</b>
						<hr/>		

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Trading Account for the year ended 30th June 1933.

III—TERMS

I. Opening Balance—

	Rs.	A.	P.
(a) Pig Iron . Ts.	20,250-12-1-24	8,71,202	7 3
Acetate . . "	1,248-0-1-21	1,92,972	11 9
		<u>10,64,174</u>	<u>18 2</u>
(b) Tar and Tar Pro- ducts—			
Dehydrated Tar. Ts.	43-13-0	1,746	0 0
Pitch . . "	10-8-0	209	11 0
Light Oil . Gs.	1,855	827	8 0
Heavy Oil . "	60	37	8 0
Wood Pr. "A" . "	3	6	12 0
Special fraction . "	20	15	0 0
Residual Oil . "	245	183	12 0
Iron Acetate . "	300	150	0 0
Black Paint . "	425	790	9 6
Kresco . . "	137½	270	10 10
		<u>4,237</u>	<u>7 4</u>
(c) Alcohol and Alcohol Products—			
Crude Alcohol . Gs.	46,550	34,912	8 0
O. P. Methanol . "	16,768	14,531	1 0
Methyl Acetone . "	3,061	3,061	0 0
Water white Metha- nol.	6,772	6,772	0 0
		<u>59,276</u>	<u>9 0</u>
(d) General Castings Ts.	265-8-0-14	..	37,949 5 0
(e) C. I. Pipes . . "	5,646-14-2-11	..	5,98,976 10 0

Rs. A. P. I. Sales Made—

	Rs.	A.	P.
(a) Pig Iron . Ts.	6,747-10-3-1	3,04,110	2 6
Acetate . . "	1,731-3-2-7	1,28,536	8 1
		<u>4,32,646</u>	<u>10 7</u>
(b) Tar and Tar Pro- ducts—			
Refined Tar. . Ts	182-12-3-24	12,376	8 1
Pitch . . "	19-1-0-11	550	9 2
Pitch Tar . . "	2-15-1-4	194	8 10
Light Oil . Gs.	17½	7	15 3
Wood Oil 'A' . "	332	803	8 0
" 'B' . "	465½	395	1 10
Black Paint . "	1,015½	1,939	10 4
Kresco . . "	1,124	2,158	13 0
Pyro. Liquor . "	1	0	7 0
		<u>18,427</u>	<u>1 6</u>
(c) Alcohol and Alcohol Products—			
Water W. Metha-Gs. nol	11,118½	12,824	1 11
C. P. Methanol . "	28,038½	17,175	15 7
Methyl Acetone . "	1,373	2,022	0 2
Dn. Methanol . "	306½	377	0 6
		<u>32,399</u>	<u>2 2</u>
(d) General Castings .	805-10-2-1	..	2,22,120 6 7
(e) C. I. Pipes—			
O. K. Bhavnagar	5,034-11-2-9	..	..
Other sales . . "	4,453-7-2-23	8,47,139	6 10
Irrigation pipes .	138-5-3-25	12,045	6 1
		<u>8,59,184</u>	<u>12 11</u>

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II. Prepaid expenses released during the year

Total	16,64,615	2 4
Total	15,76,505	0 1

2 C

		Rs.	A.	P.			Rs.	A.	P.			Rs.	A.	P.
		Brought forward			16,84,615 2 4			Brought forward			15,76,505 0 1			
<i>Manufactured Products—</i>					<i>Closing stock—</i>									
(a) <i>Pig Iron</i> Gross Ts. 11,762-8-2-0					(a) <i>Pig Iron</i> . Ts. 14,872-17-1-16					6,76,148 0 0				
Less issues to foundries. 11,189-16-1-25					Acetate . . . 10-0-0-0					780 4 0				
572-10-0 3 32,506 9 0										6,76,928 4 0				
Acetate . . . 398-10-0-0 62,299 5 10					94,805 14 10									
(b) <i>Tar and Tar Products—</i>					(b) <i>Tar and Tar Products—</i>									
Pitch Tar Ts. 17-13-0					Dehydrated Tar Ts. 13-7-1					534 8 0				
Refined Tar . . 183-17-1					Pitch . . . 3-6-0					78 2 0				
Neutral Oil . Gs. 305					Refined Tar . . 13-4-2					661 4 0				
Light Oil . . . 3,745					Light Oil . Gs. 5,292					2,646 0 0				
Heavy Oil . . . 1,447					Heavy Oil . . . 1,458					911 4 0				
Wood Pr. 'A' . . 421					Wood Pr. 'A' . . 28					56 0 0				
" 'B' . . . 590					" 'B' . . . 297					222 12 0				
Special fraction . . 37					Kreso . . . . . 96½					188 15 0				
Kreso . . . . . 1,160					Residual Oil . . 385					288 12 0				
Refined N. Oil . . 18					Black Paint . . 112½					227 3 0				
Residual Oil . . . 167					Special fraction . . 90					67 8 0				
Black Paint . . . 576					Iron Acetate . . 200					50 0 0				
16,151 1 8					Neutral Oil . . . 300					225 0 0				
					Refined N. Oil . . 18					13 8 0				
										6,170 12 0				



(c) *Alcohol and Alcohol Products—*

Water W. me- thanol.	Gs.	4,958		
C. P. Methanol	„	15,525		

26,584 12 9

(d) *General Cast-Ts.* 909-11-0-8

1,91,654 4 8

(e) *C. I. Pipes* „ 9,471-13-2-1

10,61,382 5 4

13,50,578 7 3

(c) *Alcohol and Alcohol Products—*

Crude Alcohol . Gs.	33,425	25,058	12	0
C. P. Methanol „	4,577	3,718	13	0
Methyl Acetone „	9,345	9,345	0	0
Dn. Grade . „	100	100	0	0
W. W. Methanol „	377	377	0	0

38,809 9 0

(d) *General Castings* . 345-10-2-17

41,571 3 11

*Add Pig Iron and pipes purchased and supplied:—*

Pig Iron . . . Ts.	498-15-0	28,453	15	0
Pipes . . . „	293-16-2-4	31,868	0	0

60,321 15 9

Transfer from kiln account of pig iron in C. I. Kilns 1,470-3-2-10

64,687 14 0

1,25,009 13 9

Total . . .

31,80,203 7 4

(e) *C. I. Pipes—*

O. K. . . . .	4,995-19-0-17	5,29,777	0	0
Irrigation . . .	786-17-2-26	62,950	14	0

5,92,727 14 0

Loss carried to Profit and Loss Account

13,56,007 10 11

2,47,890 12 4

Total . . .

31,80,203 7 4

212

433

*Profit and Loss Statement for the year ended 30th June, 1933.*

TO	Rs.   A.   P.	BY	Rs.   A.   P.
Loss carried forward from Trading Account.	2,47,690 12 4	Miscellaneous receipts (house rent, etc.).	23,936 0 0
		Interest . . . . .	1,498 0 6
		Freight rebate claimed from M. & S. M. Railway for the period April--June 1933.	5,851 1 0
		Net loss for the year . . . . .	2,16,405 10 10
Total . . . . .	2,47,690 12 4	Total . . . . .	2,47,690 12 4

(6) *Letter No. G.-2809, dated the 15th November, 1933, from the Mysore Iron Works.*

As desired by the President, we beg to forward herewith six copies of an estimate for putting up afresh a Wood Distillation and Bye-product Plant to supply the war time needs of calcium acetate of the Cordite Factory at Aruvankadu. Natural facilities such as availability of wood, water, etc., are assumed to be similar to those obtaining in Bhadravati.

The size of the plant required will be the same as that in existence in the Mysore Iron Works at present.

The actual cost incurred by us for the existing plant is also shown alongside the estimated cost.

Enclosures.

**ESTIMATE FOR PUTTING UP A NEW RETORT AND BYE-PRODUCT PLANT TO SUPPLY THE WAR TIME REQUIREMENTS OF CALCIUM ACETATE OF THE CORDITE FACTORY AT ARUVANKADU.**

*Size of plant required.*

- |   |  |
|---|--|
| 1. Lime Acetate requirement of the Cordite Factory in war time.                                   | 166 tons per month.  |
| 2. Average yield of acetate from Indian hardwoods.  | 45 lbs. per ton of wood of average seasoning.  |
| 3. Wood equivalent of the monthly production of acetate mentioned in item 1.                      | 8,263 tons of wood per mensem or a daily carbonisation of 275.5 tons of wood. (Exclusive of wood for firing retorts amounting to about 65 tons per day.) |
| 4. Capacity of each Retort . . . . .  | 20 tons of wood per day.   |
| 5. Number of Retorts required . . . . .   | $\frac{275.5}{20}$ 14 Retorts.   |
| 6. Extra Retorts to be provided to take care of interruptions for repairs, cleaning, etc. . . . . | 2  |
| 7. Total number of Retorts required . . . . .   | 16   |

*i.e.*, the same number as we have at present in the Mysore Iron Works.

## A.—Cost of Retort Plant.

	ACTUAL COST TO MYSORE IRON WORKS.		Estimated cost for putting up 16 Retorts afresh.
	For 12 Retorts.	For 4 Retorts (later added).	
	Rs.	Rs.	Rs.
<i>Building—</i>			
Structural steel (building) . . . . .	1,47,110	41,737	94,450
Do. (cooling shed) . . . . .	47,050	Not extended	31,500
Erection charges . . . . .	58,248	13,066	52,000
Excavation, foundations concrete work, etc. . . . .	1,25,989	28,995	1,50,000
	<u>3,78,397</u>	<u>83,798</u>	<u>3,27,950</u>
<i>Plant and Machinery—</i>			
Steel work (Retorts) . . . . .	2,84,400	46,542	2,00,000
“ (coolers—24) . . . . .	2,76,000	12,873	49,000
Bricks for retort setting . . . . .	99,800	33,718	1,20,000
Condensers—24 . . . . .	73,000	31,881	80,000
Transfer car . . . . .	30,600	..	30,000
Buggies—300 . . . . .	4,03,073	..	2,50,000
Liquor pumps and collecting tanks. . . . .	10,164	..	8,000
Liquor and tar piping . . . . .	23,000	1,050	15,000
Steam and water piping . . . . .	26,000	847	12,000
Gas piping . . . . .	24,000	3,103	12,000
Pyrometers—24 . . . . .	10,000	3,282	12,000
Retort and cooler rails, etc. . . . .	12,000	2,000	9,000
	<u>12,72,037</u>	<u>1,25,296</u>	<u>7,97,809</u>
Erection charges . . . . .	4,82,286	59,674	2,97,520
Pre-driers . . . . .	..	21,084 (8 only)	40,000 (16 pre-driers)
Retort yard, track extension, etc. . . . .	..	4,000	..
	<u>21,32,720</u>	<u>2,93,852</u>	<u>14,63,270</u>
Total . . . . .	21,32,720	2,93,852	14,63,270

or say Rs. 14.6 lakhs.

## B.—Cost of Bye-product Plant inclusive of Alcohol Refinery and Tar Plant.

	Actual cost to Mysore Iron Works.	Estimated cost for putting up afresh.
	Rs.	Rs.
<i>Structural Steel:</i>		
Still House building . . . . .	2,23,000	1,50,000
Tar Plant building . . . . .	7,500	7,500
Erection charges . . . . .	66,500	56,200
Excavation, foundation, concrete work, etc. . . . .	1,52,000	1,50,000
	<u>4,49,000</u>	<u>3,63,700</u>
<i>Plant and Machinery:</i>		
<i>Still House:</i>		
Copper triple effects . . . . .	1,52,422	91,200
Steel triple effects . . . . .	30,750	20,750
Continuous still for crude alcohol . . . . .	52,390	31,200
Refinery stills and parts . . . . .	2,29,942	1,75,000
Rotary drier with conveyer . . . . .	64,000	32,000
Hulliard drier with chain complete . . . . .	66,900	41,000
Filter press and tanks . . . . .	8,525	5,100
Liquor and tar pipes . . . . .	76,028	45,600
Tar and liquor pumps . . . . .	20,347	12,000
Water pipes . . . . .	11,687	4,600
Steam, air and other pipes . . . . .	5,130	2,530
Lime kiln . . . . .	6,150	5,200
Lime conveyer and vats . . . . .	9,148	6,200
Furnace for acetate drier and shed . . . . .	1,800	1,800
Storage and distributing tanks . . . . .	1,16,230	67,600
	<u>8,51,449</u>	<u>5,41,780</u>
Erection charges . . . . .	3,07,119	2,50,000
<b>Total for Still House . . . . .</b>	<u><b>11,58,568</b></u>	<u><b>7,91,780</b></u>
<i>Tar Plant :</i>		
Stills, condensers, pumps, etc. . . . .	26,300	20,000
Storage and distribution tanks . . . . .	9,698	8,000
Pipes and fittings . . . . .	4,891	3,000
Recording thermometers . . . . .	1,970	1,000
	<u>42,859</u>	<u>32,000</u>
Erection charges . . . . .	9,232	8,000
<b>Total for Tar Plant . . . . .</b>	<u><b>52,141</b></u>	<u><b>40,000</b></u>
<b>Total for the whole Bye-product Plant inclusive of building . . . . .</b>	<u><b>16,59,709</b></u>	<u><b>11,95,480</b></u>

Say Rs. 12.0 lakhs.

## C.—Cost of Auxiliaries.

	Rs.
<i>For wood transport from Forests :</i>	
Forest tramways (80 miles track—2 ft. gauge) . . . . .	30,00,000
<i>Rolling stock :</i>	
150 wood hauling trucks . . . . .	3,00,000
5 Locomotive engines . . . . .	5,00,000
Locomotive shed, Turn-table, water tank, etc. . . . .	70,000
	38,70,000
<i>For wood seasoning, preparation and supply to the Plant :</i>	
<i>Wood Yard :</i>	
Tracks with sidings in yard and tracks from the yard to the Retort Plant . . . . .	2,50,000
Saw benches and splitting machines . . . . .	20,000
1 Shunting locomotive . . . . .	50,000
50 Wood trucks in plant . . . . .	1,00,000
	4,20,000
<i>Water supply (2.5 million gallons daily):</i>	
Pumps, pump house and water mains . . . . .	4,00,000
<i>Steam Plant (20,000 lbs. of steam per hour):</i>	
Boilers, Boiler house, feed pump and steam mains . . . . .	4,00,000
<i>Power Plant :</i>	
300 H.P. Plant . . . . .	3,00,000
	11,00,000
Miscellaneous tools, etc. . . . .	2,00,000
	13,00,000
Total for all auxiliaries . . . . .	55,90,000
	Say Rs. 56.0 lakhs.

## Abstract of the estimate.

	Actual incurred by the Iron Works.	Estimate for a new plant.
	Rs. Lakhs.	Rs. Lakhs.
A. Cost of Retort Plant . . . . .	24.26	14.60
B. Cost of Bye-product Plant inclusive of Tar Plant . . . . .	16.60	12.00
C. Cost of Auxiliaries such as Tramways, Power, Water and Steam supply, etc. . . . .	75.00	56.00
	(Proportion for the Wood Distillation Plant only).	
Total . . . . .	115.86	82.60

(7) Letter No. G-718, dated the 25th November, 1933, from the Mysore Iron Works.

As desired by the President, we beg to forward herewith six copies of the analysis of working capital of the Works as on 1st July, 1933, and as it would be when the Steel scheme comes into operation.

We request that the receipt of the same may be kindly acknowledged

Enclosure.

*Working Capital position on 1st July, 1933, and as it would be when Steel Scheme coming into operation.*

	On 1st July, 1933.		When steel scheme comes into operation.	
	Rs.	Rs.	Rs.	Rs.
1. Cash balance including Rs. 2,00,000 with Comptroller.	...	2,07,352	...	1,00,000
2. Sundry debtors (nett) .	...	87,145	...	3,00,000
3. Stocks of products . . .	...	13,56,008	...	7,50,000
4. Ores flux at mines and rail-head fuel and charcoal at forests and wood yard fuel, charcoal and ores in the plant.	1,27,219 3,26,257 30,197	4,83,673	70,000 2,50,000 50,000	3,70,000
5. Coal, coke, hay and other materials with Departments.	...	1,59,256	...	1,00,000
6. Stores including spares and tools in stock.	...	4,22,546	...	4,00,000
7. Other stocks such as stationery, hospital medicines, laboratory chemicals, packages, etc.	...	22,115	...	30,000
8. Nett other accounts—Blast Furnace Relining Fund, Retort Rebottoming Fund, Accident Fund, etc.	...	-75,748	...	-50,000
Total .	...	26,62,347	...	20,00,000

(8) Letter No. G-377, dated the 29th December, 1933, from the Mysore Iron Works.

As desired, we give below for information of Tariff Board, six copies each, of the following statements:—

- (1) Comparative statement of quotations offered against I. S. D. Tender for Delhi Water Supply Scheme.
- (2) Details of prices of Everite pipes—
  - (a) supplied to the Executive Engineer Drainage and Water Works, Gwalior.
  - (b) against I. S. D. Tender No. N-2302.
- (3) Statement showing percentage of depreciation on Block account. Imports of C. I. pipes from Great Britain.—Only gross tonnage are available and prices are not noted. Should we come across any information, we shall pass it on to you.

STATEMENT No. I.

Delhi tender—Statement showing comparative prices of Iron and Steel Pipes. Rates per ft. run.

Hume Steel.	British Mannesman.	Eleo. Welder.	Stewarts and Lloyds.	Water Gas.	Bando & Co., Riveted pipes.	Bengal iron.			Beruok Comens.	Size.	Quantity.	
						Rate per 12 ft.	Per ft.	Per cwt.			E. ft.	T. C.
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.	inch.	E. ft.	T. C.
20 15 0	26 0 0	30 14 9	28 1 0	31 14 9	22 4 0	231 8 0	19 4 0	4 6 0	25	42	3,540	780 9
19 6 0	25 0 0	29 6 9	26 15 0	30 6 9	21 0 0	214 7 0	17 14 0	4 6 0	20	40	2,500	511 0
18 2 0	24 0 0	27 13 0	25 7 0	28 13 0	20 0 0	211 8 0	17 10 0	4 10 0	19	38	1,800	343 0
16 10 0	21 12 0	26 0 0	23 12 0	26 13 0	19 12 0	194 7 0	16 4 0	4 10 0	18	36	720	126 2
14 11 0	18 2 0	23 7 0	21 15 0	24 3 0	17 0 0	180 9 0	15 0 0	4 14 0	...	33	1,260	194 4
12 10 0	17 4 0	16 9 1	19 13 0	21 1 0	16 0 0	155 15 0	13 0 0	4 14 0	...	30	6,165	822 0
10 5 0	12 11 0	13 1 0	13 7 0	14 8 0	15 0 0	166 0 0	13 14 0	6 6 0	12	26	48	5 2
9 3 0	9 12 0	11 6 0	12 6 0	12 10 0	14 8 0	148 4 0	12 6 0	6 6 0	...	24	72	7 0
5 15 0	7 3 0	8 11 6	8 0 0	9 10 3	...	95 15 0	8 0 0	6 6 0	10	18	285	17 9
3 4 0	4 9 0	6 11 6	5 0 0	7 7 3	...	52 15 0	4 7 0	6 6 0	8	12	350	12 1
											16,740	2,819 7

## STATEMENT No. 2.

*Comparative cost of Everite pressure pipes and C. I. pipes.*

Size of pipe.	R. ft.	Rate per foot delivered at Gwalior.	Rate at which C. I. pipes would have to be tendered f.o.r. Gwalior to complete with Everite pipes.	Rate per foot f.o.r. Gwalior at Rs. 6-12-0 a cwt.
inch.	Rs.	Rs. A. P.	Rs. A. P.	Rs. A. P.
6	3,701	1 10 6	6 1 0	1 14 9 maximum.
4	1,601	1 0 0	5 14 0	1 2 7 "
3	9,000	0 11 0	5 6 0	0 15 0 "

(b) *I. S. D. Tender No. N.-2302, 2,756 R. ft. pipes.*—Everite asbestos cement pressure 8" nominal bore class "A" Rs. 5,512 f.o.r. Bombay.

Price per foot of 8" pipes f.o.r. Bombay would be Rs. 2 per R. ft. or Rs. 24 for a 12' pipes and cast iron pipes would have to be delivered at Rs. 5 per cwt. f.o.r. Bombay to compete with the above.

## STATEMENT No. 3.

*Statement showing percentages of depreciation on Block Account.*

	Capital Expenditure as on 30-6-33.	Rate of depreciation.	Amount.
	Rs.	Per cent.	Rs.
1. Retort Condensers, Coolers and Transfer cars.	15,55,887	5	77,794
2. Blast Furnace and Stoves . . . . .	10,61,574	5	53,079
3. Pipe Foundry Cranes, Turn Tables and other equipments.	19,66,422	5	98,321
4. Steel Plant as per Mr. Marshall's estimate.	16,00,000	6½	1,00,000
5. Chemical Plant including Tar Plant and Alcohol Refinery.	8,59,030	5	42,952
6. Furniture . . . . .	28,988	6½	1,812
7. Mines and Ropeway . . . . .	3,83,003	5	19,150
8. Engines, Rolling stock, machines, Boilers, Power House and Tramways.	26,32,444	5	1,31,622
9. Town . . . . .	5,48,823	2	10,976
10. Plant Tracks . . . . .	3,46,085	2	6,922



	Capital Expenditure as on 30-6-33.	Rate of depreciation.	Amount.
	Rs.	Per cent.	Rs.
11. Tramway Tracks, including formation and Bridges.	13,05,774	2	26,115
12. Office and Plant Buildings . . . .	11,45,575	2	22,912
13. General Expenses, such as, Establishment, Agency, Commission, Consultation, etc.	11,66,433	nil	...
14. Minor improvements to the Plant to be taken up.	4,00,000	2	8,000
Total . . . . .	1,50,00,038	4	5,99,655
			or Rs. 6 lakhs

### The Indian Hume Pipe Co., Ltd., Bombay.

(1) Letter dated the 23rd October, 1933.

We are approaching you in connection with competition that we are faced with from non-Indian sources against what are called Hume Steel Pipes, which we manufacture from Tatas Steel plates.

2. Hume Steel Pipe is a pipe made of steel plates  $\frac{1}{8}$ " to  $\frac{1}{4}$ " thick, electrically welded both circumferentially and longitudinally. These pipes are centrifugally lined internally with cement mortar, or if required, with reinforced cement mortar. They are protected externally either by reinforced cement mortar (by a different vibrating process) or by jute wrapping soaked in bitumen. Pipes so made are ideal pipes, having the advantages of both cast iron and Concrete pipes without the disadvantages in particular conditions and soils of the former. Hume Steel Pipes can be made upto 30' long in the shops thus considerably reducing the number of field joints. The pipes can be made from 4" diameter upon 36" diameter and more. The original process is the Patent of an Australian Firm from whom we have taken the rights for the whole of India, Burma and Ceylon on terms which have been generally settled but not yet finalised in certain particulars. We have a complete plant erected at Bombay under the supervision of an expert from Australia, under whom 4 or 5 Engineers have been trained here. We had also sent two of our Engineers to Singapore and Australia for further knowledge concerning the process.

3. As regards staff we have on the Hume Steel and Hume Pipe Factories about 40 qualified Graduate Engineers, all Indians; some of them are Engineering Graduates of British Universities. We sent Originally two of these Indian Engineers to be trained in Australia in 1926, and in 1931 we sent one of these all the world round to study the latest developments in concrete pipes. He visited most of the countries of the world that are advanced in concrete pipe making. This year we sent his colleague similarly on a world round trip to bring his knowledge of pipe making upto-date. A third Engineer has been sent to Singapore, where the Australian Company had a big contract for Hume Steel Pipes, to be trained in the actual manufacture; this Engineer thereafter visited Australia to learn what was being done there. As regards the highly technical side of the question, we have, as Consulting Engineer on our staff Mr. A. P. Maddocks, B.Sc. (Birm.), M.Inst.C.E., M.Inst.W.E., F.R.San.I.,

M.J.E. (Ind.), who was Public Health Engineer to the Government of Bombay until recently. Messrs. Bransby Williams and Temple of Calcutta have also acted as our Consulting Engineers during the last 6 or 7 years. Mr. Bransby Williams we may mention is a retired Chief Engineer for Public Health to the Government of Bengal.

4. As regards Hume Pipe, which is a concrete pipe spun on the centrifugal process, we have 17 factories spread all over the country. Our investment on this to-day on fixed Capital expenditure, liquid assets and working capital together, is about Rs. 28 lacs. You will be interested to know that when this process was brought to India in the early stages, it lost about Rs. 38 lacs of the shareholders money and about Rs. 25 lacs of the Managing Agents. The existing concern was saved out of the wreck and the first step was to send out 2 Indian Engineers as stated above, to proceed to Australia, with the result that the Company has now 17 factories and between the two Industries—The Hume Steel and Hume Pipe—there are 40 qualified Indian Engineers as mentioned above. This shows what field for employment this presents, and what can be done in the line of honest Indianisation.

5. Our investment on Hume Steel so far amounts to Rs. 3 lacs and we find that owing to Railway freight difficulty another plant at Jamshedpur is essential; the capital expenditure on this will be a similar amount to begin with and may be increased.

6. We have been tendering in various places for Hume Steel pipes. Our difficulty has been competition from non-Indian Steel pipes as also from Indian Cast Iron pipes. Owing to the competition of Japanese Cast Iron pipes, indigenous makers of cast iron pipes have had to reduce prices considerably. This in turn has been affecting us not only in the Hume Steel pipes but also in Hume Concrete pipes. Our grievance is that the Bhadravati Works,—being the property of the Mysore State,—can be run at a loss, as may be seen from their results or from the discussions in the Mysore State Assembly. They may go on doing this indefinitely as these Works find employment for about 8,000 men and the burden of the loss is distributed on 2 or 3 million of their taxpayers. The Balance Sheets of the Bengal Iron Company show very serious losses. This sterling company can perhaps afford to continue to lose for a time as they have ample resources, and probably they have no alternative than to cut down their rates for pipes owing to Japanese competition. Hume Steel Pipes have also been faced with keen competition to an increasing extent from imported Asbestos Cement Pipes. Unless, therefore, Indian products are protected fully against the inroads of foreign pipe makers these industries cannot survive much less prosper. We submit that for every requirement for which a pipe is required from diameters of about 3" to 48" or more India can make pipes of good quality for every conceivable purposes. Excellent pipes made by stoneware pipe makers in various parts of the country, along with Hume concrete pipes can satisfy all drainage requirements. For gravitation water supply mains or mains under small pressures, we consider Hume Concrete pipe an ideal and economical pipe. For higher pressures Bhadravati or Bengal Iron, where cast iron pipes are required, and Hume Steel where steel pipe is suitable, can fully meet the requirements of the country. Under the circumstances non-Indian pipes might be prohibited from entering the country. If however there are difficulties with regard to prohibition, we would suggest that a duty of Rs. 33 per ton in addition to the existing duties, whether revenue or protective, should be imposed on all import of pipes whether Cast Iron, Steel or Asbestos cement of diameters from 3" to 48".

7. We have suggested that the extra duty should be on the tonnage basis irrespective of whether the pipes are made of cast iron, steel or Asbestos cement, as this forms a ready means of fixing such duty and the extra duty would then be independent of currency fluctuations, etc.

8. We have another point to make and that is as follows:—during the early stages of the development of the Hume Steel pipe industry, we should like to have special terms for the supply of raw materials from the Tata Iron and Steel Co., Ltd. All the pipes that we have made so far have been made

of Tata Steel plates and we want to continue to use this steel. As regards special reduction in the price of plates for the Hume Steel industry, the Steel Company seems to be under the impression that the Cast Iron pipe makers can afford to sell their product as low as Rs. 3 per cwt. *ex-factory* and therefore that Hume Steel would not be able to compete; consequently there is no future for the Hume Steel in India and therefore no concession in steel prices need be given. This we submit is not correct as is obvious from the Balance Sheets of the Bengal Iron Company, of which we will send you a copy if so desired, and from the reports of the Bhadravati Iron Works; even at Rs. 4 per cwt. *ex-factory* they have shown considerable loss. Secondly there are various circumstances which would be admitted as justifying Steel Pipe as against Cast Iron Pipe. Here we are faced with the competition of imported steel pipes and hence the necessity of a special concession rate in the early stages for steel plates. There is another reason why Hume Steel is a better proposition than Cast Iron pipes; apart from technical grounds, while a Cast Iron Plant including a Pig Iron Plant requires about a crore of Rupees to instal, a Hume Steel Plant can be installed at an expenditure of about Rs. 3 lacs. Distances are great in India and Railway freight charges constitute a considerable percentage of the cost of such low priced and heavy articles as cast iron pipes. A Hume Steel Factory, being a mobile one, can be erected at the site of the work if the order is worth Rs. 5 or Rs. 6 lacs (and such orders are not uncommon) and considerable saving in freight charges can thus be made. We would therefore request the Tariff Board to arrange with the Steel Company to give us special reduced rates during the infancy of this industry for about 2 years. The Steel Company has said in paragraphs 131, 132 and 133 of their representation to the Tariff Board that they are prepared to give such facilities to new industries. One of our present Hume Steel plant can consume 5,000 tons of steel plates annually. Tenders we have recently submitted would have given us over 2,000 tons of work but for Japanese competition and consequential price reduction by Indian Cast Iron pipe makers. To summarise:—(a) An additional duty of Rs. 33 per ton on all imports of all makes whether cast iron, steel or Asbestos cement of pipes from diameters 3" to 48" should be imposed. (b) In the infancy stages of the Hume Steel Pipe industry, which should have a great future, Steel Company should be requested to give special concession rates.

(2) *Letter No. H. P. 15430/61, dated the 4th December, 1933, from the Indian Hume Pipe Co., Ltd.*

We beg to send herewith 5 copies of the note by Mr. A. P. Maddocks, B.Sc., M.Inst.C.E., F.R.San.I., M.Inst.W.E., M.I.E. (Ind.), Retired Superintending Engineer, Public Health, Bombay, showing the advantages of steel pipes over Cast Iron Pipes.

Enclosure.

*Note on the advantages of Hume Steel Pipes, by A. P. Maddocks, B.Sc., M.Inst.C.E., F.R.San.I., M.Inst.W.E., M.I.E. (Ind.), Retired Superintending Engineer, Public Health, Bombay, Consulting Engineer to the Indian Hume Pipe Co., Ltd.*

1. Cast Iron Pipes are only suitable for working pressures up to 400 feet of vertical head of water.

There are numerous cases in India where the working pressures are greatly in excess of this; in the Punjab working pressures of 1,000 to 1,500 feet are not uncommon for water supply purposes, and in hydro-electric schemes the mains are required to withstand very high pressures. (The head of the Guma Water Works main of the Simla Municipality is well over 4,000 feet, this main consisting of steel tubes.)

2. For working heads of over 400 feet steel pipes are therefore necessary and it frequently happens in cases where the working heads are below this figure that the use of steel pipes is advantageous, for one or more of the following reasons:—

- (a) *Cost.*—The cost of steel pipes is less than that of cast iron when the diameter is considerable.
- (b) *Weight.*—The weight of steel pipes is seldom more than one-third and may be less than one-fourth of that of cast iron pipes of the same diameter. This fact is of particular importance in India as affecting freight charges. The lighter weight of steel pipes also results in an appreciable saving in handling and laying charges. (The lining and coating of Hume Steel pipes can be carried out by a mobile plant after delivery of the steel pipes.)
- (c) *Breakage.*—Steel pipes are seldom badly damaged in the course of handling and transport, while cast iron pipes are liable to be broken or cracked.
- (d) *Elasticity.*—Steel pipes are more reliable than cast iron in operation, steel being better able to take up sudden stresses due to water-hammer, etc., without fracture. Steel pipes are also less liable to fracture if subsidence occurs.
- (e) *Joints.*—Steel pipes are made in lengths up to 18' or more while C. I. Pipes seldom exceed 12' in length. The number of joints in a steel pipe line is thus considerably less than with a C. I. main. The reduced number of joints both lessens the cost of the main and increases its discharging capacity.

3. Hume Steel Pipes with an internal centrifugally spun lining of cement mortar and an outer protective coating of cement mortar or concrete have the following additional advantages:—

Cast Iron Pipes are attacked by soft peaty waters, tubercles or rounded excrescences being formed on the internal surface of the pipes. Hard waters, on the other hand, tend to cause incrustation of calcareous matter. Such tuberculation or incrustation offers considerable resistance to the flow of water and consequently reduces the discharging capacity of the main.

Cast Iron Pipes laid in a salt impregnated subsoil in India have been found to perish in 20 years due to external corrosion: cast iron pipe lines laid in chemically impregnated soil such as town refuse, ash and cinder heaps, chemical works refuse and similar substances, which are frequently found in the vicinity of towns, are liable to heavy corrosion due to external action.

The protection of the steel of Hume Steel Pipes by means of a lining of cement mortar prevents tuberculation and incrustation and fully protects the internal surface of the pipes from the corrosive action of soft waters. The external covering of cement concrete protects the pipe from external corrosion due to salt or chemically impregnated subsoils. A steel pipe with a spun concrete lining gives a main with extraordinary lasting qualities at a very economical cost. The steel can be reduced to the thickness required to withstand bursting stress only. The concrete gives the main ample rigidity against all external compression at a cost which does not exceed that of the added steel which would be necessary for the same purpose. Further, the concrete affords absolute protection to the steel and itself remains so unaltered that it offers no resistance to the flow of water. The capacity of an unlined pipe is frequently reduced by 33½ per cent. in 30 years; that of two 42" mains on the Birmingham pipe line, one of C. I. and the other of unlined steel, fell from 32 m.g./day in 1902 to 21½ m.g./day in 1931. In other words the capacity of each 42" main became reduced to that of a 36" pipe. A 36" pipe with a spun concrete lining could have been put in at very considerably less cost than that of a 42" unlined main. The use of

Hume Steel Pipes should therefore permit of an appreciable reduction in the diameter of the main required for a given discharge.

At Singapore the Cast Iron gravitation main has become so badly tuberculated that it has been necessary to replace it by a Hume Steel main; the C. I. Pipes are being removed and scraped and centrifugally lined with cement mortar before being re-used elsewhere in the water supply system.

The Ministry of Health, London, allows a 10 years longer loan period in the case of cast iron lined internally with concrete and steel pipes surrounded with concrete and lined internally than in the case of unprotected C. I. Pipes or Steel Pipes wrapped with Hessian but unlined.

(3) *Letter No. HP/5668/61, dated the 13th December, 1933, from the Indian Hume Pipe Co., Ltd.*

As desired during the evidence of our representative in Bombay, we beg to send herewith the following information:—

1. *Audited Balance Sheet of the Indian Hume Pipe Co., Ltd., for the year ended 30th June, 1933.*—On page 7 of this Balance Sheet you will find an item of Rs. 3,48,272-6-4 under "Factories under Erection". This includes the expenditure up to the date on Hume Steel and Wire Drawing. We enclose full details of how this item is made up of.

2. *A Statement giving the value of orders received and executed during the last four years for Hume Concrete pipes together with a column showing how they work out per factory during these years.*—It will be observed that during the year under review, the orders per Factory have fallen considerably. The increase in the number of Factories during the 4 years have been generally in the same proportion. On conclusion to be drawn from this statement is that Hume Concrete Pipes have almost displaced imported pipes such as Armoo and others used for culvert purposes. There seems to be still some case particularly with the Military Department where Armoo pipes are being bought although they are expensive and last much less than Hume Concrete Pipes. In some case they have shown signs of bending and deterioration owing to soil and climate conditions.

3. *A copy of our letter No. HP/4385/179 of 3rd October, 1933, addressed to the Tata Iron and Steel Co., Ltd., regarding price of plates to be supplied to us.*—We would like to draw your attention particularly to the last paragraph in this connection.

This leaves only one statement to be sent to you and that is as regards the actual cost of making steel pipes for the particular order being executed for the Nizam's State Railways. This order is not yet completed, but in order, to meet your wishes we are trying to make out a statement for that portion of the order that we have so far completed. In addition to this we will send you a statement in detail of what we estimate to be the cost of manufacturing these pipes.

Enclosures.

(1) *Details of Factories under erection shown in Balance Sheet for the year ending 30th June, 1933.*

	Rs.	A.	P.
(1) Hume Steel (excluding Stores on hand Rs. 24,234-10-2)	2,95,435	2	9
(2) Wire Drawing	43,558	13	3
(3) Nizamabad Factory of Hume Pipe	9,278	6	4
	<u>3,48,272</u>	<u>6</u>	<u>4</u>

The Hume Steel position as on 30th June, 1933.

	Rs.	A.	P.
<i>Fixed Capital expenditure :—</i>			
Plant and Machinery . . . . .	1,39,559	7	8
Buildings . . . . .	25,200	0	0
Factory erection including Australian experts salary and passage . . . . .	28,476	14	6
Development account . . . . .	94,636	5	7
	2,87,872 11 9		
Stock and Stores on hand . . . . .	31,797	1	2
	3,19,669 12 11		

NOTE.—The corresponding figure for total lock up in October 1933, is Rs. 3,43,819-1-8.

(2) Statement giving the value of orders received and executed during the last four years.

—	1928-29.		1929-30.		1930-31.		1931-32.		1932-33.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Sale of Pipes during the year .	5,42,093	4 11	9,72,976	7 0	8,69,311	7 10	13,61,325	14 9	10,68,069	4 9
Percentage of nett profit on sales.	0.85 per cent.		15.8 per cent.		18.7 per cent.		16.02 per cent.		6.3 per cent.	
Average sale per Factory.	1,08,412	0 0	1,38,906	0 0	1,26,173	0 8	1,35,183	0 0	62,523	0 0

(3) Copy of letter No. HP/4385/179, dated the October 3rd, 1933, from the Indian Hume Pipe Co., Ltd., Bombay, to the Tata Iron and Steel Co., Ltd., Bombay.

SUPPLY OF STEEL PLATES FOR MAKING WELDED PIPES.

We have erected a Plant in Bombay based on Australian Patents to make pipes from Steel plates for water supply purposes of various diameters from 6" to 60" and generally in 18' to 30' lengths. We see a future for these pipes from the various tenders we have recently submitted. One handicap, however, of such tenders not resulting in actual orders seems to be the double Railway freight that we have to incur, viz., (1) for plates from Jamshedpur to Bombay with all the handling charges and (2) for pipes to be transported back to the place of supply. Our handicap is due to our desire to restrict our plates to Swedeshi plates which we have done so far and propose to continue to do in the future; if however we use foreign plates, this difficulty disappears. Recently these places have been in the neighbourhood of Secunderabad and Delhi. We believe, we lost these orders owing to this Railway freight difficulty to avoid which we are contemplating to put up a plant at Jamshedpur where the shells of the pipes will be made and sent out for further process of internal lining and outside

coating to the places of supply. We would like you, therefore, to agree to supply us the plates required at Jamshedpur on the following basis:—

(a) The plates should be supplied to us at Jamshedpur at f.o.r. rate for foreign plates at Bombay less Railway freight from Jamshedpur to Bombay.

(b) A further reduction of 3 per cent. on such price should be allowed.

We understand it is usual with you to quote about Rs. 3 to Rs. 5 per ton less as compared to f.o.r. price for imported steel in Bombay and Karachi.

It is difficult for us to say what quantity of plates we will be using. Had we secured the two tenders which we narrowly missed, our total consumption of plates, even in this short time, would have been in the neighbourhood of about 2,000 tons. Our equipment can take care of about 5,000 tons of plates per year. Our figures show that we can successfully compete with cast iron pipes at their present quotation. A study of the Balance Sheet of Bengal Iron Company and Bhadravati Works will show that both have lost heavily at these prices which had to be reduced owing solely to Japanese competition. A further reduction by them therefore need not be contemplated. On the contrary with the Japanese competition out of the way either owing to the negotiations at Simla or as a result of the Tariff Board inquiry, there is a good chance of arriving at an arrangement with Cast Iron pipe makers to realise better prices; conversations on these lines have already been begun. We are mentioning all this because we are told that it is believed in some quarters that cast iron people can afford to quote lower. Under many circumstances our pipes are preferred to Cast Iron pipes.

At this is a new outlet for your plates we had expected a special price much lower than what we have mentioned above. But in view of the various discussions our representatives had at your office and because of the recent brisk sales of your materials you seem to be disinclined to give this industry a special consideration. This is why we have put the above proposal before you for the present. We are quite prepared to arrive at a co-operative arrangement by which you can share the profits with us above a particular minimum but this will require further experience and consideration on both sides. We think, if some such arrangements can be arrived at the consumption of plates on our side would amount to a decent tonnage per year.

(4) *Letter No. HP/91/61, dated the 5th January, 1934, from the Indian Hume Pipe Co., Ltd.*

Reference: Our Evidence before your Board on 6th December, 1933.

In continuation of our letter No. HP/5668/61, dated the 13th December, 1933.

We also enclose herewith a statement showing the rates tendered for supply of Pipes by several firms in connection with the extension of Water Works, Delhi. We would invite your attention to the fact that the competition in this tender is between the Hume Steel and Bengal Iron, the latter having quoted on an average at about Rs. 4-12 per cwt., f.o.r. Delhi or an equivalent of approximately Rs. 3-12 per cwt., *ex-Works*. Bengal Iron have presumably tendered so low because there was the fear of Japanese competition.

As regards comparison with imported steel pipes, our rates compare favourably because Tatas gave us the plates at a rate equivalent to Rs. 80 *ex-Jamshedpur*, and in order to get in Hume Steel we did not provide for any margin or overhead charges. Besides the imported Steel Pipe makers were possibly taken unawares as they might not have expected such keen competition from indigenous pipe makers.

Enclosure.

Delhi tender—Statement showing comparative prices of Iron and Steel pipes. Rates per ft. run.

Size.	Hume Steel.	Stewarts and Lloyds.	Wright Penhorn and Partners.		British Mannesman.	Bando & Co. Riveted pipes.	Bengal iron.			Beruck Comens.	Size.	Quantity.	
			Elec. Welder.	Water Gas.			Rate per 12 ft.	Per ft.	Per cwt.			R. ft.	T. C.
Inch.	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.	Inch.	R. ft.	T. C.
42	20 15 0	28 1 0	30 14 9	31 14 9	26 0 0	22 4 0	231 8 0	19 4 0	4 6 0	25	42	3,540	780 9
40	19 6 0	26 15 0	29 6 9	30 6 9	25 0 0	21 0 0	214 7 0	17 14 0	4 6 0	20	40	2,500	511 0
38	18 2 0	26 7 0	27 13 0	28 13 0	24 0 0	20 0 0	271 8 0	17 10 0	4 10 0	19	38	1,800	343 0
36	16 10 0	23 12 0	26 0 0	26 13 0	21 12 0	19 12 0	194 7 0	16 4 0	4 10 0	13	36	720	126 2
33	14 11 0	21 15 0	23 7 0	24 3 0	18 2 0	17 0 0	180 9 0	13 0 0	4 14 0	...	33	1,260	194 4
30	12 10 0	19 13 0	16 9 1	21 1 0	17 4 0	16 0 0	155 15 0	13 0 0	4 14 0	...	30	6,165	822 0
26	10 5 0	13 7 0	13 1 0	14 8 0	12 11 0	15 0 0	166 0 0	13 14 0	6 6 0	12	26	48	5 2
24	9 3 0	12 6 0	11 6 0	12 10 0	9 12 0	14 8 0	148 4 0	12 6 0	6 6 0	...	24	72	7 0
18	5 15 0	8 0 0	8 11 6	9 10 3	7 3 0	...	95 15 0	8 0 0	6 6 0	10	18	285	17 9
12	3 4 0	5 0 0	6 11 6	7 7 3	4 9 0	...	52 15 0	4 7 0	6 6 0	8	12	350	12 1

NOTE.—Owing to the comparatively very small quantities of pipes below 30" dis. required the average rate per cwt. is only slightly over Rs. 4-10. The competition is between Hume Steel and Bengal Iron who seem to have quoted on an average at about Rs. 4-12 per cwt. f.o.r. Delhi or an equivalent of approximately Rs. 3-12 per cwt. ex-works. Presumably this is the result of the expectation of Japanese competition. These rates are reported by our Engineer in Delhi to have been read out when the tenders were opened.



(5) *Letter No. HP/490/61, dated the 24th January, 1934/2nd February, 1934, from the Indian Hume Pipe Co., Ltd.*

Reference: Our Evidence before your Board on 6th December, 1933.

As required by you, during our oral evidence in Bombay, and in continuation of our letter No. HP/5668/61 of 13th December, 1933, we enclose herewith a statement showing actual cost of manufacture of Hume Steel Pipes for the Hyderabad Public Works Department and Nizam's State Railway, Secunderabad. These are the two works in hand at present, for which we are manufacturing 9", 14" and 16" diameter pipes. The overhead charges and the value of total turnover are considered on the basis of 2,000 tons of annual output of plates. Actual overhead charges on the little amount of work done for the tenders would give a figure too high for the purposes of reasonable costs. For your information, we have also shown the prices that we quoted. It will be seen that they barely cover the cost of manufacture and we have shown the reason for so tendering.

A statement showing our estimated cost of Hume Steel Pipes of 9", 15" and 24" diameters, f.o.r. destination, is also enclosed. For ready reference, we have shown prices of similar C. I. pipes of "B" class at Rs. 6-10 per cwt., and also at 10 per cent. less. The reason for the rate of Rs. 6-10 per cwt., and the 10 per cent. deduction is explained, in the notes attached. It will be seen that a field for this new industry, consuming Indian Steel, does exist in this country.

The costs are shown per running foot and also per ton of plates, as desired by you.

(1) Cost of Hume Steel Pipes for Hyderabad Public Works Department and Nizam's State Railway, Secunderabad Tenders.

Size of pipe.	9" x 1/4"		9" x 1/2"		14" x 1/4"		16" x 1/4"	
	Per R. ft.	Per Ton.	Per R. ft.	Per Ton.	Per R. ft.	Per Ton.	Per R. ft.	Per Ton.
	Rs. A. P.	Rs. A.	Rs. A. P.	Rs. A.	Rs. A. P.	Rs. A.	Rs. A. P.	Rs. A.
1. Manufacture of shells at Mazagon . . . . .	1 8 7	249 6	1 8 7	249 6	1 14 6	213 6	1 15 8	195 6
2. Transport of shells from the Bombay factory to the Secunderabad factory.	0 3 3	32 8	0 3 3	32 8	0 4 7	29 8	0 4 10	27 8
3. Inner lining at Secunderabad . . . . .	0 6 0	59 9	0 6 0	59 9	0 7 7	43 12	0 8 2	46 2
4. Outer lining at Secunderabad . . . . .	0 7 10	78 5	0 7 10	78 5	0 9 3	59 7	0 9 9	55 0
5. Cost of manufacture f.o.r. destination . . . . .	2 9 8	419 12	2 9 8	419 12	3 3 11	351 1	3 6 5	323 11
6. Prices at which pipes have been quoted . . . . .	2 9 0	..	2 5 0	..	3 5 0	..	4 1 3	..
7. 10 per cent. Depreciation and obsolescence on Rs. 3,00,000 fixed expenditure.								
5 per cent. Interest on a working capital of Rs. 4,50,000 (The above two charges are on the basis of 2,000 tons of annual output of plates).	0 2 6	28 4	0 2 6	26 4	0 3 10	26 4	0 4 4	26 4
8. 10 per cent. Head office charges on the value of total turnover.	0 4 1	42 0	0 3 8	37 8	0 5 4	36 6	0 6 6	39 0
9. Due cost of pipes . . . . .	3 0 3	488 0	2 15 10	483 8	3 13 1	413 11	4 1 3	388 15
10. 10 per cent. Selling organisation, demonstration Consulting Engineer, propaganda, advertising, booklets.								
5 per cent profit . . . . .	0 6 1	63 0	0 5 6	56 4	0 8 0	54 9	0 9 9	58 8
The above percentages are worked out on the value of total turnover.								
11. Total cost of pipes . . . . .	3 6 4	551 0	3 5 4	539 12	4 5 1	468 4	4 11 0	447 7

Remarks.—Prices at which pipes have been quoted cover only material, labour and local supervision. This was done in order to introduce pipes and secure an initial order with a semi public body.  
Steel plates are taken at Rs. 95 per ton at which rate they were supplied by Messrs. Tata Iron & Steel Company, f.o.r. Bombay.

## (2) An Estimate of Prices of Hume Steel Pipes and their Comparison with corresponding Prices of C. I. Pipes.

Size of Pipe.	9" × ½" Cost per R. ft.	15" × ⅜" Cost per R. ft.	24" × ½" Cost per R. ft.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
1. *Hume Steel Shell manufacture at Jamshedpur.	1 2 9	2 5 7	4 8 6
2. Forwarding charges at Jamshedpur.	0 0 5	0 0 10	0 1 10
3. * Railway freight on a mean destination between Secunderabad (South) and Delhi (North).	0 4 1	0 9 7	1 3 9
4. Outer coating at destination . . .	0 7 3	0 10 6	0 15 6
5. Inner coating at destination . . .	0 3 4	0 5 0	0 9 3
6. * Overhead charges . . . . .	0 14 7	1 13 5	3 8 8
7. Fair selling price of pipes . . .	3 0 5	5 12 11	10 15 6
8. Fair selling prices per ton of finished plates.	496 0 0	396 0 0	360 0 0
9. * Price of C. I. pipes at 6-10-0 per cwt.	3 1 5	6 5 4	12 13 4
10. * Price of C. I. pipes at 6-10-0 per cwt., less 10 per cent.	2 12 6	5 11 2	11 9 0

1. \*The price of plates is taken as Rs. 110 per ton f.o.r. Jamshedpur.  
 3. \*The Railway freight is the mean freight from Jamshedpur to two average places, one in the South and one in the North, namely, Secunderabad and Delhi.  
 6. \*Overhead charges:—
- |   |   |
|---|---|
| 10 per cent. Depreciation and obsolescence on Rs. 3,00,000.                                   | } Considered on an output of 2,000 tons of plates per year. |
| 5 per cent. Interest on a working capital of Rs. 4,50,000.                                    |   |
| 10 per cent. Head Office charges.   | } Considered on the value of the total annual turnover.     |
| 5 per cent. Sales organisation, consulting Engineer, propaganda, advertising literature, etc. |   |
| 5 per cent. Selling agents commission.  |   |
| 5 per cent. Profit to the Company.  |   |
9. \*The price of Rs. 6-10 per cwt., for C. I. pipes is assumed on the basis that new duties would bring imported pipes up to Rs. 6 per cwt., ex-Port; and, there would be an additional average charge of Rs. 10 per cwt., for covering freights to inland destinations, the average being considered on the total import of the country thus:—

	Rs. A.
50 per cent. of the country's import of C. I. pipes assumed as used in ports, i.e., freight is nil . . .	...
25 per cent. of the country's import of C. I. pipes assumed as destinations far inland where the freight would be . . . . .	1 8
25 per cent. of the country's import of C. I. pipes assumed as used in destinations of average distance inland where the freight would be . . . . .	1 0

Therefore the average freight = ⅓th of . . .  $\frac{2\ 8}{\text{or } = 0\ 10}$

10. \*10 per cent. in the price of C. I. pipes is deducted to introduce a new article, as some preference in price has to be given.

(6) *Letter No. HP/530/61, dated the 5th/6th February, 1934, from the Indian Hume Pipe Co., Ltd.*

Reference: Our oral evidence before your Board on 6th December 1933.

We were asked to submit a further note in non-technical language, on the points where Steel Pipes have to be preferred as against cast iron pipes.

We also beg to send herewith a note which is supplementary to the one we sent to the Board on 4th December 1933, with our letter No. HP/5430/61.

Enclosures.

*Supplementary note on the advantages of Hume Steel Pipes.*

[In continuation, of the Notes submitted by Mr. A. P. Moddocks, B.Sc., M.Inst.C.E., F.R.San.I., M.Inst.W.E., M.I.E. (Ind).]

In addition to the above technical advantages which the Hume Steel Pipe possesses, it may be pointed out that a steel pipe contains considerably less weight of metal than is required in the case of a cast iron pipe of equal strength and that consequently for equal expenditures on pipes the use of Hume Steel involves less depletion of the mineral reserves of the country and greater expenditure on labour; also that much of the labour in the case of the Hume Steel pipes is of a more highly technical and advanced nature than is required in a pipe foundry—and that it is desirable in the interest of the country that industrial developments of a more advanced nature shall receive encouragement.

*Conditions where Steel Pipes and particularly coated and line Steel Pipes are more suitable than ordinary Bare C. I. Pipes.*

Cast Iron Pipes are not suitable for cases where water has to be conveyed from a greater height than 400 feet as a greater height induces a pressure in the pipe which is not safe with cast iron pipes.

Cast Iron Pipes weigh more than steel pipes as they have to be considerably thicker for the same strength. This excess weight entails correspondingly greater freight charges for transport.

Cast Iron is also brittle, liable to break suddenly under a blow or pressure and unable to deflect in any direction. Therefore a cast iron pipe line is very rigid and cannot accommodate itself to any subsidence in the soil or to settlement due to the pressure of the overlying material.

Cast Iron is attacked by soft peaty waters, resulting in tuberculous growths or excrescences being formed on the inside. A similar incrustation is formed by hard waters by the deposition of a hard material on the inside of the pipes. These growths or incrustations reduce the diameter of the pipe and consequently the size of the opening, and increase the losses by friction; they thus diminish the discharging capacity of the pipe. If laid in salt or chemically impregnated soil such as town or industrial refuse, cast iron pipes are liable to corrode, being unprotected on the outside.

(7) *Letter No. HP/570/61, dated the 7th February 1934, from the Indian Hume Pipe Co., Ltd.*

Reference: Our Oral evidence before your Board on 6th December 1933.

As desired by you during our oral evidence and in continuation of our letter No. HP/490/61 of 2nd February 1934 enclosing the actual cost state-

ment of the latest Hume Steel order in hand, we submit herewith the total weight of plates manufactured and the total R. ft. produced for each size till 9th December 1933, as required by you.

Enclosure.

Size.	Total weight of plates in tons manufactured till 9th Dec. 1933.	Total R. ft. produced till 9th Dec. 1933.	Approximate R. ft. per ton of finished plates.
9" x ½"	66.1	10.780	164
14" x ½"	46.0	5.145	109
16" x ½"	82.2	8.085	96
	194.3		

(8) Letter No. HP/607/61, dated the 8th February, 1934, from the Indian Hume Pipe Co., Ltd.

Reference: Our oral evidence before your Board on 6th December 1933.

We submit herewith the views of Mr. A. P. Maddocks, B.Sc., M.Inst.C.E., F.R.San.I., M.Inst.W.E., M.I.E. (Ind.), on the difference between the rigidity of C. I. Pipes and that of Concrete Lined Hume Steel Pipes, for your information.

Enclosure.

#### Re RIGIDITY OF HUME STEEL PIPES.

It was suggested during our oral evidence by Mr. Atha that Concrete Lined Steel Pipes would act like a C. I. Pipe as far as the rigidity of the pipe was concerned.

It must, however, be pointed out that this view is not correct. While the concrete stiffens the steel pipe to an extent which is advantageous, preventing deformation during transit or laying or due to the weight of the overlying earth when laid in the ground, a Hume Steel Pipe is not rigid in the same way as a Cast Iron Pipe, but has a considerable amount of elasticity, as has a reinforced concrete beam or strut which can sag or deflect under a load.

(9) Letter No. HP/741/61, dated the 15th February, 1934, from the Indian Hume Pipe Co., Ltd.

#### Re PRICE OF M. S. PLATES FOR HUME STEEL PIPES.

Further to the copy of our letter No. HP/4385/179, dated the 3rd October, 1933, to Messrs. The Tata Iron and Steel Co., Ltd., already sent to you along with our letter No. HP/5663/61 of 13th December, 1933, we beg to send herewith a copy of our second letter No. HP/694/179, dated the 13th February 1934.

*Copy of letter No. HP/694/179, from the Indian Hume Pipe Co., Ltd., to the Tata Iron and Steel Co., Ltd.*

Further to our letter No. HP/4385/179 of 3rd October, 1933, we shall thank you to let us know early if you would agree to supply us M. S. Plates at Jamshedpur on the basis mentioned in parts (a) and (b) of paragraph 1.

We are already erecting a plant in Jamshedpur in the hopes of getting our requirements of plates at a reasonable price.

We have to refer you to paragraph 133 of your representation submitted to the Tariff Board in which you mention. "For an essential parts of its market the Steel making industry is dependent on other industries which convert rolled steel into articles of use which must be sold in competition with similar articles offered to the Indian market by foreign manufacturers. If these Indian industries are not enabled successfully to meet this competition the position of the basic industry may be greatly weakened." We have also to refer you to paragraph 132 of the same representation wherein you have mentioned. "In thus indicating its desire for the establishment of new steel-using industries and its willingness to co-operate to the fullest practicable extent, the Company is maintaining the policy which it has pursued consistently during the past 15 years" . . . . "It has also assisted in the formation of six new Companies not only in the above way but also by subscribing capital or by undertaking to supply materials at special rates, or by both these methods."

We shall, therefore, appreciate your desire to help new Indian Industries using Indian Steel and hope that the required facilities will be granted to us in the same spirit in which the above representation was made.

For your ready reference we are enclosing a copy of our letter referred to above.

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### **Tatanagar Foundry Co., Ltd., Tatanagar.**

*(1) Letter dated the 23rd September, 1933.*

In pursuance of the Government of India Resolution No. 260/T. (8) 33, dated the 26th August, 1933, we have the honour to submit for the consideration of the Tariff Board, our representation for a bounty in favour of Cast Iron and Malleable Cast Iron manufactured exclusively for export from India to foreign countries. The Resolution above referred to states that "The Board will also be at liberty to examine the claims for protection of Industries, making iron and steel products, which do not come within the scope of the present Act, and to report whether having regard to the principle laid in paragraph 97 of the Report of the Indian Fiscal Commission, such claims should be admitted, and, if so, the nature and extent of the protection that should be given".

It is an admitted fact that India produces the cheapest pig iron in the world. Pig Iron is the basic material out of which all steel and iron articles of use are made. These articles may be divided into two main kinds, viz., (1) Steel Articles, such as, Rails, Joists, Tees, Angles, Sheets, etc., (2) Cast Iron Articles, such as Machineries, Permanent Way Materials, Wagon fittings, Road Slabs, Rolls and other Industrial parts, Pipes, Sanitary Fittings, Building materials, Stoves and Utensils, etc.

The Steel Industry when faced with a crisis made a representation and received necessary help in the shape of Bounties and is still protected by Tariff Duties and Concession Railway Freights.

During the previous Tariff Board enquiry for giving protection to Iron and Steel Industries no representation appears to have been made or considered for the Cast Iron Industry which is equally important for the development of the

country, has a bright future due to Industrial awakening in India and is also capable of giving employment to a very large number of men and women directly and indirectly. But this Industry is now on verge of death and its existence has become almost impossible unless it receives sympathetic consideration and protection. It will appear that consumption of Pig Iron in the country is fast going down and the Pig Iron manufacturers are now entirely dependant on foreign markets with the result that this useful and very important commodity which could be utilised in the country very profitably and which in 1927 was exported at Rs. 36 per ton f.o.b. is now being sold at Rs. 22 per ton f.o.b. in spite of the combine for the sale of Pig Iron which exists between the three principal Pig Iron manufacturers. As a consequence of this fact blast furnaces in factories in India are gradually closing down, which the Board will find out with the least difficulty.

If blast furnaces are closed down to reduce the production of Pig Iron, overhead charge for the manufacture of steel will proportionately rise and progressive protection to the Indian Steel Industry will be more or less a permanent future of Indian State policy. We beg therefore to represent to the Board that steps should be taken to create facilities in this country for a gradually increasing consumption of Pig Iron in foundries for cast iron by giving this Associated Industry a bounty for a reasonable period so that foreign markets may be created for its products during the period.

Before giving a detailed description elucidating our demands for a bounty on cast iron products manufactured for foreign markets, we may be permitted to explain certain other relevant facts and circumstances arising out of the present pig iron policy and matters connected therewith.

On account of paucity of orders for Pig Iron from Japan, Indian manufacturers have been compelled to shut down some of their blast furnaces. Now, with cheap pig iron, Japan is exporting cast iron pipes and fittings to India at a cheaper price than the manufacturers of the Bengal Iron Co., Ltd., and the Mysore Iron Works, who are the manufacturers of high pressure pipes. This Japanese competition has compelled the Bengal Iron Co., Ltd., and the Mysore Iron Works to approach the Commerce Department of the Government of India for tariff protection against the Japanese import of C. I. pipes.

Our contention there is this: the Indian Market is fast slipping out of the hands of the cast iron manufacturers of India and if a sympathetic plan for a higher consumption of pig iron and steel scrap in the country be not put into operation within a reasonably short period a crisis in steel and iron business seems to be inevitable. We, therefore, suggest that before it is too late Indian founders will have to be encouraged by the State to develop their foundry business to such an extent as they can successfully increase their output for a progressive trade in competition with foreign countries in India and abroad.

The Indian cast iron industry need protection in the form of bounty for a limited period for export trade only and we also pray for other concessions such as, in Railway freights in respect of which an equitable treatment is essential. We mention below some suggestions which in our opinion are necessary to protect the Cast Iron Industry, viz.:—

- (a) The bounty of Rs. 10 per ton on C. I. manufactured articles exported out of India.
- (b) Rebate on the price of Pig Iron on the basis of the export price of pig iron (assuming that the pig iron price in India remains higher than the export price of it as it is to-day).
- (c) Concession in Railway freights on finished products from the place of manufacture to ports.
- (d) Concession in Railway freight on raw materials, such as coal, coke, sand, limestone, firebricks, fireclay and on all finished products.

*History and description of Tatanagar Foundry Company.*—In the year 1926, this firm was started at Tatanagar as a private proprietary concern with a capital of Rs. 20 lacs and as an Associated Company of Messrs. The Tata Iron and Steel Co., Ltd.

The Original Scheme for the Foundry and Works decided upon by the Proprietors provided for an Iron and Steel Foundry for the manufacture of Cast Iron, Malleable Iron, White Iron, Chilled Iron and Steel Castings of all description and to put up a Workshop for the manufacture of materials required for Railway and other Industries.

The Foundry was started with a capacity of melting 200 tons per day. The foundry has two wings; the Southern wing has 4 Cupolas fitted with fans directly driven by specially designed Motors of high revolutions. The melting capacity of each cupola is 30 tons per day. The area of the foundry bed attached to it is 25,000 square feet. The foundry bed is prepared upon a reinforced concrete floor filled with specially prepared sand. Reinforced concrete floor is made to protect Foundry bed from unnecessary moisture in the rainy season. The Northern wing was originally fitted with 3 Cupolas and had an aggregate capacity of 90 tons per day. But now we have added one more cupola of 40 tons capacity and replaced one cupola of 20 tons by one of 30. The area of the foundry beds attached to the North wing is 35,000 square feet. Thus it may be seen that our Foundry has an aggregate capacity for manufacturing 250 tons castings per day.

The foundry is also equipped with a suitable Machine Shop, Smithy Shop and a Pattern Shop for the purpose of making our own patterns, dice, Moulding Boxes and other tools and implements required for our Foundry Works.

This firm has now been formed into a Limited Liability Company, registered under the Companies Act of 1933 with a capital of Rs. 20 lacs.

*Description of work done in our workshop.*—From 1927 the Foundry opened with an order from the North Western Railway for the manufacture of C. I. Sleepers. Since then up to February, 1932, this Foundry was almost continually engaged in manufacturing C. I. Sleepers for the various Railways. From February, 1932, on account of very meagre purchases by the Railway Board the Workshop is practically closed, save and except a small allotment of 2,500 tons was made by the Railway Board against the Contract for 84,000 tons C. I. Sleepers, in which we have a quarter share, which work was spread over up to 31st August, 1933. Though our capacity to manufacture is over 250 tons C. I. Castings daily, unfortunately we never had the good fortune of working at our full capacity during the whole period of our existence. As already indicated our original object was to manufacture various kinds of articles for the Indian Market as well as for export purposes, but difficulties which are insurmountable come in our way and retard our progress at every step.

Besides the C. I. Sleepers, we manufacture almost all Iron and Semi-Steel Castings for other Subsidiary Concerns in Tatanagar. We also had an opportunity for executing some orders from Messrs. The Tata Iron and Steel Co., Ltd., mostly consisting of Ingot Moulds, Charging Boxes and other Machinery parts. The total tonnage of the work done in the Foundry including both railway and private purchases yearly is given below.

*Labour.*—So far as this question is concerned our firm claims some special features. Instead of employing labour-saving machines at all stages of our work, we encourage manual labour as far as it is cheap and practicable. We do it on principle and our experience is that in our firm this system of getting our work done by manual labour is more economical and more advantageous than other ways. Indian labour is one of the cheapest in the world. But this is not the only qualification of the Indian labour. We are speaking from experience and we can well vouch for the fact that if our labour is treated in the traditional Indian way then they can very easily made to take genuine interest in the work just as if it were his own work.

Our experience has further convinced us that our labour, cheap as it is, it is not inferior in quality, by quality we mean here that element in man



which can be easily turned into use. In skill, adaptability and grit Indian labour is well equipped by nature. And we believe with other natural advantages any Indian Industry will stand competition successfully.

We follow this principle in our employment of labour. And therefore we employ a labour force which may appear rather large. According to our system, we require 16 persons skilled and unskilled to manufacture a ton of sleeper. The unskilled labour is efficiently trained here for Iron Foundry Works. With the help of this labour force we are in a position to keep our cost very competitive and our quality also is highly spoken of. Our Works are carried on, on the piece-work system, consequently our labour is generally satisfied as they are not treated with unduly harsh rules or unnecessarily rigid supervision. In our Works, the labourers can earn according to their capacity and skill and they are not governed by any omnibus labour rate without consideration of individual capacity and skill. This gives us a good self-adjusting security against things like strikes or other labour troubles.

*Other natural advantages besides labour.*—Our Works is situated at a place where all requirements necessary for a Foundry are available. Tatanagar is the most suitable place for manufacturing Iron and Steel materials. As regards power and water the Steel Company undertakes to supply us at a reasonable charge. As regards the unskilled labour, male and female are always available in sufficient numbers. It is situated very near to Calcutta which is one of the biggest industrial cities of the country and the biggest distributing centre for all class of commercial commodities. Pig Iron which is the most important element is manufactured by the Steel Company and their cost of production is the cheapest. Hard Coke is also not expensive as the Jharia fields are at a distance of about 150 miles. Taking all these facts together, it can be safely said the foundry industry established in Tatanagar should be able to compete in the market outside the country if artificial barriers are removed and Pig Iron is supplied at the price at which it is exported.

We hope we have been able to convince you by now that with a temporary help asked for our Foundry may successfully develop an export trade in castings. The bounty we ask for a reasonably limited period after which we shall be able to quote competitive prices successfully in the foreign market. Our scheme will also have a very important side issues, for we shall not only be able to consume a much bigger quantity of pig iron from the Tata Iron and Steel Co., Ltd., but we shall be able to consume their off-grade pig iron (such as, High Sulphur and High Manganese Pig Iron) and their burnt scrap (such as Rejected Ingot Moulds and Bottom Plates) for which articles at present ordinarily they have not got a market. For the information of the Board we may mention here that in the last 5 years, we have consumed nearly 24,000 tons of their off-grade pig iron. We have specially designed cupolas in which we are in a position to improve the off-grade pig iron into graded standard and ultimately convert it into useful castings. Besides this off-grade pig iron, we shall also be able to consume a large quantity of steel-scrap. With the permission from the Railway Board we use steel up to 25 per cent. of the total weight in the present day manufacture of sleepers. If our prayer is granted, we shall be in a position to construct a battery of Revertory furnaces of our design by which we shall be able to consume a decent quantity of all classes of rejected iron, such as, burnt scrap including fire-bars Ingot Moulds, Annealing boxes, white iron, rejected rolls, rejected railway wheels, etc., to use which there is at present no foundry equipped in this country.

We may mention further we have special facility for transporting our materials to Eastern countries. Our parent firm, Messrs. Nursing & Co., are one of the biggest exporters of scrap iron and steel from this country to the ports of the Far East. For this purpose, they have frequently to charter steamers. If we have any export trade in our Foundry materials we shall be able to avail ourselves of this advantage which means that we may begin exporting our manufactured goods at a minimum cost and probably to a known market.

As regards our financial position we may beg to state that we shall be able to satisfy that there will be no difficulty in investing money for any capital expenditure on account of the proposed plant and machinery for our development.

*Tonnage of castings manufactured by us.*

Year.	Tonnage.
1927 . . . . .	5,782
1928 . . . . .	14,613
1929 . . . . .	4,637
1930 . . . . .	14,844
1931 . . . . .	15,331
1932 . . . . .	459
	55,666

It may be mentioned here that Railway Orders have been spasmodic, hence orders though shown in each have been executed in only a few months of the year.

(2) *Letter dated the 16th January, 1934, from the Tatanagar Foundry Co., Ltd.*

In the course of my examination before the Board on the 22nd December last, the President was pleased to suggest that supplementary Memorandum should be submitted by the Tatanagar Foundry Co., Ltd., concerning the particular issues between the Tata Iron and Steel Company, and ourselves so that a cordial relationship may be maintained with a view to ensure smooth working, to mutual advantage between the parent company and its subsidiary.

The Memorandum previously submitted by this Company did not contain any reference to the condition imposed on us by the Tata Iron and Steel Company, in the lease granted to us restraining us from manufacturing C. I. Pipes. Such reference was purposely avoided as the matter was purely personal in nature and has very little connection to the problems at issue affecting the Steel Industry of this country in general. But when at the time of my oral examination this particular point had to be disclosed in answer to a question put by the President, we were asked to supply further evidence in connection therewith in writing disclosing the fact how the condition in the lease altered the arrangement we had with the Tata Iron and Steel Company when we started our works, and the circumstances under which we accepted the condition later on.

We, therefore, beg to submit the following for the information of the Board:—

In December, 1926, we applied to the Tata Iron and Steel Co., Ltd., for sanction to start a Foundry at the site of the Enamelled Ironware, Ltd., a subsidiary firm which had gone into liquidation and the factory sheds of which we had purchased. In our application (*vide* copy Enclosure A), we stated that we shall manufacture Cast Iron Sleepers, Water Pipes and other commercial castings, etc., etc. The Steel Company granted the permission asked for in their letter to us No. C.-120/2202 (Enclosure B) and in offering us terms they recognised the fact that we intended to establish a Foundry at Tatanagar for Cast Iron Sleepers and Water Pipes. Further in 1929 in another letter dated the 5/6th August, No. C.-1104-29, the Steel Company clearly mentioned that "Our Board of Directors in December, 1926, allowed you to establish a Foundry at the site of Enamelled Ironware, Ltd., for the manufacture of Cast Iron Sleepers and Water Pipes" (Enclosure C).

It was only in 1931 that we for the first time came to know that the Steel Company had changed their mind and on the 3rd of March we received a draft lease from the Company which contained a clause preventing us from manufacturing C. I. Pipes in our Works (Enclosure D—Clause 3). We resented such restriction and formally objected to it, pointing out that our original arrangement with the Steel Company unambiguously included our manufacturing Cast Iron Pipes and other commercial castings. But the local management stubbornly refused to accommodate us on this point and a difference arose between us.

In the meantime, other differences which had arisen became acute and criminal prosecutions were started by both parties all of which resulted in our favour, and relations became very strained and angry correspondence passed between the parties, culminating in 1932 when the Steel Company brought a suit against us in the Calcutta High Court for realisation of Rs. 37,162-11-6 which, however, at the intervention of common friends and advisers was referred to the arbitration of Mr. A. R. Dalal, Agent of the Managing Agents of the Steel Company. By an award made by him recently he awarded Rs. 18,800 against us and the award has been confirmed by a decree of the Calcutta High Court. Such intervention also had the effect of having other differences including the sanction of the lease happily adjusted. We found that if we at that stage insisted on our rights about the manufacture of Pipes, all the disputes would have had to go to Court and we were advised that as 'Subsidiary concern' we should avoid all further bickerings with the Steel Company. Naturally we lay low and practically accepted all the proposals made by the Steel Company for the sake of purchasing peace.

We felt and still feel that the liberty of manufacturing pipes should have been given to us as the same is not done by the parent company, and we should not have been denied the privilege on the ground that the Steel Company wanted to protect the interests of other companies with whom they did not stand in the same relation as with us.

Having submitted all the facts relating to our difficulties and differences we had with the parent company, we pray that the Board will make such recommendations as would eliminate all chances of any future friction between the two organisations and their respective work.

We beg to submit that the condition imposed upon us preventing the manufacture of C. I. Pipes has handicapped us to a large extent in our activities in as much as we have got to depend practically entirely upon the orders from the Railways for C. I. Sleepers. And such orders as is well known to all were very scanty during the last two years. If this restriction could have been overcome my Company would have extended their line of business to C. I. Rainwater Pipes, Soil Pipes, other Water Pipes and articles, of similar description. And we feel sure we would have been in a position to compete in the market with either local or imported articles of a similar nature. This not only might have relieved us from depending entirely upon the orders from the Railways but also enable us to utilise more of the basic material produced by the parent Company.

The next point which we would like to submit here is about the difficulty we experienced in getting our supply from the Steel Company of Tie Bars, which is a component part of Cast Iron Sleepers. We beg to submit a brief account of the nature of the friction with the Steel Company in the matter of supply of Tie Bars to us.

Up to the year 1929 imported Steel bars were used for making tie bars for cast iron sleepers. The reason was that tie bars required for C. I. Sleepers was not definitely subjected to bear the ordinary duty of Rs. 26 per ton for English make and Rs. 37 per ton for foreign bars. Taking advantage of this ambiguity the sleeper manufacturers could get their supply of bars from imported sources paying only 10 per cent. *ad valorem* duty thereon. But as our firm depended upon Tatas for Tie Bars, we were in a disadvantageous position to meet competition,

We referred this matter to Mr. C. A. Alexander, the then General Manager of Tata Iron and Steel Co., Ltd. With his consent we submitted a representation to the Government of India on the 6th April, 1929 (copy annexed Enclosure E). We were also assured by Mr. Alexander that if we could bring about a change in the Tariff Duty and if the Steel Company be in a position to supply steel for the Tie Bars we would be given by the Company the first preference to manufacture the whole quantity of Tie Bars for the Railways out of such Steel. Mr. Alexander also promised to lend the Steel Company's tie bar punching plant to us on hire for the purpose as it was at that time lying idle in their works.

We represented the aforesaid matter to the Government of India and we were able to impress upon the then Hon'ble Member for Commerce the importance and the urgent necessity of an amendment of the Steel Protection Act with a view to clear up the ambiguity regarding the duty levied on bar steel. The Hon'ble Member was convinced, and he introduced the required amendment as a Bill in the Indian Legislature on the 12th February, 1930. This amendment was passed into an Act on 6th March, 1930. In 1931 by mutual arrangement of all the manufacturers of sleepers we fabricated almost all the tie bars required for the Railways.

In 1933, we received an order to supply 29,000 complete C. I. Sleepers (including Tie Bars) from the Railway Board, and we approached the Steel Company to supply us 29,000 pcs. bars 2" x  $\frac{1}{4}$ " and 6'-10" in length each. We received quotation for them at the rate of Rs. 120 per ton f.o.r. Tatanagar in multiple lengths (*vide* Enclosure F—copy of letter No. S. A./1394, dated the 27th March 1933). This price proved unworkable and when we protested against the rate, Mr. Dalal reduced it to Rs. 110 per ton f.o.r. Tatanagar (*vide* Enclosure G—copy of letter No. S. A./4051, dated the 25th July 1933). But we were informed that the Steel Company had been supplying the same steel bars to Messrs. Martin & Co., at Rs. 100 per ton f.o.r. Calcutta.

This differential treatment of subsidiary company *vis a vis* a company with which the Steel Company has practically no relation appears to us to be unjust and naturally led to our dissatisfaction. We went on representing this matter time and again when only the other day the 12th January, 1934, Mr. Dalal through one of his assistants informed us over the telephone that he will henceforward charge us the same rate for the bars as he did to Messrs. Martin & Co., we have since received formal official confirmation of the same which also contains the fact that they would charge us Rs. 4 extra per ton for cutting the bars to required lengths. The bars supplied to Messrs. Martin are cut to exact length of sizes without any additional charge.

Another small matter in which we want the attention of the Board to be directed, is, that with regard to defective bars and shortages. The Steel Company replaces them to Martin & Co., but in our case even this small privilege is denied. We would not have referred to this small matter but the Board will observe that these things are in the nature of pin pricks which at times make us very miserable and disconsolate, because as a subsidiary concern to Tatas we do expect protective and preferential treatment from the parent company.

There is another question which affects us very vitally and which we would like the Board to take into serious consideration. This is that when the Steel Company quoted prices for supply at Tatanagar of materials they are generally the same as are quoted by them to other dealers in Calcutta. In other words the advantage of freight which should come to us as local manufacturers as Tatanagar is denied. The result is that according to the present practice we have to pay the amount representing the freight from Tatanagar to Calcutta on the materials supplied to us locally for which no railway freight is really incurred, and again we have to pay freight on the same quantity when the finished articles are supplied by us to the customers at different places. This also means that we are at a great disadvantage as regards competitive prices with other firms who have their works outside Tatanagar. As an instance, we may just mention a recent case regarding the tender that we made for the supply of M. S. Bearing Plates to the

North Western Railway which on account of this difference in freight we could not succeed in getting the contract.

Besides the cases related above we had other differences, which have not been settled with the Tatas, and these we do not in end to reopen. But what we would like to submit is that the Tata Iron and Steel Company and Companies of similar nature must generally realise the full value and usefulness of the subsidiaries to them. That business enterprises like ours are really guaranteed consumers of large quantities of their production is a fact which should be appreciated by them and the former should receive from the latter such fostering care and kind treatment as would enable them to work profitably and to make their utilisation of basic materials larger as time progresses and business conditions improve. We are fully alive to the importance of the argument that we should mould our policy in such a way as not to harm an inch of the legitimate interests of the parent Company which we consider to be one of the nations most valuable assets. But in more cases than one we have found that whenever there had been any dispute between the local management and ourselves, neither the directorate nor the managing agents ever stepped into the breach till the dispute had attained proportions which could have been avoided by their timely intervention. Hence we feel it necessary to submit two suggestions in relation thereto for the consideration of the Board:—

- (1) The actual carrying on of the business of the Tata Iron and Steel Co., Ltd., is entrusted to the local management who, we understand, are vested with very large powers. The Board of Directors as well as the Managing Agents of the Steel Company are located in Bombay and Calcutta respectively which may be one of the reasons why any difference or dispute between the Steel Company and its subsidiaries had to be left for decision to the local management who really becomes judges in their cause. Our suggestion is that in case of such dispute or differences either the Directorate or the Managing Agents should act as the tribunal for adjustment. We feel sure that the subsidiaries or other people who come in contact with the Steel Company have every reason to place their confidence in both the Directorate and the Managing Agents. If this suggestion is followed we may say that it will be the best for all parties concerned and there will be quick disposal of the grievances and complaints.
- (2) The other suggestion that we beg to advance is that there should be a fixed policy of regulating prices of raw materials between the parent Company and the Subsidiaries. The idea is that the parent Company should supply such raw materials as may be required by the Subsidiaries for their purposes at a fixed percentage of profit on their cost of production, the sum-total of which it is naturally expected to be much lower than the market price for such raw materials. This fixation of prices on such lines so far as the Subsidiaries are concerned would put them on a more advantageous position to compete with outsiders and such policy will ensure bigger consumption of basic materials produced by the parent company.

It will also give the subsidiaries at all times an idea of their own costs for particular articles specially when they would be called upon to tender for supplies.

In our opinion it is the lack of co-ordination of this nature that has been one of the causes responsible for untimely failures of many of the subsidiaries in the past, and a source of constant trouble to the subsidiaries at present. This also leads us to the speculation that because of the lack of security in matters affecting the establishment of such subsidiaries, there is extreme shyness of capital investment in Tatanagar.

We believe, and, in fact, we are extremely hopeful that with a little encouragement from the Tatas, it will be possible in the near future to see Tatanagar studded on all sides with prosperous subsidiary concerns.

Enclosures.

## ENCLOSURE A.

*Copy of the letter dated the 23rd December, 1926, from Messrs. Nursing and Co., Calcutta, to the Sales Manager, Messrs. Tata Iron and Steel Co., Ltd., Calcutta.*

“With reference to our interview regarding lease of land at Jamshedpur to start an Iron Foundry and other Industrial business at the premises of the Enamelled Ironware, Ltd. (in liquidation), which you are aware we have purchased from the Liquidators in partnership with our friend Rai Sahib Dwarka Das Bhartia. We thank you for your assurance that you will give us a lease of 20 Acres of land for a period of 10 years with an option of another 10 years on our part at your standard rent of Rs. 24 (rupees twenty-four) per Acre per annum and that you shall also be pleased to supply us with electric power and water on the same basis as you supply to other subsidiary companies.

We are also much obliged to you for your assurance to supply us with your Pig Iron No. 2, 3 and 4 at Rs. 40 per ton and basic Pig at Rs. 38 per ton, or 12½ per cent. (twelve and half per cent.) below your ruling prices, whichever is lower.

We shall take 5,000 tons to 40,000 tons of Pig Iron per annum but shall guarantee the minimum quantity of 5,000 tons per year and shall have the option of making up any shortage in one year during the following year and in the event of our failing to do so we shall be liable to you for such damages as you deem fit but not exceeding Rs. 10,000 (rupees ten thousand) which will be payable to you on demand.

The Commencement of the period during which we shall take the Pig Iron mentioned above shall be counted from the date 4 months after the signing of the lease.

We shall manufacture Cast Iron Sleepers, water pipes and other industrial castings, etc., etc.

We note with thanks that you will kindly place the above arrangement before the Board of Directors on the 28th instant for their approval.

Thanking you again for all your kindness.”

## ENCLOSURE B.

*Copy of the letter No. C.-120/2202, dated the 21st January, 1927, from the Sales Manager, the Tata Iron and Steel Co., Ltd., 100, Clive Street, Calcutta, to Messrs. Nursing and Co., 22, Canning Street, Calcutta.*

“With reference to your proposal to take up the buildings of the Enamelled Ironware, limited and establish among other things a foundry there for cast iron sleepers and water pipes, our Board have authorised us to offer you the following terms:—

*Land, water and Electric power.*—On terms similar to those given by us to Enamelled Ironware, Limited.

*Pig Iron.*—The price of the first 18,000 tons will be Rs. 40 per ton f.o.r. Tatanagar for foundry grades and Rs. 38 per ton f.o.r. Tatanagar for Basic. For five years after the 18,000 tons is used the price will be Rs. 45 per ton f.o.r. Tatanagar. We shall be agreeable to supply all your requirements of Pig Iron up to a maximum of 18,000 tons per annum. You will agree to take from us all your requirements and not to resell. The price of Pig Iron thereafter will be fixed on terms which may be mutually agreed upon.

This offer of Pig Iron is made to you on the condition that you are working with the Howrah Engineering Works at the old Enamelled Ironware site. In the event of your separating from the Howrah Engineering Works, we shall have to take the undelivered portion of the first 18,000 tons and divide it up as we consider equitable.

On your settling the details regarding the lease and supplies of electric power and water, the necessary documents will be prepared."

ENCLOSURE C.

*Copy of the letter No. G-1104/29, dated the 5th/6th August, 1929, from the Director, Tata Sons, Ltd., Agents, the Tata Iron and Steel Co., Ltd., to Messrs. Nursing and Co., Proprietors, the Tatanagar Foundry Co., Tatanagar, B. N. Ry.*

"We understand that you are putting up a Steel Foundry and also a Machine Shop for the manufacture of tie bars and other railway material.

In this connection we wish to point out that our Board of Directors in December, 1926, allowed you to establish a Foundry at the site of Enamelled Ironware, Limited for the manufacture of cast iron sleepers and water pipes and the arrangement proposed by the Sales Manager in his letter No. C-120/2202 of 21st January, 1927, for the supply of pig iron was made specifically for these purposes. Before any new development is proceeded with on that area it is necessary that we should be informed and the sanction of the Board should be obtained.

Please let us know, therefore, at an early date, the details of further products you propose to manufacture at your works and how much additional pig iron or other materials you would require for these products. On hearing from you we shall place the matter before our Board."

ENCLOSURE D.

*Twenty Rupees Stamp.*

Stamp Affixed by  
(Sd.)

Stamp Superintendent,  
Calcutta Collectorate.

Admissible under Rule 24, duly stamped under the Indian Stamp Act, 1899, Schedule No. 35 (a) (iii).

	Rs. A.
Fees paid—A (3) (a) (iv) . . . . .	12 8
N (a) . . . . .	6 0
N (c) . . . . .	0 4
	18 12

THIS INDENTURE made the Third day of July One thousand nine hundred and thirty-three BETWEEN THE TATA IRON AND STEEL COMPANY, LIMITED, a Company duly incorporated under the Indian Companies Act, 1882, and having its Registered Office at Bombay (hereinafter called "the Lessor Company" which expression unless excluded by or repugnant to the context shall be deemed to include the said Company and its successors and assignees) of the one part and THE TATANAGAR FOUNDRY COMPANY, LIMITED, a Company duly incorporated under the Indian Companies Act, 1913, and having its Registered Office at No. 370, Upper Chitpore Road, in the town of Calcutta (hereinafter called "the lessee Company" which expression shall unless excluded by or repugnant to the context be deemed to include the said Company and its successors and assigns) of the other part.

WHEREAS the Lessee Company has applied to the Lessor Company for the lease of the land hereinafter described AND WHEREAS the Lessor Company having assigned by way of Mortgage the said land firstly to the Law Debenture Corporation, Limited, of London, and Framroz Edulji Dinshaw, of Bombay, by Trust Deeds dated the thirty-first day of August One thousand nine hundred and twenty-two and fourth day of February One thousand nine hundred and thirty-two respectively as the Trustees of the Debenture holders of the Company and secondly to the Trustees for the Second Mortgage Debenture Stock by a Trust Deed dated the fourth day of November One thousand nine hundred and twenty-four, along with other properties of the Company has obtained the consents in writing of the said Law Debenture Corporation, Limited, of London, the said Framers Edulji Dinshaw and the said Trustees for the Second Mortgage Debenture stock to the demise by the Company of the said land and has agreed to the grant of such lease to the Lessee Company upon the following terms subject to the said consents which are attached to this Indenture WITNESSETH that in consideration of the rent hereby reserved and the covenants and conditions hereinafter contained and on the part of the Lessee Company to be observed and performed the Lessor Company doth hereby demise and lease unto the Lessee Company. All those two pieces of parcels of land situate at Jamshedpur in the District of Singhbhum, Registration Sub-District Dalbhum and Police Station Golmuri, being Seventy acres, a little more or less in extent which said pieces or parcels of land with the abutments and boundaries thereof are more particularly described in the Schedule hereto and delineated and described in the Plan annexed hereto the boundary lines being coloured red together with all ways lights sewers privileges easements advantages and appurtenances thereto belonging or in anywise appertaining to HOLD the same unto the Lessee Company from the first day of September One thousand nine hundred and thirty-one for a term of ninety-nine years thence next ensuing YIELDING AND PAYING THEREFOR during the said term a yearly rental of Rupees one thousand six hundred and eighty by equal half-yearly payments without any deductions whatsoever on the first day of January and the first day of July in every year the first of such half-yearly payments being the portion of the previous half-year's rent calculated from the commencement of this lease being made on the first day of January One thousand nine hundred and thirty-two and the Lessee Company doth hereby covenant and agree with the Lessor Company in manner following that is to say:—

1. To Punctually pay the said half-yearly rent upon the days and in manner hereinbefore provided and to pay interest at the rate of twelve per cent. per annum thereon if it is not paid on the due date.
2. To pay a share of Government taxes local or imperial assessed on such land which are now or hereafter may be payable by the Lessor Company proportionate to the area occupied by the Lessee Company and to pay such local or Municipal taxes as may be imposed and to make such contribution to capital expenditure of the Town of Jamshedpur as may be determined and decided by the Governing Body of the Town constituted by any Act of the Legislature or by mutual arrangement among the various Industrial Concerns in Jamshedpur.
3. Not to use the said demised premises for any other purpose than that of carrying on the business of Iron and Steel Founders with the exception of the manufacturing of pipes subject as to mining rights to the provisions hereinafter contained.
4. Not to use or permit any buildings erected or to be erected upon the premises hereby demised to be used as a Public House or Public Liquor Shop or for any other purpose than that hereinbefore provided and incidental thereto and to the welfare of the work people of the Lessee Company.
5. At all times to recognise and not in any way to interfere with or close or attempt to close such public rights of way (if any) as are now existing over the said demised premises and are delineated in the Plan annexed hereto and are more specifically mentioned in the Land Acquisition Agreement under which the said demised premises with the adjoining lands are held by the Lessor Company from Government.



6. To provide to the satisfaction of the Lessor Company or the Governing Body of the Town (as and when constituted and to which Body any of the powers and functions of the Lessor Company relating to the provision and maintenance of public amenities under this lease may be transferred by the Lessor Company), drains and sewers and to keep the area demised in a sanitary condition to their satisfaction, and, if so required, to lead to and connect them with the main sewer and at all times to observe and confirm to the Rules and Regulations now or hereafter to be made by the Lessor Company or the Governing Body of the Town in respect to the construction or upkeep of such drains.

7. Not to assign underlet or part with possession of the said demised premises or any part thereof without the consent in writing of the Lessor Company first obtained.

8. To permit the Lessor Company or the Governing Body of the Town and their servants and agents at all reasonable times and upon reasonable notice being given to enter into and upon the said demised premises or any part thereof for the purpose of carrying maintaining or repairing any electric or telephone wires or any water or gas pipes either overhead or underground provided that any damage done thereby through negligence or default to the Lessee Company is restored and provided also that the laying of such wires and pipes or the maintaining of them does not interfere with the operations of the Lessee Company.

9. To keep all or any stock of explosives petrol or other explosive or inflammable articles and things in the possession of the Lessee Company in a safe and proper place so as not to prove harmful in case of explosion or fire to the general public adjacent subsidiaries and to the Lessor Company and to make good any loss that may occur to the general public, adjacent subsidiaries and the Lessor Company through the storing of such articles.

10. Consistently with the continuance of the manufacturing operation of the Lessee Company not to cut any forest or forest trees now standing on the said demised premises, not to demolish any houses or huts thereon except where necessary or expedient for the carrying on of the business of the Lessee Company.

11. Not to permit or allow any dirty water or poisonous gas or smoke to be emitted or let out from the works of the Lessee Company in a manner calculated to be prejudicial to pure water streams passing through the demised or adjoining lands or to vegetation thereon or to the public generally.

12. To permit the Lessor Company or the Governing Body of the Town or their agents or officers to have access to and to enter into and, upon the demised premises at all reasonable times and upon reasonable notice for the purpose of inspecting the same.

13. To conform to all reasonable Rules and Regulations in general operation on the lands of the Lessor Company, or made by the Governing Body of the Town for the preservation of order, sanitation, or the public good.

14. Not to erect or build on the demised premises any schools, hospitals, bazars or public institutions. Provided that the Lessee Company may erect a First-aid Hospital for the treatment of its employees accidentally injured in its works and provided further that the Lessee Company may erect a suitable building for a Technical Institute which it may start for the training of men required for employment in its works.

15. To peaceably and quietly surrender and yield up the said demised premises to the Lessor Company upon the expiration or sooner determination of the said term of ninety-nine year hereby granted or any extension thereof.

And the Lessor Company doth hereby covenant and agree with the Lessee Company in the manner following that is to say:—

1. That the Lessor Company hath good right and full power to grant this lease and the same is in accordance with the terms and conditions of the Deed of Conveyance dated the twenty-third day of September One thousand nine hundred and twenty-nine from the Secretary of State for

India in Council to the Tata Iron and Steel Co., Ltd., of lands acquired for the Lessor Company under the Land Acquisition Act of 1894 under which full right and titled in the said demised premises together with other lands and premises were vested in and are now held by the Lessor Company.

2. That the Lessor Company shall not at any time during the continuance of this demise enter upon or disturb either by surface or underground operations, any buildings, erections, factories, bungalows, cooly line, sheds, materials, engines, plant, instruments of other works or properties belonging to the Lessee Company except as hereinbefore provided.

3. That the Lessee Company duly paying the rent hereby reserved and observing and performing the covenants and conditions hereinbefore contained shall any may peaceably and quietly hold and enjoy the said demised premises without any interruption or disturbance whatsoever by the Lessor Company or by any person or persons rightfully claiming from by under or in rust for the Lessor Company provided also and it is hereby further agreed that the Lessee Company in addition to the buildings hereinbefore mentioned shall have liberty and power to erect set up and make in and upon the said demised premises (subject to the same being done in a good substantial and workmanlike manner) all or any manager's and assistant's houses and residential quarters workmen's houses, sheds, engines, furnaces, machinery, buildings, railway, tramway, roads and other roads and works necessary for the effectually carrying on the Lessee Company's business and to exercise all other necessary rights and privileges as shall be in the ordinary course incident or appurtenant thereto. It is hereby agreed and declared that the Lessee Company shall have no mining rights in and upon the said demised premises and shall not make any excavation thereon except such as may be necessary for constructing the foundations or for making roads, tramways and the like PROVIDED ALWAYS and it is hereby agreed and declared that if the said yearly rent hereby reserved or any part thereof shall be unpaid and in arrear and default has been made for fourteen days after notice in writing given to the Lessee Company by the Lessor Company demanding payment thereof or if the Lessee Company fails to observe and perform any of the conditions or covenants by the Lessee Company hereinbefore contained then and in such case it shall be lawful for the Lessor Company at any time thereafter to re-enter upon the demised premises and all buildings works and other property thereon or any part thereof in the name of the whole and thereupon this demise shall absolutely determine but without prejudice to the right of action of the Lessor Company in respect of any breach of the Lessee Company's covenants herein contained and it is further agreed and declared that if at the end of the said term of ninety-nine years or any extension thereof the buildings in and upon the demised lands are pulled down and removed by the Lessee Company the Lessee Company shall and will fill up level, surface dress and restore the land within one year of the determination of the lease and in case the Lessee Company shall neglect or fail to pull down and remove the said buildings and structures or restore the land as aforesaid within the period aforesaid the Lessor Company shall be at liberty to pull down and remove the buildings and restore the land to its approximate former state at the expense of the Lessee Company. And it is further agreed and declared that the Lessee Company shall be at liberty at any time to terminate and put an end to the said term of ninety-nine years hereby granted upon giving to the Lessor Company not less than twelve calendar months' previous notice in writing of such its intention and desire and in the event of such determination or at the end of the said term of ninety-nine years or any extension thereof the Lessor Company shall have the first option of purchasing the buildings works and fixtures of the Lessee Company at a valuation to be made either by mutual agreement or by arbitration and in the event of the Lessor Company declining to exercise such option the Lessee Company shall be at liberty to sell such buildings works and fixtures to any other responsible party provided such party is prepared to enter into an agreement with the Lessor Company on such terms as may be mutually agreed upon by and between such Purchaser and the Lessor Company and failing this the Lessee

Company shall be at liberty to pull down and remove such buildings works and fixtures on duly compensating the Lessor Company for all capital expenditure incurred during this demise by the Lessor Company or the Governing Body of the Town for the improvement drainage sanitation road making water works gas works electric power works sidings and the like on the demised premises: Provided that the liability of the Lessee Company to pay such compensation shall not accrue unless this lease is determined under this Clause before the expiration of twenty years from the commencement thereof provided that in the event of the Lessee Company or its permitted assigns at any time going into liquidation or becoming bankrupt this lease shall be deemed to have determined and come to an end whereupon the Lessor Company shall be at liberty to re-enter and re-take possession of the said demised premises upon the following terms, namely the Lessee Company shall be at liberty at any time within twelve months after the date upon which the Lessor Company shall have taken possession of the demised premises as aforesaid to enter thereupon pull down remove and carry away all or any of the buildings works and other properties belonging to the Lessee Company which may be in or upon the said demised premises and in the event of the Lessee Company failing to remove and take away the said buildings works and other properties belonging to them within the said twelve months the Lessor Company shall be at liberty to sell the same by public auction or otherwise as it shall think fit and the proceeds of such sale after deducting the expenses thereof and any other monies which may be due to the Lessor Company shall be paid over the Lessee Company its assigns of successors in title. And it is further agreed that any notice required by these presents to be given to or served upon the Lessee Company by the Lessor Company or upon the Lessor Company by the Lessee Company may be given or served upon by sending the same by registered post to the Lessee Company or Lessor Company as the case may be to their postal address at Jamshedpur aforesaid and further in the event of any dispute arising between the parties hereto as to the true intent and meaning of these presents or as to the right obligations and duties of either party hereunder the same shall be referred to arbitration in accordance with the provisions of the Indian Arbitration Act (Act IX of 1899). LASTLY it is hereby agreed and declared that the Lessee Company shall conform to and be bound by the Lessor Company's covenants and conditions when applicable contained in the Deed of Conveyance dated the twenty-third day of September one thousand nine hundred and twenty-nine made between the Secretary of State for India in Council of the one part and the Lessor Company of the other part whereunder the premises hereby demised together with other premises and lands are vested in and held by the Lessor Company.

IN WITNESS whereof the Common Seals of the Tata Iron and Steel Company, Limited, and the Tatanagar Foundry Company, Limited, have been hereunto respectively affixed the day and year first above written.

THE SCHEDULE ABOVE REFERRED TO.

ALL THOSE two pieces of parcels of land situate at Jamshedpur in the District of Singhbhum, Registration Sub-District Dalbhum and Police Station Golmuri, measuring in all seventy acres, a little more or less, and bounded as under:—

*Plot No. 1, Area 27.3 Acres.*

On the North by a line parallel to the base line running from a point which is 8,725 feet East of the zero line and 4,294 feet South of the base line to a point which is 9,705 feet East of the zero line.

On the East by an irregular line proceeding South from a point which is 4,294 feet South of the base line and 9,705 feet East of zero line to a point which is 4,741 feet South of the base line, and 9,422 feet East of zero line continuing to a point which is 5,633 feet South of base line and 9,368 feet East of the zero line and then meeting the Southern boundary at a point which is 6,070 feet South of base line and 9,222 feet East of zero line.

On the South by a line parallel to the base line and 6,070 feet South of it.  
On the West by a line parallel to the zero line and 8,725 feet East of it.

*Plot No. 2, Area 42.7 Acres.*

On the North by a line parallel to the base line and 4,294 feet South of it from a point which is 9,825 feet East of zero line to a point which is 10,542 feet East of the zero line.

On the East by a line parallel to the zero line and 10,542 feet East of it.

On the South by a line which is parallel to the base line and 6,070 feet South of it beginning from a point which is 9,332 feet East of zero line to a point which is 10,542 feet East of it.

On the west by an irregular line proceeding South from a point which is 4,294 feet South of the base line and 9,825 feet East of the zero line to a point which is 4,741 feet south of base line and 9,522 feet East of zero line continuing thence to a point which is 5,633 feet South of base line and 9,468 feet East of the zero line and then meeting the Southern boundary at a point which is 9,332 feet East of the zero line.

The zero line referred to in the above description of the boundaries being a North and South line running through the crane run away in the Lessor Company's plant known as the "Bar Mill Gantry Crane" and the base line being an East and West line twenty feet South of the Centre of Chimneys of No. 1 Boiler House in the Lessor Company's plant and at right angles to the zero line.

The Common Seal of the Tata Iron and Steel Company, Limited, was hereunto affixed and pursuant to a Resolution of the Directors of the Company passed on the twenty-ninth day of June, 1933, in the presence of—

} Seal of the Tata Iron and Steel Company, Limited.

(Sd.) J. D. Ghandy,

(Sd.) R. F. Saraiya,

Directors of the Tata Iron and Steel Company, Limited.

For and on behalf of

The Tata Iron and Steel Co., Ltd.,  
Tata Sons, Ltd., Agents.

(Sd.) Jehangir R. D. Tata,  
Director.

The Common Seal of the Tatanagar Foundry 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 Nineteenth day of May, 1933, in the presence of—

} Seal of the Tatanagar Foundry Company, Limited.

(Sd.) Jagunnath Agarwalla,  
Director.

For and on behalf of

Tatanagar Foundry Co., Ltd.,

(Sd.) Tatanagar Foundry Co.,  
Managing Agents.

Certified that this is a true and exact copy of the original.

## THE TATA IRON AND STEEL COMPANY, LIMITED.

## 7 per cent. First Mortgage Debenture Stock.

THE LAW DEBENTURE CORPORATION, LIMITED, as Trustees under the Trust Deed dated the 31st day of August, 1922, and made between The Tata Iron and Steel Company, Limited (hereinafter called the "the Company"), of the one part and the said Law Debenture Corporation, Limited, of the other part, securing the 7 per cent. First Mortgage Debenture Stock of the Company, HEREBY at the request of the Company consents to the demise by the Company of the land below mentioned, which forms part of the security for the said Debenture Stock comprised in the said Trust Deed, to the party for the term and at the rent below mentioned, viz. :—

Name and address of Lessee.	Short description of property to be demised.	Terms of Lease.	Rent to be recovered.
<p>The Tatanagar Foundry Company, Limited, a Company duly registered under the Indian Companies Act and having its registered office in the town of Calcutta.</p>	<p>All those two pieces or parcels of land measuring in all 70 acres, a little more or less, situated within the Company's acquired lands at Jamshedpur and bounded as under :—</p> <p><i>Plot No. 1, Area 27.3 Acres.</i></p> <p>On the north by a line parallel to the base line running from a point which is 8,725 feet south of the base line to a point which is 9,705 feet east of the zero line.</p> <p>On the east by an irregular line proceeding south from a point which is 4,294 feet south of the base line 9,103 feet east of zero line to a point which is 4,741 feet south of the base line and 9,422 feet east of zero line continuing to a point which is 5,633 feet south of base line and 9,368 feet east of zero line and then meeting the southern boundary at a point which is 6,070 feet south of base line and 9,222 feet east of zero line.</p> <p>On the south by a line parallel to the base line and 6,070 feet south of it.</p> <p>On the west by a line parallel to the zero line and 8,725 feet east of it.</p>	<p>99 years for the erection of a Foundry and other buildings connected with it.</p>	<p>Rs. 1,660 per year at the rate of Rs. 24 per acre.</p>

Name and address of Lessee.	Short description of property to be demised.	Terms of Lease.	Rent to be recovered.
	<p><i>Plot No 2, Area 42.7 acres.</i></p> <p>On the north by a line parallel to the base line and 4,194 feet south of it from a point which is 9,825 feet east of zero line to a point which is 10,542 feet east of the zero line.</p> <p>On the east by a line parallel to the zero line and 10,542 feet east of it.</p> <p>On the south by a line which is parallel to the base line and 6,070 feet south of it beginning from a point which is 9,332 feet east of zero line to a point which is 10,542 feet east of it.</p> <p>On the west by an irregular line proceeding south from a point which is 4,294 feet south of the base line and 9,825 feet east of the zero line to a point which is 4,741 feet south of base line and 9,522 feet east of zero line continuing thence to a point which is 5,633 feet south of base line and 9,468 feet east of zero line and then meeting the southern boundary at a point which is 9,332 feet east of the zero line.</p>		

Dated the 17th day of July, 1931.

For the Law Debenture Corporation, Limited,  
(Sd.) Manager and Secretary.

THE TATA IRON AND STEEL COMPANY, LIMITED.

*8 per cent. Second Mortgage Debenture Stock.*

Mr. Nowrojee Bapuji Saklatvala, C.I.E. and Mr. Jivaji Dinshaw Ghandy as the Trustees under the Trust Deed dated the 4th day of November, 1924, and made between the Tata Iron and Steel Company, Limited (hereinafter called "the Company"), of the one part and Mr. Ralph Lindsay and the said Mr. Nowrojee Bapuji Saklatvala, C.I.E., of the other part, securing the 8 per cent. Second Mortgage Debenture Stock of the Company, HEREBY at the request of the Company CONSENT to the demise by the Company of the land below mentioned, which forms part of the security for the said

Debenture Stock comprised in the said Trust Deed, to the party for the term and at the rent below mentioned, viz. :—

Name and address of Lessee.	Short description of property to be demised.	Terms of Lease.	Rent to be recovered.
<p>The Tatanagar Foundry Company, Limited, a Company duly registered under the Indian Companies Act and having its registered office in the town of Calcutta.</p>	<p>All those two pieces or parcels of land measuring in all 70 acres, a little more or less, situated within the Company's acquired lands at Jamshedpur and bounded at under :—</p> <p><i>Plot No. 1, Area 27.3 Acres.</i></p> <p>On the north by a line parallel to the base line running from a point which is 8,725 feet east of the zero line and 4,29½ feet south of the base line to a point which is 9,705 feet east of the zero line.</p> <p>On the east by an irregular line proceeding south from a point which is 4,294 feet south of the base line 9,703 feet east of zero line to a point which is 4,741 feet south of the base line and 9,422 feet east of zero line continuing to a point which is 5,633 feet south of base line and 9,368 feet east of the zero line and then meeting the southern boundary at a point which is 6,070 feet south of base line and 9,222 feet east of zero line.</p> <p>On the south by a line parallel to the base line and 6,070 feet south of it.</p> <p>On the west by a line parallel to the zero line and 8,725 feet east of it.</p> <p><i>Plot No. 2, Area 42.7 Acres.</i></p> <p>On the north by a line parallel to the base line and 4,294 feet south of it from a point which is 9,825 feet east of zero line to a point which is 10,542 feet east of the zero line.</p> <p>On the east by a line parallel to the zero line and 10,542 feet east of it.</p>	<p>99 years for the erection of a Foundry and other buildings connected with it.</p>	<p>Rs. 1,680 per year at the rate of Rs. 24 per acre.</p>

Name and address of Lessee.	Short description of property to be demised.	Terms of Lease.	Rent to be recovered.
	<p>On the south by a line which is parallel to the base line and 6,070 feet south of it beginning from a point which is 9,332 feet east of zero line to a point which is 10,542 feet east of it.</p> <p>On the west by an irregular line proceeding south from a point which is 4,294 feet south of the base line and 3,825 feet east of the zero line to a point which is 4,741 feet south of base line and 9,522 feet east of zero line continuing thence to a point which is 5,633 feet south of base line and 9,468 feet east of the zero line and then meeting the southern boundary at a point which is 9,332 feet east of the zero line.</p>		

Dated the Twenty-fifth day of July, 1931.

(Sd.) N. B. Saklatvala,

(Sd.) J. D. Ghandy,

Trustees for the Second Mortgage  
Debenture Stock.

Presented for Registration at 12 noon on the 26th day of July, 1933, at the Jamshedpur Sub-Registry Office by Satyesh Chandra Gupta, son of Baman Das Gupta, of Jamshedpur, Thana Jamshedpur, District Singhbhum, by caste Vaidya, by profession Land Officer and Attorney for Messrs. Tata Iron and Steel Co., Ltd.,—claimed under a Power of Attorney No. 122 of 1925 authenticated by Sub-Registrar of Bombay.

(Sd.) Satyesh Chandra Gupta,

Constituted Attorney for  
the Tata Iron and Steel Co., Ltd.,  
The 26th July, 1933.

(Sd.) Hari Pada Sen.

The 26th July, 1933.

Execution is admitted by the above Satyesh Chandra Gupta, agent for Messrs. Tata Iron and Steel Co., Ltd., Jamshedpur, under a Power of Attorney No. 122 of 1925 authenticated by Registrar of Bombay, who is personally known to me.

(Sd.) Satyesh Chandra Gupta,

Constituted Attorney for the  
Tata Iron and Steel Co., Ltd.,  
The 26th July, 1933.

(Sd.) Haripada Sen.

The 26th July, 1933.



Execution is admitted by Mr. Jagannath Agarwalla, son of Late Gurd Dayal Agarwalla of Jamshedpur, Thana Golmuri, District Singhbhum, by caste Agarwalla, and by profession Proprietor and Director of the Tatanagar Foundry Co., Ltd., Jamshedpur, who is personally known to me.

(Sd.) Hari Pada Sen,  
Registering Officer,  
Jamshedpur.

(Sd.) Jagannath Agarwalla,  
Director of Tatanagar Foundry  
Co., Ltd.

The 31st July, 1933.

ENCLOSURE E.

*Copy of the letter dated the 6th April, 1929, from the General Manager, the Tatanagar Foundry Co., to the Secretary, Commerce Department, Government of India, New Delhi.*

“ We wish to invite the attention of the Government of India to the situation of Indian Manufacturers of Tie Bars and Keys used in Railway Tracks.

The use of Tie Bars and Keys is fairly large and a big tonnage is imported.

As we manufacture Cast Iron Sleepers for the Indian Railways we approached Messrs. Tata Iron and Steel Co., Ltd., to roll bars required for manufacture of Tie Bars and Keys and it has been arranged that they would roll the bars and we would finish them in our workshops here.

We recently tendered for a substantial quantity of Tie Bars but they have not yet been informed if our tender is successful. The Continental Tie Bars work out cheaper as they are imported in the country as Tie Bars for use with Universal Type Cast Iron Sleepers and duty is paid at 10 per cent. *ad valorem* under item 61 of the Tariff instead of Rs. 26 per ton for British and Rs. 37 for Non-British origin, as prescribed.

We submit that Tie Bars for use with Cast Iron Sleepers which form the great bulk of the Tie Bars imported in this country should not be assessed at 10 per cent. *ad valorem* but at Rs. 26 and Rs. 37 per ton according to their origin as per Indian Customs Tariff Schedule II (Serial No. 163M.), which was the recommendation of the Tariff Board and may be verified by a reference to Vol. I, page 92 of the Tariff Board report of 1927, which reads as follows:—

‘ Spikes and Tie Bars require to be dealt with. We recommend that the principle embodied in the present protective scheme should be adhered to, namely, that these articles should be subject to the same duties as bars. The basic duty would thus be Rs. 26 per ton and the additional duty of Rs. 11 per ton.’

Nearly all Tie Bars used on the various Railways in this country are rolled steel sections which can be obtained from Messrs. Tata Iron and Steel Co., Ltd. The slotting, etc., is a subsequent operation of an engineering nature which can be done in this country but as other rolled steel products are protected by specific duties we submit that rolled steel Tie Bars for use in any kind of railway track should be similarly protected as only then we can purchase and do the necessary work on them at prices competitive with the imported Tie Bars.

Steel keys for use with steel and cast iron sleepers should also be protected with a higher rate of duty than 10 per cent. *ad valorem*. The situation in regard to keys is very similar to that of tie bars. The rolled section can be obtained in India but the present rates of import duty

does not allow our putting the necessary work on the rolled steel section and offering the Keys at prices competitive with imported Keys.

We suggest that the duty of Tie Bars and Keys be raised to that of rolled bars, namely, Rs. 26 per ton on British and Rs. 37 per ton on non-British origin."

ENCLOSURE F.

*Copy of the letter No. SA/1394, dated the 27th March, 1933, from the Sales Manager, the Tata Iron and Steel Company, Ltd., 100, Clive Street, Calcutta, to the Tatanagar Foundry Co., Tatanagar, B. N. Railway.*

**Re COMPOSITE SLEEPERS AND YOUR ENQUIRY DATED 22ND MARCH, 1933, FOR 2" x ½" FLAT BARS ADDRESSED TO GENERAL MANAGER.**

"We have to thank you for your enquiry regarding composite sleepers which has been forwarded to us from our Works.

2. We like to point out, however, that we cannot get ½" thick but would suggest your accepting ⅓" thick instead which is the nearest we can make. Further in your drawing the holes to be punched are shown as sloping down, i.e., having a radius at the bottom which we cannot manage. We can punch oval holes which will be practically straight.

3. We wish you to distinctly understand that we can only supply them subject to the alterations suggested in para. 2 above, and our price for such supplies will be Rs. 95 per ton of sleepers f.o.r. Tatanagar and delivery within 4/6 months of your placing the orders and provided we have no other commitments for delivery at that time.

4. We shall of course supply these to our usual sleeper plate specification to the following analysis:—

Carbon .12 to .25.  
Manganese .40 to .70.  
Sulphur .06 max.  
Phosphorus .07 max.

There will only be a bend test and no tensils.

5. As regards 2" x ½" flat bars, we presume that you require these tested to the Railway Board's Tie Bar specification and, if so, our price will be Rs. 120 per ton f.o.r. Tatanagar in multiples of lengths specified delivery within 6/8 weeks after receipt of your order.

6. As regards terms of payment and claims regarding shortage, etc., please be guided by the remarks mentioned in our letter No. SA/790, dated the 17th February, 1933."

ENCLOSURE G.

*Copy of the letter No. SA/4051, dated the 25th July, 1933, from the Sales Manager, Tata Iron and Steel Co., Ltd., 100, Clive Street, Calcutta, to Messrs. Tatanagar Foundry Co., Tatanagar.*

**Re ENQUIRY FOR TIE BARS AND PIG IRON.**

"We acknowledge the receipt of your letter dated the 20th instant, and have pleasure in quoting for the following:—

29,000 pieces Tie Bars, 2" x ½" x 6'-10" in multiple lengths with the cutting margin specified by you at Rs. 110 per ton f.o.r. Tatanagar.

2. In case exact cut lengths are required our price will be Rs. 4 per ton extra.

210 tons pig iron machine cast suitable for manufacturing Railway Sleeper Chairs at Rs. 30 per ton f.o.r. Tatanagar.

3. A suitable iron for this purpose in our opinion will be that one approaching our Grade No. III Pig Iron.

4. The above special quotations are distinctly understood to be for supply of Tie Bars against the Railway Board Contract for Sleepers placed with the Indian Iron and Steel Co. The Pig Iron is exclusively for the manufacture of Chairs ordered by the North Western Railway, which please note.

*Payment.*—We shall be obliged if you will kindly arrange to deposit Rs. 10,000 against your order. We expect you to pay cash against delivery of material and the deposit will be worked out against the last supplies.

5. We trust to be favoured with your order."

### The Sikdar Iron Works, Calcutta.

(1) *Letter dated the 14th November, 1933.*

We beg to submit our representation under Government of India (Department of Commerce) Resolution No. 260-T. (8)/33, dated the 26th August, 1933, for the consideration of the Board.

We have claimed fiscal protection under clause 1 (d) and have submitted views regarding continuance of further protection under clause 2 of the Resolution. As detailed criticism of the representation made by Messrs. Tata Iron and Steel Company has rendered our representation bulky we have made it in the form of a book giving description of its contents chapter by chapter.

We trust the representation will prove useful to the members of the Board and will help them to come to a correct decision in the matter. We are sending herewith six spare copies of the representation as required by you in the press communiqué dated the 4th September, 1933.

If the Board be pleased to think it necessary to examine our representative orally we shall be obliged if you let us know the date of such examination.

Any further information or services that we may render the Board in connection with the representation are at their commands.

Enclosure.

## CHAPTER I.

### INTRODUCTION.

Under Government of India (Department of Commerce) Resolution No. 260-T. (8)/33, dated the 26th August, 1933, we beg to submit this representation for the consideration of the Tariff Board. We claim fiscal protection under clause 1 (d) of the Resolution on the grounds mentioned in Chapter V, page 33 of this representation, and we submit our views for the consideration of the Board under clause (2) of the aforesaid Resolution as we are interested in the iron and steel industry and are also dependant on the use of iron and steel.

2. In our view it is not necessary to continue the protection of steel industry in British India and the present protection should not be renewed on expiry on the following, among other, grounds:—

- (a) That no protection is necessary for the steel industry if it is efficiently and economically managed. The so-called difficulties, alleged by Messrs. Tata Iron and Steel Co., Ltd., in their representation, are not genuine.
- (b) That the company has defeated the object of protection by the abuse of privileges of protection as explained in Chapter III of this representation at page 23.

- (c) That the conditions under which fiscal protection is granted to an industry are no longer applicable to steel industry and no further protection can therefore be legally granted.
- (d) That further protection to steel industry in its present condition will mean—
- (i) ruin of the remaining struggling cast iron and engineering industries run by the Indian,
  - (ii) hardship to those industries that rely on steel for raw materials,
  - (iii) hardship to whole nation including the share-holders and Indian employees of the Company,
  - (iv) encouragement to extravagance, inefficiency and waste of public money.
- (e) That if the present monopoly management of the industry fails to manage without protection it will not, in any way, prejudice the interests of the nation. On the other hand, it will be to the benefit of the share-holders of the Company; it will give immense relief to the Indian public; it will help revival of Indian enterprises and general industrial development of the country and it will also help the steel industry in India to stand alone and face world competition without protection or being a permanent burden on the community.

We have given detailed reasons of our above submissions in the following pages of our representation.

## CHAPTER II.

### DOES STEEL INDUSTRY REQUIRE FURTHER PROTECTION AND ARE THE ALLEGED DIFFICULTIES GENUINE?

3. The main difficulties as alleged by the company to achieve the results expected of it by the Board in their last report were the world wide depression and the strike of its employees. In paragraph 1 of its representation the company states—"The period of the existing scheme of protection, beginning with 1st April, 1927, has been one of extreme difficulty not only for the steel industry in India but for all industries throughout the world".

4. If the depression and world factors affected all the steel industries of the world the company to claim protection on this ground must show that it was adversely affected to be incapable of facing competition in its home market with its unanimously admitted advantages over its world competitors.

5. The depression admittedly diminished the demand of steel throughout the world and reduced the prices of all commodities. The more highly developed industries like those in United Kingdom by the fall of demand in their home market were greatly handicapped but the case of Indian steel industry was different. It could not meet half the demand of the home market in prosperous years and in the worst lean years its total products were consumed in the home market. The example of United Kingdom as quoted in paragraph 1 of its representation could not therefore be applicable to steel industry in India. So far as the demand of steel is concerned the position in India was more favourable and could not be a ground for further protection.

6. The reduction of prices of commodities has enabled all the industries of the world to reduce the cost of their manufacture. The reason why the steel industries of other countries could export their products at lower rates was their taking advantage of this fall in prices. The statement of the company in paragraph 2 of its representation—"It submits that the statements attached to this representation show that it has already achieved

reductions in the costs of production which are equivalent to those which in 1926 were expected to be achieved only in the completed year 1933-34" does not show that it took advantage of the fall in prices like its competitors. When the Board estimated the costs of 1933-34 they had no idea of the present fall of prices.

7. The prices of all commodities have come down by at least 50 per cent. and in some cases more than what they were in 1926. The statement of the company in paragraph 28 of its representation—"There will, however, probably be no serious error in assuming that the average level of prices of stores and supplies during the last six years has been about 10 per cent. below the levels of 1926 and 1927" is therefore hardly fair or correct representation. The calculations based on this assumption cannot therefore be accepted as reliable.

8. In paragraph 3 of its representation the company attributes the fall of demand of steel as one of the main causes of failure of the current protective scheme and the fall of many of the prices to unprecedentedly low levels as another important factor of this failure. We have pointed out that these factors were to the advantage of the steel industry in India over its competitors and could not certainly be grounds for further protection.

9. The arguments in paragraph 4 of the representation are only repetition of the arguments in other paragraphs.

10. The failure to establish new steel works was not due to any defect in the scheme of protection as alleged by the company in paragraph 5 of its representation. It is entirely due to the abuse of privileges of last protection by the company itself. This is the subject matter of a separate chapter of this representation. Besides with the fall of demand there is hardly any scope of another new works or justification of further development of the industry under protection.

11. The company wants to justify further protection by creating difficulties with a number of statements. Before considering these statements and putting any reliance on them we would respectfully request the members of the Board to take the following facts into consideration.

12. In paragraph 18 of their report the Indian Tariff Board (1924) stated,—“Iron ore could be had between Rs. 3 and Rs. 4 at the works. In other parts of the world equally rich ores are to be found but it cannot be landed at iron works at anything like the same price . . . . The advantages India possesses in the shape of iron ore is therefore very great”.

13. In paragraph 26 of the same report the Board stated,—“With few years experience the Indian labour will become useful”.

14. In paragraph 28 the Board stated,—“India can already produce pig iron more cheaply than other countries. India's advantages are so great that we believe it will not be long before the actual difficulties are overcome and steel is produced at a cost low enough to enable it to face competition without protection”.

15. In paragraph 55,—“The cost of establishment is Rs. 6 per ton in place of Rs. 2 in other countries”.

16. There are at present four firms manufacturing pig iron in India. Its cost of manufacture is lowest in the world. In place of import it is exported in large quantities outside India. There is a common saying that the country that can produce cheap pig iron can compete in finished steel products easily. Between pig iron and finished steel the operations have no inherent difficulty to be more costly in India than in other countries. There could therefore be no valid cause of failure to compete in finished steel products after succeeding in competition in pig iron.

17. In the absence of any other reliable data we respectfully submit the statements submitted by the monopoly management of such a large industry should be accepted with great caution, if at all, as such acceptance may stand in the way of national development and will prejudice the interests of the whole nation. In this connection we beg to quote the remarks of

the Tariff Board (1924) in paragraph 102 of their report,—“The only data available are the actual cost at Jamshedpur and there can be no other source in next five years”.

18. With our experience of cast iron, engineering and other business in manufacturing we have no hesitation to state that with pig iron at about Rs. 19 per ton the cost of all classes of finished steel allowing liberal expenses in all operation cannot exceed Rs. 40 on an average per ton. Allowing 25 per cent. for overhead and contingencies and another 25 per cent. for profit the cost need not be more than Rs. 60 in all. No industry in the world will be able to land its products to any port in India at lower than this rate.

19. That the costs of production as shown by the company are very much inflated and not genuine will be apparent by reference to paragraphs 35, 82, 77 and 98 of its representation.

20. In paragraph 35 the company admits to avoid competition in the selling price of bars it is supplying billets to Eagle Rolling Mills.

21. In paragraph 77 it has no hesitation to admit its nervousness to meet competition from Japan and asking extra protection from same. Japan imports her raw materials in pig iron and old rejected steel scraps from India. The company claiming to be efficient old established steel industry in India gets nervous to meet her competition.

22. In paragraphs 82 and 98 of its representation the company wants duty on billets so that rolling mills cannot be started in India to compete with Tata products relying on imported billets. These mills in India work in the most primitive way with scraps as raw materials and easily compete with the efficient steel industry of the country. The cost of products of these mills does not exceed Rs. 40 per ton.

23. Industries in Europe and America not with half the advantages of the steel industry in India, if the prospectus of the company, the evidence of its representatives and supporters before the Tariff Board as also the report of the Board are to be believed, can compete with Tata products transporting their goods all the way by rail and steamer while the company wants from 50 to 75 per cent. duty on its products to meet their competitors. We respectfully submit that the Board before accepting such position will make shifting enquiry into the so-called costs shown in the large number of statements.

24. It is not difficult to manipulate figures and create difficulties to get 14 crores of rupees from the people but there must be a limit somewhere for mismanagement and inefficiency. We have shown in details how the company has wasted the share-holders' money as also the large sums received in the shape of bounty and protection in enterprises which are not remotely connected with the steel industry and are hardly legal in paragraphs 39 to 46 and 64 to 70.

25. The only difficulty that was alleged by the company at the time of getting first protection was inexperienced labour. With the practical experience of quarter of a century this difficulty must have vanished. There could therefore be no justification for further fiscal protection if the unanimously admitted advantages of the steel industry in India be correct.

26. The statements of the company in paragraph 11,—“It is clear that no further substantial increase of output can be obtained until the demand in India revives”, and its statement in paragraph 126.—“The field within which economies were possible has already been greatly narrowed” contradict its statement in paragraphs 5, 135, 31 and 62.

27. In paragraphs 5, 135 and 31 the company repeat the same story that the protection has failed to erect a second large steel works after admitting as shown above that there is no demand for such works and as already stated by us in Chapter III after having killed this competition by methods which are hardly fair. The claim for protection on this ground can therefore hardly stand.

28. The company secured contract for fish plates, rails and tie bars from Government in 1927 for seven years in advance. After the contract was secured the cost of manufacture fell heavily and due to the quantity of the order being reduced it received payment at the rate of Rs. 130 in place of Rs. 110 without having to keep its plants or men idle yet in paragraph 15 of its report the company attributes the cause of so-called failure of protection due to this fall in order. Any firm would have considered such arrangement a bargain.

29. In Chapter III of its representation the company has compared results with the Tariff Board's estimates made in 1926 ignoring altogether the fall in prices of manufacture. A little careful perusal of this chapter will convince the Board the irresponsible nature of the company's claims.

30. In paragraph 18 the company states,—“It sets out the additions which would have been made to the Company's profit if the c.i.f. prices of imported steel had remained as estimated by the Board in 1926 and if the surcharges on the duties levied from 1st October, 1931, and not been introduced”.

31. In paragraph 19 the company calculates a loss of profit to the extent of 61 lakhs on section bars, plates and sheets due to the fall of prices in imported steel comparing its selling price with the prices estimated by the Board in 1926.

32. The Board made their estimates in 1926 taking the rates of labour and raw materials as were then prevalent. If the rates of imported steel were reduced during the last three years it was due to the fall of these prices which gave equal advantages to steel industry in India as well as in other countries. If the company had taken advantage of these fall of prices there would have been no cause of complaint and if it failed to do so it has got to thank itself and not the Board or anybody else and that shows its inability to move with the time and cannot be ground for protection.

33. The difficulty that the company has sought to create in paragraph 21 and subsequent paragraphs in so-called freight disadvantage is another instance of manipulation of figures and irresponsible claim. It wants the Board to believe that industries situated in Belgium, France and England can compete with the products of the industry situated at the heart of the country with freight advantage. The company according to its own statement cannot meet half of the demand of India; it can therefore leave the so-called freight disadvantage area to foreign imports. Steel is not consumed at the ports. It had to be carried to consumers inside the country so the imported steel has got to bear railway freight in India in addition to its freight up to ports while the company carries its products direct to the importers from its works. Another fact that the company has omitted to mention is that the foreign firms to compete with Indian steel have to pay for a separate sale organisation or middleman's profits to reach the consumers in India. Considered in this light the so-called grievances that the company has tried to make out in the shape of freight disadvantage will appear illusory.

34. From the above submissions, we venture to think, that we have succeeded to prove to the Board that the world factors in depression have been in favour of the steel industry in India and cannot be a ground of further protection.

35. The other difficulty alleged by the company was the strike of its employees. Apart from the fact whether the Tariff Board, Legislature or Government will think granting protection on such account it will be clear from the submissions made by us hereinafter that the strike was entirely due to mismanagement of the company for which it must be responsible and the whole nation should not be penalised on account of the inefficiency and mismanagement of the company.

36. In paragraph 22 of its representation the company has attempted to throw the responsibility of the strike on the Tariff Board. According

to the company the strike in 1928 occurred due to its endeavour to give effect to the Board's recommendations. We quote here the actual statement of the Company,—“During 1927 the company endeavoured to give effect to the Board's recommendation that the number of men employed should be substantially reduced; it chose a method of securing this result which would give rise to practically no individual hardship, namely that of not filling vacancies when they occurred in the ordinary course of events such vacancies being numerous up to that time. The company also worked out during 1927 and begun to put into operation in 1928 a scheme of standardized wages which was calculated to raise the average rates somewhat, while avoiding reductions in individual case. In spite of what the company still regards as the very consideration nature of these arrangements, departmental strike occurred between February and May, 1928; and for 3½ months from the beginning of June the strike was general, production being almost completely stopped”.

The strike according to the company cost it Rs. 83 lakhs apart from which the development of the works as regards both efficiency and the installation of the new equipment was severely retarded.

37. We request the Board to consider if the above statement shows either the semblance of responsibility or efficiency of the management or attempt to represent facts correctly. Nobody who has the least touch with labour will believe such ridiculous and preposterous statement and no labour, Indian or foreign, will be so perverted as to indulge in strikes under the conditions stated by the company. If the above statements be accepted as correct it must be admitted that the management is entirely out of touch with the labour and is not fit to take responsibility of such big industry and under no circumstances such irresponsibility should be protected at public cost.

38. The grievances of the Indian employees as ventilated from time to time are well known and the strike and its causes are now matter of common knowledge and the attempts of the company to conceal the facts at this stage are of no avail. We take this opportunity to quote from a publication of the company itself dated September, 1932, which will enable the Board to know many things regarding the company about its management, enterprises and expenses.

39. In pages 5-6 of this publication the company states,—“A comparison of the rates of pay in the year 1919 and 1930 shows clearly that wages have in all cases risen by anything from thirty to hundred per cent. In some cases in 1930 rates are four to five hundred per cent. above those of 1919. The increase of wages is much higher than would be warranted by the increase in the cost of living and represent a generous effort by the steel company to raise wages”.

40. In page 6 of the publication the company stated,—“The rules of the company allow of payments on a scale much higher than that laid down in the Workmen's Compensation Act. The rules governing the grant of leave to workers are more generous than in any other Indian industry”.

41. In the same page,—“It may be claimed that there is no industrial concern in India which offers such generous leave terms”.

42. In page 7,—“It may be claimed that there is no industrial concern in India and hardly any public body that has such liberal provident fund provision for its employees”.

43. In page 16,—“The fodder grown on the land used for the treatment of the sewage is supplied to the company's experimental Dairy farm, which maintains a herd of two hundred cattle and produces milk, cream, butter and vegetables which are sold at cost price to the community”.

44. In page 17,—“The company supplies free ice and soda water to all the workers inside the works. This much appreciated service entails the running of a soda water factory inside the works to produce the thousands of dozens of bottles of soda water consumed every day. The cost last year was Rs. 1,21,000”.



45. In same page,—“ In the last financial year the total amount paid on accident leave was Rs. 37,634 whereas under the Act only Rs. 7,555 were payable ”.

46. In the same page,—“ Besides the officer's club, which cater for the recreational needs of the works supervisory staff and which is equipped with the usual club amenities there are two institutions . . . . the company gives free cinema shows which are attended by thousands of spectators every year ”.

47. The admissions of the company will enable the Board to have some idea of the company's affairs. It spent Rs. 41,000 for free supply of boots, Rs. 9,000 for the men's recreation and runs eight hotels. It paid Rs. 16,66,000 to its employees for departmental bonuses over and above the salary and other facilities mentioned. From these it will almost appear that the company's employees are in veritable paradise but they were so perverted that a section among them resorted to strike to spite the company in spite of all these unusual blessings.

48. We would request the Board to enquire as to whom the cheap cream, butter, milk and vegetables out of the Dairy farm with 200 heads of cattle supplied. Anybody having anything to do with Indian labour will consider the suggestion that they appreciate free ice and soda water for which the company spends Rs. 1,21,000 annually as ridiculous. The free club amenities are meant for a particular section of the employees. The increment of four hundred to five hundred per cent. as also the bonuses are meant for some employees. Those who have any experience of Jamshedpore or the other works of the company know its discrimination towards the different classes of employees and how one section predominate over the other. It is true that a section of the employees are in paradise but the rest are hewers of wood and drawers of water. From these circumstances was there anything strange that the aggrieved section resorted to strike at the cost of their bread.

49. We would also request the Board to consider if for the supply of cheap cream, butter, milk, vegetables with free ice and soda water and free club amenities to Tata employees the Indian masses who do not know what is two meals a day and are dying in millions for a handful of rice, should be asked to contribute. Protection to steel industry will affect the poorest of the poor.

50. We would further request the Board to enquire how the cost incurred in soda water factory, Dairy farm, Clubs, hotels, free boots and other expenses mentioned above are shown in the representation of the company and to what head the expenditure has been debited.

51. The so-called difficulty sought to make out by the company in paragraphs 24 to 26 is repetition of the difficulty shown in paragraph 15, we have dealt with this in paragraph 28 of this representation. The statement in paragraph 27 is also attempt to ignore the actual facts. We have dealt with the submission made by the company in paragraph 28 in paragraph 7 of this representation.

52. It is not correct that the last scheme of protection failed for reasons outside the control of the company. Our submission is that the scheme failed due to gross mismanagement of labour by the company as also its inability to take advantage of the world factors and the statements made in paragraphs 29 and 30 are not correct nor can be grounds for further protection if even protection can be granted under such circumstances.

53. Chapter IV of the representation deals with the estimated future products and mostly contradicts the submissions made in the previous chapters.

54. In paragraph 31 the company makes grievance of the terms of protection and wants protection for another 7 years from 1st April, 1934, to establish the industry on sound basis. It wants protection for imaginary future vicissitudes and to enable the erection of a second large steel works in India when the demand of steel in India again increases. We submit fiscal protection cannot be granted under any of these conditions.

55. The statements in paragraphs 32 to 38 of the representation are made on the assumption that protection on the company's terms will be granted to the industry. The estimates are not reliable nor show the correct state of affairs. The estimate of 1926 is no criterion to come to a correct conclusion in the present condition of business. In the absence of a clear case showing how the company is more handicapped than any of its competitors no protection can be legally granted.

56. Chapter V of the representation deals with the future works cost and it will be interesting to examine this little carefully. Table II of paragraph 42 shows works cost January to June, 1933; Table III shows the estimated cost of the next seven years for which protection is wanted, Statement 2 (B), page 68 of the representation shows the estimate of cost for the year 1933-34 made by the Tariff Board in 1926. Table II will show that inspite of the tremendous fall in prices of all commodities and its manifold advantages the company could not reduce the cost of manufacture as estimated by the Board in 1926. In Table III, to show that the company has met with the expectations of the Board it shows the costs a little less than the estimate of the Board but in Table XII of paragraph 137 with so-called revised freights it shows the works cost more than the estimated rates of the Board ignoring altogether the fall of prices.

57. The company by this manipulation wants to prove before the Board the so-called freight disadvantage counterbalance the advantages in the fall of prices and the protection at the same old rate is required as if the competitors of the industry have succeeded for some mysterious reasons to reduce their rates and the steel industry was incapable of taking those advantages and remained unaffected by the fall of prices.

58. We have shown that the so-called freight disadvantages are imaginary. It cannot affect the steel industry more than it affects its competitors. We request the Board to consider if this is the correct representation of the true state of affairs.

59. Chapter VI of the representation deals with overhead charges and future fair selling prices. The company has calculated 199 lakhs for overhead charge and profit. Estimating certain quantities of steel as its annual products during the next seven years for which it wants protection and estimating certain figures as the cost of manufacture of these products it has added not this 199 lakhs but 200 lakhs to those costs to arrive at its fair selling price. In Table V of paragraph 65 it has omitted altogether its profit on pig iron alleging in paragraph 137 that there will be no sale of pig iron in the next seven years.

60. The attempt of the company to value its fixed assets in paragraphs 52 to 60 at an inflated price is hardly fair. A company that cannot pay its shareholders any dividend inspite of bounty and protection and cannot avoid liquidation if protection is refused has very little value for its fixed assets. At a time when according to its own admission fully developed, better equipped steel works are lying idle the market price of these assets is *nil*. The demand of Rs. 78 lakhs for the depreciation of these assets is absurd and it should not be a ground for protection. We have submitted hereinafter the nature of the company's expenditure over these assets.

61. The company has demanded 11 lakhs as interest on working capital probably by working capital the company means its foreign loan at 7½ per cent. When the interest on Government loan has been reduced and people cannot get even 3 per cent. on their investments and the shareholders of the company are getting no return it will not be fair to ask people to pay 10 lakhs for interest on a loan created by the company.

62. Rs. 10 lakhs is to be protected for the agents' commission and 100 lakhs for manufacturer's profit. We would request the Board to enquire how the amount protected by the last scheme of protection has been spent. If such protection can at all be granted under the law we hope it will be right to enquire how the company diverted the amount to other account. We have quoted instances as to how the company spent money on its employees and on charities. We would request the Board to consider the

following submissions and also to enquire how these overhead charges, etc., compare with similar charges of other companies. The percentage of these charges over the cost, we submit, is unprecedented and extravagant and we trust the Board will be able to enquire from other industry in the world.

63. That the company has diverted large sums to enterprises which are not remotely connected with the steel industry and has spent vast sums on charity and philanthropy will appear from its own admissions. The publication of September, 1932, already referred to contain the following.

64. In page 1 of the publication the company states,—“these purely extra industrial services undertaken by the company for the comfort of all the inhabitants of Jamshedpur, Tata employees or not. The capital expenditure of such welfare activities as housing, drainage and sanitation, water supply and education, medical relief, markets and shopping facilities, roads building loan and the like comes to the staggering figure of Rs. 1,68,00,000. The expenditure on maintenance cost another 10 lakhs a year”.

65. In the same page,—“The simple aborigines are being freed from the clutches of superstition. Medical aid being granted free, thousands of sufferers flock to Jamshedpur for treatment”.

66. In page 3,—“Jamshedpur one of the most beautiful and comfortable town in India . . . many an Indian municipality might profitably learn from the Jamshedpur town administration the art of keeping its charge clean and healthy”.

67. In page 16,—“The drainage and sanitation has involved a capital outlay of over 26 lakhs and its maintenance last year cost over a lakh and half”.

68. In the same page,—“No charge is made for the medicines supplied to the employees or the public and the entire cost borne by the company”.

69. In the same page,—“These generous medical facilities are freely utilised by the public, as is evident from the fact that the annual attendance at the hospitals and dispensaries in-door and out-door exceeds seven hundred thousands”.

70. In page 17,—“. . . a third of the total cases handled by the Company's doctors are of persons who have no connection at all with the company”.

71. The above statements of the company, we trust, will convince the Board that the company has not been spending money for which it was sanctioned and is guilty of diverting funds to wrong objects. Apart from the justification of running these charitable and philanthropic institutions at the cost of the public and shareholders we request the Board to consider if the expenditure was at all legal.

72. The company was incorporated under the Indian Companies Act (VII of 1913) and its functions are restricted by the memorandum and articles of association. If the company is not authorised to run hospitals, markets, schools and town for the public or soda water factory, dairy farm, hotels and clubs for the employees all the expenditure is illegal and the management should be responsible for same. We requested the company in our several letters to send us a copy of its prospectus, memorandum and articles of association but it did not even acknowledge our letters. We would therefore request the board to examine the accounts. The company does not mention anything about these expenses in its representation nor it can be ascertained how the expenditure has been debited.

73. In Chapter VII of its representation the company has dealt with the prices of imported steel. A comparison of figures in Table VI, paragraph 76, with Table V, paragraph 65, will be interesting. The landed prices of all materials without duty are higher than the works costs shown by the company. As such no protection to any of these products is necessary to meet competition. The protection is necessary to meet depreciation, agents commission and profits, etc. We would request the Board to consider if such protection could be legally or equitably granted if even the figures which are apparently inflated are assumed to be correct.

74. Chapter VIII of the representation deals with necessary adjustment of prices. Most of the arguments advanced in this chapter are repetition of the previous arguments. We have already dealt with them. The company's claim of Rs. 24.9 as duty on billets to stop starting of rolling mills in competition shows its anxiety to have a monopoly of the industry and to keep the mystery of its works cost a closed secret. If the company is afraid of such competition and nervous of competition with Japan it will never be able to stand on its legs and face world competition or leave the temptation of earning two crores annually from the nation.

75. Chapter IX of the representation deals with the amount of protection necessary. The company has taken for granted that protection will be granted for the next seven years and that in the shape of import duty *vide* paragraph 95 of the representation. In Table IX, paragraph 103, the company has asked even higher rate of duty. The claim of the company in paragraph 112 for provision for future strikes and protection over the heads of legislature is simply preposterous. The other statements in this chapter shows the extreme limit of irresponsibility of an inefficient management.

76. Chapter X deals in improvements in works efficiency. In paragraph 126 the company makes the significant admission that it will not be able to stand alone or face world competition even in the distant future. In paragraph 120 it admits having excessive number of men and having strained every nerve to reduce this number but the ultimate result has been no reduction of the cost of its products. Similarly its so-called attempts for efficiency has resulted not in the reduction of cost of manufacture but in the creation of a number of committees. We request the Board to consider if this is the healthy state of affairs of a living industry having its ultimate aim to stand on its own legs.

77. Chapter XI deals with miscellaneous matters. In paragraph 128 of the representation the company shows its investment in houses. Statement 38 attached to the representation shows 100.5 lakhs as total investment on houses on which the company receives rent of 3.9 lakhs. No depreciation of the houses is deducted from the rent realised nor the cost of supervision is taken into account. It does not show how the rent was assessed and whether the value of the land with its improvements was taken into capital and revenue accounts of these houses. If depreciation and supervision, etc., are taken into account it will be seen that the company gets practically no return if it does not actually lose on this investment of more than a crore of rupees. Instead of putting the whole thing clearly the company states,—“the rents received are still insufficient by more than Rs. 1 lakh a year to furnish a return of 5 per cent. on the capital outlay on the houses”.

78. We respectfully request the Board to compare the above statement with the statement of the company in its publication of September, 1932, already referred to in this representation. In page 15 of this publication the company states,—“The rents of the houses built by the company are calculated as near as possible at 7 per cent. on the capital price and they are always full”. We trust comparing these two statements the Board will hesitate to accept the other statements of the company at their face value. The company is paying interest at 7½ per cent. on its loan. It is therefore not justified in investing such large sum in buildings having no return. We trust the Tariff Board or the depression did not prevent the company to realise proper return on its investments.

79. We have already dealt with paragraph 131 of the representation. We would request the Board to consider if protection was given to the steel industry for the purposes mentioned in paragraphs 132 and 133 of the representation. In paragraph 132 the company states,—“It has also assisted in the formation of six new companies not only on the above way but also by subscribing capital or by undertaking to supply materials at special rates, or by both these methods. This assistance has been given at a heavy financial cost to the company in some instance but the policy will still be maintained by affording such help as may be found practicable in the establishment of new consuming interests which offer sound prospects of success”.

80. It will be for the Board, the Indian Legislature and the Government to decide if a private company in the monopoly management of a protected industry will have the right to dispense such patronages to private enterprises under the wings of fiscal protection. So far as we are concerned we submit that the above profession is far from genuine. That the company has been instrumental in the ruin of innumerable consuming interests abusing the privilege of protection is the subject matter of a separate chapter of this representation.

81. We would take this opportunity to request the Board to enquire into the relation of these lucky firms with the management of the steel industry and the real motive that prompted this concern to be so generous and charitable after having ruined flourishing industries that were most successfully working before the inception of any of these firms.

82. The statement of the company that the failure to achieve the results as anticipated by the Board in 1926 was not due to any fault on its part as mentioned in paragraph 135 is neither correct nor reliable in the light of the submissions made by us hereinbefore. In paragraph 137 the company states,—“that output of the saleable pig iron would have to be limited to the very small requirements of the Indian market. The surplus of 120,000 tons with the result that the cost of the pig iron used at Jamshedpur for steel making would be somewhat higher than otherwise”. We have referred this matter in our representation and we hope to refer it again in the next chapter when we hope to disclose the great secret of pig iron trust which the company has scrupulously refrained from mentioning.

83. In the last chapter the company summarises its submissions to the Board. We have dealt with all the relevant points in its representation and we hope we have succeeded to prove that steel industry does not require fiscal protection but it badly requires efficient management.

### CHAPTER III.

#### THE COMPANY HAS ABUSED THE PRIVILEGE OF PROTECTION AND DEFEATED ITS OBJECT.

84. In paragraph 32 of their report the Tariff Board (1924) stated,—“The object in view will not be attained if steel manufacture in India continues to be the monopoly of a single firm, for unless there is internal competition within the tariff wall the stimulus to economical production disappears”. In paragraphs 5, 135 and 31 of its representation the company has put great stress on this view and has attempted to make this a strong basis of its claim for further protection.

85. During the first enquiry of the Board, Indian Iron and Steel Co., Bengal Iron Co., United Steel Corporation of Asia and a few other large engineering firms were considered to be the prospective competitors of steel industry under fiscal protection. Of these the first two firms manufacture pig iron and all sorts of cast iron goods.

86. Prior to the inception of any of these firms there were large number of flourishing firms in cast iron and engineering industries relying on imported pig for their raw materials. Since the two above mentioned firms commenced manufacturing both pig iron and cast iron goods the position of the old firms became critical for the cost of Indian pig was about one-fourth of the cost of imported pig. Their only chance of life was in the internal competition among the manufacturers of pig iron of whom Messrs. Tata & Co. and another small firm at Mysore who manufacture small quantities with charcoal and is not serious competitor in cast iron in this part of the land were the other two firms.

87. Messrs. Tata & Co. are not interested in cast iron and their interest does not collide with the interest of the other firms so far as cast iron is concerned. The interest of the company and its shareholders was increas-

ing the consumption of pig iron which is one of its most important products. But the company entered into a trust with the other manufacturers of pig iron to control its price so that these two firms, the prospective competitors of steel industry, could monopolise the large cast iron industry in the country leaving the Tatas to monopolise the steel industry.

88. The trust exports pig iron to Japan at about Rs. 20 per ton with profit but would not sell it to Indian firms situated at port towns at less than Rs. 65 per ton and to firms situated inside the country at higher rate according to railway freight. The rate has only recently been reduced to Rs. 55 in place of Rs. 65. The members of the trust used to supply finished cast iron sleepers to railways at Rs. 67 per ton quoting pig iron at Rs. 65 to its competitors in cast iron industry.

89. In paragraph 63 of its representation the company gives its reason why unlike previous report the Board should not deduct the profit on pig iron in calculating the total amount of overhead charges and profit. According to the company if the freight on material is raised the export of pig iron will cease. Even if the freight remains unchanged no reasonable profit can be expected as the market has been depressed. The bogey and mystery of railway freight has, we trust, been already exposed. In paragraph 137 the company estimates the requirement of pig iron for Indian market at 20,000 tons only and wants the Board and the people to believe its representation. The company has scrupulously avoided any mention of the trust throughout whole of its representation and does not state any reason why the demand of pig iron in India has become so low as 20,000 tons and how the other two manufacturers of pig iron are exporting large quantities outside.

90. We would respectfully request the Board to enquire into the present arrangement of the company with the other manufacturers of pig iron. Our information is that Indian Iron and Steel Co. will manufacture pig iron and Bengal Iron Co., cast iron and the great national concern only steel so that each one of them may have the monopoly of one of the large industries and will be in a position to dictate terms to the whole country.

91. To kill competition of the large engineering firms in steel industry the company allows them structural steel which is raw materials for engineering industries at a very low and concession rates. Materials rolled according to British Standard Specification are mainly used in engineering industry and the few firms have the monopoly of the sale and distribution of this principal raw materials so that they may monopolise the engineering industries of the country and the monopoly of the steel manufacture will not affect.

92. We have already mentioned in this representation that the company supply billets to Messrs. Bird & Co. at Kumardhubi, the same firm United Steel Corporation of Asia and not only refuses to supply billets to Indian concerns but has asked for a duty of Rs. 24.9 in paragraph 98 of its representation giving reason for such protection in paragraph 82 which on the face of it is absurd and preposterous.

93. In page 11 of its September, 1932, publication already referred to in this representation the company states,—“It is looked upon as a national concern, affecting far wider interest than those of a handful of shareholders. The reason is to be found in the unique character of the company, as the first successful attempt by purely Indian enterprise, with Indian capital and an Indian administration, to promote the manufacture of Indian iron and steel on a scale not only comparable with but even greater than that of any other similar enterprise throughout the world”.

94. We would request the Board to consider if there is any justification of the company to this claim considering that it has entered into the arrangements with only foreign concerns and Indian concerns are scrupulously avoided and as a result of these arrangements innumerable Indian enterprises have been ruined. We would further request the Board to consider if in the present circumstances there is any scope for any honest enterprise to take to these most important industries of the country. We submit no

honest, efficient enterprise can succeed under such conditions or to face such unhealthy competition.

95. The scrupulous care the company takes and the length to which the officers of the company go to keep these arrangements secret will be apparent from the total omission of the arrangements from the representation as also from the following fact which we beg to mention for the information of the Board.

96. As a result of our reference to Indian Chamber of Commerce asking that body to oppose for national interest the grant of any further fiscal protection to steel industry a meeting of the special committee of the Chamber was arranged asking us to meet the representatives of Messrs. Tata Iron and Steel Co., Ltd., to discuss our objections. On 3rd November in the Chamber premises a meeting was held in which the sales manager Mr. Mahendra, one Mr. Mather and Mr. Powala represented the company and Mr. K. C. De represented Sikdar Iron Works.

97. Mr. De wanted information on 32 points which were mainly the advantage of the industry by the Pig Iron Trust and its advantage in selling structural steel at concession rates to certain number of engineering firms and allowing monopoly of sale of B. S. S. steel to certain firms and if the company was willing to supply billets to Indian rolling mills similar to the supply at Kumardhubi and the justification and legality of a number of enterprises and the expenditure thereon.

98. The sales manager denied that there was any trust to control the price of pig iron for internal consumption or any concession or special rates are given to any firms in regard to structural steel or B. S. S. steel and that the pig iron trust was for controlling export to foreign countries. Mr. Mather said that the company was prepared to supply billets to Indian firms on the same terms under which billets are supplied to Messrs. Bird & Co. That the statement were not correct and contradict some statements in the representation of the company was pointed out to these representatives but yet they stuck to these statements.

99. We wanted the company to confirm these statements of its representatives in writing and on the very day we wrote to them sending a copy of the letter to the Tariff Board and the Secretary of The Indian Chamber of Commerce to confirm the statements in writing. We sent a reminder on the 9th of November but the company did not even acknowledge receipt of the letter or its reminder.

100. We take the indulgence of the Board to quote the contents of the letter for their information with a view to give them some idea of the internal condition of the company:—

“ In the meeting of the special sub-committee of the Indian Chamber of Commerce held to-day at 2 p.m. in the premises of the Chamber in which I was asked to be present to explain to the members why your representation to the Indian Tariff Board for further protection to steel industry should be opposed. I submitted 32 grounds in writing, a copy of which was made over to the members and your representatives present at the meeting ”.

During the course of discussion your sales manager was pleased to state that there was no pool or trust to control the price of pig iron in India but there was arrangement among the manufacturers for controlling export and there is no discrimination regarding the supply of this basic raw material among the industries in India.

The sales manager was also pleased to state that there is no discrimination regarding sale of structural and B. S. S. steel among the engineering industries of the country and you don't allow any special concession rate to any industry in the country and that you treat all engineering industries equally.

One European representative with whom the sales manager concurred was pleased to say that you are prepared to supply billets to Indian firms on the same terms on which you are supplying billets to one firm at

Kumardhubi. Although I told that your representation before the Tariff Board was different yet this gentleman struck to his statement.

I beg to draw your attention to paragraph 98 of your representation in which you have asked for a duty of Rs. 24-9 on billets. I would also draw your attention to paragraph 82 in which you have stated,—“The company submits that it is necessary that the new scheme of protection should include billets . . . . It is, however, necessary to make arrangements which would preclude the possibility of installation of small re-rolling mills at more distant ports which might take advantage of the protective duty on bars and light section or on sheets and produce these articles on foreign steel imported at low rate of duty. Such industries would not fulfil the conditions laid down by the fiscal commission as alone justifying protection, since they would be made on foreign materials. Even so, the company would not now as it did it in 1926 ask for protective duties on semis but for the fact that the demand for steel in India has so fallen that the setting up of such industries, instead of replacing the imported finished products only, would to a preponderating extent reduce the market for, and therefore the output of, the basic industry in the country which would otherwise supply the markets with products completely Indian. The company is satisfied that the present conditions have made this problem a real one and that protective duties must be applied to semis if the basic industry is to attain the output estimated in Chapter IV”.

The above statement quoted from your representation falsifies the statement of your European representative made at the meeting. As I am interested in a rolling mill just started I would request you to kindly confirm the statements made by your representatives and the sales manager and I should be obliged if you kindly treat this as urgent as our representation to the Tariff Board will depend on this.

I would also request you to kindly let me know how the starting of rolling mills does not fulfil the conditions laid down by the Fiscal Commission and if you cannot stand competition of such industries how it would be possible for you to stand competition of another industry like yours and where is the scope for another such industry? I would also like to know if the dictation of terms does not amount to attempt to throttle even small enterprises and shows your intention to monopolise steel industry for ever.

101. We would request the Board to draw their own conclusion after examining the accounts and contracts of the company if our allegations against the company are correct. We submit if our above statements prove correct the statements and accounts of the company must not be considered as reliable and two crores of public money should not be allowed to a private concern to be wasted to enable it to patronise its friends and supporters and to jointly exploit the whole nation to the extent of several more crores by having monopoly of the principal industries of the country.

102. We trust we have succeeded to prove to the Board beyond any shadow of doubt that the privileges of protection to steel industry have been abused and the main object of protection namely encouragement of other firms to take to steel industry has been defeated by the company and the accounts and statements submitted with its representation do not represent the real state of affairs of the industry and are not true criterion of deciding the necessity of protection to steel industry.

#### CHAPTER IV.

##### CAN FURTHER PROTECTION BE LEGALLY GRANTED TO STEEL INDUSTRY?

103. The Indian Fiscal Commission in paragraph 97 of their report laid down the following principles, which have since been adopted by the Government of India, as their fiscal policy for the grant of protection to an industry:—

- (1) The industry must be one possessing natural advantages such as, an abundant supply of raw materials, cheap power, sufficient supply of labour, a large home market . . . . no industry is



protected which will become a permanent burden on the community.

- (2) The industry must be one which without the help of protection either is not likely to develop at all, or is not likely to develop so rapidly as is desirable for the interest of the country.
- (3) The industry must be one which will eventually be able to face world competition without protection. In framing an estimate of the probabilities of this condition being fulfilled the natural advantages referred to in condition (1) will, of course, be considered carefully. The importance of this condition is obvious. The protection we contemplate is temporary protection given to industries which will eventually be able to stand alone.

104. If the first part of condition (1) is fulfilled the second part becomes automatically inoperative. It is unanimously admitted by all concerned that the advantages of steel industry are unique and the company since its inception in its prospectus, in its evidence before the Board, in its different publications to raise loan and share capital has been eloquent in describing these advantages. In its present representation the company does not state when, if ever, it will be able to stand alone nor it says how and when its so-called difficulties will be removed and it will cease to be a burden on the community. On the contrary it has no hesitation to say in paragraph 126 of its representation that it will not be able to face world competition even in the distant future. If the representation is to be believed then the advantages boasted of are bogus and if the advantages as unanimously admitted are true then it cannot require further protection so condition (1) is not applicable taking into consideration that the industry is fully developed and has received large protection.

105. The industry having sufficiently developed and there being no scope even for further development as admitted by the company in its representation paragraphs 11, 82, 126 and 135 condition (2) is also no longer applicable to steel industry.

106. The company having already received effective protection since 1924 both in bounty and duty and the protection contemplated in condition (3) being only temporary one condition (3) is also not applicable in view of our submission made in paragraph 104 above.

107. The only other condition under which protection could be granted to an industry is the one laid in paragraph 106 of the Fiscal Commission's Report, *vide* also paragraph 29 of the Tariff Boards Report (1924) in which the Fiscal Commission prescribed better treatment for industries necessary for national defence.

108. Steel industry undoubtedly falls within this category. It is most important not only for national defence but also for national development. This condition should be applicable only when it will be proved beyond shadow of doubt that the industry cannot actually face world competition without protection inspite of the best, most economic and efficient management. It has got yet to be proved that the company approaches even the semblance of efficiency and economy. To grant protection under this condition it will have to be shown that the findings of the last board and the unanimous admission of all concerned were incorrect. Even then such condition cannot be applicable in case of a private management of the industry. If the industry cannot really stand alone, which we submit is incorrect, it must be managed as a State industry and not as a monopoly concern of a private firm.

109. In Chapter III of their report the Tariff Board (1924) laid down the following general principles for the scheme of protection:—

- (1) The answer to the question whether protection is necessary depends on the main on the difference between the two prices—
  - (a) the prices at which steel is likely to be imported into India from abroad,

- (b) the prices at which Indian manufacture can sell at a reasonable profit,
- (2) If protection is found to be necessary, and the advantages to be derived from it are held to outweigh any objection which may exist the measure taken must be adequate to serve the purpose.
- (3) The scheme of protection should be so adjusted as to interfere as little as possible with those kinds of steel which are not manufactured in India at present and are not likely to be manufactured in near future.

110. Assuming but not admitting the figures as made out by the company as correct it will be seen that the costs of manufacture of different kinds of steel as shown in Table III, paragraph 50, are not higher than the costs of imported steel landed without duty as shown in Table VI, paragraph 76, of the representation. Assuming the cost of distribution, sale organisation and other expenditure same the company can make exactly two crores of rupees as profit compared with prices of British steel and 99 lakhs compared with prices of continental steel. This amount ought to suffice to meet the depreciation and other costs and no duty need be levied on any steel for the existence of the industry. Condition 1 (a) and 1 (b) is therefore not applicable.

111. In view of the above submission and in view of the statement in the report of the Tariff Board (1924), page 84, namely,—“The sacrifice which the country is asked to make in order to preserve the steel industry is temporary and the advantages to be gained are more than commensurate. The burden on the consumer is likely to be widely diffused and is not likely to press with undue severity on any one community or any one section of the community” the question of condition (2) will not arise and condition (3) does not at all arise.

112. We trust the Board from above submissions will agree that no further protection to steel industry can be legally granted in its present condition.

## CHAPTER V.

### THE CONSEQUENCE OF PROTECTION TO STEEL INDUSTRY.

#### *Claim of Sikdar Iron Works to fiscal protection.*

113. In Chapter III of our representation we have submitted how by the abuse of advantages of fiscal protection the company has been instrumental in making the cast iron and engineering industries the monopoly of its prospective competitors. We now beg to prefer our claim for fiscal protection on the following grounds with the request that the Board will be pleased to favourably consider our case.

114. Sikdar Iron Works is one of the oldest, if not the oldest cast iron and engineering industry run by Indians. It claim to be pioneer in the line. It was established in 1879 when none of these firms monopolising the cast iron and steel industries were even conceived. It was the first firm to manufacture rain water pipes in India and was instrumental to stop its import into India from foreign countries. It passed through several vicissitudes to meet foreign competition without protection of any kind. It established business throughout the whole of India, Burma, Ceylon and Singapore and has still some constituents in those parts of the country. Firms like Martin & Co. and others were among its customers.

115. Sikdar Iron works had flourishing business and fully paid share capital of several lakhs and did large, important and useful works for the government and the country during the war. Its silent and unostentatious services to the nation and the government have not been less important than the services of the protected steel industry. But unlike the protected industry it worked in silence without creating difficulties and

boasting for its services and working on the sentiments of the people. Its management claims efficiency which the other cannot do.

116. Since its principal raw material pig iron and structural steel became the monopoly of its competitors and the protected industry helped these competitors to keep an inflated prices on these raw materials it commenced to lose its market being unable to stand such unhealthy competition.

117. Since 1928 the present management had been trying hard to secure raw materials at reasonable rates. We approached the protected company through its sales manager, to the managing agent in various ways and on various occasions and failing to get any redress we criticised its actions through press and on public platforms passing resolutions in the meeting of chamber of commerce and other conference but the company treated all our prayers with insolent contempt knowing our shortcomings and our inability to interfere with its monopoly.

118. After struggling for well over six years and losing our whole resources of about 5 lakhs of rupees we have no alternative but to wind up again unless some support be forthcoming. Thus an indigenous industry and Indian enterprise of over 55 years standing is coming to the end of its career not through inefficiency or lack of ability or diligence on the part of the management or due to any neglect or shortcoming but for its inability to secure raw materials now being manufactured in the country but unfortunately in the control of an industry that seeks protection for its very existence.

119. We respectfully, yet firmly, submit that for this misfortune the protected industry is guilty and the Board with Legislature and Government are also partly liable for granting protection to a private monopoly concern. We trust that the Board under clause 1 (d) of the Government Resolution under which the present enquiry is being held will be pleased to grant us the relief which we have been compelled to seek not through any fault on our part.

120. The principles laid down in paragraph 97 of the Indian Fiscal Commission's report are fully applicable in our case and certainly more applicable than in the case of the steel industry or any industry at present enjoying protection. Our grievances are genuine and our case is fit to receive protection and sympathetic consideration from the Board, Legislature and the Government. We trust we shall not be deprived of the consideration to which we are rightly and legally entitled.

121. As regards the first part of condition (1) laid down by the Fiscal Commission the very existence of the industry for over 55 years is proof positive of its natural advantages and as to the second part the reason which have compelled us to apply for protection will prove that the difficulty is temporary and has been created partly by the Board itself. So condition (1) is fully applicable.

122. As to condition (2) it is not the question of development alone but it is the question of very existence. In case we fail to receive protection we shall be compelled to close with the decision of the Board if adverse to our interest. As to the national interest it being a premier Indian industry and enterprise its fate will largely affect the future national development of Indian enterprises. In case of its being closed under compulsion failing to receive its raw material we request the Board to consider the serious repercussion on the Indian industrialists and Indian capitalists. It will be considered a national disaster.

123. The question of its ability to face world competition cannot arise in this case for it has faced the world competition at a time when the question of protection to Indian industries were not even mooted by the government. Our difficulties are temporary and the protection we seek is only for once to overcome the difficulties to which we have been placed as victim of circumstances over which we had no control.

124. We trust we have succeeded to establish our claim. Considering the past history of the industry and its achievements and its services to

the Government and the country and also considering the serious effect it will bring on the Indian minds in case of its closure under such circumstances the Board will be pleased to recommend us protection in the shape of bounty. A bounty of five lakhs of rupees once for all to meet our past losses and an arrangement under which we should be able to get our raw materials at a reasonable rates to meet healthy competition will solve our problem once for all and we trust the Board will be pleased to recommend same.

## CHAPTER VI.

### THE CONSEQUENCE OF FUTURE PROTECTION TO STEEL INDUSTRY WITH ITS PRESENT MANAGEMENT.

125. We have in the previous chapters of our representation shown the effect of protection on Indian enterprises and how a firmly established old industry like Sikdar Iron Works has been affected inspite of most efficient, economic and intelligent management. Several concerns with large capital but less stamina have already closed. The remaining few enterprises are struggling and have been reduced to cottage industries without any chance of future development and if the present arrangement continues it will be question of time to bring their ruin.

126. In Chapter XI of its representation the company has disclosed its special treatment in favour of a few firms. This special treatment must affect the interest of those who cannot court for the same and cannot be conducive of healthy competition which is the life of all successful enterprises.

127. With the present condition of basic industry and with so many vested interests and the chief means of securing the basic raw materials being courting of favour and good grace of its monopoly protected management we respectfully submit no honest and efficient enterprise can prosper. As at present the success of an enterprise that has to rely on steel or pig iron for its raw material depends not on its ability and honesty in conducting the business but on its ability to secure either the good grace of the monopoly management of the raw materials or to stand as its prospective competitors to break its own monopoly. In such vitiated atmosphere honest enterprises can hardly prosper. The protection is creating hardships for honest concerns.

128. Steel being essential for the daily use of the poorest of the poor a duty on it must affect everybody. Statement 42 in page 124 of the company's representation discloses the position of its shareholders. Inspite of large and effective protection the shareholders have got no return on their investments, Indian employees are no better than hewers of wood and drawers of water and the professed vaunted blessings are not meant for them as is well known to the public. Excepting a few members of the management and few of their relations, friends and proteges the protection has caused hardship to everybody.

129. In paragraphs 39 to 47 and 64 to 70 we have shown quoting the admission of the company itself the extravagant nature of its expenditure and enterprises. It admits its own inefficiency in management in the representation itself. It is capable of this extravagance and waste simply because it gets large protection. Further protection under the circumstances will only encourage this extravagance, inefficiency and waste of public money.

130. The condition of the most important industries has already been explained and if further protection is granted and the patronage is left to a monopoly industry the consequence will be inevitable disaster. The industries will pass into the hands of those who are related or to those who are strong enough to threaten to break the monopoly and vested interests a condition which cannot help healthy development of honest enterprises.

## CHAPTER VII.

## IF FURTHER PROTECTION TO STEEL INDUSTRY BE REFUSED WILL THE INTEREST OF THE NATION BE PREJUDICED?

131. In case of refusal of further protection to steel industry the worst that could happen will be liquidation of the present monopoly management. The interest of the shareholders in that contingency will not be prejudiced. Most of them invested their lives savings with a view to get some return and many were induced to bring their savings with large promises in the name of national industry and all have been disillusioned.

132. In case of liquidation the shareholders will get something in equitable distribution of the assets or in case of reconstruction by an efficient management there will be prospect of getting some return in future. In no case their condition could be worse than what it is at present.

133. Indian public have nothing to be thankful to the present management and with their already heavy burden they are groaning under the protection granted in the name of national concern. In case of liquidation they will be relieved of this burden and no foreign or efficient management will be able to impose this illegal burden necessitated by the inefficiency of a clever few. In case of State management they will have voice and equal interest in it.

134. The interest of the Indian labour and Indian employees could not be worse either under foreign or State management. No foreign management will import costly foreign labour neglecting the proverbially cheap Indian labour. With the manifold advantages steel industry cannot die and will therefore cause no unemployment of labour. The treatment at present accorded is not ideal.

135. The Indian enterprises and industries will have sigh of relief with the liquidation of the present company. With its end, the present caucus combinations, discrimination and trust will also end giving opportunities to honest enterprises to survive under healthy competition. Besides the tariff burden the present management has put a halter round the neck of many Indian concerns and is strangling them one by one and salvation for them lies in the termination of the present state of affairs. Under foreign management of worst nature their condition could not be worse while under State management the condition of all honest enterprising concerns will improve. The general development of national industries can only revive with the end of present unhealthy state of affairs in the basic industry.

136. As to the steel industry itself it will no longer be a cripple with crutches. Under efficient management it will be healthy and able not only to stand on its legs but capable of encroaching into the territory of others like its sister industry pig iron. With the unanimously admitted unique advantages of the industry any management with semblance of efficiency and responsibility in it will be able to relieve it of its present beggar's bowl and will make the whole country rich and happy. Instead of proving a curse as at present the industry will be blessing with the replacement of the present management by a responsible efficient management.

137. Instead of importing expert experience from outside the empire if the large resources are exploited with English brain and Indian labour of the teeming millions not to serve the selfish interest of few but for the interest of the two countries many of the present problems of England and India could be solved. The Tariff Board, members of the Indian legislature and Government, we respectfully submit, will be pleased to dispassionately consider this aspect of affair. The present company has been sufficiently tried and found wanting. That ability, experience, efficiency and enterprise, etc., that are necessary for the successful management of such large and important industry are sadly wanting in the present management as amply demonstrated by its own admissions.

138. Further continuance of the present state of affairs under fiscal protection will only add hardships and miseries to the people. No amount of protection or financial help can bring efficiency and abilities to men who are inherently incapable to assert themselves and there is no justification to leave the management to those who have proved and themselves admit to be insufficient.

139. We therefore submit that the Board will be pleased to recommend Government that no further fiscal protection to steel industry is necessary and no further fiscal protection in any shape should be granted. The industry does not require fiscal protection but requires efficient active responsible management.

## CHAPTER VIII.

### SUMMARY.

140. In concluding our representation we submit the following salient facts for the consideration of the Board in connection with further fiscal protection to steel industry:—

- (a) If the advantages of the industry as admitted are true no further protection can be necessary.
- (b) The industry has sufficiently developed to meet national interest and further development at public cost is not justified nor there is scope for same.
- (c) The privileges under protection have been abused.
- (d) The company admits extravagance and inefficiency.
- (e) The so-called difficulties are not genuine and statements and accounts are not reliable.
- (f) Further protection at the present stage will prejudice national interests.

(2) *Supplementary Memorandum handed in on the 23rd December, 1933, by the Sirdar Iron Works, Calcutta.*

Tariff Board and Fiscal Commission are institutions of the West and few of the Indian industrialists not excluding the educated among them are aware of their importance and significance. Taking advantage of this ignorance a group of exploiters, mostly foreign, have combined to exploit the whole nation and its resources and Messrs. Tata & Co. are only a member of this group. From our following submissions it will be clear to the Board that the objects of Fiscal Commission and Tariff Board have been defeated by Messrs. Tata & Co. entering into a number of agreements and combinations with some firms detrimental to the interests of Indian consumers, indigenous Indian enterprises and Indian shareholders.

2. Further Fiscal protection to the industry in terms of Tata's representation with the present management and its combinations, in our opinion, will mean,—

- (a) Protection not to the industry but to Tatas and a few firms in cast iron and engineering industries.
- (b) Payment directly to Tatas in the shape of tariff duties on their products two crores of rupees annually for the next seven years and a few more cores to these firms in alliance with Tatas by the Indian nation.
- (c) Ruin of the existing Indian enterprises in cast iron and engineering industries and retarding the development of Steel, cast iron and engineering industries.
- (d) Aiding a few firms to monopolise these industries.
- (e) Adding further burden on the famished groaning millions, struggling indigenous enterprises and the shareholders.

3. A large industry like the Steel industry cannot be efficiently managed by borrowed intelligence and we respectfully submit Messrs. Tata & Co. are the produce of national sentiments and national ignorance. The whole nation would have been benefited if the Steel industry had been under open management of British enterprise with British capital instead of under the cloak of a national name. In that case the nation should not have been called upon to pay for the luxury of a national industry which is actually in disguise working for the interests of the foreigners to whom a national name has been lent for a consideration.

4. We respectfully admit the steel works are really managed by foreigners who in addition to princely salary draw bonuses to the tune of 17 lakhs a year irrespective of productions, a thing unknown in the history of the industries of the world. A dairy farm is maintained to supply them cheap cream, butter, milk and vegetables. A soda water factory at an annual cost of Rs. 1,21,000 is maintained to supply them free ice and soda. Clubs are run to give them free club amenities. More than a crore of rupees has been invested in buildings without return to give them cheap palatial houses. They lord over the Indian subordinates who really carry the burden. The Indians are mostly coolies and clerks and draw the wages of such and there is no bonus for them. They as usual are the hewers of wood and drawers of water. The pay sheets of the company will prove the illusion of the so-called Indianisation. The interest of Indians will not be worse under any foreign management.

5. The European firms in cast iron and engineering industries could not stand in healthy competition with the Indians if the raw materials of these industries in the control of the protected national industry had been equally distributed among all the industries. The cast iron manufacturers who are large manufacturers of pig iron have entered into a trust and the activities of this notorious trust are now well known. The Indian enterprises in cast iron have been ruined and the industry is now a monopoly of few firms. The finished structural and B. S. S. steel which is the raw material of engineering industry is supplied to a few foreign firms at a low rate and they have thus been able to monopolise the engineering industry at the ruin of Indian enterprises and there is no earthly chance for any enterprise to succeed or develop under these combinations and the industrial development of the country in these lines is doomed.

6. The European dealers in steel products are unhampered while the Indian dealers are under a number of restrictions that make their lives miserable. Besides the favourites of the company alone get concessions which are denied to others. Those who can abide by the whims of petty authorities of the company can succeed to get favourable terms while the European firms dictate terms. The Company purchase its coal from European firms alone under contract.

7. The Indian shareholders of the company in spite of large protection have derived no benefit while the interests on European loan at 7½ per cent. is duly and promptly paid. Much is attempted to make of this failure to pay dividend. We would request the Board to go through the real causes of this failure. We submit that dividend can be paid if the profits earned are not wasted in extravagance and diverted to purposes not remotely connected with the enterprise. If a business firm indulge in building model towns to teach the municipalities of the country their functions, if they divert funds to remove the superstition of the aborigines and running charitable institutions for the public no shareholders and least the Indian shareholders can get any dividend. Besides in our opinion the dividend is not paid with a deliberate purpose not to lose the benefit of protection.

8. The Board have found out that to kill a few re-rolling mills run in the most primitive way the agents of the company arranged for the purchase of old rails at Rs. 70 per ton and have asked protection on billets which they export to foreign countries to be re-rolled and re-exported

so that these mills may not get any scrap or foreign billets for raw materials. To deprive them of their markets the company reduced the prices of its products below the price fixed by the Board and asked its dealers on the penalty of dismissal not to deal in the products of those mills. It had no hesitation to admit that it supplies billets to a European mill to kill internal competition. We hope these will suffice to remove the disillusion of the country about the national character of the company and it is misnomer to call it national. We submit after this to grant protection for the creation of a sound steel works will appear a most preposterous proposal.

9. We would in this connection respectfully invite the attention of the Board to a few paragraphs of the Fiscal Commission's report.

In paragraph 117 the Commission stated,—“It is far easier to impose a protective duty than to reduce or abolish it. As an industry grows economically, its political influence also grows, and it is in a position to exert considerable pressure on the body that has the power to modify the duty. It may be accepted as the general experience that protective duties are continued far too long a period and at unnecessarily high rates”.

In our opinion further fiscal protection will ruin the nation and its industries and the Board will be pleased to consider this aspect.

10. In paragraph 118 the Commission recommended that if the Tariff Board is satisfied that protection has not succeeded and there is no probability of its succeeding it should recommend the withdrawal of protection. According to the admission of the company the protection has not succeeded and it cannot say when it will succeed the protection therefore should be discontinued.

11. In paragraph 85 of their report the Commission discussed about the danger of political corruption. They recommended an impartial and thorough enquiry by the Tariff Board to minimise this danger. In our opinion the danger has now manifested fully. Many members of the Legislature, we are afraid, have identified themselves with the interests of the company and high Government officials of influence having princely jobs are actually managing the industry. The joining of the President of the last Tariff Board and conducting the representation of the company by the late technical adviser of the Tariff Board naturally has created apprehension of undue favour as apprehended by the Fiscal Commission in their report.

12. In paragraph 86 of their report the Fiscal Commission suggested measures in case of combination of manufacturers to the detriment of the interest of the consumers. They suggested lowering or withdrawal of protections or special legislation in such contingency. We have shown the combinations of the company to the detriment of the interests of the consumers and the whole nation and the only remedy lies in stoppage of further protection.

13. The refusal of the representatives of the company to reply to the questions of the members of the Board is against the recommendation of Fiscal Commission in paragraph 303 of their report. The company is very reticent to give any information to the public and even it does not acknowledge letters concerning its activities.

14. In paragraph 87 of their report the Commission suggested that the supervision of the Tariff Board will mitigate inefficient methods of production. We submit the Company has failed to work according to the recommendations of the Tariff Board and it is not possible for the Board to exercise that amount of supervision which will ensure the efficient working of such a large industry. With the admitted inefficiency and the clear admission of the company of its failure and inability to work efficiently it will, we submit, simply create further hardships on the nation and the best course under the circumstances will be in case of the company failing to manage without protection to take it as a State industry or allow a competent Board of Indians and Englishmen to manage it effi-



ciently. There is hardly any justification to allow a private firm to exploit the whole nation with its admitted inability to efficiently manage such a large important industry of the country.

15. In paragraph 104 of their report the Fiscal Commission suggested that to arrive at its decision the Tariff Board will take into account the relative costs of production in India and foreign countries and the Board will not recommend protection to stereotype inefficiency and the relative costs of the products will also be some grounds to the Board as to whether the industry fulfils the primary conditions laid down for protection. We submit we have shown the conditions are not fulfilled.

16. Under paragraph 105 of the Fiscal Commission's report the location of the industry should not be a ground for protection and under paragraph 126 to 129 the Board will not consider or go into the question of the so-called freight disadvantage.

17. The proposal of the National Federation of Steel and Iron Manufacturers of Britain, if accepted, in our opinion, will put the coping stone on the grave of Indian enterprises in these industries. The vast national resources that would have easily made India the richest country in the world if exploited in the interests of the children of the soil is now being looted by a group of exploiters and the nation in its colossal ignorance and sentiments is aiding these exploiters under the spell of a national industry which is working for the interests of the foreigners and foreign industries.

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(3) *Letter dated the 8th January, 1934, from the Sikdar Iron Works, Calcutta.*

In connection with the tariff enquiry for further protection to Steel Industry we beg to submit the following proposal for the consideration of the Members of the Tariff Board and to request that you will be so good as to place it before the Board and to let us know their views, if any, on the subject.

All the products of the Steel Industry being important raw materials for the industries it is not only just and equitable but essential for other industrial development of the country that these products should be supplied in all Industries and Enterprises at the same rates without any discrimination. These raw materials should not be exported to foreign markets at lower rates to enable foreign industries to compete with the home industries in finished products both in foreign and home markets. For national interests the sale policy of these materials should be reversed so that home industries with the advantage of cheap raw materials could export finished products and not raw materials into foreign markets.

We believe it has been proved to the satisfaction of the Board and the Company's books of accounts, sale contracts and other records will show that it had been selling its products at different rates to different firms and this discrimination had been in favour of few firms, mostly foreign, the prospective competitors of Steel Industry.

By entering into trust with other pig iron manufacturers the company had been instrumental in exporting pig iron to foreign countries at less than one-third the rate maintained for home market, barring a few favoured firms with the result that the other manufacturers of pig iron have monopolised the cast iron industry on the ruin of old established successful Indian enterprise like Sikdar Iron Works.

In the name of Engineering firms steel products are supplied to a few European firms, who are large dealers of these products at low rates and B. S. S. products which are most essential for engineering industry

are in the monopoly of these firms with the result that these few firms have monopolised the Engineering Industry on the ruin of Indian Enterprise Firms like Sikdar Iron Works are not considered as Engineering firm and fit for the concession allowed to European firms.

That several Indian Enterprises have been ruined due to this discriminatory sale of raw materials is within the knowledge of the Board and we trust the Board will agree that unless raw materials are freed from such discrimination and supplied to all Enterprises at the same rates neither healthy competition nor industrial development is possible.

In granting Fiscal protection to Steel Industry the object of the Government of India and Legislature was to encourage the general industrial development of the country and not to protect any particular private firm or to help it to monopolise the Industry, nor it was their object that the protected firm under the wings of protection will help its prospective competitors to monopolise the other large industries so that its own monopoly might not be disturbed. If this is conceded we believe it will not be difficult for the Board to come to the decision that the company has defeated the object of protection by abusing its advantages in combining with other firms.

To prevent further abuse and to safeguard the interests of all concerned we suggest that in case the Board decide to recommend continuance of protection they would be pleased to recommend that before granting any protection in any shape a condition should be imposed that the protected Industry under the penalty of withdrawal of protection should supply its products to all Industries and Enterprises at the same rates without any rebate, discount or other concessions and whenever the demand should not be less than a wagon load they should be supplied to the consumers direct. The protected Industry must not also export its products into foreign market at lower rates and under no circumstances the rates should exceed the export price of the materials.

To give effect to this recommendation and to check waste, extravagance, inefficiency and abuse of privileges of protection as also to settle disputes between the Industry and the Public a Governing Body composed of a member of the Government, a member of the Indian Legislature and a member from the Federation of Indian Chambers of Commerce should be constituted with powers to discontinue protection or take such other steps against the protected industry as they will think fit in case of default on the part of the protected Industry.

We trust the Board will be pleased to consider the proposal as fair and just both to the Industry as to the Indian public and this is the least that should be done to safeguard the interests of the Nation before asking it to bear further burden of the Steel Industry in the monopoly management of a private firm whose past conduct had not been to the interests of the Nation.

In our opinion if further protection in any shape without sufficient safeguard is given to the industry it will mean the ruin of the remaining few Indian enterprises in cast iron and engineering industries and retarding the industrial development of the country.

We beg further to submit that the representation of the Company that there is no demand of pig iron in India is far from correct. The company is primarily responsible for this lack of demand. Yet if pig iron is supplied at reasonable rates we can undertake to sell at least 100,000 tons in Indian market during the first year increasing the demand from year to year. We request the Board to consider the proposal and to recommend its acceptance.

We hope we have succeeded to make our points clear and in case any point is considered not sufficiently explicit we should feel obliged if opportunity is given to us to make it more explicit,

(4) *Letter dated the 8th January, 1934, from the Sikdar Iron Works, Calcutta.*

Further to my letter dated the 8th idem, I beg to let me know the definition of Engineering firms as meant by Messrs. Indian Iron and Steel Co. and Tata Steel Company in their evidence before the Board and if Sikdar Iron Works is such an Engineering firm. Both the Companies admit that they supply raw materials to Engineering firms at concession rates. We had been trying to learn from the Steel Company during the last six years why Sikdar Iron Works, the pioneer cast iron and Engineering Indian Enterprise in India is not considered to be an Engineering firm.

The combination of the Steel Company with its prospective competitors is now admitted. It is also admitted that the combine exports pig iron at about Rs. 24 per ton and supplies to other firms mostly European at about Rs. 30 per ton while keeps its rate to Rs. 57 for Indian enterprises and the arrangement brings no profit to the members of this combination. The admission of the director of the company that it would reduce the price of pig iron if the other manufacturers do so is significant and proves our allegations that the company is subservient to the interest of a group of exploiters. The other manufacturers of pig iron do not receive protection for their existence. I hope the only reasonable conclusion that could be arrived from this admission would be that the price is maintained with the object of enabling the other members of the group to monopolise the Cast Iron and Engineering Industries on the ruin of Indian Enterprises so that the monopoly of the Steel Industry may remain undisturbed.

In view of this disclosure we beg to enquire if the Board would be pleased to recommend some bounty to Sikdar Iron Works and reconsider the decision. The unfortunate position to which we have been reduced we respectfully submit was beyond our control and the result of abuse of advantages of fiscal protection to steel industry by a private firm. Attempts have been made to minimise the position of Sikdar Iron Works and its importance to the nation and specially to Bengal and we submit Sikdar Iron Works is neither a small foundry nor an unimportant enterprise in the country. We have stopped closing the firm in anticipation of the present enquiry and we have kept the firm from winding up for over a year with a view to get redress from the present Tariff Board. I do not know if I have succeeded to explain our situation to the Board clearly but the fact remains that the firm cannot exist unless its grievances are redressed by the present Board.

We respectfully, yet firmly, submit that a firm of our standing and capacity can only exist if further protection to Steel Industry is not granted so that the protected private firm under the wings of protection may not combine with our rivals in the trade and allow them our principal raw materials at concession rates to enable these rivals to kill us in unhealthy competition.

Or

In the alternative if we are also considered as Engineering firm and allowed the same concessions which are allowed to others. We trust the members of the Board will be pleased to consider our case from this aspect of the case.

I regret there has been some misapprehension in respect to our position and abilities and attempts have been made to minimise our position and grievances. I had been attending the present enquiry from day to day with a view to get some light and I cannot overcome the idea that the members of the Board consider us to be owners of a small foundry like several others. We invited the members of the Board to inspect our place which is only three miles from the office of the Board and we repeat the same invitation so that they may have some first hand information of our position and capacity and the position to which we have been reduced as a result of protection to the Steel Industry in monopoly of a private firm. I may mention that the firm is the biggest foundry in Calcutta and among the Indian enterprises it is the oldest and biggest in the whole of India.

We would request that you will be pleased to place our letter before the Board and let us know if we can expect to get any redress from them. In case they decide not to grant us any redress we shall without running into further loss close the concern once for all.

### **The Indian Iron and Steel Co., Ltd., Calcutta.**

(1) *Letter dated the 20th September, 1933.*

With reference to the Tariff Board's Communique dated Simla, September 4th, in connection with further protection for the Indian Iron and Steel Industry, we desire to represent that, as this Company was formed with the ultimate object of manufacturing Steel and as we have already made considerable progress in this direction by the successful operation of large modern Blast Furnaces, Coke Ovens and Bye-Product Plants, we are considerably interested in and in favour of the continuance of the protection now given to the Steel Industry in this country.

2. The Tata Iron and Steel Co., Ltd., have favoured us with a copy of their representation to you and we are of opinion that their request for a continuance of protective duties for a period of seven years is reasonable.

3. Owing to the world-wide depression for the last 2 or 3 years this Company has been unable to proceed further beyond extensions to its Blast Furnaces and Coke Oven Plants.

4. The Blast Furnaces of the Company are now capable of an output of 450,000 tons of pig iron per annum and the Coke Oven Batteries can manufacture 450,000 tons of Coke which is sufficient for the manufacture of that quantity of pig iron: in other words, the Plant is a self-contained unit capable of manufacturing 450,000 tons of pig iron per annum.

5. In addition to pig iron and coke this Company also produces Sulphate of Ammonia, Tar and Naphthalene Balls.

6. We trust we are not out of order if we refer to the question of prices at which pig iron is sold in this country.

7. We anticipate that both ourselves and the Tata Iron and Steel Co., Ltd., will be accused of combining to maintain the price of pig iron in this country to the detriment of small Founders.

8. This question was examined exhaustively by the Tariff Board in 1929 and the evidence submitted by the various interested parties is contained in "The Report of the Indian Tariff Board on the removal of Revenue Duty on Pig Iron dated 1930".

9. The present prices at which pig iron is sold is about 25/30 per cent. below the price at which it could be imported into this country and furthermore, we have agreed with the Tata Iron and Steel Co., Ltd., that they should sell Low Silicon Iron up to 1.25 per cent. in Silicon at the low price of Rs. 30 per ton in order to assist the small bazaar founder with his business.

10. As the Board are aware, the demand for pig iron in India is exceedingly small, and if the Railways are excepted, almost negligible. The large furnaces operated by this Company were never installed to supply the Local Market, which is only incidental to their main Markets, which are Japan, United Kingdom and the United States of America. If there was no market for Indian pig iron abroad and a small furnace was to be installed to meet only the internal demand, it would be found that the cost of the iron manufactured by the Company operating this small furnace would be so high that it would be impossible to supply pig iron to foundries at prices at which this Company is supplying at present. We maintain, therefore, that both the Tata Iron and Steel Co., Ltd., and ourselves are charging a fair price for our product.

11. We shall be pleased to give oral evidence before the Board if required and to answer any questions you may put to us.

(2) Letter No. 460, dated the 11th October, 1933, from the Secretary, Tariff Board, to the Indian Iron and Steel Co., Ltd., Calcutta.

I am directed to ask if you are willing to supply detailed costs covering your production of pig iron to the Tariff Board in connection with their enquiry into the Iron and Steel Industry.

If you are prepared to do so and can supply these in the form of monthly cost sheets applicable to the present calendar year or in any other form more convenient to you the Board would value this information.

(3) Letter No. S/598-A., dated the 6th/8th November, 1933, from the Indian Iron and Steel Co., Ltd., Calcutta.

Re PIG IRON COSTS.

We have carefully considered the request made in your letter No. 460 of the 11th ultimo in which you asked us whether we are willing to supply detailed costs covering the production of pig iron by this Company.

As pig iron manufacturers we are not asking for protection or a bounty on pig iron and for good reasons in the interest of the Company we do not think it will be desirable to send you our detailed costs. We trust, however, you will appreciate our difficulty in not being able to comply with your request in this instance.

We will gladly furnish you with any information you may require regarding the operation of our plant, details of raw materials, labour, etc., if such details will be of assistance to you.

(4) Letter No. S/598-A., dated the 15th January, 1933, from The Indian Iron and Steel Co., Ltd.

I refer to your Board's cross examination of me on the 10th instant on the subject of pig iron and you will appreciate that I was at a disadvantage inasmuch as you knew what you were going to ask me and I did not.

2. During the examination, great stress was laid upon the question of the prices of Foundry pig iron in India, and, as this appears to be a matter of considerable moment to the Board, I have had our business analysed and am now in a position to give you separate figures, not only of sales under the Government order, Bengal Iron Company, Burn & Co., Ltd., Howrah, and Railways, but also have had an analysis made of the balance shown under the heading of "Other Customers".

3. From this I have extracted the larger buyers to whom I referred in my evidence as "Engineering Firms" and from the list enclosed you will see that sales to two of the firms I mentioned in particular have declined. These are The Angus Engineering Works and The Britannia Engineering Company; in fact the former concern has now been liquidated. The list shows the main Foundry concerns of any magnitude in India and practically all of them have been taking less and less pig iron over the last few years. I would also like to draw your attention to the fact that the total under "Other Customers" represents only  $\frac{1}{3}$ rd of our foundry sales. Even so, in this category there are a lot of Jute Mills who take a wagonload of first class foundry pig iron here and there.

4. It is therefore demonstrated that the major portion of our foundry business in India is with the bigger concerns and not with little Founders, who I gathered from the Board were complaining bitterly against the high prices of pig iron.

5. In my evidence I mentioned that as far as possible Tatas confine themselves to the Bazaar sales and we to the Engineering firms, but we realised that the Bazaar were not prepared to pay the price we demand

for selected high quality pig and in conjunction with Tatas' sales of Basic pig iron we have, during the last few years, arranged for the sale to the Bazaar of Sand Cast Sow Foundry pig iron; last year our sales amounted to 3,371 tons or nearly 300 tons a month. This iron all goes through the Bazaar to Small Founders and mixes well with Tatas Basic and also Scrap for their castings.

6. I did not mention this when giving sales of pig iron to you in my evidence as I wished to be strictly accurate and confine the figures to genuine pig iron purchases but the whole of the Sows which we dispose of through the Bazaar are sold at a price of Rs. 30 per ton or less.

7. I have also taken out figures showing the average price at Works which we have obtained on our local sales over the past few years exclusive of the Government order, but inclusive of sales to the Bengal Iron Company and Burn & Co., Limited, Howrah. These are as under:—

Year.	Ton.	Average price.
1929	53,457	} Rs. 51 per ton.
1930	23,202	
1931	92,212	
1932	28,343	Rs. 36 per ton.
1933	38,924	Rs. 31 per ton.

8. I have bracketed 1929, 1930 and 1931 as the prices were constant during these years.

9. The average price is considerably lower than our selling price at Works or Calcutta because we have to quote on a port basis and when one considers that the freight from our Works to Bombay is in the neighbourhood of Rs. 20 a ton and to Madras Rs. 17, the nett realisation on these distant sales show us a poor return and I think you will agree that the average sale price of Rs. 31 for 1933 is not an exorbitant price to receive for this commodity. In fact, it is lower than the existing prices in the U. K. or anywhere else in the world.

Enclosure.

*Sales of Pig Iron to Engineering Firms.*

Names.	1930.	1931.	1932.	1933.
Alcock Ashdowne and Co., Ltd., (Bombay)	40	18	..	..
Anglo-India Jute Co., Ltd.	..	38	20	96
Angus Engineering Works	2,100	400	36	112
Assam Railways Trading Co., Ltd.	95	80	20	20
Auckland Jute Co., Ltd.	193	119	104	164
Baranagore Jute Co., Ltd.	150	20	60	78
Begg Dunlop Co., Ltd.	..	..	72	132
Bengal Coal Trading Co. (Madras)	..	..	..	139
Bery Brothers	43	7	33	50
Birle Brothers, Ltd.	36	64	..	98
Britannia Bldg. and Iron Works	54	252	36	18
Britannia Engr. Co., Ltd.	500	252	244	273
Calcutta Corporation	200	..	200	250
Chari Brothers (Madras)	36	54	170	150
Civil and Sanitary Engr. Works	18	15	..	19
Dalhousie Jute Co., Ltd.	40	40	40	..
Ekra Engineering Works	38	19	19	37
Equitable Coal Co., Ltd.	80	80	80	40
Fort Gloster Jute Co., Ltd.	100	98	74	58

## Sales of Pig Iron to Engineering Firms—contd.

Names.	1930.	1931.	1932.	1933.
Ganges Mfg. Co., Ltd.	149	18	39	39
Garden Reach Workshop	280	240	220	200
Gariahat Engineering Co.	48	16	15	31
Govinda Sheet Metal Works and Foundry	90	18	108	114
Heatly and Gresham Co.	36	25	40	..
Hukumchand Elec. Co., Ltd.	..	18	20	58
I. G. N. and Railway Co., Ltd.	58	..	54	94
James Alexander & Co., Ltd.	108	68	110	150
Jessop & Co., Ltd.	12	..	44	143
John King & Co., Ltd.	126	80	54	78
Kedar Nath Mookherjee & Co.	..	..	132	40
Kamarhatty Co., Ltd.	20	40	116	60
Kinnison Jute Co., Ltd.	100	86	..	..
Kumardhubi Engineering Works	72	92	54	56
W. Leslie & Co.	37	22	34	59
Lodna Colliery, Ltd.	36	36	18	18
Mackintosh Burn, Ltd.	198	54	36	36
Marshall Sons & Co., (India), Ltd.	504	396	252	412
Mysore Iron Works	..	..	578	100
Naham Foundry	..	..	200	..
J. B. Norton & Sons Ltd.	90	18	36	..
Nadia Mills Ltd.	80	20	40	..
Port Commissioners	220	..	100	140
Port Engineering Works, Ltd.	400	500	400	350
Reliance Jute Co., Ltd.	..	..	36	38
Renwick & Co., Ltd.	18	38	20	20
Richardson & Cruddas (Bombay)	..	70	250	200
Saran Engineering Works, Ltd.	90	180	162	246
Saxby & Farmer (India), Ltd.	250	290	72	114
Shalimar Works, Ltd.	18	36	54	134
Shaw Wallace & Co.	38	20	39	..
South Indian Export Co. (Madras)	100	80	120	100
Sree Hanumar Jute Mills	..	..	15	40
Raneegunge Coal Association Ltd.	..	..	38	18
Telegraph Workshops	795	978	700	400
Union Jute Co., Ltd.	60	20	20	..
	<u>7,754</u>	<u>5,015</u>	<u>5,472</u>	<u>4,922</u>
Other Customers	2,107	3,319	3,466	2,087
<b>Total</b>	<u>9,861</u>	<u>8,334</u>	<u>8,938</u>	<u>7,009</u>

(5) Letter No. S/598/A., dated the 18th January, 1934, from the Indian Iron and Steel Co., Ltd.

We are in receipt of your letter No. 38 of the 16th January, 1934, and have pleasure in returning herewith the record of evidence tendered by the writer duly corrected.

2. With reference to the figures we promised to send—we give below an analysis of the Despatches of Pig Iron made by this Company for the six years, 1928-1933 inclusive:—

*Despatches of Pig iron (in tons).*

Year.	Government order for Sleepers.	Railways.	Burn & Co., Ltd., Howrah.	Kulti.	Other Customers.	Total.
1928 . . . . .	..	50,020	12,526	8,381	16,533	87,460
1929 . . . . .	..	15,370	24,046	191	13,850	53,457
1930 . . . . .	..	6,383	5,646	1,312	9,861	23,202
1931 . . . . .	379	3,812	15,198	65,368	8,334	93,001
1932 . . . . .	4,909	2,887	1,932	14,586	8,938	33,252
1933 . . . . .	25,976	2,758	665	28,158	7,343	64,900
<b>Total</b>	<b>31,264 tons</b>	<b>81,230</b>	<b>60,013</b>	<b>1,17,996</b>	<b>64,859</b>	<b>3,55,362</b>

3. With regard to despatches of pig iron to Kulti it might not be out of place if we reminded the Board that in the years 1927-28, 1928-29, 1929-30 and 1930-31 some of the Bengal Iron Company's Furnaces were in blast and we give you below their outputs of Pig Iron from their Furnaces for the years in question.

1927-28 . . . . .	128,000 tons.
1928-29 . . . . .	144,000 "
1929-30 . . . . .	169,000 "
1930-31 . . . . .	73,000 "

4. Since the Bengal Iron Company's Furnaces were shut down in November, 1931, they have drawn the whole of their Pig Iron supplies for their requirements from this Company.

(6) Letter dated the 1st February, 1934, from the Indian Iron and Steel Co., Ltd.

*Re ENQUIRY INTO THE STEEL INDUSTRY.*

With reference to recent oral evidence given before you by Mr. F. W. A. Carpenter, the Representative of this Company, you will remember that Mr. Wiles in his examination asked Mr. Carpenter whether he was in a position to give the approximate consumption of Pig Iron in India for the last 5 years.

2. These figures have now been collected by us from Producers and we have pleasure in enclosing Statement "A" giving these details.

3. We wish to point out that the tonnage given will not necessarily tally with previous figures you have had before you as there is, of course, the question of stocks and so forth to take into account, but they give a fairly accurate idea of the consumption of pig iron over the past few years for Steel manufacture, C. I. Pipes, Sleepers and Chairs, General Castings and also the consumption for general castings by the two big Iron Founders, namely, The Bengal Iron Co., Ltd., and Burn & Co., Ltd.'s Howrah Works.



4. During the examination, considerable stress was laid upon the question of prices of Foundry Pig Iron in India as this appears to be a matter of considerable moment to the Board. You will see that the tonnage consumed in general castings exclusive of the two concerns mentioned above, is considerably less than half of the total pig iron consumed in India under all heads excluding Steel.

5. To assist the Board in obtaining an idea of where the pig iron for general castings is disposed of, we have now had this Company's business analysed, not only of sales under the Government order for Sleepers, Bengal Iron Co., Ltd., Burn & Co., Ltd., Howrah, and Railways, but also have had an analysis made of the balance shown under the head of "Other Customers".

6. From this last head, we have extracted the larger buyers to whom Mr. Carpenter referred in his evidence as "Engineering Firms" and from the list "B" enclosed, you will see that sales to two of the firms mentioned in particular have declined. These were the Angus Engineering Works and The Britannia Engineering Company; in fact, the former concern has now been liquidated. The list shows the main Foundry concerns of any magnitude in India and they have been taking less and less pig iron over the last two years.

7. We would also draw the Board's attention to the attached list "B" under the head of "Other Customers". This represents only 1/3rd of our Foundry sales, even so, in this category there are a number of Jute Mills who take a wagonload of No. 1 Foundry pig iron from time to time.

8. It is therefore demonstrated that the major portion of our foundry business in India is with the bigger concerns and not with little Founders.

9. As far as possible Tatas confine themselves to the sale of pig iron to the Bazaar and we to the Engineering Firms, but we realised that the Bazaar were not prepared to pay the price we demand for selected high quality pig and in conjunction with Tatas' sales of Basic pig iron we have, during the last few years, arranged for the sale to the Bazaar of Sand Cost Sow Foundry pig iron; last year our sales amounted to 3,371 tons or nearly 300 tons a month. This iron all goes through the Bazaar to small Founders and mixes well with Tatas Basic and also scrap for their castings.

10. We sell Sow pig iron which is slightly inferior Sand Cast Iron to the Bazaar at a rate of Rs. 30 per ton or less.

11. We have also taken out figures to show the average price at our Works which we have obtained on our local sales over the past few years exclusive of the Government order, but inclusive of sales to the Bengal Iron Company and Burn & Co., Ltd., Howrah. These are as under:—

Year.	Tons.	Average price.
1929	53,457	} Rs. 51 per ton.
1930	23,202	
1931	92,212	
1932	28,343	Rs. 36 per ton.
1933	38,924	Rs. 31 per ton.

12. We have bracketed 1929, 1930 and 1931 as the prices were constant during these years.

13. The average price is considerably lower than our selling price at Works or Calcutta because we have to quote on a port basis and when it is considered that the freight from our Works to Bombay is in the neighbourhood of Rs. 20 a ton and to Madras Rs. 17, the nett realisation on these distant sales show us a poor return and we think, you will agree that the average sale price of Rs. 31 for 1933 is not an exorbitant price to receive for this commodity. In fact, it is lower than the existing prices in the U. K. or anywhere else in the World.

Enclosures.

STATEMENT A.

Output and Consumption of Pig Iron in India. *tons*

Year.	Production of Pig Iron.	Production of Steel Ingot.	Consumption for C. I. Pipes.	Consumption for sleepers and Chairs excluding Railway Workshops.	Consumption by B. I. Co. and Burn & Co., Ltd., for general castings.	Consumption by other customers including Railway Workshops.	Total consumed in India excluding steel and including Railways.
1929 . . . . .	11,13,501	3,96,055	24,523	10,014	22,068	56,914	113,619
1930 . . . . .	12,84,947	5,80,753	30,408	8,185	23,793	48,495	110,881
1931 . . . . .	10,46,798	6,24,539	40,944	21,462	23,667	34,321	120,394
1932 . . . . .	10,18,119	6,02,366	30,121	44,663	5,311	39,363	119,458
1933 . . . . .	9,35,952	5,90,778	25,094	26,076	2,909	32,893	86,972

These figures are totals of:—

- (1) The Tata Iron and Steel Co., Ltd.
- (2) The Indian Iron and Steel Co., Ltd.
- (3) The Bengal Iron Co., Ltd.
- (4) The Mysore Iron Works.

## STATEMENT B.

*Sales of Pig Iron to Engineering Firms.*

Name.	1930.	1931.	1932.	1933.
Alcock Ashdowne & Co. Ltd. (Bombay)	40	18	..	..
Anglo-India Jute Co., Ltd.	..	38	20	96
Angus Engineering Works	2,100	400	36	112
Assam Railways Trading Co., Ltd.	95	80	20	20
Auckland Jute Co., Ltd.	193	119	104	164
Barnagore Jute Co., Ltd.	150	20	60	78
Begg Dunlop Co., Ltd.	..	..	72	132
Bengal Coal Trading Co. (Madras)	..	..	..	139
Bery Brothers	43	7	33	50
Birla Brothers, Ltd.	36	64	..	98
Britannia Building and Iron Works	54	252	36	18
Britannia Engr. Co., Ltd.	500	252	244	273
Calcutta Corporation	200	..	200	250
Chari Brothers (Madras)	36	54	170	150
Civil and Sanitary Engr. Works	18	15	..	19
Dalhousie Jute Co., Ltd.	40	40	40	..
Ekra Engineering Works	38	19	19	37
Equitable Coal Co., Ltd.	80	80	80	40
Fort Gloster Jute Co., Ltd.	100	98	74	58
Ganges Mfg. Co., Ltd.	149	18	39	39
Garden Reach Workshop	280	240	220	200
Gariahat Engineering Co.	48	16	15	31
Govinda Sheet Metal Works and Foundry	90	18	108	114
Healty and Gresham Co.	36	25	40	..
Hukumchand Elec. Co., Ltd.	..	18	20	58
I. G. N. and Railway Co., Ltd.	58	..	54	94
James Alexander & Co., Ltd.	108	68	110	150
Jessop & Co., Ltd.	12	..	44	143
John King & Co., Ltd.	126	80	54	78
Kedar Nath Mookerjee & Co.	..	..	132	40
Kamarhatty Co., Ltd.	20	40	116	60
Kinnison Jute Co., Ltd.	100	86	..	..
Kumardhubi Engr. Works	72	92	54	56
W. Leslie & Co.	37	22	34	59
Lodna Colliery, Ltd.	36	36	18	18
Mackintosh Burn, Ltd.	198	54	36	36
Marshall Sons & Co. (India), Ltd.	504	396	252	412
Mysore Iron Works	..	..	578	100
Nahan Foundry	..	..	200	..
Norton & Sons, J. B.	90	18	36	..
Nuddea Mills, Ltd.	80	20	40	..
Port Commissioners	220	..	100	140
Port Engineering Works	400	500	400	350
Ranigunge Coal Association	..	..	38	18
Reliance Jute Co., Ltd.	..	..	36	38
Renwick & Co., Ltd.	18	38	20	20
Richardson & Cruddas	..	70	250	200
Saran Engineering Works, Ltd.	90	180	162	246

## STATEMENT B—contd.

*Sales of Pig Iron to Engineering Firms—contd.*

Names.	1930.	1931.	1932.	1933.
Shalimar Works, Ltd. . . . .	18	36	54	134
Sree Hanuman Jute Mills . . . . .	..	..	15	40
Saxby & Farmer, Limited . . . . .	250	290	72	114
Shaw Wallace & Co. . . . .	38	20	39	..
South Indian Export Co. (Madras) . . . . .	100	80	120	100
Telegraph Workshops . . . . .	795	978	700	100
Union Jute Co., Ltd. . . . .	60	20	20	..
	<u>7,754</u>	<u>5,015</u>	<u>5,452</u>	<u>4,922</u>
Other Customers . . . . .	2,107	3,319	3,486	2,087
Total . . . . .	<u>9,861</u>	<u>8,334</u>	<u>8,938</u>	<u>7,009</u>

*This is the analysis of Indian Iron and Steel Co.'s business only.*

**Messrs. W. Leslie & Co., Calcutta.**

*Letter No. M1/408/332, dated the 24th January, 1934.*

We feel sure that you will be interested in the contents of this letter. For the last two years, we have been manufacturing at our small works in Calcutta, cast iron cooking stoves.

We have a contract with the Indian Stores Department to supply cooking stoves for the Western, Eastern and Southern Commands.

We are told that no preference can be given us over imported cooking stoves, but if our price is equal to the imported article price, we will be given the orders.

We are at a considerable disadvantage over cooking stoves made in England and Scotland, due to the fact that in Calcutta, we pay from Rs. 60 to Rs. 62 per ton for Tata and Bengal Pig, whereas the British manufacturers cost of pig is at about Rs. 30 per ton.

Another disadvantage is that the quantities of stoves required by the Government is so small, that it is very difficult to reduce the manufacturing price.

If we can have our pig at the same price as the British manufacturer, and if we can be given a quantity to make, we can get down to the present prices being quoted for the imported stoves.

This letter has been written to you with a view of showing you the prices that are being paid by small users for pig in Calcutta, and also to show you one of the greatest drawbacks to small people like ourselves becoming manufacturers, is the fact that quantities asked for are so small that the manufacturing cost is naturally on the high side.

We are not asking for protection, but we are asking to be allowed to buy our own material at prices that will enable us to compete and that orders for sufficient quantities be given us.

**Messrs. Martin & Co., Calcutta.**

*Letter dated the 1st December, 1933.*

With reference to the evidence tendered by Mr. W. T. Vizer-Harmer this morning in connection with the submission of a tender to the Calcutta Improvement Trust for cast iron pipes during the month of November, 1933, we understand that in reply to a question by the President of the Board, Dr. Matthai, Mr. Harmer informed the President of the Board that the

quotation for these pipes was made by Messrs. Martin & Co. Mr. Harmer's statement is quite correct. We are further advised that Mr. Wiles said, "So, Martin & Co., are still the Agents", and we therefore wish to advise you that we relinquished the Agency we held for the Japanese Pipes on the 19th December, 1932, but the last consignment of pipes imported by us into this country was 500 pieces of pipes by s.s. "Calcutta Maru" landed in Calcutta on February 15th, 1933; these pipes had been ordered prior to our resignation of the Agency.

The pipes for which we tendered to the Calcutta Improvement Trust formed part of this consignment which has been lying in Calcutta for 9 months.

### Messrs. Stewarts and Lloyds, Ltd., Calcutta.

- (1) *Letter No. 494, dated the 30th October, 1933, from the Secretary, Tariff Board.*

In connection with the present tariff enquiry into iron and steel products, the Board has received an application from manufacturers of cast iron pipes for the imposition of a protective duty on imported cast iron pipes. It is suggested by manufacturers that steel pipes may in certain circumstances serve as substitutes for cast iron pipes and should therefore be subject to the same rate of duty. The Board is anxious that no unnecessary burden should be thrown on consumers of pipes and would therefore welcome any evidence which would enable them to arrive at a correct finding on the question. I am therefore to ask that the following information may be supplied to the Board:—

- (1) The quantity of steel pipes exported to India by your Company during (a) 1931, (b) 1932, (c) January-June, 1933.
- (2) (a) The principal dimensions of steel pipes exported and (b) the approximate proportion borne by the quantity of pipes of each dimension to the total quantity exported.
- (3) The length of steel pipes of some typical dimension, e.g., 12", represented by one ton of steel pipes.
- (4) The prices of steel pipes of typical dimensions under the following heads:—
  - C.i.f. Indian port.
  - Landing charges.
  - Duty.

I am to ask that the reply to this letter (with six spare copies) may kindly be sent not later than November 20th.

- (2) *Letter dated the 5th December, 1933, from Messrs. Stewarts & Llod's, Ltd., Calcutta.*

In reply to your letter No. 494 of October 30th we have the honour to reply as follows:—

The varieties of Steel Pipes imported into India are very numerous, and we have thought it best to obtain for you detailed statements as attached for the periods required giving figures for each main class of pipe imported by us. The answers to your questions 1 and 2 can best be seen from an examination of these figures, and we give you below a few further explanations which may be useful to you.

Item 1. *Gas List Material.*—This includes screwed and coupled tubes and fittings up to 6" nom. bore. These tubes are used almost entirely for house water supply connections, the essential quality being that the tubes can be easily manipulated to any shape required and that the joints shall be permanently leakproof. The sizes in which these tubes are chiefly

supplied to this market are from  $\frac{1}{2}$ " to 2" bore inclusive. The greater number of them are supplied galvanized, the usual trade name being G. I. Pipes. This is a class of business for which Cast Iron Pipes have never been used as far as we know anywhere in the world, and for which they are obviously quite unsuitable. We might add that imports of Continental Pipes of this class into India can be taken as considerably more than double our imports, from which you will see that these Pipes are by far the largest section of the total Steel Pipes imported.

Item 2. *Oil Piping*.—Owing to the pressures normally used and to the great difficulty of making an oil tight joint, it is extremely unlikely that any of the big Oil Companies would consider using Cast Iron Pipes instead of Steel Pipes.

Item 3. *Boiler Tubes, etc.*—This includes Locomotive Boiler Tubes, Hot Rolled and Cold Drawn Weldless Steel Tubes chiefly for Boilers, and Flanged Tubes chiefly for High Pressure Steam. Cast Iron is obviously unsuitable for this class of Piping.

Item 4. *Loose Flanged and Victaulic Piping*.—This covers (a) pipes for special water supply services, where high pressures are involved, such as Hydro Electric Pipe Lines; (b) orders from the Army in India for Victaulic Joint Pipes for their Mobilisation stock and Frontier requirements, the essential qualities of which are extreme lightness, flexibility, strength and general ease in handling. For neither of these purposes would Cast Iron Pipes be suitable.

Item 5. *Screwed and Socketed Tubes over 6" and Artesian Tubes*.—Both these classes of tubes are used for tube-well boring and casing, and it is extremely unlikely that Cast Iron Pipes could be used satisfactorily for this work.

Item 6. *Inserted Joint Tubes*.—This is the only class of Steel Pipe which can be considered either actually or potentially competitive with cast iron. As you see, it is a very small item, and even so, you will see from the details of orders given below that it is normally only used where cast iron is considered unsuitable.

Item 7. *Lapwelded Steel Tubes over 6" dia. Plain at ends*.—These tubes are used chiefly for outlet Pipes for irrigation where the customer requires the cheapest and lightest pipe he can get for a strength greater than is obtainable with concrete. Cast Iron could presumably be used instead, but it is obviously not preferred here owing to its weight.

N.B.—We have omitted from the attached Statements figures for Poles, and such items as Ammonia Coils and other Specials.

We would also like to say that the figures were obtained from our Statistical Department in Glasgow, and it is rather difficult in all cases to check them from the records in this office. We would however be pleased to place any records here before you for your own confidential inspection if you require them.

Question 3. *12" Steel Pipes*.—The lightest and cheapest Pipes of this size likely to be imported are Pipes 12 $\frac{1}{2}$ " o.d. x 6 w.g. thick, coated internally with bituminous solution and wrapped externally with hessian cloth drawn through hot solution. The weight of these pipes is approximately 28 lbs. per foot, so that there would be 80 ft. length in 1 ton. You could take the price of these Tubes as being Rs. 3-6 per ft. f.o.r. Calcutta.

Question 4.—We give you below various prices\* taken from the orders we have received for Inserted Joint Pipes during the period under consideration. We give the c.i.f. price at which the order was actually taken, the present landed cost price, based on Exchange at  $\frac{1}{2}$ d.=Re. 1, and a comparative price of Cast Iron Class B Pipes per foot length based on Rs. 100 per ton. Duty is at present 10 per cent. *ad valorem* on all classes of Steel Pipes and Landing Charges are calculable at 2 $\frac{1}{2}$  per cent. on the c.i.f. rates.

\* Not printed being treated as confidential.

You will notice that the price for Steel Pipes is in some cases lower than that of Cast Iron Pipes at Rs. 100 per ton, but we would ask you to remember that these prices being taken from actual orders may be considered as being the *minimum* prices of Steel Pipes. We would also once again draw your attention to the fact that from the list of orders given below it is obvious that it is not price alone which determines orders as between Cast Iron and Steel Pipes, but rather a consideration of their relative efficiency. Questions for instance of corrosion, ease of drilling and tapping, and quick supply of spares have to be balanced against the factors of strength and lightness.

We think it is fair to say that Cast Iron is the accepted standard material for water mains throughout India, and Steel is only used where there are special considerations in its favour, the chief of which are certainly strength to resist high pressures, and lightness enabling easy transport in hilly or rough country.

*Orders for Inserted Joint Steel Pipes, 1931—June 30th, 1933.*

Customer's Name.	Destination.	Specification.	Value.
<i>1931.</i>			
		Diameter.	£
(1) P. W. D., Bombay . . . .	Poona . . . .	4"	37
(2) F. & C. Osler, Ltd. . . . .	Jhelum . . . .	16"	460
(3) Bengal Sappers and Miners . . . .	Roorkee . . . .	4"	825
		6"	
(4) Glenfield & Kennedy, Ltd. . . . .	Karachi . . . .	18"	402
(5) Indian Stores Deptt. . . . .	Mettur . . . .	6"	169
(6) Harrisons and Crosfield, Ltd. . . . .	Madras . . . .	14"	81
<i>1932.</i>			
(7) Ch. Engr., Bharatpur State . . . .	Bharatpur . . . .	6"	525
		9"	
(8) Munshi Ram & Co. . . . .	Dehra Dun. . . .	4"	274
(9) Divl. Engr., Srinagar . . . .	Kashmir . . . .	14"	1,077
<i>1933.</i>			
(10) Divl. Engr., Srinagar . . . .	Kashmir . . . .	14"	512

Of the above orders No. 3, for the Bengal Sappers and Miners was as far as we are aware the only one in which we were actually competing with Cast Iron Pipes and obtained the business on price. Orders Nos. 2 and 6 were for Hydro Electric Schemes. Order No. 7 was for Canal Outlet Pipes about which please see remarks under Item 7 on page 510 above. Order No. 8 was for a Pipe Line for which Steel was specified by the Public Health Department, United Provinces, owing to the high pressure involved; and Orders Nos. 9 and 10 were specified for Steel owing no doubt to the practical impossibility of transporting such heavy pipes as Cast Iron in that district.

It appears therefore that in two and a half years the total value of business we have obtained in direct competition with Cast Iron Pipes amounts to £825.

We submit therefore:—

1. That by far the greatest part of the Steel Pipes imported into India being small diameter pipes for house water supply connections they are an essential item in the life and wellbeing of the community,

2. That of our total imports only those shown under the heading of Inserted Joint Pipes could under any circumstances be reasonably considered competitive either actually or potentially with Cast Iron Pipes.
3. That of the small orders placed with us for Inserted Joint Pipes a considerable proportion cannot in fact be said to have competed with Cast Iron Pipes and that the reason for the order being placed for Steel Pipes has been a definite preference by the customer for their use.

It follows from the above that the competition of Steel Pipes with Cast Iron Pipes is practically insignificant; whereas to impose any extra duty on them would throw an unnecessary and considerable burden on all classes of the community.

Enclosures.

*Sales for 1931.*

	<i>F.o.b.</i> <i>Total in £.</i>
Item 1. Gas List Material . . . . .	101,478
Item 2. Oil Piping . . . . .	81,584
Item 3. Boiler Tubes, etc. . . . .	13,953
Item 4. Loose Flanged and Victaulic Piping . . . . .	3,708
Item 5. Screwed and Socketed Tubes over 6½" o.d. and Artesian Tubes . . . . .	2,772
Item 6. Inserted Joint Tubes . . . . .	2,011
Item 7. Lapwelded Tubes over 6" diameter, Plain at ends . . . . .	119
	205,625

*Sales for 1932.*

Item 1. Gas List Material . . . . .	97,650
Item 2. Oil Piping . . . . .	52,215
Item 3. Boiler Tubes, etc. . . . .	8,781
Item 4. Loose Flanged and Victaulic Piping . . . . .	13,415
Item 5. Screwed and Socketed Tubes over 6½" o.d. and Artesian Tubes . . . . .	4,062
Item 6. Inserted Joint Tubes . . . . .	1,935
Item 7. Lapwelded Tubes over 6" diameter, Plain at ends . . . . .	439
	178,497

*Sales for 1933 (up to June 30th).*

Item 1. Gas List Material . . . . .	66,805
Item 2. Oil Piping . . . . .	17,576
Item 3. Boiler Tubes, etc. . . . .	8,137
Item 4. Loose Flanged and Victaulic Piping . . . . .	954
Item 5. Screwed and Socketed Tubes over 6½" o.d. and Artesian Tubes . . . . .	5,083
Item 6. Inserted Joint Tubes . . . . .	558
Item 7. Lapwelded Tubes over 6" diameter, Plain at ends . . . . .	390
	99,503



*Miscellaneous.*

## Sur Enamel and Stamping Works, Ltd., Calcutta.

*Letter dated the 20th September, 1933.*

With reference to the Press Communiqué issued by the Tariff Board, dated the 4th September, 1933, we submit the following statements regarding the Enamel Industry:—

Our total subscribed capital is Rs. 1,20,000 although actually Rs. 2,00,000 is invested in the concern. The annual output of our Factory averages at Rs. 1,75,000 and the total wages paid by our concern is about Rs. 60,000 per year.

We make several kinds of commodities, viz., Enamel Signs, Hospital Articles, Household Hollow-wares. Although principally our main activity is in the Sign Plate business still we have to keep these side lines to keep us busy during dull seasons. Our market is whole of India, to be more definite Calcutta, Madras, Rangoon, Bombay, Lahore and Delhi.

We have just started supplying some of the Chemical and Pharmaceutical Industries in India with Acid-proof Enamel Containers. Besides we are supplying reflectors for street lighting purposes to the various makers or patent holders who are making the fittings and castings for themselves. We manufacture Enamelled food compartments for the Frigidaire, the British Refrigerators and other refrigerator manufacturing concerns. Practically all the enamelled iron Street Names and Number Plates, Gauge Plates for Water Works and Signal Arms for the Railways are now made in India.

Only the bulky raw materials, viz., Sand and Felspar which contribute about 40 per cent. of the enamel composition are available in India. The Tata Iron and Steel Co. supply us with black sheets although we import for better class of work certain special qualities of enamelling iron.

Our cost of production per square foot for Enamel Signs in two colours is about As. 10 per sq. ft., whereas Japan is quoting As. 6 per sq. ft. delivery at Port, that means the above price is inclusive of duty, landing charges, etc. and that of Imported British Enamel Signs is As. 12 per sq. ft. The Japanese having captured completely the hollow-ware or the biggest line of this industry are now directing their activities towards the Sign Plate side of the business and unless something is done to check them at the beginning all the Enamel Industries in India will be washed away in no time.

As regards hollow-wares, our Works net cost is Rs. 2-4 per dozen for Rice Bowls and Re. 1-4 per dozen for Cups, to which selling expenses to be added, whereas the wholesale Japanese selling prices in Calcutta for Rice Bowls vary from Re. 1-10 to Re. 1-12 per dozen and Cups between As. 15 to Re. 1 per dozen. We cannot sell our hollow-wares in Bombay, Madras or Rangoon markets because we are never able to approach their prices paying freight and packing. There is hardly any import of British or Continental articles so we are unable to give comparative prices for such articles. Only very superior quality of products are imported from England and the Continent which Japan do not manufacture.

Japan seems to be satisfied with a few kinds of articles which command a very heavy sale among the common people where quality does not count. Japan makes very light class of articles in which they use usually 30 B. W. G. thickness of sheets and just one thin coating of enamel. The demand for such articles being heavy they are able to produce these articles in big lots to keep them engaged all the year round. They have been by continuous manufacture able to reduce their cost to such a state of perfection that it will not be easy for any body to make them at a comparatively lower cost within a short time. If we are given some amount of protection or privilege to make our attempt worth while we might in the near future

be able to produce articles more durable than Japanese at a reduced cost and offer them in the market at competitive prices.

Our main drawback is that such Gauges are not made by Tata Iron and Steel Co., Ltd., and we have to import them from abroad and pay heavy duty on same. Besides we have to pay duty on all chemicals that we import.

Immediate assistance is required for the Sign Plate side of the business. This is the only line in which there is not much Japanese supply as yet and in which practically all the Enamel Works in India are so far engaged. The demand for Enamel Signs although has greatly increased in recent years is not sufficient to keep so many factories engaged in trade. The dearth of work has led to considerable price cutting. If therefore the desired protection be given to the industry the congestion in an isolated line can be relieved and manufacturers may divert their attention to the more important line of the industry.

The principal consumers for Sign Plates are the firms like Dunlop Tyre Co., Goodyear Tyre Co. and all the other Tyre Companies, Burmah-Shell, Socony, Vacuum Oil Co. and all other manufacturing concerns—foreign or Indian—who advertise with Enamelled plates.

The hollow-wares in which Japan mainly competes are exclusively consumed by the rural peoples.

We would suggest that a Duty of 75 per cent. on all Japanese Imports can help us in the situation. The enhanced Duty, we do not think, will in any way be burden to those consumers who are generally poor. They are now paying for something which don't last except for a few months, whereas the kind of articles we intend to manufacture or attempted to manufacture in the past, will be similar in quality to be imported Austrian or German stuff. They will be slightly heavier in quality and will far outlast the Japanese products. The consumers therefore although they will have to pay a slightly higher initial cost will be gainer in the long run.

We enclose a statement as obtained from the Director General of Commercial Intelligence showing total imports into British India of Enamelled Ironwares from all sources, which will corroborate the facts stated above.

We think we have given you sufficient materials to enable you to judge on this question of protection and sincerely believe that this important industry will not fail to get the support of the Government which she so rightly deserves.

Enclosure.

#### ENAMELLED IRONWARE.

(a) *Total Imports into British India from all sources (excluding Japan).*

	Rs.
1930-31 . . . . .	10,50,464
1931-32 . . . . .	6,12,890
1932-33 . . . . .	6,84,475

(b) *Into Bengal (chiefly Calcutta).*

1930-31 . . . . .	1,38,724
1931-32 } Not readily available as the publication of the provincial	
1932-33 } volume of Bengal has been discontinued from 1931-32.	

*Imports from Japan into British India.*

	1930-31.	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.	Rs.
April . . . . .	1,60,859	1,10,623	1,48,591	1,68,480
May . . . . .	1,57,915	94,156	1,69,316	1,04,577
June . . . . .	1,12,198	64,255	1,27,843	87,647
July . . . . .	95,359	62,295	1,05,944	..
August . . . . .	71,644	63,736	1,16,723	..
September . . . . .	61,278	56, 85	99,492	..
October . . . . .	43,778	1,01,691	1,04,113	..
November . . . . .	1,01,488	42,572	1,61,518	..
December . . . . .	1,18,355	65,154	1,35,496	..
January . . . . .	1,58,181	61,263	1,41,650	..
February . . . . .	86,855	55,081	1,30,955	..
March . . . . .	96,449	1,14,026	1,58,434	..
<b>Total</b> . . . . .	<b>13,14,359</b>	<b>8,91,237</b>	<b>16,03,075</b>	<b>3,60,704</b>

**Messrs. Burn & Co., Ltd., Calcutta.***Letter dated the 11th January, 1934.*

In connection with your proposed visit to the Refractory Works in Bengal and Bihar we beg to introduce ourselves as the oldest manufacturers of Refractories in India.

2. As you are probably aware, this Company was established in 1781 and refractories have been manufactured at our Raniganj Works for over sixty years and at our Jubbulpore Works for over fifty years.

3. In connection with the Tata Iron and Steel Co., Ltd.'s representation to the Tariff Board for a continuation of Protective Duties on Steel the Tata Company have made certain specific proposals for the improvement of their Plant during the period for which they have applied for a continuance of the protective duties which, they contend, will bring about a reduction in the cost of production of steel.

4. Amongst the proposed improvements and additions to Plant, a complete Firebrick and Silica Works is enumerated at a cost of Rs. 15 lacs and from the Schedule of the proposed Capital Expenditure by Tatas, as shown on page 86 of their representation, it would appear that the Brick-making Plant is one of the first improvements they propose to take in hand.

5. This Company has supplied the Tata Company with refractories including Fireclay Bricks, Silica Bricks and Magnesite Bricks since 1908 and you will, therefore, realise that it is with considerable concern we learn that the Tata Company propose to erect their own Brick Plant.

6. The Tata Iron and Steel Co., Ltd., were good enough to favour us with a copy of their representation to the Tariff Board and for the past 3 months we have been negotiating with them in an endeavour to meet their wishes in respect of the supply of refractories which would obviate the necessity of the Tata Company building a Brick Plant. We would advise you that, should the Tata Iron and Steel Company erect their own Brick Plants to supply their requirements of refractories to their Steel Works, their action would undoubtedly mean the ruination of the existing Refractory Industry. We are of the opinion that there will be no large savings, if any, to Tatas if they instal their own Brick Works, but should they do so, the Refractory Industry in India must practically cease as there is not sufficient work from other sources to keep even one of the largest Works of the

Refractory Companies in operation. The combined maximum output of all the Works engaged in the Refractory Industry is about 100,000 tons per annum; the Tata consumption of refractories is approximately 30,000 tons.

7. As far as this Company is concerned, it might not be out of place if we advised you that we have supplied refractories to the Tatas since 1908 and when the Tata Company first commenced operations the only Refractory Firm in existence was Burn and Co., Ltd., and in order to cope with Tatas' demand this Company increased the capacity of their existing Works, remodelled and rebuilt their Fireclay Works at Barakar to enable them to meet Tatas' demand. It was during the War and in order to meet the increased demand for Tatas' greater extensions that the Kumardhubi Fireclay and Silica Works, Ltd., and the Reliance Firebrick and Pottery Works came into being.

8. The Tata Company at that time had financial interests in both Kumardhubi and Reliance Companies and bulk of their business was shared between these two firms although Burn and Co., Ltd., still received useful business from Tatas. Consequent upon the building of The Indian Iron and Steel Co., Ltd., Burn and Co., Ltd., specialised in Blast Furnace Linings and through the excellent service they gave, the Tata Company decided to purchase Blast Furnace Linings in this country and Burn and Co., Ltd., had a monopoly of this business. Burn and Co., Ltd., supply Blast Furnace Linings to The Tata Iron and Steel Co., Ltd., The Indian Iron and Steel Co., Ltd., The Bengal Iron Co., Ltd., and The Mysore Iron Works.

9. This once again gave us an entry into Tatas' General Business and we were advised that, if we considered it worth while retaining the general Fireclay business from Tatas, it would be desirable for us to manufacture Silica Bricks as the Tata Company objected to having to purchase Silica Bricks from one firm only, viz., The Kumardhubi Fireclay and Silica Works Ltd. In 1928 at Tatas' request the General Manager of our Refractory Works was sent to the U. S. A. at our expense to study the American methods of Brick Production as, although the Tata Company advised us they could not consider giving us a long-term contract, they assured us that Tatas' business would always be awarded in proportion to the ability of the various manufacturers to supply economical refractories.

10. In consequence of this and in view of Tatas' wishes which, you will appreciate, practically amounted to instructions, we remodelled Lal Koti Works in 1929 spending over Rs. 3 lacs on new Plant in order to make Lime Bond Silica Bricks for the Tata Company. This was done on the definite understanding that a fair proportion of Tatas' orders would be given to us. This arrangement was adhered to and as a result of Burn and Co., Ltd., entering into the Silica business the price of Silica Brick to Tatas was reduced approximately by 37 per cent. The quality of refractories supplied is acknowledged as being equal to those being used in other countries and which are made to similar specifications. They are accepted by the Indian Stores Department and the Government of India as being equal to imported goods and are in general use all over India.

11. On the question of price we would advise you that Burn and Co., Ltd., Kumardhubi and Reliance Cos., endeavour to regulate prices so that the Tata Company obtain their requirements of refractories at a rate which leaves the Refractory Companies a very small margin of profit. Evidence of this can be seen from the Published Accounts of the Reliance Firebrick Company and the Kumardhubi Fireclay and Silica Works Ltd., The Reliance Company pay very small dividends and Kumardhubi Company have not paid a dividend for years and as far as this Company is concerned, we make very little profit out of Tatas' business as it merely enables us to increase the output of our various Works to lower costs with the result that we are able to make profits at our General Business.

12. In these circumstances, there seems no valid reason why The Tata Iron and Steel Co., Ltd., should erect a Brick Works of their own. They get excellent materials, low prices, and competitive service. In the event

of Strikes at their own Works, they are able to obtain supplies of refractories and take advantage of any shut-down to effect the necessary repairs to their Plant as was done during the last Strike.

13. It would appear that, in urging Tatas to bring down their cost of steel during the proposed extension of the period of protection, one of the methods now proposed, *viz.*, the erection of their own Brick Plant will lead to the ruination of an existing Industry which, it is believed to be contrary to the desire of the Tariff Board or the Government of India, and in making this representation, we urge that such recommendations as the Tariff Board may make for the more economical working of the Tata Iron and Steel Co., Ltd., to reduce the cost of Steel, should exclude the proposals for the Tata Company to put up a Brick Plant and we submit that, apart from the general principle that the Steel Industry, which enjoys protection from the State, should be helpful to the allied Indian Industries, The Tata Company should adopt a sympathetic policy towards other Industries depending on it in order to bring about development and improvement in such industries.

14. The Tata Iron and Steel Co., Ltd., have been good enough to advise us that they appreciate our difficulties and are anxious to do their best to find a solution consistent with the interests of their Company. Should they decide it is necessary to adhere to their programme to erect their own Brick Works, we feel we shall have no other recourse but to submit a representation to the Tariff Board and we would ask you to be good enough to advise us of the latest date you would be prepared to receive our representation and hear our evidence.

15. We take this opportunity to enclose herewith a copy of the Excerpt from the Transactions of the Mining and Geological Institute of India on Indian Earths, Pottery Clays and Refractory Materials, by Mr. W. H. Bates, M.I.E. (India), who is the General Manager of our Refractory Group of Works. This brochure gives a comprehensive history of the Refractory Industry in India.

### **The Sheet Makers' Conference of the United Kingdom, London.**

#### *(1) Representation dated November, 1933.*

(1) The Sheet Makers' Conference, representing 26 works or groups of works in the United Kingdom, comprising approximately 350 sheet mills, respectfully submit for the consideration of the Indian Tariff Board the request that the existing duty on galvanized sheets, item 148-A, in Schedule II of the Indian Customs Tariff be substantially reduced.

(2) This request is based on the general principles laid down in the Report of the Indian Tariff Board of 1924 (see Appendix A).

The Sheet Makers' Conference respectfully submit that the "permanent burden on the community" adumbrated in paragraph 17, clause 1, of the 1924 Report will be an accomplished fact if the present rate of duty is maintained.

(3) A Galvanized Sheet consists of, approximately, 92½ per cent. of steel and 7½ per cent. of zinc.

In view of the known low cost of production of Indian pig iron and steel and the advantages accruing therefrom to the benefit of Indian producers of sheets, the Sheet Makers' Conference submit that a reduction of the import duty, while not proving onerous to Indian producers, would result in a considerable benefit to the large consuming classes and the community as a whole in India. On the other hand, a high duty tends to increase the price to the consumer and to restrict the demand for Galvanized Sheets to the detriment of the consumer and cultivator, and even to the detriment of the producers.

(4) By the courtesy of the Tariff Board and the Tata Iron and Steel Co., Ltd., which the Conference gratefully acknowledge they have been able

to examine the statements and the claims made in the representation of the Tata Company to the Tariff Board, and in so far as these statements affect sheets the Conference desire to submit for the consideration of the Board certain comments which are embodied in this memorandum.

(5) *Comparison between British, Continental and Indian Prices.*—In Chapter 7, paragraph 75, it is stated: As regards Galvanized Sheets, there were no serious quotations for Continental material for the Indian market in the first half of 1933, while those for British sheets were influenced by the arrangements resulting from the Ottawa Conference and did not represent ordinary competitive prices. The Company considers therefore that the most satisfactory method of arriving at what would presumably have been normal trading prices in the first six months of 1933 is to take the prices prevailing during the first six months of 1932 and adjust them for changes in the prices of spelter between that period and the beginning of 1933, on the basis of a requirement of  $1\frac{1}{2}$  cwts. spelter per ton of sheets. The average prices of imported galvanized sheets landed at Indian ports, but without duty, ascertained in this way and converted from sterling c.i.f. prices as indicated in paragraph 68 above would be Rs. 140-9 (British) and Rs. 142-2 (Continental). These prices are for 24 gauge corrugated sheets, which are the basis of quotations for all galvanized sheets.

In table 6, paragraph 76, the landed prices (without duty) of imported steel sheets set out in accordance with the above paragraph are shown as:

	British.	Continental.
	Rs. per ton.	Rs. per ton.
Black Sheets . . . . .	119-4	95-7
Galvanized Corrugated Sheets . . . . .	140-9	142-2

*British Prices.*—According to these statements British prices for sheets were artificially raised by the arrangements resulting from the Ottawa Conference, and consequently the Tata Company have adopted the arbitrary method of adjusting 1932 prices in order to ascertain the market prices during the first six months of 1933.

While it is true that the agreement between the Tata Company and the Oriental Steel Company raised the price of galvanized sheets to Rs. 215 per ton c.i.f. Indian port, duty paid, it is submitted that the only fair method of establishing the correct figure is to base it on the actual British prices ruling for export to all countries other than India and the limited markets of Scandinavia which are covered by trade treaties. If this basis is accepted it can be shown that the prices landed Indian port (without duty) would have been as follows:—

	Rs. per ton.
<i>Galvanized Sheets—</i>	
January to June 21st, 1933 . . . . .	160
June 21st to September 20th, 1933 . . . . .	166-67
September 20th onwards . . . . .	170

As compared with Rs. 140-9 per ton shown by the Tata Company.

These prices are based on the British world prices for galvanized corrugated sheets, 24 gauge, as stated above, viz.:—

Date when fixed by Conference.	Price.		Freight, Insur- ance, Landing charges, etc.		Total landed price (without duty).		Rs. per ton.
	£	s.	£	s.	£	s.	
December 21st, 1932 . . . . .	10	10	1	10	12	0	160
June 21st, 1933 . . . . .	11	0	1	10	12	10	166-67
September 20th, 1933 . . . . .	11	5	1	10	12	15	170

During the same period the prices f.o.b. United Kingdom port for black sheets, 24 gauge, for export to all countries excepting Scandinavia and Canada were:—

	Per ton.
	£ s.
(1) January to June 21st, 1933 . . . . .	8 10
(2) June 21st to September 20th, 1933 . . . . .	9 0
(3) September 20th onwards . . . . .	9 5

and after adding freight, etc., the correct landed prices (without duty) for British black sheets are thus established:—

*Black Sheets—*

	Price f.o.b.	Freight, etc.	Landed price.	Rs. per ton.	As compared with.
	£ s.	£ s.	£ s.		
(1)	8 10	1 10	10 0	133-3	Rs. 119-4 per ton
(2)	9 0	1 10	10 10	140	shown by the Tata
(3)	9 5	1 10	10 15	143-3	Company.

(6) *Continental Prices.*—So far as Continental prices are concerned they have been consistently lower than British both for galvanized and black sheets. The only important Continental competition in India in sheets is Belgian, and if we refer to the trade publication "Continental Iron and Steel Trade Report" we find the following prices quoted:—

*Galvanized Sheets—*

No. and date.	Galva- nized Corrugated Sheets, 24 G., per ton f.o.b.	Plus Freight and Charges.	Landed price without duty per ton.	Rs. per ton.	As compared with
	£ s. d.	s.	£ s. d.		
2285, dated 14th Jan., 1933 . . . . .	9 17 6	30	11 7 6	151-6	Rs. 142-2
2336, dated 11th March 1933 . . . . .	9 10 0	30	11 0 0	146-6	shown
2347, dated 25th March 1933 . . . . .	9 10 0	30	11 0 0	146-6	by the Tata
2410, dated 24th June 1933 . . . . .	10 0 0	30	11 10 0	153-3	Company.

In considering the above Continental prices it should be borne in mind that the countries concerned are still on a gold currency basis and the actual gold prices received by Continental makers are therefore only—

£6-16-10,

£6-14-4,

£6-14-4,

£6-18-10,

respectively per ton f.o.b.

*Black Sheets.*—It is difficult to ascertain the precise Continental prices for black sheets during the same period because of the wide fluctuations, but it is correct to say that they were £1 to £1-10 per ton lower than British prices throughout.

It will thus be seen that the prices set out in Table 6 are much too low in the case of British sheets both black and galvanized, and are also too low in the case of Continental galvanized sheets. It may be noted that the prices for Continental galvanized sheets quoted above err on the high side, and doubtless it would have been possible to place orders for reasonable tonnage on the Continent at a few shillings below the official quotation.

(7) *Suggested Duty.*—The Conference ask the Tariff Board to bear the foregoing facts in mind when considering the prices in Table 6 of the Tata



Company's statement. It will be seen that a much lower rate of duty on galvanized sheets than that proposed by the Tata Company will suffice to raise these prices to the levels suggested in Table 7 on page 38.

The Conference therefore submit that an equitable rate of duty on British galvanized sheets would be Rs. 15 per ton, and this duty would be sufficient to raise the landed price of British sheets to the requisite level as shown below:—

	£ s. d.	•
World price of British Galvanized Sheets . . . . .	11 5 0	per ton.
Sea Freight . . . . .	1 5 0	" "
Landed charges, etc. . . . .	0 5 0	" "
	12 15 0	" "
Suggested duty, Rs. 15 . . . . .	1 2 6	" "
	£13 17 6	" "

= Rs. 185 per ton landed Indian Port including Rs. 15 per ton duty.

In asking the Tariff Board to fix the rate of duty at Rs. 15 per ton the Conference have ignored the prices under revised freights shown in Table 14, page 57, but they suggest that in no case should the duty to be imposed be more than Rs. 20 per ton, bearing in mind that British imported sheets must pay higher freights to inland destinations than those produced by the Tata Company.

(8) *Suggested differential duty on foreign-made sheets.*—The Sheet Makers' Conference ask the Tariff Board to maintain the differential duties on British black and galvanized sheets and to leave the existing duties on sheets not of British origin at the rates now in force, viz., Rs. 73½ and Rs. 83 per ton respectively. It may be argued that on the Continental prices for galvanized sheets shown above in paragraph 6 it is not necessary to maintain the duty at the present rate and that if a differential duty is imposed a lower rate will suffice to raise the prices to the required level, but the Conference know from experience that Continental prices are not always in true relationship to cost, and it cannot be assumed that the present level of prices of Continental sheets is permanent. This view is also shared by the Tata Company as expressed in paragraph 12 of the Chairman's speech at the Annual General Meeting of the shareholders of the Company on 23rd August, 1933. The Conference wish to call attention to the fact that there is a real danger that the countries concerned may be forced off or may abandon the gold standard, in which case it is submitted that a rate of duty sufficient to safeguard the Indian market against British competition would be totally inadequate to meet Continental competition. Notwithstanding the existing handicap in exchange Continental competition in sheets is strongly felt in other markets by the Conference and they are of the opinion that any reduction of duty on foreign-made sheets would invite Continental and other manufacturers to "dump" their surplus production on the Indian markets at an uneconomic price which could only result in a disorganization of those markets and embarrassment to the trade in sheets. The lower costs of Continental sheets as compared with sheets of British manufacture seem to make it imperative that no reduction should be granted on black or galvanized sheets of Continental or other origin.

(9) *Indian output and consumption.*—In Chapter 4, paragraph 31, the Tata Company submits that protection should be continued for seven years at the rates proposed in Table 9, and in paragraph 33 of the same chapter the expected annual production of sheets for sale during the years 1934 to 1941 is given as:

Black Sheets . . . . .	25,000 tons.
Galvanized Sheets . . . . .	90,000 tons.

The statistics given in statement 4 show, however, that within the last seven years, the annual consumption of galvanized sheets in India was 287.6, 338, 334.9, 271.9, 166.6, 114.5 and 115.3 thousand tons respectively.

Having the potential demand of India in view, the Conference ask the Tariff Board to consider whether it is expedient to burden the whole consuming community of India for a period of seven years, if at all, with duties which represent 25 per cent. of the figures shown as the fair selling prices in Table 5, Chapter 6, when, with lower rates of duty, reasonable co-operation between the Indian producers and the Sheet Makers' Conference would suffice to safeguard the Indian markets from unreasonable competition, and secure the interests of the consumer. Even if the potential demand of India is ignored and the existing needs only are considered, the Conference ask the Tariff Board to bear in mind that the Tata Company are unable to supply the immediate total requirements of India in sheets, and they respectfully suggest that the application of a uniform duty to the whole of India's imports even after the existing and contemplated Indian plant is filled to capacity would inflict grave hardship on the consumer and have an injurious effect upon the trade.

(10) *Overhead and Profit.*—In considering the Tata Company's statement of fair selling prices (Table 5) the Conference would call particular attention to the item of overhead and profit. For the sake of convenience it may be well to place the figures of production, cost and overhead and profit of the 1926 Report (Table 13, page.39) side by side with those given in Table 5:—

Product.	Average output.		Average cost.		Overhead and Profit.		Incidence per ton.	
	1926.	1933.	1926.	1933.	1926.	1933.	1926.	1933.
	Tons.		Rs. per ton.		Rs. per ton.		Per cent.	
Black Sheets . . . . .	13,000	25,000	143	86	42	43	29.37	50
Galvanized Sheets . . . . .	30,000	90,000	232	116	51	50	21.98	43.1

With practically double the 1926 output of black sheets and three times the 1926 output of galvanized sheets it is difficult to reconcile the high figures taken for overhead and profit with the 1926 figures, and if adjustment is needed here, as it appears to be, the fair selling prices must also be adjusted. It is perhaps needless to add that in British practice such figures as 50 per cent. and 43 per cent. of cost for overhead and profit are unknown.

(11) *Free entry of Indian Iron and Steel into the United Kingdom.*—The Sheet Makers' Conference wish to point to the benefits enjoyed by Indian Iron and Steel products entering the United Kingdom, and express the hope that similar treatment will be accorded to British imports of galvanized sheets into India. The Conference have, however, included a duty of Rs. 15 in the above example of price, should the exigencies of the financial situation make it necessary to impose a Revenue duty which of itself affords protection to the Indian producers.

(12) *Co-operation.*—In paragraph 8 of this statement the Sheet Makers' Conference have referred to co-operation between the Indian and British sheet makers as a means whereby unfair and destructive competition can be avoided in the future. While the Conference are inclined to agree with the Tata Company's statement in paragraph 38, Chapter 4, that co-operation on the lines of the existing agreement between the Tata Company and the Oriental Steel Company may be left out of account for the future in view of the contemplated scale of operations in sheets at Jamshedpur, there are many useful forms of co-operation still left open and the Conference ask the Tariff Board to consider the possibility of co-operation in some form as a real alternative to the application of the suggested uniform duty. They wish to emphasize that the Tata Company, even with their proposed extended plant, will be unable to supply the whole of India's requirements in sheets and in order to meet the needs of the consumer a substantial part of those require-

ments must be imported. With the prospect of world recovery and increased consumption this situation will be accentuated, thus leaving ample scope for collaboration between United Kingdom and Indian producers. A copy of a letter from the Chairman of the Oriental Steel Company, Limited, bearing on the working of the agreement between the Tata Iron and Steel Company and the Oriental Steel Company is attached (Appendix B). In the opinion of the Conference the continuation of differential duties is an essential condition of such co-operation.

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#### APPENDIX A.

In the Report of the Indian Tariff Board regarding the grant of Protection to the Steel Industry, published in 1924, the basic conditions as laid down by the Fiscal Commission are given in Chapter II, paragraph 17, page 10, as follows:—

- (1) The industry must be one possessing natural advantages, such as an abundant supply of raw material, cheap power, a sufficient supply of labour, or a large home market. Such advantages will be of different relative importance in different industries, but they should all be weighed and their relative importance assessed. The successful industries of the world possess certain comparative advantages to which they owe their success. No industry which does not possess some comparative advantages will be able to compete with them on equal terms, and therefore the natural advantages possessed by an Indian industry should be analysed carefully, in order to ensure as far as possible that no industry is protected which will become a permanent burden on the community.
- (2) The industry must be one which without the help of protection either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country. This is an obvious corollary from the principles which have led us to recommend protection. The main object of protection is either to develop industries which otherwise would not be developed, or to develop them with greater rapidity.
- (3) The industry must be one which will eventually be able to face world competition without protection. In forming an estimate of the probabilities of this condition being fulfilled the natural advantages referred to in condition (1) will of course be considered carefully. The importance of this condition is obvious. The protection we contemplate is a temporary protection to be given to industries which will eventually be able to stand alone.

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#### APPENDIX B.

*Copy of letter from the Oriental Steel Co., Ltd., Cullum House, 34, Lime Street, London, E.C. 3, dated the 4th October, 1933.*

In regard to the working of the Agreement between the Oriental Steel Company on behalf of the British Sheet Makers and the Tata Company, the benefits which were expected have not been realised to the extent that was hoped for. This has not arisen from any want of desire by either party.

Many difficulties were encountered which were not anticipated when the Agreement was entered into.

We could only base our requirements of Bars by the experience of the past and the Tata Company having increased their output and extended their selling to Markets they had not been in the habit of dealing with, our specifications did not fit in well with the orders we were able to obtain,

We had to order additional Bars in order to rectify the position but as the delivery took a long time to accrue, we had frequently against our wish to use British Bars instead of Indian Bars.

We agree with the Tata Company that under the conditions which are likely to prevail in the future a continuation of the arrangement may be both unnecessary, and undesirable; we do, however, feel that from the experience gained, much mutual benefit can be derived by some form of co-operation conceived on different but suitable lines.

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(2) *Letter dated the 11th December, 1933, from Mr. J. H. Pearce, representative of the United Kingdom Sheet Makers' Conference.*

Since, I have been in India I have endeavoured to ascertain the actual prices at which Continental Galvanized Sheets were sold during the first half of 1933, and I am reliably informed that Belgian Galvanized Sheets 24 gauge were landed in India during the period named at £9-15 or Rs. 130 per ton c.i.f. Indian Port.

I therefore desire to ask the permission of the Board to alter the price stated in paragraph 6 of the memorandum submitted by the Sheet Makers' Conference from the figures stated therein to Rs. 130 per ton c.i.f., and the actual gold price to £5-18 per ton f.o.b.

I shall be glad if you will kindly submit this letter to your Board.

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(3) *Letter dated the 29th December, 1933, from Mr. J. H. Pearce, representative of the United Kingdom Sheet Makers' Conference.*

With further reference to the evidence given by me before the Board on the 14th December and to certain points raised by the Members of the Board, I now beg to submit the following information:—

(1) The gross consumption of spelter per ton of sheets is 1½ cwts. approximately.

(2) With regard to the capital cost per ingot ton, from information received from the National Federation of Iron and Steel Manufacturers of Great Britain, the approximate figure is £10. Owing to the varying conditions, I regret that it is not possible to give the figures for the various units comprising a complete works, as asked for by Mr. Atha.

(3) Concerning the minimum prices quoted by the Sheet Makers' Conference for galvanized sheets during the months of September, October and November, 1932, I have to inform you that the price was fixed in September at £10 per ton f.o.b. United Kingdom port and remained constant at that figure during October and November. It should be noted, however, that this is not a price at which United Kingdom makers can sell sheets economically, and the makers were reluctantly compelled by the state of trade existing at the time to follow to some extent Continental competition as an alternative to closing their mills. Such conditions were entirely abnormal and are hardly likely to arise again.

(4) With regard to the President's request for a more detailed statement of a scheme of co-operation, I beg to state that this matter is receiving attention and I hope to submit a statement at an early date.

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(4) *Letter dated the 9th January, 1934, from Mr. J. H. Pearce, representative of the United Kingdom Sheet Makers' Conference.*

With further reference to my letter of 29th December, 1933, and to the President's request for details of a scheme of co-operation in regard to galvanized sheets, I beg to state that this matter has received very careful

consideration, and the following suggestions are submitted for the consideration of the Board:—

(1) The Conference would be prepared to enter into an agreement not to sell galvanised sheets for India at lower prices than the nett prices of the Tata Iron and Steel Co., Ltd.

(2) The Conference would undertake to purchase from the Tata Company up to 50 per cent. of the sheet bars required for their shipments of galvanised sheets to India with a maximum quantity of 2,000 tons of bars monthly. The price for such Indian sheet bars to be agreed with the Tata Company month by month based on the average price of British and Continental sheet bars during the month preceding that for which the price is fixed.

(3) The machinery of control to be similar to that already in existence, i.e., all sales to be made through the Oriental Company and all invoices for galvanised sheets for export to India to be signed by the Oriental Company and countersigned by the Indian Trade Commissioner in London in order to qualify for the appropriate rate of duty.

The above proposals are based on the assumption that differential duties in favour of British sheets will be established. The Board will recognise, however, that it is impossible to submit any scheme of co-operation in definite form until such time as the Indian Legislature has decided what duties are to be imposed on galvanised sheets, but the Conference would be willing to enter into a scheme such as that outlined above should there be a reasonable prospect of their being able to supply a part of India's requirements of galvanised sheets under the scheme of protection to be afforded the Indian Industry.

**Khan Bahadur H. S. Mahomed, Bombay.**

*Letter dated the 19th September, 1933.*

**Re GALVANISED SHEETS.**

I have seen the notification inviting those interested in the above to put up their representation before the Tariff Board.

As an importer of Iron and Steel and Galvanised Sheets, I take the liberty to draw your attention to the following:—

It appears that the British Manufacturers have established a sort of Syndicate called the Oriental Steel Co., for the selling of their sheets to India and with the arrangement arrived at with the Tata Co., we have now-a-days a sort of monopoly in this trade in India. With the heavy preferential duties (Continental Sheets have to pay Rs. 83 while British Sheets pay Rs. 53 and sheets made from Tata Sheet Bars Rs. 30 per ton), the Continental competition is at present eliminated. Soon after the Ottawa-Agreement prices were raised so that the consumer had no benefit at all from the new situation and the Customs revenue has been greatly effected, which means that the Government will have to find new sources of taxation thus making a further burden on the consumer. I may add that it is reported that British Sheets are sold on other markets at a much cheaper rate than the rate quoted for the Indian Market.

It is to be noted that if Tata Works are able to ship abroad their Pig Iron, which is the basis of Steel manufacture, they ought to be able to face the world competition without such an enormous measure of protection as the one existing now at the expense of the consumers, as no foreign competition is possible to regulate the market. According to the last report of the Tata's it appears that the Company has even a hand in fixing the prices of the British Sheets exported to India. This virtually amounts to a monopoly for this trade in India.

It seems that Tatas who have enjoyed such a long and considerable protection should be able by now to meet the foreign competition and the consumers ought not to be prevented from enjoying the benefits of the reduction of Steel prices in the world market. Further more, Indian Merchants who used to deal in imported goods have lost their trade, as Continental competition now-a-days, with such heavy preferential duties and unfavourable exchange, is absolutely impossible.

If you have any questionnaire on the subject, I shall feel obliged if you will kindly send it to me.

(1) Letter No. TD/2/25, dated the 22nd September, 1933, from the Indian Mining Federation, Calcutta.

The Government of India in the Department of Commerce by their Resolution No. 260-T. (8), dated the 26th August, 1933, having decided to ask the Indian Tariff Board to examine the question of further extending the protection granted to the Steel Industry of India by the Steel Industry Protection Act, 1927, which will expire on the 31st day of March, 1934, and as the Board is now examining the question of continuance of protection, I am directed by the Committee of the Indian Mining Federation to submit before the Board a Memorandum on the subject. As desired, I am sending seven copies of the Memorandum, which please acknowledge and oblige.

Enclosure.

*Memorandum of the Indian Mining Federation submitted to the Indian Tariff Board on the question of extending protection to the Steel Industry of India.*

In submitting their views on the question of extending protection to the Steel Industry of India which will expire on the 31st March, 1934, for consideration of the Indian Tariff Board, the Committee of the Indian Mining Federation would at the outset request the Board to examine as to how far the protection already granted has been utilised by the Industry to stabilise itself. The Committee of the Federation in this connection like to refer to the fact that when recommending for the grant of protection to the Steel Industry of India, the Tariff Board in 1926 estimated that in 1934 the works cost of different steel and iron goods should be as follows:

	Rs. A.
Rail . . . . .	54 5 per ton.
Fish plates . . . . .	82 9 "
Structural sections . . . . .	62 0 "
Bars . . . . .	69 9 "
Plates . . . . .	73 2 "
Black sheets . . . . .	114 9 "
Galvanised sheets . . . . .	165 5 "
Sleepers . . . . .	64 9 "
Tin bars . . . . .	48 3 "

In arriving at these figures the Tariff Board at that time based the price of coal at Rs. 8 per ton f.o.r. Tatanagar and that of spelter at Rs. 555 per ton, but during the last few years the prices of both coal and spelter have considerably gone down. The Committee would, therefore, suggest that the Board while judging the actual progress made by the Industry in reducing its works costs would take these facts into consideration. In putting forward this suggestion the Committee of the Federation have taken into consideration the extent of reduction in the works cost that could be possibly made only on the item of coal. The Committee understand that generally to produce one ton of finished steel 3 tons of coal is necessary and they would draw the attention of the Board to the fact that during the last few

years the average price of each ton of coal including freight to Tatanagar was much below Rs. 8 on which figure the Tariff Board based its estimates. As a consequence of this fall in prices of coal alone and ignoring the savings on other heads of expenditure, the works cost of steel should be much below Rs. 54.5 per ton in case of rails. Similarly the works cost of other items would be proportionately reduced. It might be argued that works cost of some goods, such as rails, could not be reduced to the expectation of the Tariff Board (1926) due to want of orders, nevertheless, the Board should enquire as to what extent the paucity of order happened to be responsible for neutralising the advantages of cheaper raw materials and other items of production. Further, the Committee desire to observe that the Indian section of the coal industry has been little benefitted due to the growth and development of steel industry in the country for the obvious reason that steel works do not use second class coal and they would request the Board to investigate whether second class coal can be economically and profitably used in steel works and, if so, it should ask the Industry to use second class coal as much as possible. The Committee consider that if the use of second class coal is feasible it will not only reduce the works cost but at the same time help the Indian section of the coal trade considerably.

2. The second point to which the Committee desire to draw the attention of the Board is the exportation of pig iron from India. The underlying principle, as followed by both the Fiscal Commission and the Tariff Board appointed on the 10th July, 1923, for recommending protection to the Steel Industry was "national defence". The same principle should guide us as to whether for the purpose of national interest the free exportation of pig iron should be allowed or there should be any restriction on this.

3. Leaving aside the question of "national defence", from the industrial and commercial point of view as well, the exportation of pig iron is open to other serious objections. Both the Fiscal Commission and the Tariff Board (1923) were of opinion that Indian pig iron "can hold its own without any protection". If export figures (1930-31) are taken into account it would be evident that next to Japan the U. S. A. is the largest buyer of pig iron from India and these countries who are as well exporters of steel goods to India, purchase it from this country because they can get it cheaper than elsewhere. The Committee of the Federation are of opinion that when it is more profitable to convert pig iron into steel than to sell it as pig iron, the Tariff Board should recommend to Government for levying an export duty on it for checking its export so that all the advantages of its cheapness may be enjoyed by India, particularly in view of the fact that the present production of steel goods is not adequate to meet all her demands. The one effect of checking the exportation of pig iron would be to encourage the manufacture of larger percentage of steel goods in India, thus making her more self-sufficient in the matter of iron and steel goods. Another indirect beneficial result of this would be the increased consumption of coal, a basic industry of the country (as to manufacture one ton of steel it would require 3 tons of coal). In the year 1930-31 India exported about 4½ lakhs tons of pig iron which would have produced approximately 3 lakhs tons of steel and consequently would have consumed about 9 lakhs tons of more coal during the year. This observation of the Committee would also be applicable in the case of semi-finished steel which if instead of being exported is converted into finished steel would require at least another lakh of ton of coal, or in other words, with the stoppage of exportation of pig iron and semi-finished steel there would be a demand for a million tons of coal which will go a long way to remove the present depression besetting the coal trade. If this suggestion of the Committee to stop the export of pig iron and semi-finished steel be accepted by the Board then Tatas will not have the necessity to sell their coal and coke in the market and compete with others and this will, the Committee consider, remove a long standing grievance of the coal trade.

4. In this connection the Committee would suggest to the Board to enquire as to why in spite of the protection the Indian Iron and Steel Co., Ltd., does not manufacture any steel out of the pig iron produced by it but exports

greater portion of the latter to other countries. Had this steel works converted all its pig iron into steel it would certainly have created an additional demand for coal.

5. The next point to which the Committee desire to draw the attention of the Tariff Board is the economic utilisation and preservation of India's caking coal. It is an admitted fact that iron and steel industry will play an important part in the economic life of India in future and as such it should be the look out of the Government that caking coal of India, the quantity of which is very limited, in comparison with the probable iron ore deposit is not frittered away. The Committee would, therefore, suggest that it is desirable to close down entirely all the Tatas Collieries and to ask the Company to buy all its requirements from the open market. The immediate result of this would be that the Company would not only get its coal at cheaper rates but should also have a considerable quantity of caking coal in reserve for future contingency. Incidentally, the Committee would draw the attention of the Board to the possible resources of caking coal of India which was estimated by Mr. C. S. Fox of the Geological Survey of India a decade ago at 2,400 million tons. Of this 220 million tons belong to Assam and when "the present pre-eminence of Singhbhum and Orissa iron belt is due not only to the richness and abundance of the ore deposits but also to the fact that they are situated at a distance of about 200 miles more or less from the coalfields" the reserve in Assam field should not be taken into account. Further, there is no denying the fact that "the future of the Indian iron and steel industry pivots on the resources of caking coal available in the Indian coalfields". In asking for the preservation of caking coal the Rainy Board observed "the information at present available suggests the desirability of conserving India's resources of metallurgical caking coal. It would clearly be unfortunate if large quantity of very rich ore could not be utilised in the country for want of suitable fuel". As a first step for the preservation of the limited caking coal resources of India, the Tatas who are vitally interested in its preservation should close down their collieries in their own interest. There cannot be any possible objection to this proposal when as a consequence of such steps they would get their fuel at a much cheaper cost besides having an assured supply of it in future which is of paramount importance to the industry itself. It may be argued that for closing down the collieries Tatas would have to meet unavoidable charges like minimum royalties, pumping and other maintenance costs, but the Committee are of opinion that the advantages which will accrue will more than compensate them. Further, it may be argued that as a consequence of closing down the collieries the amount (Rs. 2 crores) invested by Tatas in those mines and which was not taken into consideration by the Tariff Board when calculating the amount of capital invested in the Steel Industry would remain idle. But actually though this capital may not earn any return it would not be wasted away which is the case at present, as due to the reported higher raising cost those collieries are being run at a loss and this loss is certainly either being debited to the capital account or adjusted in the general account. While investigating this question the Committee hope that the Board will also incidentally recommend to the Government to enunciate a policy of preservation of caking coal for the future needs of the Steel Industry of the country and to use more non-caking coal in their Railways and other departments.

6. Lastly, the Committee of the Indian Mining Federation would like to observe that though they fully believe that for the present industrial development of India discriminatory protection is necessary from time to time, they are at the same time of opinion that such protection should not be of a permanent nature and be a burden on the consumers and it should not encourage inefficiency. As regards granting protection to the Steel Industry, the Committee like to reiterate the same view.

(2) *Letter dated the 3rd January, 1934, from the Indian Mining Federation.*

In our oral evidence we stated that the future price of coal would be about Rs. 5 per ton f.o.r. Tatanagar. This was based evidently on the old



freight rates of the B. N. Railway. I understand that the old freight rates will no longer govern the traffic of raw materials including coal. In the circumstances, the estimated price of Rs. 5 per ton will be increased by the amount of increase in the Railway freight on coal.

Besides, we stated that even if the scheme of restriction of coal output be put through, the price of coal was not likely to rise. Of course, we meant for the first year or two. But the probability is that if the restriction scheme be worked properly, there is a chance of some increase in the price of coal.

To clear up misunderstanding, if any, on the point, I am writing this to you.

### Calcutta Iron Merchants' Association.

(1) Letter to the Department of Commerce, Government of India, Simla, dated the September, 1932.

We, the following iron merchants, carrying on business in different parts of Bengal, have the honour to submit for your consideration this representation on the subject of protection of galvanized sheets. The protective duty on this particular kind of steel was imposed, as is well known, for the first time in 1924, when, accepting the recommendations of the Indian Tariff Board, the Legislative Assembly passed the Steel Industry Protection Act. The duty fixed at that time was Rs. 45 per ton. Two years after, in consideration of the decline in the price of the articles, both imported and Indian manufactured, and also owing to the abolition of the duty on spelter, it was reduced to Rs. 30. This state of things lasted for 4 years till 1929, when, on receipt of an application from the Tata Iron and Steel Co., Ltd., for the enhancement of the duty, the Government referred the question to the Tariff Board. The Board's finding was in favour of the Company with the result that additional assistance to the extent of Rs. 37 per ton was granted by the Government in 1930-31 in addition to the old rate of Rs. 30. Since then a surcharge of 25 per cent. has been levied for revenue purposes on all imports, so that all galvanized sheets imported from outside are to-day subjected to an unusually heavy impost of Rs. 83-12 per ton.

2. The effect of the imposition of such an extraordinarily heavy duty on the Indian merchants and Indian consumers may not have been fully realised by the authorities. We would, therefore, invite the attention of the Government to the following statement showing the quantity of galvanized corrugated sheets, imported into the port of Calcutta during the official years 1922-23 to 1931-32 and the rates of the duty levied:—

#### Iron and Steel Sheets and Plates— Galvanized-Corrugated.

Years.	Tons.	The rate of duty.
1922-23 . . .	47,868	10 % <i>ad valorem</i> from 1-3-1922.
1923-24 . . .	60,825	do. do.
1924-25 . . .	91,220	Rs. 45 per ton from 13-6-1924.
1925-26 . . .	147,041	do. do.
1926-27 . . .	156,713	Rs. 30 per ton from 8-3-1927.
1927-28 . . .	157,120	do. do.
1928-29 . . .	156,665	do. do.
1929-30 . . .	110,201	do. do.
1930-31 . . .	48,516	Rs. 67 per ton from 30-12-1930.
1931-32 . . .	*28,301	Rs. 83-12 per ton from 30-9-1931.

3. A close examination of the above table would show that for the first four years of the duty, there was no appreciable fall in the imports. But it will be wrong to infer from this that the duty did not press heavily on the consumers. The demand for the imported galvanized sheets did not

\* Represents figures for Bengal (including imports into Chittagong).

fall off during this period in spite of heavy protection, simply because owing to an unprecedented rise in the price of jute, the purchasing power of a section of the public rose unexpectedly high. Nevertheless, the fact that the imports practically remained stationary all these years, without keeping pace with this increased prosperity, is a clear proof of the adverse effect of the increased duty on this trade. Since 1928, however, the import figures steadily dwindled, although they were still high in 1929-30. But after the rise in the duty to Rs. 67 per ton, they came down suddenly to much less than even half of the preceding year. The effect was yet more disastrous last year, when the duty stood as high as at Rs. 83-12 per ton, for the imports then fell down to the lowest water-mark of about 20,000 tons, or about  $\frac{1}{4}$ th of the figure only four years back.

4. Nor was this growing fall in the supply from foreign markets during this period (1924-32) counterbalanced by a corresponding rise in the consumption of indigenous materials produced by the Tatas, as during the same period the total quantity of galvanized sheets placed by them in the Calcutta market amounted to only about 34,000 tons. It is thus clear beyond all doubt that Bengal, which has generally been the most important market for galvanized iron sheets, consuming about 75 per cent. of the total supply of the same commodity, has not been in a position since 1929 to purchase more than a fraction of her normal requirements.

5. What a great hardship this abnormally low consumption has meant to the people of Bengal is not, we are afraid, fully realised by the Government. Brick-built houses are a costly luxury beyond the means of the vast majority of the inhabitants of this country. Besides, in eastern and northern parts of Bengal, the soil is hardly suited for good bricks. Mud-huts, which one comes across in Northern India, are not also possible in this province with its damp climate and high rain-fall. Straw and leaves may, no doubt, do for thatching purposes to some extent, but, besides being difficult to procure in sufficient quantity in several districts, they are inflammable, require frequent replacement and are in the long run costly. Galvanized sheets, therefore, happen to be the principal, reliable and cheap building material for the rich and the poor alike in Bengal, any rise in the price of which is bound to cause immense suffering to them all. The meagre demand for this useful commodity in the province over such a long period means, therefore, broken, unrepared or even no houses for a large number of the people and a heavy strain on the purse of even those who have managed to meet a part of their requirements.

6. As for the merchants dealing in galvanized sheets in Bengal, this extraordinary decline in the quantity of the article absorbed, has proved simply disastrous. Whereas in normal times during the pre-protection period, they were called upon to handle more than a lakh and fifty thousand tons every year, the trade has now dwindled to a figure which is less than even  $\frac{1}{4}$ th of its original volume. The result is that this once-flourishing business, extending over the last half-a-century, which has sustained thousands of families in Bengal as importers, dealers, brokers and carriers of the commodity, has practically collapsed, with a vast number of people thrown out of employment, who have no other means of earning their livelihood.

7. We do not maintain that the high rate of the duty is the sole cause of this depletion of the import trade in galvanized sheets. At the same time it is our contention that, so far as it has affected the price of the article, this duty has always played, and is still playing, an important part in keeping down the demand. We are aware, that the Tariff Board, in their report in 1930, held a contrary opinion. But, with due deference to that learned body, we may be permitted to point out that the view taken by them that "the price of galvanized sheet does not form the most important factor in determining the demand of the agriculturist" does not appear to be quite sound. It is true the demand for these sheets has declined during the last two years, though there has been no rise in their selling price. But

this does not support the startling view taken by the Board. The Board forgets that the price, which a customer is prepared to pay for a commodity, depends to a large extent upon his financial resource. The purchasing capacity of the people in the jute and paddy districts of Bengal, who form the bulk of the customers in galvanized sheets, has in recent years suffered a heavy decline, owing to an extraordinary fall in the price of all agricultural produce. It is no longer possible for them to pay the same price as before for the same article. There cannot be, therefore, any question that the price of galvanized sheets, so far as its reduction to the limit of the purchasing capacity of the would-be consumers has been prevented by the protective duty, has operated to restrict the market.

8. We know the view is held in certain quarters that, since the selling price of this article has remained practically stationary for the last two years, it has not been affected in any way by the enhanced duty. This contention is wholly untenable. For a little reflection will show that it is the enhancement of the duty from Rs. 30 to Rs. 67 and subsequently to Rs. 83-12, which has stood in the way of a corresponding reduction in the price of this commodity along with the undoubted fall in the cost of labour and other factors in its production.

9. It is too late in the day to question the wisdom of protection as a national policy. Far be it from our mind also to ask the Government to withhold all assistance from the Tata Company, who, we have no hesitation to admit, have done so much to establish the iron and steel industry in India—one of the key industries—on a stable foundation. But it is our earnest appeal to Government that, in view of the hardship that is being caused to the thousands of the poor people in Bengal and of the disastrous consequence of the duty on the import trade in iron and steel, they should cause an immediate enquiry to be made into the further necessity for the retention of the duty at its present level, especially as the Company has already enjoyed protection for well nigh eight years. The Tariff Board, when they first recommended protection for the steel industry, clearly recognised that the amount of the duty once fixed should have to be periodically examined and varied according to circumstances. Both the Government and the Legislature, while accepting their recommendation, also endorsed this opinion. It is our contention that a situation has now arisen which makes it incumbent on the Government to take up the question of revision of the duty without further delay.

10. In determining the amount of the protective duty necessary for the steel industry, the Tariff Board have all along acted on the principle that the need for protection is to be measured by the difference between two prices, viz.—

- (a) The price at which steel is likely to be imported into India from abroad, and
- (b) the price at which the Indian manufacturer can sell at a reasonable profit.

The soundness of the proposition is unquestionable. But unfortunately it appears from a glance at page 3 of their report of 1930 that, in calculating the reasonable selling price of galvanized sheets, manufactured by the Tatas in that year, when they enhanced the duty from Rs. 30 to Rs. 67 per ton, they over-looked an important point. They took into consideration only the fall in the price of spelter since 1926, and completely ignored other equally important factors in the cost of manufacture, such as fall in the wages of labour and increased efficiency of the organisation at Jamshedpur as a result of the assistance the Company had obtained for six long years. Had this mistake not been committed, the Board could have seen clearly that the fair selling price of the Tatas, which was placed at Rs. 236 per ton, was much below that figure, and consequently the required protection very much less than Rs. 67.

11. If then, the duty fixed in 1930 was higher than necessary, we are emphatically of opinion that there is even less justification for it to-day. It would be unnecessary for us to remind the Government that the wages

of labour in 1932 are not higher than in December, 1930, when the duty was still at the old rate. The cost of raw materials cannot also be said to have increased in course of the last two years. On the other hand, the total tonnage of production by the Company having increased, the cost of manufacture must have been proportionately less. In fact, so far as our information goes, the actual cost of production of galvanized sheets at the works at Jamshedpur to-day hardly exceeds Rs. 135 per ton.

12. In a recent statement in the Press apparently published on behalf of the Company, it has been claimed that their cost of galvanized sheets at the works is Rs. 188 and not Rs. 135 per ton. As it transpired, however, in the evidence before the Tariff Board in 1926, the Company is in the habit of showing an inflated figure, by adding to the actual cost an unreasonably high overhead charge, the figure put forward by the Company must, therefore, be accepted with reserve. But, even taking their own figure, we maintain that the strength of our case for reduction of the duty is not materially affected by it. For, the landed cost of Tatas' sheets at Calcutta, then, works out at about Rs. 191 per ton, against the actual cost at the works, plus freight and insurance charges, of the British imports, amounting to £11 5s. or Rs. 150 per ton, calculated at the present exchange rate of 1s. 6d. The difference between the two figures, viz., Rs. 41, would accordingly represent the actual measure of protection required at present.

13. But, as we have said already, the figure given by the Tatas cannot be taken as accurate, or if accurate, there is absolutely no justification for the cost being so high, in view of an all-round reduction in the price of everything in the world. There is a widespread impression in the country, and the charge has been openly made, that the Tatas maintain a top-heavy administration and that the salaries paid by them to the higher grades of their servants are exorbitant. The charge still remains unanswered. The time has come when a sifting enquiry should be held by the Government into the truth or otherwise of this allegation. The country is no doubt wedded to a policy of protection. The consuming Indian public are willing to suffer in the interest of the economic emancipation of their motherland. But it is the clear duty of Government to see that this patriotic readiness of the people to submit to protective measures for the sake of their infant industries is not exploited for the benefit of any particular individual or group of individuals or of any firm, and that, behind the tariff wall, extravagance and profiteering are not allowed to be fostered at the expense of the country.

14. We assure the Government that in pressing for an enquiry into the actual cost of manufacture of galvanized sheets at Jamshedpur with a view to the reduction of the present duty on imported sheets, we have been actuated by the consideration not so much of our own interest as of the vast multitudes of our countrymen. These latter include not only those, who, having so long made a living out of the iron and steel trade in other capacities than those of actual dealers, are now hopelessly thrown out of employment, but also those to whom galvanized sheet is a sheer necessity and not a luxury and who have been exceedingly hard hit by the exorbitant protective duty.

15. We are almost sure that, if an impartial and searching enquiry as suggested by us is made, Government will be fully convinced of the necessity for a reduction in the amount of protection at present enjoyed by the Tatas. If, however, they come to a contrary conclusion, we would urge upon them the advisability of revising the method and form of their protective scheme. Our suggestion is that the duty on galvanized sheets be substantially reduced, say, to the old rate of Rs. 30 per ton, and that additional assistance, if any, which may be deemed necessary, be granted in the shape of a bounty.

16. We are aware that when the Tariff Board considered the question of granting additional help to galvanized sheets in 1930, they discussed in their report this method of protection by combining the duty with a bounty, and rejected it in favour of an enhanced duty. But we venture to submit

that a close and careful examination will show that the reasons assigned by the Board against this plan are not at all conclusive or convincing. At any rate, these reasons do not hold good at the present moment. For instance, the first reason used by the Board was that as the Legislature had already resolved to grant protection to galvanized sheets by way of a protective duty, it would not be proper during the protective period to seek to revise that policy, "unless new conditions have occurred or new facts have been brought to light which were not before the Legislature and could not be foreseen at the time the Steel Protection Act was passed".

17. It is unnecessary for our present purpose to discuss how far the Board was justified in holding in 1930 that no "new conditions" had occurred, necessitating a revision of the old scheme of protection. But in the present fall in the wages of labour and the purchasing power of the people, "new conditions" have unquestionably come into existence to-day. While ruling out the alternative method of protection by a bounty, the Board themselves admitted that "the extent of the present trade depression (which has brought about an almost economic catastrophe in the land) could not have been foreseen by the Legislature at the time the Steel Protection Act was passed". The case for a bounty, therefore, even on the Boards' own showing, is, we submit, stronger to-day than when they last conducted their enquiry.

18. The second reason assigned by the Board in 1930 against the suggestion of a bounty, namely, that its acceptance would involve delay and uncertainty, whereas prompt action was necessary at the time to save the industry from an impending disaster, has also lost its force to-day. The industry is already enjoying protection and it is not threatened with any imminent danger. Government can now easily decide that a part of this protection should be afforded to it in the shape of a bounty, instead of the whole being in the form of a protective duty. Should Government consider it difficult to find the money, we would suggest to them the grant of so much of the assistance by the imposition of a duty as may be found necessary for financing the bounty.

19. But we would urge even a stronger reason in favour of our scheme of duty-cum-bounty for galvanized sheets. As we have already shown, Bengal provides the biggest market for this particular kind of steel. The burden of protection for the last eight years has fallen chiefly on the poor consumers of this province, most of whom constitute agricultural labour. If the steel industry is a key industry, which it is the duty of India to place on a secure foundation, that burden ought to be equally shared by the whole of India, and not continue to be borne by one particular province, especially as when it has been so adversely affected by economic depression. A system of bounty, we submit, is the only means by which such a rateable distribution of the burden is possible and desirable.

20. We may now summarise our proposals—

- (i) In view of the terrible hardship it is causing to the consumers and the havoc to the trade in iron and steel, the present unusually high rate of the protective duty on galvanized sheets in this country should be reduced without any avoidable delay.
- (ii) If necessary, Government should at once institute a fair and searching enquiry into the cost of production of galvanized sheets at Jamshedpur, if they are not already satisfied that the present cost of the Tatas is very much lower than when the duty was raised from Rs. 30 to Rs. 67 per ton.
- (iii) If reduction in the amount of protection now enjoyed by the Tatas is not possible, a substantial part of it, preferably the portion in excess over the old duty, should be replaced by a bounty, particularly, as every part of the country ought in fairness to be made to share the burden of financial assistance to a national key industry.

(2) Letter No. 58/33, dated the 22nd September, 1933, from the Calcutta Iron Merchants' Association.

Referring to the Resolution (Tariffs) No. 260/T. (8)/33, dated Simla, the 26th August, 1933, in which firms and persons interested in the Iron and Steel Industry or Industries, dependent on the use of Iron and Steel, have been asked to submit their views for the consideration of the Tariff Board we, on behalf of the Iron Merchants of Calcutta, beg to submit our views as under, for the due consideration of the Board.

The purpose for which the Protection was granted to the Tata Iron and Steel Works, has been within the course of these few years more than realised. The Tata Iron and Steel Works, and as a matter of fact the Iron and Steel Companies, have got a very sound basis and have not acquired strength sufficient enough to compete with the foreign Iron and Steel successfully.

The position of the Iron and Steel industry has been acquired at the immense sacrifice of the consumers and the merchants. The Calcutta market has lost all its importance.

Leaving aside the small companies, we may say, the largest of them Messrs. Tata Iron and Steel Works have never appeared to look to the interest of the consumers and of the merchants who are distributors of their products.

If the circulars issued by the Tatas, be gone through, even the careless readers will be able to notice that the merchants have been reduced to the position of serfdom deprived of all freedom and their interests have been crushingly sacrificed at the altar of the over-jealousness of the Tatas.

If one cares to study how the Tatas regulate their prices, one will be astonished to find that there is no principle unless it be the principle of keeping their prices lower than the Calcutta costs of Continental goods by a few rupees which vary from Rs. 3 to Rs. 4.

The Tatas study the Continental prices, calculate the actual cost of the Continental goods in Calcutta and drop or raise their own prices accordingly, irrespective of their own cost. For example, when the Continental bars cost in Calcutta including Duty and Landing charges Rs. 103, the Tatas fix their price to be Rs. 99 or Rs. 100 per ton, and when Rs. 126 all-told, the Tatas fix their price to be Rs. 121 per ton. Now if we analyse the cost of the Continental goods, we find that while c.i.f. price is Rs. 53-3 or Rs. 76-3, the Duty and the Landing charges are Rs. 49-13.

As the Tatas command a perfect set of machinery, have their own mines for ores and control cheap coal and cheap labour, their cost for bars and as a matter of fact all items of Iron and Steel should never be much higher than the c.i.f. Calcutta price of Continental goods of like description.

So the Tariff should be revised with a view to bringing down the market price of iron and steel. When everything is cheap in India, when the peasants suffer bitterly for lowness of the prices of their produces, there is no reason why the prices for iron and steel should remain prohibitively high. The prices have been beyond the reach of the poor peasants.

Again, the Tatas enjoy the concession of Railway freights to the fullest extent. The consumers are not permitted to enjoy any portion thereof. The Tatas charge full ordinary railway freights over their f.o.r. Tatanagar price from their customers in the different centres.

The result is, demand in iron and steel goods has been much diminished and for ordinary transactions the people are being obliged to utilise rejected plate scraps in place of finished bars or plate-cuttings.

When the buying capacity of the people (overwhelmingly major portion of whom have been hard hit on account of general depression of the market) has become very meagre, they should not be deprived of their competitive prices.

The Protection granted to the iron and steel industry for the last eight years has certainly done much to establish their industry on a firm footing

in the country; and if it is managed economically, there is no reason why it should not be able to face the world competition successfully.

The Protective Duty should never be made "a permanent burden on the community" and it is now time that its rigour must be lessened, and tariff must be so graded as to bring down the prices of Iron and Steel within the reach of the poor consumers. It will not be unjust both to the Tatas and to the consumers if the Duty be fixed at 10 per cent. to 15 per cent. over the c.i.f. cost of the Continental price.

The Tatas (as is evident from the Annual Report of the 23rd August, 1933) have been able to supply 80 per cent. of the country's requirements under the four heads of (i) Steel Sleepers, (ii) Structural Sections, (iii) Plates, and (iv) Bars over  $\frac{1}{2}$  inch, and about 40 per cent. of the Sheets consumed, in the aggregate 72 per cent. of the country's requirement of the kind of steel produce, which go to prove that they have extensive home market.

The Tatas enjoy all the benefits of a large scale production and they have now sufficient number of Indian experts in their service and are therefore now in a position to run the Company more economically than they have been doing. They should not be suffered to exploit the people of the country in the name of protecting an Indian Industry.

Nobody can object to the Protection being given to growing infant industry, but the Tatas have already passed that stage and they no longer require the same amount of protection as they have hitherto enjoyed. Let them curtail their expenses, check their greed and feel sympathy for the poor people of the country and they will be serving their interest in the best way possible. They will be able to create in the people a pride for their indigenous Iron and Steel, which is not a negligible factor in the development of an industry.

If the Tatas (and as a matter of fact, the Iron and Steel Industry) be given Protection in the shape of Bounty, they will be perforce inclined to move in the right direction to give relief to the oppressed consumers.

The Tariff Board should also take notice of a fact that by tying the hands of the Dealers in Iron and Steel, the Tatas are trying to create a monopolistic business in India to the grave danger to the other growing concerns of the same line. In the interests of the whole community the Tariff Board should take steps to prevent the monopolistic growth of any Company and to see that Iron and Steel may be had at competitively cheap prices.

We shall be glad to send, if required, our representative to wait upon the Board to explain our views more fully and to clear any point or points that may require further elucidation.

(3) *Letter dated the 18th December, 1933, from the Calcutta Iron Merchants' Association.*

#### GALVANISED SHEETS.

In September, 1932, my Association sent a representation to the Government of India, in the Commerce Department, for reduction of Duty on Galvanised Sheets. The main grounds on which we claim reduction of Duty have been clearly stated therein. The poor peasants of Bengal, who use this material for building their cottages, have been since then very hard hit for the continually falling prices of agricultural products, and cannot afford to pay high prices for these sheets. Unless, therefore, means can be found to reduce the prices so as to be within the easy reach of the poor cultivators, they would continually suffer for want of an indispensably necessary article for building houses.

It is much to be regretted that while the commodity prices have been dwindling down from day to day, the price of this article has been maintained all through. The result has been gradual decrease of consumption and consequent contraction of trade.

Soon after the representation was submitted, an Agreement was entered into at Ottawa between the Indian and British manufacturers, by which the Duty on British Sheets was reduced from Rs. 83-12 to Rs. 53 per ton. This reduction of Duty instead of cheapening prices, as it should have done, was nullified by an Agreement in prices between the parties, and the British prices were at once raised from £10-10 to £12-10 per ton, so as to maintain the prices of British Sheets, then ruling in Calcutta. The Tatas also simultaneously increased their prices from Rs. 210 to Rs. 215. So this mutual understanding has been much beneficent to both inland and over-seas manufacturers but greatly detrimental to the cause of poor consumers and local traders. Consumers have thus been kept continually deprived of this much useful commodity and trade has been gradually on the wane.

It is high time, therefore, for the Board to see that this article be made cheap enough for the poor consuming public to be able to purchase, and the traders saved from the impending ruin. We venture to suggest that if the Indian prices be maintained at Rs. 175 per ton, f.o.r. Calcutta, the desired result may be achieved. British prices in that case should not be more than Rs. 185, Free Jetty, Calcutta, per ton, in accordance with the present ruling prices of Rs. 215 and Rs. 227 per ton for Tata and British goods respectively.

Now, in order to arrive at a fair selling price of Tatas' products, we have to request the Board to thoroughly examine the figures given by the Tatas in their present representation. They estimate their Works' costs to be Rs. 116 per ton and after adding to it Rs. 50 for overhead charges and profits, they claim that Rs. 166 should be their fair selling price f.o.r. Tatanagar. We do not know how far these figures are correct and can only request the Board to scrutinise them and arrive at a correct figure. Even admitting them to be correct, we do not see why the Tatas will not be in a position to sell the article at Rs. 175 per ton, f.o.r. Calcutta. We think a margin of Rs. 9 will suffice for the adjustments required in selling and for the freight from Tatanagar to Calcutta.

Now, to ensure the Tatas to maintain this selling rate, it is necessary to see that foreign prices may not be able to compete with it. For the last two or three years, foreign goods have come mostly from Britain and very little from the Continent and Japan. We submit that British prices, if kept at Rs. 185 per ton, Free Jetty, Calcutta, will never be able to compete. The present British prices excluding Duty are £12-10 c.i.f. and to arrive at the landed cost, we have to take into account Bank interest, landing dues, bazar discount and removal charges from Jetty to ware-house, which we calculate as follows:—

	Rs. A. P.
C.i.f. price per ton, £12-10 at 1-6 per Re. . . . .	166 10 9
Bank Interest on Draft . . . . .	1 0 6
Port Commissioners' Landing Dues . . . . .	3 7 0
Bazar Discount at 1 per cent. . . . .	1 11. 9
Removal . . . . .	0 15 0
	173 13 0

say, about Rs. 174. So a Duty of Rs. 11 will bring the figure to Rs. 185. As regards Continental and Japanese prices, we are not in a position to foresee what these will be in future. They are likely to fluctuate much and we should be very cautious to guard against all eventualities of prices, manipulation of Exchange, etc. So a differential Duty is necessary in this case. We think the present difference of Rs. 30 per ton should remain.

We conclude, therefore,

- (1) That Tatas' sale-price of 24G. G. C. Sheets basis should be Rs. 175 per ton, f.o.r. Calcutta, less usual Cash Discount.



- (2) That a Duty of Rs. 11 per ton should be imposed on British goods.
- (3) That a Duty of Rs. 41 per ton should be imposed on other than British goods.

Finally, we appeal to the Board to fully consider the case, and while affording protection enough to the Indian industry, to keep in view the cause of the poor peasants of Bengal, who are in need of relief now more than ever, and to save the interests of the trade which is on the verge of ruin.

### **The Cawnpore Iron Merchants Association, Cawnpore.**

*Letter dated the 20th September, 1933.*

With reference to the communique issued by the Government of India regarding the examination of the question of the continuance of the protective duties on iron and steel; we have the honour to submit hereunder the views of our association on the said question.

This association is of opinion that Indian industries should be encouraged by Government and the public and that such Indian industries as are yet in their infancy must be saved from foreign competition by the imposition of tariffs and duties. It is a matter for gratification that the Indian Government has referred the matter of the imposition of duties on foreign steel to the Tariff Board who are to make their recommendations, after inviting opinions of consumers and producers both. In the opinion of this association the safeguarding of the interests of the retailers and the consumers of steel is as essential as the safe-guarding of the interests of steel producers.

The iron and steel producing concerns in India are few and far between. The Tata Iron and Steel Co. is decidedly the largest and the premier concern, but in recent years smaller concerns have also arisen. In the opinion of this association to stimulate a healthy growth of steel industry in India cut-throat competition *inter se* is simply ruinous, and now that the Tariff Board is to enquire into the question of protection to this branch of Indian Industry this association would bring this point to the notice of the Board so that they may recommend such measures as may be calculated to prevent this internal competition among manufacturers. Sometime back an unhealthy competition existed between the Tatas and the Eagle Rolling Mills at Kumardhubbi, and the merchants suffered heavily owing to unforeseen fluctuations in prices; not only this but the Tata Co. devised measures by which merchants dealing in their products were forbidden from dealing with the indigenous products of the Eagle Rolling Mills, Singh Engineering Co. and others. And the latest is a commandment to refrain from dealing with the new producing concerns at Kashi and Gaziabad. We can understand such bans if they are to operate against foreign products, but we fail to appreciate them when directed against home products. Our Association is led to believe that such bans are bound to limit or otherwise injure the growth of the Swadeshi Steel Industry.

The Tata concern might plead that in return for their strictures they allow certain facilities to their dealers and to enjoy those facilities the merchants must in return conform to their wishes. As a matter of fact the facilities allowed by the Tata Company are more imaginary than real. The Company allows a paltry rebate on the annual tonnage purchased by the merchants and in return expects them to undertake a most inequitable binding contract. The tariff has rendered the company immune from foreign competition and owing to its firm establishment and long organised system of distribution and sale and transport facilities it is in a position to virtually kill all internal competition at the hands of the newly started concerns.

Prior to the introduction of the tariff wall and the enjoyment of bounties by the steel producing concerns Cawnpore was the biggest iron and steel distributing centre in Northern India. Cawnpore met the steel demands of a very vast area from Rajputana in the West to Patna in the East, and the Nepal in the North to Nagpur in the South. Merchants and traders from scores of districts used to flock to Cawnpore to take in their supplies of iron and steel from this place; but since the imposition of the heavy tariffs the Tata Concern has assumed the monopoly over the steel markets of India and this has adversely affected not only Cawnpore but other steel and iron distributing centres, but the fate of inland towns like Cawnpore is worse compared to the ports. The Railways in India are affording facilities to the Tata Company as a result of which the Cawnpore merchants have been reduced to mere retailers to meet only the local needs and demands for iron and steel. By arrangement with the railways the company are able to supply their products throughout the United Provinces at almost a uniform rate. Apparently this seems beneficial to the consumer but this is not. The Tata Company has spread over the whole of India a net-work of merchant houses and they alone are taking advantage of these uniform rates, while the merchant community in general has to face a competition at the hands of the merchant houses who not only are wholesalers but also retailers, and some of the merchant houses, to take advantage of the uniform rates, have opened retail shops at numerous consuming centres, and owing to the privileges enjoyed by them as regards prices, rebates and railway freights they are able to sell at prices at which other local merchants cannot.

Our association thinks that the principle on which the State Railways allow concessions in carriage of commodities to the producers is that they may be able to sell their products at rates which might compete with the cheap imported stuff, and also that the consumers may get their needs supplied to them at reduced rates. The Tata Company charges the full railway freight from the merchants while the State railways carry the Company's goods at a much lesser freight. This association is of opinion that the consumer is as much entitled to benefit out of this concession granted by the State as the producer.

Our Association submits that the principle of affording protection to an industry is that it may not suffer from undue foreign competition in its state of development, and may in course of time be able to stand on its own legs and compete independently with other producers abroad. We are led to believe that instead of effecting drastic improvements in the processes of manufacture of steel and steel products the company has been pursuing methods of filling its coffers by selling goods at higher rates. The prices instead of going down have in many instances gone up, as will appear from the following table:—

Materials.	Present rate.	As anticipated by the Tariff Board for 1933-34 shown in table No. XXIX.	
		Rs.	Rs.
Bars . . . . .	118	110	
Structurals . . . . .	111	102	
Plates . . . . .	135	114	
Black sheets . . . . .	172	157	

The Tariff Board in 1927 anticipated that as a result of the protective duties and the bounties the cost of steel products of the company in the years 1933-34 would be as shown in column 2 of the table, but a comparison with the latest price list issued by the company (as shown in the column 1 of the table) shows that the company is maintaining the sale prices at a higher level.

Apart from raising prices, the Company has indulged in ways and means to snatch money from the Muffassil merchants and consumers. The Company has devised a scheme of dealership with a bait of a trifling rebate on the condition that the dealer deal in Tata goods alone. At first the scheme was a simple one and merchants were assured that it was designed to popularize Swadeshi Steel to the exclusion of foreign steel and patriotism was invoked to accept the terms of agreement of dealership. Later on, as will appear from the agreement accompanying this memorandum terms have been made more strict. The latest agreement aims at reducing the merchants to a position of thorough subordination to the company. The proposed agreement has met with protests from almost all quarters. Under the terms of this agreement we cannot make our purchases even of Tata Steel from any of the Ports of India, nor can we sell the consignments ordered by us at the destination railway station. We cannot purchase finished goods like G. C. Sheets manufactured out of the Tata Steel by another Indian concern, *e.g.*, the Tin Plate Company of India, Ltd., not to say anything of purchasing steel made by other Indian concerns.

The company under the guise of meeting urgent local demand has spread a net work of depots and stock yards from which they sell in small quantities direct to the consumers through the viamedia of their favoured merchant houses. In this way the merchants have to face competition with the company itself.

The members of our Association are very much handicapped owing to frequent changes in the policy of the company and the merchant houses. The company has of late adopted a very monopolistic attitude and every now and then the merchants are served with circulars which place them in embarrassing positions.

We have the honour to submit in concluding our letter:—

- (1) As the company has failed to effect a reduction in the sale prices of steel in India, which they ought to have done with the aid of bounties and protective tariffs and with greater employment of skilled Indian labour, which is cheaper compared to the foreign mechanics, the tax payer should not be unnecessarily taxed to pay the large amount of bounties to the company. The amount of bounty, if it be at all necessary to grant it should be reduced considerably.
- (2) That the grant of bounty should be on the proviso that all steel manufactured in India shall have equal opportunity and facility of sale in India, no concern owing to its long establishment or large plants and huge capital being allowed to practice unfair competition and impose bans on the products of other producers to destroy the growth of the smaller and weaker concerns yet in infancy.
- (3) That the grant of bounty and protection should be on the condition precedent that the company shall undertake to refrain from competing with the distributing merchants through the organisation of the stock yards and depots and the so-called Merchant Houses.
- (4) In granting protection this fact should also be considered that now-a-days the company is receiving much higher prices for their scraps, cut-pieces rusty spotted and defective materials than they were receiving a few years back. In some cases the company is able to realize prices for their scraps which are very near to the prices prevailing for brand new materials.
- (5) In granting protection the Tariff Board may be pleased to provide that the company shall receive bounties out of the tax payer's monies only when the company is fair in its dealing with iron merchants who pay most of the protective duties levied on imported steel; the company may be asked to give an undertaking that the company shall not compel the merchants to enter into agreement with them on inequitable terms.

We hope that our arguments will find favour with the Tariff Board and that the Board will be pleased to recommend protection of the merchants at the hands of the Tata Steel Company.

Enclosure.

*Circular No. 26A.—Ref. No. S/580—Calcutta, 21st April, 1933.*

THE TATA IRON AND STEEL Co., LTD.

NOTICE TO ALL STEEL MERCHANTS.

The Tata Iron and Steel Co., Ltd., has pleasure in offering to dealers in steel in India who are prepared to satisfy the qualifications required of a "Tata Dealer" a rebate of Rs. 2 per ton in respect of every purchase of "untested" steel goods of the Company of the following kinds:—

- Bars.
- Angles.
- Tees.
- Joists.
- Galvanised Sheets (Corrugated and Plain).
- Black Sheets.

Scrap, defectives, rusty or high carbon material and goods sold by tender are not included in this offer.

The qualifications required of a Tata Dealer, which shall be deemed to be conditions required to be observed and performed by him in addition to those hereinafter stated are as follows:—

- (a) He must agree to purchase and take delivery of the whole of his requirements of steel goods of the kinds covered by this offer and of the sizes rolled and manufactured by the Company solely from the Company, either direct or through any of the selling Agents or any Merchant House, appointed by the Company, and not otherwise except as to deliveries required to be taken by the Tata Dealer from other manufacturers in completion of contracts entered into prior to such agreement.
- (b) He must agree to observe and perform the stipulation and conditions hereinafter mentioned.
- (c) He must complete a declaration of such agreement in the form for that purpose set out in the schedule hereto, for the acceptance of the Company which however the Company shall be entitled, in its absolute discretion, to reject without assigning any reason therefor.

*Conditions.*

The offer is made subject to the conditions aforesaid and to the following:—

1. The rebate will be paid only in respect of goods hereafter purchased for delivery from the works or one of the stock-yards of the Company as a *bonâ fide* addition to stock at the warehouse or establishment expressly indicated by the Tata Dealer in his declaration. No rebate shall be payable in respect of goods purchased otherwise than for the immediate purpose of taking the same into stock at the warehouse or establishment recorded by the Tata Dealer in his declaration herein referred to.
2. A Tata Dealer shall not in any case purchase goods from any dealer in a port.
3. Tata Goods purchased through any dealer will not carry the benefit of the rebate. Merchant houses or selling agents of the Company carrying stocks for retail sale shall be deemed to be dealers within the meaning of this clause.

4. Whenever the Company shall be unable to undertake delivery of goods within ten weeks of an order for the same from a Tata Dealer to the Company direct or through any of its Selling Agents or any Merchant House, he may, with the consent of the Company at its discretion to be reasonably exercised, purchase goods of a similar nature, whether of Tata manufacture or not, to the extent of those whereof the Company shall be unable to undertake delivery, from other sources without incurring the penalties of a breach of these conditions.

5. The amount of the rebate in respect of each purchase will be ascertained by reference to the weight of goods indicated in the invoice relating to the purchase.

6. On the occasion of each purchase of goods in respect of which rebate may be payable, the Company, on the application of the Tata Dealer to the Head Office of the Company direct or through any of its merchant houses, selling agents or branch offices within one calendar month of the date of purchase, will issue to him a certificate stating the amount of the rebate to become payable in respect of the goods purchased. Tata Dealers must ensure, by express application therefor, that all relevant certificates are obtained by them within the period aforesaid and duly attached to the form of claim hereinafter mentioned in support thereof. No certificate will be issued in respect of any purchase later than the said period of one calendar month thereafter.

7. The amount of the rebate in respect of each purchase will be paid by the Company during the thirteenth month following that in which the purchase shall have been made upon the delivery by the Tata Dealer to the Company of a claim for payment and a declaration in the form for that purpose set out in the Schedule hereto, with all relevant certificates annexed.

8. No Tata Dealer nor any other person shall be entitled to set off the amount of any rebate, whether payable or accruing, against any payment or other liability or obligation due to the Company.

9. If the Company shall at any time in its sole discretion so require a Tata Dealer shall deposit with the Company cash or approved securities to such an amount or value as the Company may direct by way of security for the due observation and performance by the Tata Dealer of the stipulations and conditions herein contained and the Company may sell and/or appropriate such security in satisfaction of any breach of such stipulations and conditions by the Tata Dealer at any time and any diminution or depreciation in value of such security through any cause whatever shall forthwith be made good by the Tata Dealer by deposit of further cash or approved securities.

10. No claim for rebate will be paid unless:—

- (i) the same be submitted to the Company not later than the expiration of three calendar months after the last day of the month in which the rebate may have become payable under the provisions aforesaid;
- (ii) all contracts and obligations on the part of the Tata Dealer to the Company whether concerning the goods in respect of which the claim may have been made or any other goods or otherwise and all contracts and obligations of the Tata Dealer to the Merchant Houses and Selling Agents of the Company in any way concerning Tata manufactured goods or materials shall have been duly observed and performed by the Tata Dealer, and
- (iii) all stipulations and conditions on the part of the Tata Dealer herein contained have been fully observed and performed by him.

11. The Agreement may be terminated:—

- (1) by the Company at its discretion at any time without notice but without prejudice to the claim of the Tata Dealer to rebate earned up to the date of such termination unless the Tata Dealer shall have failed to observe or perform any of the stipulations and conditions herein contained, or
- (2) by the Tata Dealer by six calendar months previous notice in writing of his intention to terminate the agreement provided that no such notice shall be given by the Tata Dealer to expire earlier than twelve months from the date of his listing as a Tata Dealer.

12. In the event of the failure of a Tata Dealer at any time to observe or perform any of the stipulations and conditions herein contained the Company may without exercising any other of its rights and powers but without prejudice thereto impose upon the Tata Dealer a fine or penalty in such terms and of such amount as the Company in its absolute discretion may think fit and may forthwith upon such imposition and without making any express demand upon the Tata Dealer for payment thereof recover the amount thereof by appropriation of any rebate that may be due or accruing or otherwise as the Company may think fit and the discretion of the Company in any respect may be exercised by the Sales Manager of the Company whose decision shall be accepted by the Tata Dealer as final.

13. All disputes and questions whatsoever arising between the parties out of the terms and conditions hereof other than such as may be provided for therein shall be referred to the Tribunal of Arbitration of the Bengal Chamber of Commerce in arbitration and the award of such Tribunal shall be accepted by all parties as final and binding.

**United Provinces Chamber of Commerce, Cawnpore.**

*Letter No. 8000/83, dated the 25th September, 1933.*

I am directed by the Committee of the Chamber to address you with regard to a recent communique of the Government of India announcing an inquiry to be conducted by the Tariff Board into the question of continuing the protective duty on iron and steel.

My Committee are glad to note that the Government, before taking further action in the matter of protection to the steel industry, have thought it fit to refer it to the Tariff Board for a thorough investigation. Last time it was in April, 1926, that the Government had similarly referred the question of protection to steel industry for an inquiry to the Tariff Board, which recommended that the protection to the industry should be continued for a period of seven years. The Board in making that recommendation was definitely of opinion that at the end of the said period the industry would become so strong as to be able to withstand foreign competition without the aid of such protection. Though that period has elapsed the hope entertained in respect of the industry have not been realised. Looking to the present condition of the industry there are practically no prospects of its existence, much less improvement, if the protection afforded to it is withdrawn. In the opinion of the Committee further extension for a period of seven years should be granted and the whole question should be reviewed at the end of this extended period. In making this suggestion my Committee have devoted careful attention to the question and are fully satisfied that the industry provides a suitable case for protection, having due regard to the principles laid down in paragraph 97 of the Report of the Indian Fiscal Commission. The industry has considerably improved during the last few years though it has not been able to attain the expected position. In the opinion of my Committee one important factor in this failure has been the currency and exchange manipulations of the competing countries,

The Tata Iron and Steel Company is the largest producer of steel in India. There are also some other smaller concerns. For sometime past, there has been going on an unhealthy internal competition between the Tata Company and these small producers as a result of which there have been inconsistent fluctuations in prices. The better organised Tata Company with its greater resources has generally proved stronger. It is seriously apprehended that unless the Government, at the time of giving protection, lay down certain conditions which may prevent this harmful competition, it may not be long before most of the smaller steel manufacturers are compelled to close down their establishments. The Tata Company has been reported to have gone to the length of stopping their dealers to buy the products of their local competitors. This practice is bound to hit hard the small producers, who are not in a position to give the same facilities to their dealers as the Tata Company which has the advantages of better organisation, financial position and transport facilities. The Tata Company seems to be aiming at crushing the small industrialists and making monopolistic profits. My Committee strongly hold that while extension of protection to the industry against foreign competitors is essential, the competition between the Tata Company and other smaller steel producers should be strongly discouraged and necessary measure should be taken in that direction.

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### Bengal National Chamber of Commerce, Calcutta.

*Letter No. G. 1/10-M., dated the 27th September, 1933.*

#### *Re STEEL ENQUIRY.*

With reference to the *Press Communiqué* issued on the 4th September, 1933, on the above subject, I am directed by the Committee of the Bengal National Chamber of Commerce to send under separate cover six copies of their Memorandum on the subject of the advisability of granting protection to the steel industry for a further period. I am to express the hope that the Tariff Board would give due consideration to the observations contained therein.

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#### Enclosure.

*Memorandum of Evidence submitted by the Committee of the Chamber before the Tariff Board on the Steel Industry.*

The Iron and Steel Industry occupies an important place in the Indian economy. Apart from the fact that a large amount of capital has been invested in the Tata Iron and Steel Company which, by the way, has remained the only concern in India manufacturing steel on a large scale—and a large number of persons employed by the same Company, the development of the steel industry in India is invested with an added importance, in view of its intimate bearing on the general industrialisation of the country. With steel (and even pig iron) produced on a considerable scale, there is a vast scope for the development of other ancillary industries, for which steel and pig iron serve as the most important raw material, while the very valuable service rendered by the industry to the Government during the last War is a sufficient testimony to the necessity for its development even from other than purely economic grounds. It was evidently in recognition of these considerations that the Indian Fiscal Commission had recommended that the Tariff Board, when appointed, should first investigate into the claims of the steel industry to protection. The subsequent history amply shows how the industry has developed by taking advantage of the protection granted to it. This does not, however, necessarily mean that the need for protection has outlived itself. Foreign steel products are still being imported into the country, and it is essentially necessary that the Indian industry should be put on a proper footing. The

Committee of the Chamber have carefully examined the question whether protection already granted to the industry should be extended for a further period, and their views on the subject have been set forth below for consideration by the Tariff Board.

2. The question whether the Indian steel industry needs protection for any further period may be discussed primarily from three standpoints:—

- (a) whether the industry has benefited by the existing scheme of protection,
- (b) whether one of the main purposes for which protection was granted, *viz.*, the development of other ancillary industries, has been served to any considerable extent, and
- (c) whether the withdrawal of the protection at the present stage would enable the industry to stand on its own legs.

3. The first criterion should be discussed in the light of anticipations made by the Tariff Board during their last enquiry in 1926. It will be remembered that the Tariff Board estimated that the output in the seven years, following the protection which was to be granted in 1927, would average 500,000 tons and that the output in 1933-34 would be 600,000 tons of finished steel as compared with 163,000 tons in 1923-24 and 380,000 tons in 1926-27. The Board also estimated that the cost of manufacture would fall with a corresponding rise in the output and they anticipated that as compared with Rs. 126.5 per ton in 1923-24, and Rs. 98.4 in August, 1926, the average cost in 1933-34 would be only Rs. 78.8 per ton. In estimating the future fair selling price of the steel products of the Tata Iron and Steel Company, the Board had given careful considerations to the question not only of works cost, as referred to above but also the overhead charges consisting of (a) depreciation, (b) interest on working capital and (c) Agent's Commission, head office charges, etc., and manufacturer's profit. And they estimated that as compared with Rs. 57.07 in 1923-24, the average incidence of the overhead charges and manufacturer's profit per ton of finished steel during the seven year period ending 31st March, 1934, would be Rs. 38.87. In regard to works cost also they had taken into account the question of "excessive labour", and while they expressed gratification at the progress made in the gradual reduction of the number of covenanted men and the pace of Indianisation of the skilled labour, they had nevertheless pointed out the great scope for reduction of the semi-skilled, and particularly of unskilled, labour.

4. Complete statistical details in regard to the foregoing items, not being available to the Committee, they are unable to say whether the anticipations of Tariff Board have been realised. The Board will no doubt carefully go into the whole question and base their recommendations on the information they receive on the question. So far as the Committee have been able to ascertain, the anticipations of the Tariff Board in regard to the volume of production have not been realised. Leaving aside the figures of productions (admittedly insignificant for the present purpose) of other companies, the production of steel ingots and finished steel by the Tata Iron and Steel Company, during the years 1929-30, 1930-31, 1931-32 and 1932-33 was as follows:—

	1929-30.	1930-31.	1931-32.	1932-33.
Steel Ingots .	6,24,000	5,80,000	6,03,000	5,90,778
Finished steel	4,31,000	4,08,000	4,50,000	4,26,968

5. These figures compare rather unfavourably to the anticipations of the Tariff Board, mentioned above. But the Committee do not attach very much importance to the absolute figures of production, particularly during the present period of continued world wide-depression. The demand for steel has shrunk considerably, and the industry in India, as in other parts of the world, has suffered tremendously from this shrinkage in the demand. The Railways have been one of the biggest consumers of Indian



steel and a heavy restriction by the Government in the Capital Expenditure on the Railways has resulted in the corresponding diminution of demand for the products of the Tata Iron and Steel Company. The heavy fall in the demand for rails from the Indian railways would in fact appear to be the main cause of the actual production falling short of anticipations. The Committee understand that the plant of the company is quite capable of producing the tonnage prescribed by the Tariff Board as soon as conditions improve.

6. The total amount of iron and steel imported to India during each of the four years ending 31st March, 1933, is shown below:—

	(In thousands tons.)			
	1929-30.	1930-31.	1931-32.	1932-33.
Protected . . . .	712	421	237	196
Not Protected . . . .	261	201	134	136

It will be found from these figures as well as those given in paragraph 4 above that, while the Steel Company has not been able to increase its output to the extent expected of it by the Board in 1926, it has nevertheless been able to satisfy a larger proportion of the Indian demand than had been estimated at the time when the Board had conducted their previous enquiry. The total Indian demand in 1925-26 was about a million and a quarter tons out of which the Tata Iron and Steel Company supplied only 320,000 tons or about 25 per cent. of the total Indian consumption. As against this, the Committee understand, the Company has been able to supply as much as 72 per cent. of the present total demand. It appears from the latest Annual Report of the Company that it now supplies the entire amount of India's requirements of rails, about 80 per cent. of the total requirements of steel sleepers, structural sections, and plates, etc., and about 40 per cent. of the total consumption of the galvanised sheets, while of the country's requirements of the kinds of steel produced by the Company, about 72 per cent. are being supplied by it.

7. The Committee have no information as to the works cost of the Company and they cannot, therefore, express any opinion as to whether the expectations of the Board in this regard have been realised. It, however, appears from the speech of the Chairman of the Company at its last Annual Meeting that some reductions have been made in manufacturing cost. While no information is available regarding economy in labour cost, particularly regarding the reduction in the very large number of semi-skilled and unskilled labour, it is gratifying to note that the number of the covenanted staff is being gradually reduced, and that it now stands at 77 as compared with 229 in September, 1924 and 161 at the time when the Tariff Board last reported.

8. During the last enquiry of the Tariff Board the Company had also promised to make certain improvements and extensions in their plants and mills, as these were not in some cases properly inter-related. The Board approved of these schemes as they were convinced that such developments were highly desirable and essentially necessary for enabling the Company to increase its production of finished steel to the standard of 600,000 tons. The Committee understand that the promises made by the Company have been almost nearly redeemed, particularly in regard to a new blast furnace and an enlarged sheet mill. The Committee are also informed that the main reason for the Company, not being able to redeem its pledges fully is its unwillingness to undertake heavy capital expenditure at the present period of depression.

9. Considerations in respect of the first issue mentioned above may now be summarised. It is evident that though the Company has not been able to fulfil the expectations of the Tariff Board, the deficiency has been due to the causes which are mostly outside the control of the Company. As has been already mentioned, the Company has extended its plant sufficient

enough for the production of requisite amount, but which it has not been possible for it to utilise to the full extent due to the heavy shrinkage in the demand for its goods, particularly from the Railways. The Company has also, it appears, achieved some reductions in works cost and though it has not been possible for it to dispense altogether with the imported skilled labour, the progress made in Indianising the superior services is quite satisfactory. The Committee are not, however, competent to say whether and to what extent there has been any reduction in the works cost and they have no doubt that the Board will obtain detailed information on this point from the Company and will evaluate the nature and extent, not only of the economies effected but also the grounds of the inability of the Company to realise the expectations made in 1926 as to the extension of the plant and increase in the output, before they make any decision regarding the extension of protection for any further period.

10. In this connection, the Committee cannot but regret to point out that while the Tata Iron and Steel Company has no doubt benefited to some extent from the existing scheme of protection, the Company has remained the only one of its kind in India, manufacturing steel. The normal consumption of steel products in India is about  $1\frac{1}{2}$  million tons and if the output capacity of 600,000 tons of steel, the figure at which the volume of production of the Tata Iron and Steel Company was fixed by the Tariff Board in 1926, be considered to be the size for an economic steel plant in India, there will be room enough for one or two more companies in the country. The Board had considered this question in their Report for 1926 and had also considered how far their proposals regarding the extent of protection granted, would suffice for the protection of any new works which might be established. But in spite of the fact that their recommendations were considered by them to be adequate both for the existing Company and for any new works, which might be started, it is unfortunate that so far no other company has yet been floated for the manufacture of steel in India. The main reason for this state of affairs is, no doubt, the setting in of a depression, the extent and nature of which could not be visualised at the time when the Board had reported; but the Committee also consider that the comparatively short period for which the protection was granted is also to some extent responsible for discouraging entrepreneurs from coming forward with any scheme for a steel company. The Committee hope that the Tariff Board will give due attention to this fact before deciding the duration of the further period of protection which they may recommend to be granted to the industry. The Committee would, however, suggest that the Board should recognise the necessity of national ownership of, and control over, an important key and basic industry like iron and steel industry. Very great care should be taken so that non-nationals may not acquire ownership of such an industry, nor that they may be able to secure any control over it. The Committee are, therefore, of opinion that the Tariff Board should prescribe certain conditions regarding the proportion of the shares of any company established for manufacturing steel and also of the number of Directors of such a concern in such a way as to ensure national control and ownership of all the Steel Companies operating in the country.

11. The Committee would now proceed to discuss the second issue, *viz.*, whether as a result of the granting of protection to the steel industry, there has been any satisfactory development of other ancillary industries. While considering this question in their Report of 1926, the Board had confined their attention mostly to the case of fabricating steel. They were convinced of the necessity of developing the fabricated steel industry in India and finally recommended an alteration in the existing scale of protection and proposed that in place of 25 per cent. *ad valorem* duty on fabricated steel, a basic duty of 17 per cent. *ad valorem* should be levied with an additional duty of Rs. 13 per ton to be imposed on fabricated steel imported from elsewhere than the United Kingdom. The same rates of duty were also proposed to be applied to the case of coal tubs and tipping wagons.

12. It is to be extremely regretted that in spite of the protection granted, results have been rather disappointing; and the Committee consider that the Tariff Board should enquire as to the reasons why the industry has not been able to take full advantage of the protection granted. As it appears to the Committee, the protection granted, besides being not fully adequate, has not been able to attract Indian enterprise and Indian capital to the industry, being limited to a comparatively smaller period of only seven years. This lack of Indian enterprise and the shyness of Indian capital has been, to some extent at least, caused by a period of falling prices and strong foreign competition, while the freight anomalies existing on the Indian railway system has also been responsible for discouraging potential investors from investing their money to the industry. The Committee would point out that the only firms which have taken advantage of a protected regime are those which had existed at the time when the protection was granted. No new firms have been established and the Committee cannot but deplore that there is no single Indian firm which can be said to have profited from protection.

13. But while quantitatively viewed, there has been some progress in those sections of the engineering industry which were brought under the scope of the scheme of protection, there has not been so far any development worth noting in regard to other subsidiary industries which have not yet been granted any degree of protection. The Committee would stress in this connection that one of the principal grounds on which the claims of the steel industry to some form of public assistance were based, was that the steel industry being, by its very nature, a key industry, its development was essentially necessary for making it possible for other engineering industries to start up in the country. Looking at the problem from this point of view, the scheme of protection granted to the steel industry may be said to have failed in achieving one of its principal objectives. While expressing this opinion, the Committee do not intend to convey that they are opposed to the grant of protection to the steel industry. What they would emphasise, on the contrary, is that simultaneously with the granting of protection to the basic industry, an elaborate scheme of protection should also be formulated in respect of other subsidiary industries. The Committee are convinced that conditions at present are not such that subsidiary industries will be started until adequate protection is guaranteed in advance. The policy of waiting for industries to start up, fail or lose money before granting protection can hardly be considered wise. It can be pointed out as a truism that no metallurgical industry can stand on its own legs in India under the present world conditions unless considerably assisted by tariff protection, and it is next to impossible to expect investors to come forward and invest their money in such industries unless there is an assurance of adequate public assistance. The Committee would suggest for the consideration of the Tariff Board the advisability of laying down a maxim that if a reasonable industrial proposition for manufacturing a certain thing on a large scale were placed before the Board, the latter should favourably consider the proposition and promise it, after a careful preliminary investigation, adequate protection in advance, provided certain conditions are fulfilled. The promoters of the particular industry may, for instance, be required to complete all preliminary arrangements and set up necessary plants and machinery to certain specifications on the assurance of the enforcement of the Protection Act, as soon as they produce and place on the market a requisite volume of their output. They should also be assured that a further investigation into their claims for protection for a sufficiently extended period would be carried on by the Tariff Board as soon as possible after the coming into force of the original protection. The Committee have thought it proper to discuss this question in detail in this connection, in view especially of the fact that there is practically no hope for the establishment of a metallurgical industry in India unless a policy like the one just suggested is adopted by the Government of India and they would earnestly request the Tariff Board to give this suggestion their careful consideration when formulating their proposals in connection with the grant of protection for a further period to the steel industry.

14. As regards the question whether the steel industry requires protection for a further period, the Committee are inclined to answer the question in the affirmative. The Committee doubt very much whether under the present abnormal conditions at any rate, the industry in India can dispense with protection. Much older and better established industries in other countries are practically finding it impossible to do without protection and it is extremely doubtful whether the steel industry in India can stand on its own legs unsheltered by a sufficiently high tariff wall. At the present moment steel companies of foreign countries are prepared to sell and as a matter of fact are selling at cost price, some times even at loss. The estimate of the prices of imported steel, both British and Continental, as made by the Tariff Board in their Report for 1926 has been considerably falsified, and the British and Continental steel is being sold in India much below the fair selling price of steel determined by the Board in 1926. The Committee, therefore, consider that in view of these facts, the steel industry as it is at present situated, may require protection even at a higher rate than at present. The Committee do not suggest any specific amount, as, in their opinion, the question should be settled by the Tariff Board after making due investigation into the cost of production of Indian steel and the trend of prices of the imported commodity. They would, however, stress that the protection should be adequate and for a sufficiently long period in order to enable not only the existing Company to continue its operations but also to encourage the establishment of similar industrial ventures.

15. In conclusion, the Committee would refer to some other matters which, in their opinion, have an important bearing on the question at issue and they would earnestly request that due and proper consideration would be given to these by the Tariff Board.

16. The Committee understand that the Tata Iron and Steel Company charges a higher price for the pig iron which it sells in India than what is charged by it for what is exported to other countries. The Committee quite realise that pig iron not being protected does not ordinarily come under the purview of the Tariff Board, while they are also prepared to admit that the Company may have been forced to adopt this policy in order to maintain their position in different markets. But they are nevertheless of opinion that pig iron being one of the important raw materials for some of the ancillary industries of the country, its price should be so regulated as to enable these latter to keep their cost of production to as low a level as is possible, consistent with a fair margin of profit to the Tata Iron and Steel Company. They would, therefore, suggest that the Board should enquire into this matter and prescribe the correct policy which should be followed by the Company.

17. Another matter to which the Committee would draw attention of the Board is the relation between the Steel Company and its dealers, particularly in Calcutta. It has been from time to time reported to the Committee by some members of the Chamber who deal in Iron and Steel goods, manufactured by the Tata Iron and Steel Company, that the latter's sale policy is being regulated in such a way as to have the effect of driving these dealers out of existence. The Committee regret it has not been possible for them to investigate into the truth of these complaints and they also believe that the Company may be persuaded to modify its policy, if the evil effects thereof are brought to its notice. But the Committee have nevertheless thought it proper to refer to this matter in this connection in the hope that the Board, while examining the representatives of the Tata Iron and Steel Company, as well as some iron dealers, would be able to ascertain, if there is any foundation, and if so, to what extent, of these complaints. The Committee earnestly hope that the Board would give due and adequate consideration of this question, and if necessary, prescribe certain conditions so as to ensure a fair treatment by the Tata Iron and Steel Company to a large number of dealers in the goods of the latter.

**Mr. Naresh Nath Mookerjee, and other Indian Importers  
and Merchants of Galvanized Sheets in Bengal.**

(1) *Letter dated the 29th September, 1933.*

**GALVANIZED SHEETS.**

With reference to the notification issued by the Government of India inviting representations from interested bodies on the question as to the continuance of protection to the Indian Steel Industry we, the undersigned Indian Importers and Merchants of Galvanized Sheets of this province, wish to put before you the following representation for consideration.

Galvanized Sheets are an absolute necessity to the poor ryots of Bengal, as they form the cheapest material for building houses and particularly in Eastern Bengal, the largest consuming centre, the climatic and other natural conditions do not permit of any other more suitable form of housing. The question of cheap supplies, of this particular form of Steel, is therefore a vital problem for the people of this province.

The economic condition in the consuming centres has grown extremely distressing and is now worse than we have ever known it to be, so much so that our largest markets have now reached a stage where they are even unable to buy their barest necessities. In several districts the ryots have taken to other cheaper forms of roofing like straw and grass which, although far more expensive in the long run, owing to its short life, they have been compelled to adopt for the sake of lower initial cost. This fact is most alarming because the Steel Industry is likely to lose permanently a good portion of its market owing to the fact that consumers are taking to new habits and will remain content with these cheaper substitutes.

The purchasing power of the Indian people has been reduced by approximately 50 per cent. as compared with the years 1925-29 and the object of the steel protection bill has been to maintain the same level of price as was based on old standards of demand and on old calculations of prices and costs with the result that there has been a very serious contraction of market to the extent of nearly 66 per cent.

The Indian Steel Industry has been the favourite child of the Government and the legislature since the year 1923 when the first investigation as to the conditions of this Industry was made. These last ten years have seen successive legislation and tariff changes for the benefit of this one particular Industry, which centres round one single firm. While we do not here wish to argue a case for the complete withdrawal of protection to our Great National Industry we feel that the Government of India in every instance have overlooked the case of the consumers and that the real object of protection has been to support one single organization, whose difficulties and misfortunes were largely due to mistakes, inexperience, miscalculations and lack of organization on their own part. Be those what they may, the consumers have silently paid for it and now feel some relief is due to them after these long years of experiment, suffering and investment.

The public cannot help believing that our National Indian Industry has not taken adequate advantage of these ten long years of protection and that the anticipations of the Tariff Board in this direction have proved disappointing and that instead of improving efficiency of organization, economising costs and taking full advantage of its resources and natural manufacturing advantages with a view to making progress in a direction that might have put it in a position of equality with its competitor in foreign countries, it has constantly applied to the Government for protection in order to help itself to maintain its prices on a basis of unaltered costs of production. We fear a continuance of this policy will result in the

eventual crippling of our Industry if no measures are now taken to put it on its own legs—or to guide and protect it in a fashion that may result in its becoming a self supporting Industry within a reasonable space of time.

In September last year, a representation was made, setting out all the difficulties of the situation, by practically all the Iron Merchants in Bengal, to the Commerce Department of the Government of India with a view to reducing prices by reduction of Duty as even at the time the situation had grown quite alarming. In December, the same year, as a result of the supplementary Trade Agreement at Ottawa, the duties on British sheets were reduced by Rs. 30 per ton and a private commercial treaty was arranged between the Indian and British Works and ratified by the Governments of both countries, which while cutting out competition from other sources as well as between themselves, unfortunately gave them a practical monopoly of the Trade here. A price arrangement was reached and British c.i.f. prices were forced up by £2 per ton to bring prices up to the level of what was then considered to be Tatas fair selling price.

At the time of recommending the acceptance of this Agreement the Tariff Board quite correctly assumed Rs. 215 as the bed rock price at which Belgian sheets could land in India but the fair selling price for British sheets in India was taken to be £10-10 f.o.b. although the then quoted price was between £9 and £9-5 f.o.b. and the Duty on British sheets to India was thereupon reduced from Rs. 83-12 to Rs. 53 per ton making the Duty paid price Rs. 215 per ton. Within a fortnight of the formation of this combine both Messrs. Tata and the British Works raised their price from Rs. 210 to Rs. 216 and Rs. 215 to Rs. 225 per ton respectively. Thus practically the entire benefit of this reduction in Duty was pocketted by the manufacturers of both countries and as a matter of fact prices rose higher than what they were prior to the arrangement. It was so overdone than until the very recent rise in Continental Steel prices, Belgian sheets were regularly arriving into Bombay. A further analysis shows that the benefit of this monopolistic agreement has been really enjoyed by Tatas at the cost of the British Manufacturers and the consumers in this country. The estimated average annual demand in normal years is approximately 200,000 tons and Messrs. Tata under this agreement will control the first 120,000 tons of the demand here from their own sheet bar sheets also sheets converted by British makers, leaving a balance of about 80,000 tons to the British makers, for which the demand is likely to be very fluctuating in abnormal years.

This trade agreement however, while helping to create a monopoly, has, at the same time, brought about certain definite advantages which cannot be overlooked.

- (a) It has stabilized prices.
- (b) It has eliminated competition from foreign sources and prevented dumping.
- (c) It has solved the problem created by ever falling prices due to over production as well as price cutting by British Makers to retain their share of the trade in this market, by finding an outlet for the surplus Indian sheet bar in the U. K. and at the same time giving the British makers a fixed margin of profit on the same goods by engaging their services in the process of conversion.

This agreement is of great benefit, therefore, both to the trade as well as the Indian Industry and if it could be possible to continue this agreement under certain conditions which would prevent this combine from exploiting the consumers of this country by making unduly large profits, we feel sure it will help to solve many future problems of this Trade as well as of our Industry.

As regards the fixing of a fair selling price the Tata Iron and Steel Co., Ltd., in their recent representation estimate their works costs during

the next seven years at Rs. 116 per ton. To this they add overheads and profit of Rs. 50 per ton. They then ask for account to be taken of various adjustments in the difficulty of selling and so on which amount to Rs. 19 per ton and so ask that the cost of imported sheets at ports should be Rs. 185 per ton which necessitates a flat duty of Rs. 42. In this respect Tata's figures are questionable as the cost of importing Continental Sheets to-day without duty is about Rs. 148 and the minimum cost of British sheets without duty is Rs. 168 and a duty of only Rs. 17 or so on British sheets is necessary to achieve the results Tatas ask for. It seems clear to us that differential duties must continue and we certainly regard it as desirable so that the trade may be free from the disastrous fluctuations which have caused us so much trouble. They then estimate that if the revised freights announced by the Railway are to continue they will need Rs. 7 per ton more to cover costs and Rs. 3 per ton more to cover freight on finished goods and so the duty will have to be Rs. 52 per ton and the cost of imported material Rs. 195 per ton.

We are at any rate glad to note that there is in these proposals a recognition of the fact that the price hitherto realised for Galvanized Sheet should come down but the reduction is small and in no sense commensurate with the decrease in buying power of the Indian consumers. In the first place the Steel Co. has made (of necessity) a theoretical allocation of its overheads to the different products. On Galvanized Sheets the figure is put at Rs. 50 per ton. The report of the Indian delegation to Ottawa in para. 80 of their report, when working out the duties necessary for that agreement allowed s.12-6 for depreciation and profit on manufactures of Galvanized Sheet in England.

We have no knowledge of how this figure was arrived at but we think it very pertinent to the Board's enquiry. The figure is certainly at striking variance with the figure of s.75 given by Tatas for their sheets. Either their overheads are far too high for proper working or the allocation is unduly unfavourable to sheets.

There is we suggest much to be said in favour of pushing up the prices of those varieties of steel for which there is no adequate substitute while reducing the duty on those forms which suffer from alternative materials as competitors. Galvanized Sheets fall most undoubtedly into the latter category. Rails, Fish-plates, and Bars may be said to come into the former category. We readily admit that in making this suggestion we are arguing against the interests of others but if Tata's must have help from the public it seems to us sound policy not to attempt to give it by duties which defeat their own ends by reducing consumption.

Part of the Rs. 19 adjustments, asked for by Messrs. Tata is due to the fact, as they state, that certain brands imported command a higher price. The imported brands are all made from their own sheet bar and with their up-to-date equipment it ought to be possible for them to get away from this inferiority complex. If they can do so their demand for protection is decreased by Rs. 7 or Rs. 8.

Before finishing with the Ottawa Delegation report we would like to draw the Board's attention to the concluding part of para. 86. The delegation admits that the erection of new galvanising plants in India only accentuates the trouble from which the world, including India, is suffering. Yet the high rates of duties prevailing have induced the Steel Company to push ahead with new plant and still further extensions are in contemplation. Were their production of Galvanised Sheets small in comparison with their total production of steel it would be less difficult a task to meet the consumers needs. Their estimates however providing for making galvanised sheets to a tonnage of 16 per cent. of their total production and of course the cost of this product emphasises its importance. We cannot help thinking that the extensions undertaken and in contemplation have and will force the hand of the Tariff Board to a great extent.

Messrs. Tata have asked for adjustments of Rs. 19 on galvanised sheets and Rs. 10 to cover extra freight charges. We submit that this figure is altogether too high in spite of the disadvantages under which the Company claims to labour. We cannot agree that cash discounts and deferred rebates are to be taken as a diminution of price. They are in fact an increase in price to those who do not enjoy them. The average merchant when comparing Tata's price with imported prices allows for all these deductions and decides accordingly.

Normally speaking too Calcutta and the good areas should take all their sheets. There should be no freight disadvantage and even if everything was sold in Calcutta it would not be as high as Rs. 5 per ton. Nor does the Calcutta Merchant require any reduction in price because he has to take a wagon load. Tons 12 to 18 has always been his normal tonnage in one lot.

These adjustments we suggest are on far too high a level. To enable Tata's to obtain the Rs. 166 or Rs. 175 they require (according to the freight) it should not be necessary to raise the price of imported sheets above Rs. 175 or Rs. 183 at the most and if it were possible to get a guarantee that imported prices would not fall below the figure fixed we in the trade could, we believe, soon form a combine to guarantee this figure to Tata. This would be advantageous to Tata's, to the trade and to the consumer. Also we believe to the revenue by stimulating demand.

On the general question of protection we have little to say. We are glad to think that every opportunity has been given to our one big works to succeed and we realise that the tribulations of the past years make a further period of protection inevitable.

We do however ask the Board to consider whether there is any sign of protection becoming unnecessary at the end of this period. We imagine that with new plant being installed costs are unlikely to come down very much further. European works are largely idle still and prices will only vary owing to causes which will affect the Indian Works also. Works cost out here is Rs. 116. The cheapest imported sheet costs without duty Rs. 148 per ton (Continental). If the adjustments claimed by Tata's were needed there would be very little margin for overheads without protection and even if the adjustments are needlessly high as we claim the overheads of Rs. 50, they ask for, will remain quite out of reach without a heavy duty.

There is, too, no sign that another Works will introduce any element of a competition. One of the largest British Manufacturers came out to look into the matter a year or two ago but we understand the project has been dropped. It looks therefore as if the consumer is to be expected to pay heavily for the benefit of one Company in perpetuity. If that is so, we cannot pretend to be able to advise the Board, lacking as we do much information but we do urge that the Board must give the matter the most careful thought.

We summarise our conclusions and submissions as follows:—

1. Messrs. Tata submit that they need a fair selling price f.o.r. works of Rs. 166. We submit that too much has been allowed for overheads.
2. They ask that to get Rs. 166 f.o.r. works the cost of imported sheets should be Rs. 185, with the old freights. We submit that the cost should not be more than Rs. 175 and that to obtain this there should be a duty of Rs. 7 to Rs. 10 per ton on British sheet bar sheets and Rs. 37 to Rs. 40 per ton on Continental Sheets. But the one thing we need in the trade is quiet changes in prices and if duties are going up or down we would recommend such changes by gradual instalments of say Rs. 5 per ton on the 1st of each successive month. This



will prevent serious dislocation in trade and losses to stockists as before.

3. We submit that the new freights should not add more than Re. 1-8 at most to the selling charges since all sheets ought to be sold in the U. P., Punjab and the freight advantage areas and Calcutta.
4. We emphasise the need for stability in the trade and realise that varying prices abroad are unavoidable but we do not welcome the prospect of varying duties also. Changes in costs of spelter, etc., will affect all works equally.
5. We believe the Ottawa agreement has been to the benefit of this trade and is likely to solve various problems of the trade, and we recommend the continuance of this agreement, if possible.

(2) *Letter dated the 12th February, 1934, from Mr. Naresh Nath Mookherjee.*

As desired by the Board I am sending you 5 copies of a statement setting out the course of Continental G. C. Sheet prices during 1931 to January, 1934, with parallel British quotations.

It will be observed from the 1st page of the statement that during 1924-1925 of the total imports into India of Galvanised Sheets hardly 2 per cent. was supplied by the Continental and other sources. The percentage rose to approximately 10 per cent. in 1927 and about 42 per cent. in 1931-32. On the 2nd page is given the total Belgian exports from 1927 and we find that between the years 1927 to 1930 the total Belgian exports nearly trebled itself and also that India took up nearly 65 per cent. of her total exports during 1930.

Before proceeding it is worth mentioning that prior to 1924 no Belgian Sheets entered India and as far as we know the Belgian and Continental makers of Sheets were not interested in the manufacture of Galvanised sheets. The entire Indian demand was fed by the U. K., a very small percentage only coming from the U. S. A. From 1924 onwards this part of the industry began to develop considerably on the Continent and many new mills grew up only for the manufacture of this article. India has always been the largest buyer for this class of goods and serious inroads began to be made into her market by Continental makers. The Continental makers began underselling the British makers and there was a fierce rate war right through 1929 and prices fell from about £15-15 in the beginning of 1928 to £12-5 in 1931 (April). In 1930 the British makers called a halt and attempted to bring about peace by a price agreement also a minimum selling price was fixed for India but it was very shortlived and in May, 1931, there was a rupture as a result of the underhand methods of Continental makers and the minimum price was abolished and price cutting again set in till September, 1931, when Great Britain went off the Gold Standard. This ended the fight and hostilities had to be ceased as the currency disparity made it impossible for them to compete and also the differential duties in India. Things remained at this stage till the beginning of 1933 when Belgian makers began to climb the Tariff wall around India and in April that year "Belgian works are reported to have accepted orders for Bombay at a price which worked out, duty, etc., paid, at rather less than British prices". This continued till June, 1933, and they were compelled to raise their prices to £10-10 f.o.b. from £9-5 f.o.b. in May. Prices rose to £11-5 f.o.b. in early December and in the 2nd week it was again reduced to £10-10 f.o.b. and business could be put through as low as £10-5 f.o.b. or £11-5 c.i.f.

In the event of a departure from the Gold Standard Belgian prices are likely to fall considerably and prove an absolute menace to the trade in India and we hope due consideration will be given to this aspect of the question in the fixing of Duties on imported G. C. Sheets.

Enclosure.

## (1) Imports of Galvanized Sheets into India in tons.

(Table V—Ottawa Delegation Report.)

	United Kingdom.	Belgian.	Other Countries.	Total.	Tata.
1924-25 . . .	205,000	1,000	3,000	209,000	900
1925-26 . . .	272,000	2,000	9,000	283,000	4,000
1926-27 . . .	249,000	10,000	16,000	275,000	4,500
1927-28 . . .	298,000	22,000	12,000	332,000	2,700
1928-29 . . .	286,000	32,000	8,000	326,000	2,900
1929-30 . . .	200,000	51,000	7,000	258,000	5,800
1930-31 . . .	90,000	48,000	9,000	147,000	12,000
1931-32 . . .	55,000	27,000	2,000	84,000	27,200
1932-33 . . .	..	..	..	..	37,200
Estimated future output.	..	..	..	..	90,000

From the above Table it will appear that the share of Belgian of total Indian imports rose from less than  $\frac{1}{2}$  per cent. in 1924-25 to approximately 33 per cent. in 1931-32. Total imports from foreign countries rose from 2 per cent. in 1924-25 to about 35 per cent. approximately in 1931-32.

## (2) Total Exports of Galvanized Corrugated Sheets.

From the United Kingdom and Exports to India (January to December),

Year.	Total Exports.	Exports to India.	Approximate percentage taken by India.
	Tons.	Tons.	Per cent.
1928 . . . . .	718,097	274,545	40
1929 . . . . .	711,770	240,117	34
1930 . . . . .	431,654	110,112	25

Belgian Galvanized Sheet Exports (January to December).

Year.	Total Exports.	Exports to India.	Approximate percentage taken by India.
	Tons.	Tons.	Per cent.
1927 . . . . .	33,773	14,935	47
1928 . . . . .	65,901	38,518	50
1929 . . . . .	94,647	55,573	58
1930 . . . . .	91,500	58,623	65

## (3) Quotations of British and Belgian Galvanized Corrugated Sheets as published in the "Iron Monger".

	Belgian.		British.		
	£	s. d.	£	s. d.	
1931.					
April 25th . . . . .	11	5 0	c.&f.	12	5 0 c.i.f.
May 9th . . . . .	11	5 0	"	12	5 0 "
May 23rd . . . . .	...			11	15 0 " , Minimum price abo- lished.
May 30th . . . . .	11	2 6	c.&f.	11	10 0 "
June 6th . . . . .	11	2 6	"	11	5 0 "
June 13th . . . . .	11	0 0	"	11	2 6 "
June 20th . . . . .	10	17 6	"	11	0 0 "
June 27th . . . . .	10	15 0	"	10	17 6 "
July 4th . . . . .	10	15 0	"	10	17 6 "
July 11th . . . . .	10	17 6	"	10	17 6 "
July 18th . . . . .	10	12 6	"	10	15 0 "
July 25th . . . . .	10	12 0	"	10	12 6 "
August 1st . . . . .	10	7 6	"	10	10 0 "
August 8th . . . . .	10	7 6	"	10	7 6 "
August 15th . . . . .	10	7 6	"	10	7 6 "
August 22nd . . . . .	10	7 6	"	10	7 6 "
August 29th . . . . .	10	2 6	"	10	7 6 "
September 5th . . . . .	10	0 0	"	10	2 0 "
		9 17 6	"		
September 12th . . . . .	9	17 6	"	10	0 0 "
September 19th . . . . .	9	17 6	"	10	0 0 "
September 26th . . . . .	No	quotation.		10	0 0 " , Great Britain off Gold Standard.
October 10th . . . . .	11	3 9	c.&f.	11	0 9 "
October 17th . . . . .	No	quotation.		10	17 6 "
October 24th . . . . .	10	13 9	c.&f.	10	15 0 "
November 7th . . . . .	10	13 9	"	10	12 6 "
November 14th . . . . .	10	13 9	"	10	7 6 "
December 5th . . . . .	10	2 6	"	10	5 0 "
December 12th . . . . .	10	5 0	"	10	10 0 "
December 19th . . . . .	10	7 6	"	10	10 0 "
December 26th . . . . .	10	7 6	"	10	10 0 "
1932.					
January 2nd . . . . .	10	7 6	c.&f.	10	10 0 c.i.f.
January 9th . . . . .	10	7 6	"	10	10 0 "
January 16th . . . . .	10	7 6	"	10	7 6 "
January 30th . . . . .	10	10 0	"	10	15 0 "
February 6th . . . . .	10	10 0	"	10	15 0 "
March 6th . . . . .	10	7 6	"	10	15 0 "
April 30th . . . . .	10	10 0	"	10	15 0 "
May 7th . . . . .	10	10 0	"	10	15 0 "
May 21st . . . . .	10	10 0	"	10	12 6 "
May 28th . . . . .	10	10 0	"	10	12 6 "

## (3) Quotations of British and Belgian Galvanized Corrugated Sheets as published in the "Iron Monger"—contd.

	Belgian.			British.		
	£	s.	d.	£	s.	d.
1932.						
June 4th . . . . .	10	10	0 c.&f.	10	10	0 c.i.f.
June 18th . . . . .	10	5	0 "	10	10	0 "
July 2nd . . . . .	10	5	0 "	10	10	0 "
July 16th . . . . .	10	5	0 "	10	7	6 "
July 23rd . . . . .	10	5	0 "	10	7	6 "
July 30th . . . . .	10	5	0 "	10	5	0 "
August 13th . . . . .	10	5	0 "	10	5	0 "
August 20th . . . . .	10	5	0 "	10	15	0 "
August 27th . . . . .	10	5	0 "	10	5	0 "
September 3rd . . . . .	10	5	0 "	10	7	6 "
September 10th . . . . .	10	5	0 "	10	10	0 "
September 17th . . . . .	10	5	0 "	10	12	6 "
September 24th . . . . .	10	12	6 "	11	2	6 "
October 1st . . . . .	10	12	6 "	11	2	6 "
October 8th . . . . .	10	12	6 "	11	2	6 "
October 15th . . . . .	...			11	2	6 "
October 22nd . . . . .	...			16	2	6 "
October 29th . . . . .	...			16	2	6 "
November 5th . . . . .	9	17	6 f.o.b.	16	2	6 " India.
	10	17	6 c.&f.	(10	0	0 f.o.b.) for other markets.
November 12th . . . . .	...			Do.		
November 19th . . . . .	9	17	6 f.o.b.	16	2	6 c.&f. India.
				10	0	0 " for other markets.
November 26th . . . . .	...			Do.		

## (4) Prices of Belgian Corrugated 2½ Gauge Sheets as published in the "Iron Monger", 1933.

	£	s.	d.
1933.			
January 7th . . . . .	9	17	6 f.o.b.
January 21st . . . . .	9	17	6 "
January 28th . . . . .	9	17	6 "
February 4th . . . . .	No quotation.		
February 11th . . . . .	"		
February 18th . . . . .	"		
February 25th . . . . .	"		
March 4th . . . . .	"		
March 11th . . . . .	"		
March 18th . . . . .	"		
April 1st . . . . .	" Belgian works are reported to have accepted orders for Bombay at a price which worked out, duty & etc., paid at rather less than British prices."		
April 8th . . . . .	" The competition reported last week from Belgian works appears to have increased and it is reported that business could be done at a figure which makes it possible to sell below the British price in India."		

(4) Prices of Belgian Corrugated 24 Gauge Sheets as published in the  
"Iron Monger", 1933—contd.

1933.

April 15th . . . . .	"The Continental Works continue to sell at below the British price for India. But do not appear to have booked a great deal of business."
April 22nd . . . . .	"Continental competition is still felt in the Indian market, and according to advices the Indian producer has been selling at below British makers' quotation."
April 29th . . . . .	Belgian works quote £10 c.&f. India.
May 6th . . . . .	The Belgian works have quoted £10 c.&f. India.
May 13th . . . . .	"Competition is keen from Belgian makers on the basis of £9-5 to £9-10 f.o.b."
May 20th . . . . .	No quotation.
May 27th . . . . .	"
June 3rd . . . . .	"The Continental works quote various prices, but are understood to have raised their quotation on May 31 to £10-2-6 f.o.b."
June 10th . . . . .	"The Continental works have quoted £9-17-6 to £10 f.o.b. for several overseas markets."
June 17th . . . . .	"Continental competition is still keenly felt and the quotation is now £9-17-6 to £10 f.o.b."
June 24th . . . . .	No quotation.
July 1st . . . . .	"Belgian makers are quoting 24 G. Corrugated at £10-10 f.o.b."
July 15th . . . . .	"Belgian works continue to compete in a number of foreign markets their quotation being on the basis of £10-10 for 24 Gauge and £10-17-6 for 30 Gauge and thinner."
July 22nd . . . . .	No quotations.
July 29th . . . . .	"Belgian works are still competing for business in a number of the export markets, their quotations being £10-10 for 24 Gauge and £10-17-6 f.o.b. for 30 Gauge and thinner."
August 5th . . . . .	"The Belgian works have competed on the export market, their quotations being £10-10 for 24 G. and £10-17-6 for 30 G. and thinner f.o.b."
August 12th . . . . .	No quotations.
August 19th . . . . .	"
August 26th . . . . .	"
September 2nd . . . . .	"Belgian Works quote £10-15 f.o.b. Antwerp for 24 G. and £10-17-6 for 30 G. and thinner. It has been intimated to the British makers that they have been awarded a large proportion of the Argentine contract for 39,000 tons of sheets, but official confirmation has not yet been received."
September 9th . . . . .	"The Belgian works quote £10-15 f.o.b. Antwerp for 24G. and £10-17-6 for 30G. and thinner."
September 23rd . . . . .	No quotations.
September 30th . . . . .	"
October 7th . . . . .	"
October 14th . . . . .	.....
October 21st . . . . .	Belgian makers continue to quote £11 f.o.b
October 28th . . . . .	No quotations.
	Belgian.
	British.
	£ s. d.
November 4th . . . . .	{ 16 7 6 including duty.
	{ 11 5 0 f.o.b. for other markets,

## (4) Prices of Belgian Corrugated 24 Gauge Sheets as published in the "Iron Monger", 1933—concl'd.

	Belgian.			British.		
	£	s.	d.	£	s.	d.
1933.						
November 11th . . . . .	11	0	0 f.o.b.	}	16	7 6 including duty.
					11	5 0 f.o.b. for other markets.
November 18th . . . . .	11	0	0 "			Ditto.
November 25th . . . . .	11	0	0 "			Ditto.
December 2nd . . . . .	11	0	0 "			Ditto.
December 9th . . . . .	10	15	0 "			Ditto.
December 16th . . . . .	11	10	0 c.i.f.			Ditto.
December 23rd . . . . .	11	10	0 "			Ditto.
December 30th . . . . .	11	10	0 "			Ditto.
					£	s. d.
1934.						
January 6th . . . . .	10	15	0 f.o.b.	}	16	7 6 including duty.
					11	5 0 f.o.b. other markets.

**Bengal Industries Association, Calcutta.**

(1) Letter dated the 16th October, 1933.

In pursuance of the Government of India resolution No. 260/T.(8)33, I have the honour to submit the Memorandum on behalf of the Bengal Industries Association on the question of protection to Iron and Steel Industries of this country for favour of the Board's consideration.

My Association represents a number of industries in Bengal including those who fabricate steel, and as protection to the steel industry manufacturing basic raw materials will have a very far reaching effect on the comparatively smaller industries, the members of my Association beg to submit their views in the matter of such protection. My Association is in favour of continuing protection to Iron and Steel Industries in this country, and particularly to Messrs. Tata Iron and Steel Co., Ltd., who supply approximately seventy-two per cent. of the country's requirements of the kinds of steel manufactured by them. But we beg to make it clear that this protection should be granted with such well defined conditions as would make the effects of such protection beneficial and conducive to the stability of all Iron and Steel Industries of the country both big and small.

In 1926, protection was granted to Messrs. Tata Iron and Steel Co., Ltd., and to other big steel industries, as the manufacturers of basic material. Those industries have enjoyed protection for more than seven years. But the difficulties and hardships of the small industrialists such as manufacturer of rain water pipes, cast iron railings, agricultural implements, domestic utensils, sanitary fittings and municipal requisites are that they did not get any consideration either from the Government or from the protected industries. We therefore think that in this country which consists mainly of an agricultural population who have suffered most on account of the commodity prices being at the lowest level for some years, the case of the smaller industrialists should receive due share of consideration from the Tariff Board before any broad rules for protection are framed for the benefit of the larger industries. Our contention is that under the present arrangement the benefit of protection given to the steel industries are not felt by those small and middle-sized factories and village artisans who depend for the basic material on Messrs. Tata Iron and Steel Co., Ltd., and other steel companies. For example iron foundries of Bengal, small factories engaged in the manufacturing of fabricated steel, machineries and machinery parts, Agricultural implements, cannot buy their basic materials at the same rate at which the bigger industries of India get their supply of Pig Iron and Steel from the protected industries. This happens in spite of the fact that while the protected companies export pig iron at Rs. 20 per ton ex-works,

they charge the small industries more than Rs. 60 per ton for the very same thing. My Association considers such fixation of rates by the manufacturers of basic material to be very unfair, because had there been no protection the small industrialists would have received their supply of imported basic materials cheaper by at least the import duty enhanced by reason of the protection. And if one takes into account the fact that Messrs. Tata Iron and Steel Co., Ltd., and others, supply exactly the same pig iron sometimes even to their competitors and generally to their subsidised companies at Rs. 30 per ton, it is positively inequitable on their part to take more than Rs. 60 per ton from the smaller industrialists, whose financial position is much weaker than the aforesaid competitors. Such a discriminatory policy during the last seven years have affected the small iron industries seriously, and most of them have found it uneconomical to carry on their business any longer. Hence our prayer is that protection to basic steel industries should be given by imposing strict conditions with a view that the benefit accruing from protection should be available to small industries as well in the country. All basic material should be protected with the primary object that they might be sold at the cheapest price possible in the country's markets for conversion into finished products by the small industrialists and to help in the stabilisation of the bigger industries. This object can be better achieved if discriminatory treatment of competitors to the principal industries be prevented by conditions precedent to the measure granting protection to such industries. My Association considers that the trend of industrial movement all over the world justify discouragement of mechanised industries on a huge scale. And in a large and thickly populated agricultural country like ours, the interest of the small and middle-sized factories and village artisans must receive fair and unfettered consideration from the Government. The smaller industries find that it is not possible for them to get any remedy of their grievances otherwise than by an appeal to the Tariff Board and the legislatures.

In view of the above my Association is of opinion that in case of protection being extended, it should be hedged in by proper conditions safeguarding the interest of smaller industries. It is also desirable that protection should be granted with such conditions as will enable the general participation of benefits by the other indigenous industries and consumers so that after a reasonable time the steel industry will be capable of maintaining its ground against all foreign competition, and the causes for further protection will be eliminated as time progresses. Taking the case of Bengal, my Association is of opinion that artificial raising of the price of corrugated sheets will cause intense hardships to the agriculturists and the labouring classes who are the biggest consumers of this articles. Acute trade depression, depreciation in wages, intense fall in commodity prices have rendered absolutely bankrupt the agriculturists and the labouring classes and if in spite of such distressful condition they have to buy corrugated sheets for roofing their huts, they will feel the pinch of the high prices in doing it, and the demand for corrugated sheets will automatically diminish. It is, therefore, just possible that if protection causes a rise in the price of locally manufactured corrugated sheets the objects of protection will be frustrated by insignificant sale of such article and the industry itself will receive a rude shock ultimately.

My Association begs to suggest that some portion of the money that is received from increased Customs Duty by measures of protection should be set apart for helping the development of small industries in the different provinces. For this purpose the provincial Industries Departments may be utilised for the proper application of such fund.

In conclusion, we beg to summarise as follows:—

We recognise that the Tata Iron and Steel Industry is in need for protection as this is the basic industry for all other Industries. Manufacture of Steel in India was started on a large scale by Messrs. The Tata Iron and Steel Co., Ltd., in 1912, but before the Great War the necessity for this Industry in this country was not fully realised, and in 1924 it was found that protection to this industry was essential and since then for these 10 years protection is continuing in some form or other.

It appears that without protection for a further period, this Industry cannot properly function and my Association agrees that such protection should be extended on certain conditions to realise the full effect of such protection to the country.

1. That so long as Steel (Billets and Bars) which is raw material for conversion into steel articles can be sold in this country to small concerns which use scrap materials at present (and with the extension of protection such concerns are likely to increase in number) the raw materials hereinbefore mentioned should not be allowed to be exported to foreign countries at practically cost price depriving the indigenous industries.

2. That so long as Pig Iron can be sold at the present export prices within the country, it should not be exported to foreign countries. In other words pig iron should not be exported unless and until all the requirements of such industries are fully supplied, and avenues should be found to utilise pig iron in the country. It is well known that Pig Iron manufactured in this country is the cheapest in the world, and if it is allowed to be exported at cost price or even below cost price, foreign countries will make Iron and Steel Products with our Pig Iron only to crush our indigenous industries by unfair competition.

3. That so long as rejected and off-grade Pig Iron and scrap Steel Materials can be sold at export prices in the country, the same should not be exported to foreign countries. There are many small industries as well as Cottage Industries also which are interested in the rejected and scrap materials, but they cannot purchase such materials because they are now exported to foreign countries at a very cheap, often much below the cost price. And foreigners, after turning the aforesaid materials into finished products, send these to our country to be sold at competitive prices.

4. That the policy of combine with competitors with a view to keep up very high artificial prices of basic iron and steel materials should be stopped and all industrialists of the country should be given preference over foreign buyers. It is on account of this discriminatory policy so long followed, that many of our small indigenous industries and Cottage Industries have not only suffered but most of them have collapsed.

We would therefore suggest to the Tariff Board that they should recommend that in the event of any dispute or difference arising between the consuming industries and the protected ones, both parties should have a right of referring such disputes for settlement either to the Commerce Member to the Government of India or to a permanent Board of experts selected by the Government who will be entitled to investigate and settle the disputes, and whose decision will be binding on both parties.

(2) *Letter dated the 2nd March, 1934, from the Bengal Industries Association.*

On behalf of the Enamel Factories of Bengal, who are members of this Association, our President Mr. N. N. Rakshit interviewed the President of the Indian Tariff Board, who graciously granted permission to submit a memorandum to the Board immediately detailing the needs of the Enamel Industry with special reference to the protective tariff on steel sheets.

We have the honour to submit that we experience the greatest difficulty in securing country made steel sheets of 26, 28 and 30 gauges for the purpose of manufacturing enamel hollow-wares. Messrs. Tata Iron and Steel Company do not manufacture any sheets lighter than 24 gauge, which thickness is not particularly suitable for stamping enamel hollow-wares. Moreover the quality of Tata sheets is not suited for the production of average wares for which there is a demand in this market. Therefore we have to depend almost entirely upon imported steel sheets of lighter weight, which at present are admitted into the country under high protective tariff. The high rate of duty on the imported steel sheets required for this industry affects the cost of enamel hollow-wares very adversely, and the hollow-ware manufacturers find it extremely difficult to compete with cheaper Japanese articles.



We, therefore, beg to submit that so long as the steel companies of the country do not manufacture steel sheets suitable for the use of the hollow-ware industry no protective duty should be recommended on foreign steel sheets coming into the country for enamelling and hollow-ware manufacturing purposes.

In this connection we beg to refer the Board to the recommendations made by the first Steel Enquiry Committee for protection to the steel industry. The enamel and hollow-ware industry at that time made out a convincing case on the lines specified above and a provision was temporarily made to allow steel sheets for enamelling and hollow-ware purposes to be imported by paying revenue duty only. But this privilege was withdrawn on the recommendation of the Customs authorities that it was difficult to distinguish the sheets imported for the manufacture of enamel hollow-wares from the consignments imported for other purposes. While we are quite alive to the contention of the Customs authorities, we beg to suggest that the difficulties for identification of the steel sheets required for enamelling and hollow-ware manufacture can be overcome if they be imported in circular shapes with a diameter varying from 6" to 24" and in gauges of 26, 28 and 30 only. We beg to point out that in such circular shapes and specified diameter, and specified thickness the sheets cannot be utilised for any other commercial purpose except for the manufacture of enamel hollow-wares.

In conclusion we beg to submit that if the sheets as specified above be imported by paying revenue duty only until such time as the steel companies of the country manufacture identical sheets, there will not be very great loss to the Central Revenue. Because the requirements of the enamel and hollow-ware industry are limited. The arguments which have released imported square and round bars of below half inch section from the burden of protective duty may be applied to the importation of the circular discs of thin steel sheets expressly for the purpose of helping the enamel and hollow-ware industry, which is still in its infancy.

### **The Indian Merchants' Chamber, Bombay.**

(1) *Letter dated the 25th October, 1933.*

I am directed by the Committee of this Chamber to submit their views as under, in response to the Government of India, Department of Commerce, Resolution No. 260-T.(8)/33, dated the 26th August, 1933.

My Committee have carefully considered the representation submitted by the Tata Iron and Steel Company in this connection, and feel that the Company has made out a good case, deserving support both by Government and by the public. They wish to draw the attention of the Board particularly to the fact that in spite of making elaborate and carefully thought out calculations, the previous Tariff Board could not achieve its objective on account of unforeseen circumstances, over which it had no control. It seems that the defect lies in the lack of an appropriate machinery to cope with altering conditions, and my Committee therefore would like to suggest to the Board that some method should be devised for preventing the failure of protection during the coming period. My Committee do not think it advisable to make any definite suggestion at this stage because they have no doubt that the Board is much better placed to do so than themselves.

My Committee are of opinion that the protection of the Steel Industry is a very important matter for the country, and while agreeing entirely with the view taken by previous Tariff Boards and the Government in the matter of protecting this industry, they are naturally anxious to see that after a reasonable period of adequate protection the Company should be placed in a position which would enable it to stand on its own legs. If for the next seven years the Company gets the protection which is asked for, and if the demand of the Railways for the products of the Company should remain relatively constant, the Company should be in a strong enough position to be able to withstand foreign competition without any burden on the consumer.

Although my Committee support the claim of the Tata Iron and Steel Company for protection so strongly, they cannot but recognise that there is a definite burden on the consumer in consequence of this protection. They are, therefore, anxious that the experiment should be made satisfactorily, once for all, regardless of the reduction in steel prices abroad whether on account of exchange or for any other factor. The consequent extra burden temporarily thrown on the consumer will be more than repaid if, thereby, the steel industry, which is a natural and essential basic industry of the country, is firmly established, because, ultimately, all industrial progress in India will depend on the existence of a strong indigenous steel industry.

(2) *Letter dated the 19th February, 1934, from the Indian Merchants' Chamber, Bombay.*

Representatives of the Committee of this Chamber, when they were orally examined by the Tariff Board in Bombay, referred to a memorandum submitted to the Board by representatives of the British Iron and Steel Industry and observed that the Committee of the Chamber might like to submit a supplementary memorandum regarding the same, if the Board allowed. The President of the Board replied that they would gladly receive it if the Committee chose to send it on. My Committee have now considered the memorandum and its supplement as submitted by British Iron and Steel manufacturers. They beg to give here the views expressed by the President of this Chamber at the last Annual General Meeting of the Chamber. These substantially represent the views of the Committee of the Chamber:

"You are aware that the question of extending protection to the Indian Steel Industry is at present being considered by the Tariff Board. Your Committee, in submitting their views to the Board, expressed the opinion that adequate protection to the Indian Steel Industry was a very important matter for the country. If the Industry got an adequate measure of protection, which was asked for, it should be in such a position as to withstand foreign competition without any undue burden on the consumer. I need hardly stress the vital fact that the Steel Industry is an essential Key industry of the country and as such requires to be established on a firm and permanent basis by means of an adequate measure of protection.

In this connection, I would like to draw your attention to the demands made by the British Steel Industry, in their memorandum submitted to the Tariff Board. Among others they have demanded free entry of iron and steel products of the United Kingdom manufacture into India, and increase of the existing duty on non-British products. They go even further and suggest that the Indian market should be divided on a geographical basis between the Indian and United Kingdom producers, respectively. These are really very astounding demands on the part of the British manufacturers. India is committed to an irrevocable policy of protecting her industries to the fullest possible extent, and any demands coming from whatever outside source which may tend to the whittling down of this policy stand condemned and should be stoutly opposed. Let us hope that the Tariff Board will bear this fundamental aspect of the question, and will not allow any concessions to the British Steel Industry in the matter of protection to the Indian Steel Industry."

In this connection, my Committee would like to make some observations in regard to the working of the Ottawa arrangement regarding iron and steel between the Tata Iron and Steel Co. and the British Iron and Steel manufacturers to show how the same has in practice resulted in little, if any, benefit to the Indian Steel Industry, but on the contrary in considerable loss of Customs revenue to the Government of India.

As the Tariff Board are aware the Supplementary Ottawa Agreement regarding iron and steel was finally arrived at towards the end of 1932. The benefit to the Indian industry as a result of the preference to the

they charge the small industries more than Rs. 60 per ton for the very same thing. My Association considers such fixation of rates by the manufacturers of basic material to be very unfair, because had there been no protection the small industrialists would have received their supply of imported basic materials cheaper by at least the import duty enhanced by reason of the protection. And if one takes into account the fact that Messrs. Tata Iron and Steel Co., Ltd., and others, supply exactly the same pig iron sometimes even to their competitors and generally to their subsidised companies at Rs. 30 per ton, it is positively inequitable on their part to take more than Rs. 60 per ton from the smaller industrialists, whose financial position is much weaker than the aforesaid competitors. Such a discriminatory policy during the last seven years have affected the small iron industries seriously, and most of them have found it uneconomical to carry on their business any longer. Hence our prayer is that protection to basic steel industries should be given by imposing strict conditions with a view that the benefit accruing from protection should be available to small industries as well in the country. All basic material should be protected with the primary object that they might be sold at the cheapest price possible in the country's markets for conversion into finished products by the small industrialists and to help in the stabilisation of the bigger industries. This object can be better achieved if discriminatory treatment of competitors to the principal industries be prevented by conditions precedent to the measure granting protection to such industries. My Association considers that the trend of industrial movement all over the world justify discouragement of machinised industries on a huge scale. And in a large and thickly populated agricultural country like ours, the interest of the small and middle-sized factories and village artisans must receive fair and unfettered consideration from the Government. The smaller industries find that it is not possible for them to get any remedy of their grievances otherwise than by an appeal to the Tariff Board and the legislatures.

In view of the above my Association is of opinion that in case of protection being extended, it should be hedged in by proper conditions safeguarding the interest of smaller industries. It is also desirable that protection should be granted with such conditions as will enable the general participation of benefits by the other indigenous industries and consumers so that after a reasonable time the steel industry will be capable of maintaining its ground against all foreign competition, and the causes for further protection will be eliminated as time progresses. Taking the case of Bengal, my Association is of opinion that artificial raising of the price of corrugated sheets will cause intense hardships to the agriculturists and the labouring classes who are the biggest consumers of this articles. Acute trade depression, depreciation in wages, intense fall in commodity prices have rendered absolutely bankrupt the agriculturists and the labouring classes and if in spite of such distressful condition they have to buy corrugated sheets for roofing their huts, they will feel the pinch of the high prices in doing it, and the demand for corrugated sheets will automatically diminish. It is, therefore, just possible that if protection causes a rise in the price of locally manufactured corrugated sheets the objects of protection will be frustrated by insignificant sale of such article and the industry itself will receive a rude shock ultimately.

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It appears that without protection for a further period, this Industry cannot properly function and my Association agrees that such protection should be extended on certain conditions to realise the full effect of such protection to the country.

1. That so long as Steel (Billets and Bars) which is raw material for conversion into steel articles can be sold in this country to small concerns which use scrap materials at present (and with the extension of protection such concerns are likely to increase in number) the raw materials herein-before mentioned should not be allowed to be exported to foreign countries at practically cost price depriving the indigenous industries.

2. That so long as Pig Iron can be sold at the present export prices within the country, it should not be exported to foreign countries. In other words pig iron should not be exported unless and until all the requirements of such industries are fully supplied, and avenues should be found to utilise pig iron in the country. It is well known that Pig Iron manufactured in this country is the cheapest in the world, and if it is allowed to be exported at cost price or even below cost price, foreign countries will make Iron and Steel Products with our Pig Iron only to crush our indigenous industries by unfair competition.

3. That so long as rejected and off-grade Pig Iron and scrap Steel Materials can be sold at export prices in the country, the same should not be exported to foreign countries. There are many small industries as well as Cottage Industries also which are interested in the rejected and scrap materials, but they cannot purchase such materials because they are now exported to foreign countries at a very cheap, often much below the cost price. And foreigners, after turning the aforesaid materials into finished products, send these to our country to be sold at competitive prices.

4. That the policy of combine with competitors with a view to keep up very high artificial prices of basic iron and steel materials should be stopped and all industrialists of the country should be given preference over foreign buyers. It is on account of this discriminatory policy so long followed, that many of our small indigenous industries and Cottage Industries have not only suffered but most of them have collapsed.

We would therefore suggest to the Tariff Board that they should recommend that in the event of any dispute or difference arising between the consuming industries and the protected ones, both parties should have a right of referring such disputes for settlement either to the Commerce Member to the Government of India or to a permanent Board of experts selected by the Government who will be entitled to investigate and settle the disputes, and whose decision will be binding on both parties.

(2) *Letter dated the 2nd March, 1954, from the Bengal Industries Association.*

On behalf of the Enamel Factories of Bengal, who are members of this Association, our President Mr. N. N. Rakshit interviewed the President of the Indian Tariff Board, who graciously granted permission to submit a memorandum to the Board immediately detailing the needs of the Enamel Industry with special reference to the protective tariff on steel sheets.

We have the honour to submit that we experience the greatest difficulty in securing country made steel sheets of 26, 28 and 30 gauges for the purpose of manufacturing enamel hollow-wares. Messrs. Tata Iron and Steel Company do not manufacture any sheets lighter than 24 gauge, which thickness is not particularly suitable for stamping enamel hollow-wares. Moreover the quality of Tata sheets is not suited for the production of average wares for which there is a demand in this market. Therefore we have to depend almost entirely upon imported steel sheets of lighter weight, which at present are admitted into the country under high protective tariff. The high rate of duty on the imported steel sheets required for this industry affects the cost of enamel hollow-wares very adversely, and the hollow-ware manufacturers find it extremely difficult to compete with cheaper Japanese articles.

We, therefore, beg to submit that so long as the steel companies of the country do not manufacture steel sheets suitable for the use of the hollow-ware industry no protective duty should be recommended on foreign steel sheets coming into the country for enamelling and hollow-ware manufacturing purposes.

In this connection we beg to refer the Board to the recommendations made by the first Steel Enquiry Committee for protection to the steel industry. The enamel and hollow-ware industry at that time made out a convincing case on the lines specified above and a provision was temporarily made to allow steel sheets for enamelling and hollow-ware purposes to be imported by paying revenue duty only. But this privilege was withdrawn on the recommendation of the Customs authorities that it was difficult to distinguish the sheets imported for the manufacture of enamel hollow-wares from the consignments imported for other purposes. While we are quite alive to the contention of the Customs authorities, we beg to suggest that the difficulties for identification of the steel sheets required for enamelling and hollow-ware manufacture can be overcome if they be imported in circular shapes with a diameter varying from 6" to 24" and in gauges of 26, 28 and 30 only. We beg to point out that in such circular shapes and specified diameter, and specified thickness the sheets cannot be utilised for any other commercial purpose except for the manufacture of enamel hollow-wares.

In conclusion we beg to submit that if the sheets as specified above be imported by paying revenue duty only until such time as the steel companies of the country manufacture identical sheets, there will not be very great loss to the Central Revenue. Because the requirements of the enamel and hollow-ware industry are limited. The arguments which have released imported square and round bars of below half inch section from the burden of protective duty may be applied to the importation of the circular discs of thin steel sheets expressly for the purpose of helping the enamel and hollow-ware industry, which is still in its infancy.

### **The Indian Merchants' Chamber, Bombay.**

(1) *Letter dated the 25th October, 1933.*

I am directed by the Committee of this Chamber to submit their views as under, in response to the Government of India, Department of Commerce, Resolution No. 260-T.(8)/33, dated the 26th August, 1933.

My Committee have carefully considered the representation submitted by the Tata Iron and Steel Company in this connection, and feel that the Company has made out a good case, deserving support both by Government and by the public. They wish to draw the attention of the Board particularly to the fact that in spite of making elaborate and carefully thought out calculations, the previous Tariff Board could not achieve its objective on account of unforeseen circumstances, over which it had no control. It seems that the defect lies in the lack of an appropriate machinery to cope with altering conditions, and my Committee therefore would like to suggest to the Board that some method should be devised for preventing the failure of protection during the coming period. My Committee do not think it advisable to make any definite suggestion at this stage because they have no doubt that the Board is much better placed to do so than themselves.

My Committee are of opinion that the protection of the Steel Industry is a very important matter for the country, and while agreeing entirely with the view taken by previous Tariff Boards and the Government in the matter of protecting this industry, they are naturally anxious to see that after a reasonable period of adequate protection the Company should be placed in a position which would enable it to stand on its own legs. If for the next seven years the Company gets the protection which is asked for, and if the demand of the Railways for the products of the Company should remain relatively constant, the Company should be in a strong enough position to be able to withstand foreign competition without any burden on the consumer.

Although my Committee support the claim of the Tata Iron and Steel Company for protection so strongly, they cannot but recognise that there is a definite burden on the consumer in consequence of this protection. They are, therefore, anxious that the experiment should be made satisfactorily, once for all, regardless of the reduction in steel prices abroad whether on account of exchange or for any other factor. The consequent extra burden temporarily thrown on the consumer will be more than repaid if, thereby, the steel industry, which is a natural and essential basic industry of the country, is firmly established, because, ultimately, all industrial progress in India will depend on the existence of a strong indigenous steel industry.

(2) *Letter dated the 19th February, 1934, from the Indian-Merchants' Chamber, Bombay.*

Representatives of the Committee of this Chamber, when they were orally examined by the Tariff Board in Bombay, referred to a memorandum submitted to the Board by representatives of the British Iron and Steel Industry and observed that the Committee of the Chamber might like to submit a supplementary memorandum regarding the same, if the Board allowed. The President of the Board replied that they would gladly receive it if the Committee chose to send it on. My Committee have now considered the memorandum and its supplement as submitted by British Iron and Steel manufacturers. They beg to give here the views expressed by the President of this Chamber at the last Annual General Meeting of the Chamber. These substantially represent the views of the Committee of the Chamber:

"You are aware that the question of extending protection to the Indian Steel Industry is at present being considered by the Tariff Board. Your Committee, in submitting their views to the Board, expressed the opinion that adequate protection to the Indian-Steel Industry was a very important matter for the country. If the Industry got an adequate measure of protection, which was asked for, it should be in such a position as to withstand foreign competition without any undue burden on the consumer. I need hardly stress the vital fact that the Steel Industry is an essential Key industry of the country and as such requires to be established on a firm and permanent basis by means of an adequate measure of protection.

In this connection, I would like to draw your attention to the demands made by the British Steel Industry, in their memorandum submitted to the Tariff Board. Among others they have demanded free entry of iron and steel products of the United Kingdom manufacture into India, and increase of the existing duty on non-British products. They go even further and suggest that the Indian market should be divided on a geographical basis between the Indian and United Kingdom producers, respectively. These are really very astounding demands on the part of the British manufacturers. India is committed to an irrevocable policy of protecting her industries to the fullest possible extent, and any demands coming from whatever outside source which may tend to the whittling down of this policy stand condemned and should be stoutly opposed. Let us hope that the Tariff Board will bear this fundamental aspect of the question, and will not allow any concessions to the British Steel Industry in the matter of protection to the Indian Steel Industry."

In this connection, my Committee would like to make some observations in regard to the working of the Ottawa arrangement regarding iron and steel between the Tata Iron and Steel Co. and the British Iron and Steel manufacturers to show how the same has in practice resulted in little, if any, benefit to the Indian Steel Industry, but on the contrary in considerable loss of Customs revenue to the Government of India.

As the Tariff Board are aware the Supplementary Ottawa Agreement regarding iron and steel was finally arrived at towards the end of 1932. The benefit to the Indian industry as a result of the preference to the

Indian pig iron in the British market and of the special preference to British sheets made from that iron had been meagre. My Committee are informed that the benefit can be approximately put down to a sum of about Rs. 5 lakhs at the most. On the other hand the loss to the Indian Exchequer by the reduction of duty is much greater as would be seen from the figures for imports of British sheets. From April to the end of November 1933, imports of British sheets made from the Indian sheet-bars were about 10,000 tons and those made from non-Indian sheet-bars about 22,000 tons. The loss of revenue, my Committee submit, by charging a lower rate of duty on these imports would amount to about Rs. 12 lakhs for a period of 8 months only. At this rate, the loss of revenue for the whole period of the Supplementary Ottawa Agreement upto the end of September 1934 might come to about Rs. 30 lakhs. This is no *quid pro quo* to Indian interests corresponding to this sacrifice and the whole arrangement lacks reciprocity on which alone its continuance in any form can be justified. My Committee beg to point out that the situation as disclosed by these figures has already become very serious, and if the demands of the British Iron and Steel Industry, as contained in their memorandum to the Tariff Board, are conceded it would become much worse and would vitiate the protection granted to the Indian Industry. They, therefore, reiterate their support to the observations made by the President referred to above, *viz.*, to reject the demands of the British Steel Industry, in this regard. In the alternative it would impose a sacrifice on the part of the Indian consumer out of the reach of the Tata Iron and Steel Company's products in non-Indian interests for which there can exist no justification whatsoever.

### Labour Federation, Jamshedpur.

(1) *Memo. dated the 25th October, 1933.*

India has been under the domination of British Imperialism for nearly two hundred years, but it is remarkable that inspite of having been in close connection with a country which was the most advanced industrially and inspite of having an abundant supply of raw materials and labour the growth of heavy industry in India, has been practically *nil*. The reason for this is to be found in the colonial policy of British Imperialism which has, made an alliance and compromise with the decaying Indian feudal system and with the commercial traders of India. Imperialism has kept India apart as a reserve of raw materials, and only those industries which were necessary for the effective exploitation of these raw materials, were allowed to grow up.

But Imperialism had to create its own contradiction: Indigenous capitalists, taking advantage of the development of railways, etc., took to organising industries themselves, and the establishment of the steel company at Jamshedpur was one of these organisations. At the outset it received no sympathy or support from the Government; on the other hand, it was definitely discouraged. One member of the Government at that time really ridiculed the idea by saying that he would eat up every pound of steel that was produced (*vide* Tata's evidence before the last Tariff Board). The Government could not support it as it was against the interests of the British steel capitalists.

However, the industry began to grow. Along with it, other contradictions of imperialism began to appear. Different imperialist powers, in their competition for the world market and in their mad lust for the division and re-division of the world among themselves plunged headlong into the world war. It was from this time that the Government began to consider the possibility of creating an Indian base for the manufacture of materials necessary for war and as such their attention was drawn to the steel company of Jamshedpur. The cables, telegrams and letters that passed between the Tata Co., the Government of India and the Secretary of State for India are ample evidence of this. From this time we find the Government supporting and helping the Steel Company sanctioning and pressing

for further extensions and even going so far as to exerting pressure on the U. S. A. Government for the speedy despatch of materials for extension (Vide Tata's evidence before the last Tariff Enquiry Committee).

This sympathy and support culminated in the grant of tariff to the Steel industry in 1926 by the legislature. The representatives of the Indian bourgeoisie from the Indian National Congress, whose ambition had always been to remain a junior partner of British Imperialism in the exploitation of India, gladly supported the Government move for tariff and thus paved the way for further imperialist wars. British imperialism was never willing to aid the growth of heavy industry in India. Only on the apprehension of further wars, did it grant the tariff to Tata. But even now British Capitalism (which has developed into imperialism) is unwilling to see the indigenous production of steel increased or to extend the concession to concerns other than the Tatas. The weekly "Capital", organ of British Finance and industrial Capital, commenting on the memoranda submitted by the Tata Co. to the Tariff Board writes under date 12th October, 1933, ". . . . . one possible line of action is to continue protection on condition that production is not increased. The revenue could then be kept up and a stock of the sort of steel required for war purposes built." (Emphasis ours). This proves both of our assertions namely, that British Capitalism is unwilling to see the Indian steel industry further developed and that the sole consideration which makes it help the industry is the building up of a stock of materials for war purposes. Another fact may also be noted. Tata's major production is pig iron which may be called simply a raw material in the steel industry, so when British imperialism granted tariff to Tatas, it may be understood that it was done with a view to the effective exploitation of the Indian raw materials. It may also be remembered that a large portion of the capital invested in the Indian Steel Industry is British and so protection to the industry means some profits to the British Capitalists.

However, Imperialism had reckoned without another of its contradictions. Production for profits only led to the competition between different capitalist powers. Every power wanted to supply as much as it could without an eye to the buying power of the consumers and this anarchy in production led to the world economic crisis. Coming at a period when world capitalism and imperialism were decaying, this crisis, unlike its predecessors, came to stay. Unemployment has become chronic—in Jamshedpur alone nearly ten thousand workers were sacked—and this is the picture all over the world. Prices fell rapidly,—peasants cannot get back even their cost of production by selling their produce. This fall in prices has led the peasants to bankruptcy, crippling their already meagre purchasing power and as they are the majority of the consumers of the industrial produce—the economic crisis is daily deepening instead of being lessened. All sorts of attempts, ranging from rationalisation to brutal massacre of the workers, have been made by the capitalists of the world. But none of this have been of any avail for the simple reason that the crisis is due to the worthlessness and decay of the capitalist system of production and no amount of readjustment can prop up its tottering edifice.

The world economic crisis did not fail to visit the Indian Steel industry though, in accordance with the unevenness of capitalist development, it was in a lesser degree. Let us see how the crisis affected Tata's steel industry and how Tata launched attack after attack on the conditions of life and labour of the workers with a view to transfer the burden of the crisis on to the shoulders of the workers—though the cause of the crisis was the insatiable capitalist lust for wealth.

*Production.*—The production of coke, pig iron, steel ingots and saleable steel, taken together, was 2,562,328 tons in 1931-32 and 2,471,880 tons in 1932-33, which means a decrease of nearly a hundred thousand tons.

*Retrenchment, Wage-cut, etc.*—The total number of men employed by the steel company was, according to the report of the Whitley Commission, 28,660 in 1929-30 and in 1932-33 it was less than 20 thousand



which means that nearly nine thousand men have been robbed of their jobs. The average daily attendance at the works was 19,025 in 1928-29, 16,771 in 1931-32, and 15,587 in 1932-33. The extent to which the mill of retrenchment has ground down the workers is also shown by the great difference in the wages bills, of the company. The company paid as wages in March, 1929, Rs. 8,94,000, in March, 1932, Rs. 7,99,918 and in March, 1933, Rs. 7,81,918 only. (These figures are taken from the reports of the Directors of the Company for the respective years.)

Apart from this huge reduction in staff quite a large number are on compulsory leaves for six months or more. No attempt was made by the company to absorb them in departments other than their own—and we are in a position to show that there are men who have been sitting idle on compulsory leave for nearly two years. The total number of men on compulsory leave has never been published by the company but we think that at one time it exceeded a thousand. Besides, there are numerous records of cases to show that many men drawing Rs. 2-8 or more per day were compelled to work on As. 0-10-0 or a little more on pain of being sent away on compulsory leaves for indefinite periods. The Directors of the Company in their annual report for 1932-33 state, "No reduction in the rate of wages of labour has been made in the case of employees drawing less than Rs. 25 per month". But the instances quoted above show this to be a gross misrepresentation of facts.

*Decrease in Earning.*—It may be mentioned that the earning of the workers have also been substantially reduced owing to (i) complete stoppage of over-time work (workers used to earn nearly one-fifth of their pay by working over and above the usual hours), (ii) the off days of the month did not use to be enforced so strictly formerly and as the off days are without pay this has decreased the earning.

*Increase in the Cost of Living.*—According to the Bihar and Orissa Government's report for 1930-31, Jamshedpur was "the dearest centre for the workmen to live in". And with the additional burden of supporting the unemployed, with the cut in their wages—the standard of living of the workers has gone down. Besides, the company increased the rents of the quarters, resulting in an increase in the cost of living against a decrease in the income of the workers. The rent of quarters of the H/6 type increased from Rs. 8 per month to 15 per month, of H/2 from Rs. 4-8 per month to Rs. 11 per month, of R.N. from Rs. 1-4 per month to Rs. 2-8 per month and so on.

The rent of the land to be used for building purposes by the workers has also been increased.

In this connection it may be mentioned that at present the company provides housing accommodation for only a small fraction of its employees, and this want of accommodation has led to the growth of insanitary slums at Jugsalai, Dhakidih, Sonari and other places.

There have also been some other factors increasing the cost of living at Jamshedpur among which may be mentioned the tax on cattle grazing in certain areas where the workers, having cattle, had not to pay anything at all formerly. Also, the workers had to pay nothing for their dependents lying in the indoor hospitals of the Company, but now-a-days a charge has been imposed.

*Improper Conditions of Work.*—In 1928 the company had made attempts to reduce the number of men, but meeting with organised resistance by the workers they had given it up. Instead they agreed to give more in bonus and increment to the workmen. But in 1930, spreading a terror among the workers by victimising all workers taking active part in the local trade union and taking advantage of the resulting disorganisation and disunion among the workers the company started a cruel attack on the conditions of the life and labour of the workers, discharging thousands of men within the course of two years and a half, sending away many on compulsory leave and forcing others to work on reduced rates of pay. The already heavy burden of work on the workers became heavier and heavier, one man being

compelled to do the work of two. That these indiscriminate discharges, leaves, etc., imposed improper conditions of work on those employed is shown by the great over-working of the men resulting in an increased rate of accidents in the works.

In 1927 the total number of accidents was 1,535 and that in 1930 was 1,405, the accident rate per 1,000 men employed having been 4.94 in 1927 and 6.34 in 1930. (Tisco Review, June 1933). The rate of accidents was nearly one and a half times as great in 1930 as in 1927—and this in spite of the vigorous "Safety First" campaign.

*Police Persecution.*—Along with this attack on the workers by the employers, the Government has also put certain obstacles in the way of the workers' organisation. To speak of a recent experience, in October, 1933, while the workers were peacefully organising themselves in meetings the police broke up one meeting of the workers which was entirely peaceful and which is reported to have had the discussion of sending a representation to the Steel Tariff Board as one of its agenda. The Sub-Divisional Officer of Dhalbhum banned all meetings for two months from the date of the above meeting by an order under section 144, C. P. C. Subsequently one active organiser of the workers was prohibited by the same officer from attending a workers' meeting which was being held in an area out of the jurisdiction coming under the Sec. 144 order.

*Specific Demands.*—The crisis brought about by the capitalists themselves has given rise to the following immediate demands. Jamshedpur labour demands that they be fulfilled at once. They are as follows:—

1. Immediate re-instatement of all discharged men.
2. (a) All men sent on compulsory leave to be taken back immediately on their old rates of pay and compensation should be paid to them in the form of full wages for the period on leave.
- (b) Any one made to work on reduced pay to have his cut restored with retrospective effect from the time of starting the cut.
3. A General increase of at least 25 per cent. for those getting below Rs. 100 per month, or  
Reduction of the working day to 6 hours on the present rates of pay.
4. Fixing up of a minimum wage of Rs. 1-12 per day or Rs. 50 per month.
5. Leave with full pay for one month a year.
6. (a) Leave with pay to women workers six weeks before and six weeks after childbirth.
- (b) Provision of suitable creches and clinics within the works.
7. Restoration of the house rents to their original rates.
8. Compulsory off days to be with pay.
9. Drawing up and putting into effect of a scheme for providing accommodation to all workers within a period of 5 years at the greatest.
10. Gratuity on voluntary retirement after 10 years service or on reduction at the rate of one month per year of service put in.
11. Improvement of the town lighting system by providing lighting arrangements in the working class area at Sonari, Mohulbera, etc.
12. No victimisation for trade union work.
13. Freedom of meeting, press and speech.

*Conclusions.*—The arrangements and facts given so far point unmistakably to two things: (i) the economic crisis is a general crisis of capitalism which can not be set right by any method of readjustments or rationalisation, (ii) the crisis affects the Indian steel industry, just as it affects all other industries within and outside India.

*The Only Way.*—Indian steel capitalists felt the grip of the crisis tightening on the industry and so we find them again clamouring for protection.

But the reasons and facts enumerated above would make it plain that protection can never be the way out of this crisis. When the causes are rooted in the worthlessness of the capitalist system of production, the only way is to do away with the system altogether and in its place to usher in a system of production that will not have profits for its motive but the collective satisfaction of the needs of the people.

But it is futile to expect that imperialism or capitalism will of itself move forward in the above direction, for it means the negation of their own system of production. The sweeping away of the rubbish of capitalism is a question of the strength of the workers—imperialism will always try to prevent it. On the other hand, capitalism is fast preparing the world for another war—especially against the Soviet Union which is an eyesore to world capitalism on account of its providing inspiration to the working class of all lands, and moving forward towards progress and industrial extension as a bold challenge to the capitalist system of production.

*Against Tariffs.*—Imperialism is fast moving towards another world war and this has again brought to the forefront of British imperialism the question of the Indian steel industry. To ensure the supply of war materials, imperialism has again raised the question of granting tariffs to the steel industry. This particular motive behind the grant of protection should make the idea of steel tariff particularly repugnant to all who are not imperialists. War is really a menace to most of the people for the masses of the people of any country never stand to gain anything except misery and ruin by imperialist wars.

But again, it is no use arguing with imperialism against wars—only the organised resistance of the masses of the people can prevent it. On the strength of our reasoning we may safely predict that imperialism will try its best to grant protection to Indian steel at the present time. Tata's future programme of extension of the works, which includes the establishment of a Benzol plant (for manufacturing war chemicals), also falls in line with the imperialist purpose. So, Tata may be sure of having the protection asked for.

But the workers can never support the grant of tariff to the capitalists which means the curtailment of the buying power of the masses of the people and the worsening of their conditions.

The only way out of this crisis, as we have pointed out before, is to do away with the capitalist system of production. So, as we present this to the Tariff Board, simultaneously we call upon the workers of Jamshedpur to mobilise themselves on the basis of the specific demands set in here, to protest against the grant of tariff and to fight for the achievement of their object.

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(2) *Letter dated the 29th November, 1933, from the Labour Federation, Jamshedpur.*

With reference to your letter No. 507 of the 1st instant, I am directed to inform you that Mr. S. Lahiri, the bearer of this letter, is the representative selected by our union to give oral evidence before the Tariff Board.

A resolution regarding steel tariff passed in a mass meeting of the Jamshedpur steel workers on 28th November 1933 is attached herewith for the information of the Board.

Enclosure.

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RESOLUTION PASSED IN A MASS MEETING OF THE WORKERS OF JAMSHEDPUR ON 28TH NOVEMBER, 1933.

This meeting of the workers of Jamshedpur is of opinion that as tariff to the steel industry means the curtailment of the buying power of the people and thereby the enhancement of the misery of the workers, therefore tariff should not be granted to the steel industry. This meeting

endorses in full the memorandum submitted by S. Mangal Singh on behalf of the Labour Federation, Jamshedpur, to the Tariff Board and it hereby authorises Mr. S. Lahiri to give evidence before the Steel Tariff Board on behalf of the Labour Federation and the general body of workers.

### **The Maharashtra Chamber of Commerce, Bombay.**

*Letter dated the 31st October, 1933.*

*Subject: PROTECTION OF THE INDIAN STEEL INDUSTRY.*

With reference to the Government of India Communiqué in the Commerce Department, No. 280-T. (8)/33, dated Simla, the 26th August, 1933, I am directed by the Committee of this Chamber to address you, and generally state their views on the above subject, as under:—

The Committee have to state that the period of protection has unfortunately synchronized with a very acute and prolonged world-wide depression, and this had its effect on the industry and naturally all the hopes and expectations entertained are not realised, although very real and substantial progress is registered, as the Company rightly observe, in certain directions. The Committee have to state that on the whole the progress made by the Company in their view is fair, regard being had to the peculiar conditions under which it had to work, aggravated as these were on account of depression. The measure and especially the period of protection now to be granted should be adequate, so that the same may enable the industry to establish itself on a solid foundation. The Committee are of opinion that the period for which the protection is to be granted for this enquiry, should be substantially longer than 7 years, the period for which the Steel Company have asked. The Mysore Iron Works have asked protection for about 20 years and the Committee have therefore to suggest that protection for a period of 12 or 15 years, could easily be considered with every advantage, as one, assuring continuity, stability and progress to the Iron and Steel industry.

The Committee would like to go further and suggest that various kinds of higher class steel at present excluded from the scheme of protection and likely to be attempted by the Steel Works in the country, should also be brought under the new scheme of protection.

The Committee take this opportunity to state that the Steel Company have made progress in respect of Indianisation in their various departments but they consider at the same time that the pace of progress in this direction ought to be quicker and the Committee think that there should not be at the most more than one non-Indian in each department or say more than 12 in the whole of the Company's establishment, and these should only be experts in a consultative capacity without any administrative or executive charge. After the lapse of two decades since the inception of the industry, this is the least that can be expected.

The Committee do not find any provision, in the scheme of protection asked for, for further research or experiment to produce better and higher grades of steel suitable for the manufacture of Engines, motor cars, etc. As textile mills are obliged to provide for spinning and weaving of higher counts. The Tata Iron and Steel Company should be enabled by special monetary provision to carry on experiments and research with a view to ultimately produce these types of steel.

The Committee consider that when continuity, stability and certainty, both for purposes of expansion and market are assured, there will be possible automatically, greater scope for research connected with the industry and the results accruing will be encouraging.

The Committee feel that it is not desirable that the Indian Steel industry should be content to annually produce only 5 lakhs of tons but it must expand and aspire to early reach a three quarter million ton production and it must aim at ultimately supplying the wants of the entire Indian market in every variety of steel at no distant date.

### The All-India Swadeshi Sangha, Bombay.

*Letter dated the 4th November, 1933.*

In response to the Government notification No. 260-T. (8)/33 of the 26th August, 1933, calling for opinions from public bodies on the subject of protection to the Steel industry in this country, the Committee of our Sangha, which is vitally interested in the promotion of industries in this country in such a way as to give the maximum benefit both to the industrialist and to the consumer, have gone very carefully into the facts and figures adduced by the Tata Iron and Steel Company in its representation of which it has been good enough to forward us a copy.

A careful study of the statements contained in the representation appear to us to prove that the Company have shown progressive results during the current period of protection and has to a large extent, so far as it lies in its own power, carried out the conditions precedent laid down by the then Tariff Board. We have heard several arguments advanced against the grant of protection to the Steel industry none of which, however, appears to us to be at all important when considered in relation to the great necessity of the Steel industry being kept alive in the country at all costs. We are among those who believe that the ultimate prosperity of the people of this country lies in large scale industrial enterprises whether owned by the State or by individuals. We also believe that it would not be possible to achieve that end in the absence of a heavy machine industry using steel as its basic material and we therefore support the claims of the Tata Iron and Steel industry for protection provided it is found that the Company is making the best possible use in the prevailing circumstances of indigenous talent and materials.

We suggest, however, that protection should be given in such a way as to minimise the burden on the small consumer as much as possible. We also feel that State enterprises such as, Railways, public works, etc., should compulsorily buy only Tata Steels for all requirements provided that the necessary standards are maintained by the Tata Iron and Steel Company. We feel also that the important question of freight on Indian railways should be very closely considered by the Railway Board and Government should be asked to make concessions in that direction as far as possible instead of throwing the bulk of the burden on the general consumer.

Another question which my Committee wish to emphasise is the necessity of reducing the number of non-Indian employees to the absolute minimum consistent with efficiency. It is now 26 years since the Steel Company was started and my Committee feel that had the policy of training Indians been wholeheartedly adopted from the beginning, as it has been during the last five or six years, there would have been considerable benefit to the country not only in saving of salaries, which we do not look upon as a very important item, but in the creation of skilled workers capable of taking charge of large scale industrial enterprises. We are, however, not concerned with the past now and note that the progress during the last few years in this direction has been satisfactory and feel that some definite instructions should be laid down by the Board as regards the training of Indians to take up higher posts in the Works.

My Committee are interested in the progress of this Company from various points of view:—

- (1) Because the great natural resources in the shape of iron, coal, limestone, etc., of this country were first tapped by this Company and are now used for the benefit of the country at large in a fairly efficient manner.
- (2) Many thousands of Indians have been trained to some kind of skilled labour.
- (3) A somewhat intangible asset—it has created a sense of self respect amongst Indians in that it has proved that Indians are capable of organising and running concerns which are as great, in the particular industry, as in the world.

My Committee, however, do not wish it to be understood that the interests of the general consumer should be unduly sacrificed in order to keep the Company alive. The Tariff Board must satisfy itself that there is no substantial wastage of raw material or of national talent or of money and that there is no corruption or inefficiency. My Committee also feel that if in so much as the Company appears to the Tariff Board to be over-capitalised it is not in the interests of the nation to provide for such protection as to give a return on all the Company's capital. We do not definitely suggest that in view of its present growth the Company is over-capitalised but we feel after looking through the statements attached to the representation that this is a point on which the Company must satisfy the Tariff Board. Subject to the above stipulations we strongly support the claim of the Company as made out in its representation because as a national association formed to promote the economic interests of the country we feel that these interests are vitally bound up with the ultimate success of this Company.

### **The Iron and Steel Consumers' Association, Lahore.**

*(1) Letter dated the 10th November, 1933.*

We beg to submit that we are interested in representing the cause of persons and firms engaged in manufacture of articles of Iron and Steel and users thereof.

The manufacturers in the Punjab whom we particularly represent are spread all over the Province and employ thousands of workmen engaged in the manufacture of Agricultural Implements, oil engines and Industrial Machinery.

The price of Iron and Steel effect the price of finished products which are not subject to protection, and therefore it is not easy and economically possible to compete with machinery, tools, and implements imported from Foreign Countries.

The duty on Iron and Steel has thrown thousands out of employment. Protection is the direct cause of depression, unemployment and lack of Industrial enterprise and advancement in India. It is also responsible for heavy Railway and Military budgets and unbalancing of India's Foreign trade against India's interest.

No one single manufacturer is capable of employing large labour and so there are no substantially large productions. But the fact that Punjab consumes largest quantity of Iron and Steel and leads in the manufacture of machinery, etc., and quite a large portion of workmen are employed in this Industry, deserves you kind and close attention.

In view of the importance of the subject and the attention the Industry deserves, we submit as follows:—

The Government is aware of the criticism levelled against Messrs. Tata Iron and Steel Co., Ltd., who chiefly benefit by this Protection, both in the Assembly and the Press and matters discussed therein deserve particular attention, specially the method of sale, public control on sale price, advisability of allowing export of Iron and Steel in any form and particularly at low prices which is tantamount to dumping in other countries, methods, ways and means, adopted to crush the growth of other manufacturing units, wastage of material, lack of sympathy or support to manufacturers of articles of Iron and Steel.

1. That the Protection granted should be the minimum based on the cost of production which should be examined keeping in view the production of the same article in other countries, where the labour is much dearer.

2. That the producers of Iron and Steel should be forced to reduce the production of cost and make it equal to if not lower than that available in the Continent of Europe within a definite period. This may be achieved by guaranting protection on a reducing scale.

3. That the producers of Iron and Steel should not be allowed to export at a cheaper price than they sell in this country. In case the production exceeds the demand in this country and it is found necessary to dispose off the surplus to a foreign country at a cheaper rate than its sale in this country, then it should only be allowed under a special license from the Government, to be granted after due enquiry.

4. In case the protection be granted, then the sale price of Tata and other manufacturers should be controlled.

5. That the export of Iron and Steel scrap should be definitely and strictly prohibited in all forms in order that cheap and abundant Raw Material may be available in the country for establishment of more Steel furnaces and Rolling Mills.

6. That the Railway freight rate policy should be examined and freight rates should be made just and equitable for producers of Iron and Steel and manufacturers of products of Iron and Steel all over the country without granting any particular advantage to any one locality or Province.

7. That Protective Duty should be imposed on all products of Iron and Steel imported into this country, so that the incident of Protection of Iron and Steel is equally balanced and the foreign manufacturers of products of Iron and Steel should have no advantage over the manufacturers of Iron and Steel Products in this country. This will give the manufacturers of machinery, tools, and implements in this country a fair chance of competing with the importers of the same goods from other countries.

We have no doubt that the Board will examine the incident of Protection on:—

- (1) (a) Indian, (b) Provincial, (c) Railway, (d) Military and (e) P. W. D. Budgets.
- (2) Larger Industrial Establishments, including Workshops, Electric Supply Concerns, and Mills and other Industries.
- (3) Industrial development in Indian States.
- (4) Effect on Local Industries.
- (5) Progress in Buildings Construction.
- (6) Production of Iron and Steel (cheapened production, increase of production, development of more concerns, cheapening of price, profit to Capitalist).
- (7) Development of Income of bye-products.
- (8) Checking of wastages in the Industry, and
- (9) Condition of labour engaged in the Industry.

The questionnaire issued by the Tariff Board presumes as if the Government of India is *determined* to award Protection to the Industry. No questionnaire has been framed for consumers of Iron and Steel or for merchants dealing in Iron and Steel who would like to either oppose the protection as undesirable and unreasonable or demand its reasonable reduction.

We hope the matter will receive your kind and careful consideration, we remain, dear sir.

(2) *Letter dated the 20th December, 1953, from the Iron and Steel Consumers' Association.*

With reference to our representation to the Board, we beg to observe as follows:—

Regarding our demands:—

- (1) *That the Protection granted should be the minimum based on the cost of production which should be examined keeping in view the production of the same article and in other countries, where the labour is much dearer, and*

- (2) *That the producers of Iron and Steel should be forced to reduce the cost of production and make it equal to if not lower than that available in the Continent of Europe within a definite period. This may be achieved by granting protection on a reducing scale.*

We have carefully studied the representation and the various statements therein of Messrs. Tata Iron and Steel Co., Ltd. We have come to the conclusions that the cost of production shown therein is exorbitant and the statements are not complete in as much as the right cost cannot be checked from them.

We requested in this behalf to be supplied with a copy of the Annual Balance Sheet and Revenue Accounts of the Company with a view to discuss the cost more fully which has not been supplied to us. In its absence we must content ourselves with figures given in the Statements with presumed cost of items not given.

(a) WORKS COST.

The following estimate would represent the cost of production of 135,000 tons of Pig Iron and 500,000 tons of Steel during the next 7 years annually:—

Iron Ore (1,120,000 tons)	Rs. 32.0 lakhs.
Coal and Coke	81.0
Other Material and Stores	27.0
Repairs and Renewals	10.0
Labour	130.0
	280.0

Allowing for 30 lakhs for the surplus Pig Iron Production the cost of 5 lakhs tons Steel is 2.5 crores which gives an average of Rs. 50 per ton or the works cost with due allowance of recovery from waste and bye-products the cost of manufacturer would work down to Rs. 42 per ton.

The figures for labour and Coal have been presumed as given in Tata's representation.

(i) From the study of labour figures, one fact is prominent that supervision cost is much in excess than what it might be. Although no separate figures are given cost of supervision labour does not seem to be less than 40 per cent. of the total cost of labour. It would show that the actual labourer or workman is paid a very low scale of wages, the supervision labour is paid on extravagant scale and is also much in excess of the requirements.

Total labour properly selected, controlled and reasonably paid and with reasonable supervision (say 20 per cent. of the total cost of labour) and as well paid as labour in European Countries should be less than 1 crore.

(ii) If an estimate is made of the total wastes and bye-products from coal, Coke ovens, Slag, Blast Furnaces (Scrap Pig Iron) and all the Steel Producing Departments, a recovery of 60 lakhs, is easily obtainable even under the present conditions. With slight improvements and additional plant the recovery can be raised to 1 crore.

(iii) We understand that fuel consumption and other stores are also much in excess than in other works on the Continent. More accurate figures may be available from the technical publications and papers to the Board.



We estimate that the cost of Production should be as below:—

Iron Ore . . . . .	Rs. 32.0 lakhs.
Coal and Coke . . . . .	„ 70.0 „
Other Material Stores . . . . .	„ 25.0 „
Repairs and Renewals . . . . .	„ 10.0 „
Labour . . . . .	„ 100.0 „
	<hr/>
	„ 237.0 „
Less Surplus Pig Iron . . . . .	„ 25.0 „
	<hr/>
	„ 212.0 „
Less recovery from Wastes and bye-products . . . . .	„ 75.0 „
	<hr/>
Nett works cost for 5 lakhs tons of Steel . . . . .	„ 137.0 „

This gives a works cost of Rs. 27.4 per ton of Steel and leaves a margin of improvements on it from the bye-products. It is our firm conviction that Continental manufacturers are not selling Steel below their cost of Production but they make a reasonable profit and it is possible to manufacture Steel in India at competitive prices.

The history of Iron and Steel trade shows that the prices have been continuously coming down with the improved methods of manufacture and with development and utility of bye-products.

Temporarily during war and some years thereafter prices of all commodities were bolstered up. The level of prices of Iron and Steel was not only destined to come to pre-war level but to fall below, in its natural course due to improved methods of manufacture and income from wastes and bye-products.

Tata Iron and Steel Co., Ltd., have made no earnest attempt towards efficiency, better management and organization or proper management and none whatsoever towards realising their huge assets dumped away as wastes.

We earnestly hope and believe that the costs will be examined by the Board (if necessary with the help of auditors) critically and not superficially, and that the costs will not be accepted as they are but will be put down as they should be.

#### (b) OVERHEAD CHARGES.

(i) *Depreciation.*—The demand by Tata Iron and Steel Co., Ltd., for 78 lakhs is exorbitant. No allowance is made for appreciation of properties of the concern. The depreciation is also very largely covered by “Renewals and Repairs” allowed in Revenue accounts.

Since works have been in existence for over 20 years, experience must have proved the life of many items on which depreciation is demanded. On Buildings, Steel Structures, Electric Transmission, Permanent Way and other fixtures a depreciation of 2 per cent. or 2½ per cent. is ample. No depreciation is necessary on Tools and Implements, as it is covered by “Repairs, etc.” in Revenue Account. Depreciation of 4 per cent. on Electrical Machinery should suffice. Depreciation of only 6 per cent. is justified (and it may be proved by previous experience) should cover the cost of other machinery and plants.

It will be noticed that an average depreciation on all assets of not more than 3½ per cent. only will be justified. Depreciation on Book Value is the right criterion and would not be allowed on any valuation by any auditors unless a revaluation was made due to heavily depreciated value of assets. Tata Iron and Steel Co., Ltd., in their representation admit that their assets fully cover the share capital and Debentures. The country

cannot be taxed or asked to pay for additions to plant and capital expenditure programme of the Company. This demand of the company or this excuse for a higher rate of depreciation is presumptuous.

We hope that if necessary the Board will examine the question of depreciation with the help of auditors. We are of opinion that the depreciation will not exceed 40 lakhs.

#### INTEREST ON WORKING CAPITAL.

The amount of working capital involved is not mentioned any where in their representation by Tata Iron and Steel Co., Ltd. Presuming a production of 50,000 tons of metal per month at a working cost of Rs. 40 per ton. Capital involved in a month is 20 lakhs. Stocks on hand for 5 months bring the capital to 1 crore. It may be mentioned that provision for 3 months stock would be ample when it is taken into consideration that India mainly buys Tata's Products in Steel for its requirements and sales are more or less on cash basis.

With better and business like organisation in sales, the entire working capital can be provided by advances, earnest monies, and security deposits, as many other much smaller concerns manage to do.

However even if one crore is conceded as the working capital, the interest on this only is 6 lakhs.

#### AGENTS COMMISSION AND HEAD OFFICE EXPENSES.

Much has been said on this subject in the press for the past several years and we refrain from writing about it at length here. We only suggest that the Board may be pleased to check the details of this expenditure.

We are of opinion that an expenditure of more than 25,000 per month by the Agents for their Head Office is not justified. They are not entitled to any Commission except out of profits. Any agreements with the shareholders which allow them Commissions other than out of profits are unjust and should be given up. The Government would be justified in examining these expenses and allowing only such expenditure as the Government would incur themselves on their establishment in the management and administration of similar works. After all this payment is being demanded from the tax payer by seeking protection and it is the duty of the Government to see that all such agreements are cancelled which are not justified and which are ultimately a burden on the tax-payer.

If protection was not being granted the case would be one of mutual agreement between the shareholders and the Agents themselves.

These Administration charges should not be allowed to exceed 3 lakhs per annum.

In view of general depression and bad condition of trade as well, the charges by the Agents should be written down considerably.

#### MANUFACTURERS PROFITS.

A state subsidized concern where profits are more or less assured by the Protection granted, with Bank rate of less than 4 per cent, and with possibilities of economizing or increasing their income by better management higher efficiency and development of their resources is not entitled to more than 6 per cent. at the cost of the tax-payer. In fact we would go further to assert that as long as state has to grant protection dividend to preference shareholders and interest on Debentures should be taken into account and the Agents should try to bind dividend for ordinary shareholder by exercising economy, by efficient organization, and by producing income from undeveloped resources. A poverty stricken country like India should not be taxed a pie beyond bare necessity.

The maximum amount to be allowed for profits should therefore be 75 lakhs although we would suggest only 50 lakhs. If the expenses and profits

are allowed as demanded, there will be no incentive to the Agents for any improvement in the state of affairs of the Company and the country will be simply faced with a renewed demand for protection at the end of 7 years.

The incident of overhead charges and profits on 5 lakhs tons of productions of Steel after allowing for profit from 120,000 tons of surplus Pig Iron would be Rs. 20 per ton on an average.

The average cost including manufacturers profits as we make it does not exceed Rs. 50 per ton and we hope that a careful examination of figures and facts will convince the Board to this effect.

Under the circumstances we beg to submit that the demand for protection is not justified. We also beg to submit that should any protection be recommended after careful examination of facts and figures it should be on a reducing scale and should definitely end on the expiry of the next 7 years.

We hope to be able to address you regarding other demands shortly.

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(3) *Letter dated the 21st December, 1933, from the Iron and Steel Consumers' Association.*

With further reference to our letter of the 20th December, 1933, we beg to submit as follows:—

Regarding our demand:—

- (3) *That the producers of Iron and Steel should not be allowed to export at a cheaper price than they sell in this country. In case the production exceeds the demand in this country and it is found necessary to dispose off the surplus to a foreign country at a cheaper rate than its sale in this country, then it should only be allowed under a special license from the Government, to be granted after the enquiry.*

We understand on good authority that large quantities of Pig Iron and Steel have been exported at about Rs. 30 and Rs. 40 respectively to Japan and Europe. In India the sale price of Pig Iron has been maintained at Rs. 65.

Large number of Foundries in Punjab are using Pig Iron Scrap which they buy at Rs. 30 to Rs. 40 per ton. We understand the conditions in other provinces are not different. The fact that Pig Iron at lower prices is not available and the manufacturer must keep up an existence against Foreign competition, he is unable to secure quality which he would if he was able to buy cheap Pig Iron. The same statement applies to "Steel". Instead of exporting Pig Iron at a cheap price at the cost of Indian tax-payer, if it had been offered at cheaper price (average of export and inland price) much larger quantities would have been consumed, more foundries would have come into existence, the quality and variety of Cast Iron Products would have increased. Better quality of products would have become available to the agriculturists and others at a cheaper price. This would also have led to an increased use of Steel.

Notwithstanding that Pig Iron could be sold cheaper, the high price was maintained to the prejudice of Indian tax-payer. The limited number of manufacturers made a combine and the anticipated lowering of prices by internal competition did not exist.

In the case of Steel also as soon as Tata's found that they could not crush the "Eagle" Rolling Mills at Kumardhobi they joined hands with them to maintain the high level of prices permissible by Protection.

India is threatened with dumping of Steel from Japan. A reference to this has been made in the representation of Tata Iron and Steel Co., Ltd. It should not be forgotten that the Steel Industry of Japan has been built up with cheap supply of Pig Iron and Scrap from India and Tata's themselves have been contributors in no less measure to this end.

In fact protection granted to Tata's has been used by them to crush the chances of healthy and speedy growth of Industries for products of Iron and Steel.

Since the prohibition of export of wheat from India, the prices have come down and maintained a low level with the result that internal consumption has increased and people are better fed and there has been less of disease.

Similarly in the case of Iron and Steel if the Export is prohibited as long as grant of Protection is necessary, the manufacturers should be made to maintain a lower price, and this will help in finding the increased utility of this metal. After all the economical success and growth or development of Steel works is closely allied and absolutely dependent on consumption of metal within the country in the long run. The Steel works in America have mainly depended on their "Home" market and their development and prosperity to such enormous magnitude has been mainly due to consumption at "Home", i.e., within the country. In Europe and America Iron and Steel has replaced timber in the House, in the Building Structure, on the form and on the road to a much larger extent than in India. Notwithstanding the fact India can manufacture machinery, implements and tools and various produces of Steel, it is partly unable to do so due to high prices of Steel and Iron.

We submit therefore that one of the means of keeping down prices is to prohibit export of Iron and Steel which prejudices the interests of the taxpayer and is affected at his cost. Under all circumstances the prices of export should not be less than the prices to the country as long as protection is being granted.

Regarding our demand:—

(4) *In case the protection be granted, then the sale price of Tata and other manufacturers should be controlled.*

The Board will without doubt examine the cost of production, other incident of overhead charges, the manufacturer's profit, the sale expenses and the import prices of Steel in recommending the protection necessary. The Protection will definitely be such as to prohibit import of foreign Iron and Steel. It is definitely to be based on certain presumed reasonable sale price. The tax-payer is to pay for maintenance of the "Sale Price" on the bases of which the scale of protection is to be recommended.

To allow the manufacturers of Iron and Steel to take advantage of any rise in c.i.f. prices is to allow further taxation which would be unreasonable and beyond the requirements of the case. We submit that the duty recommended may be such as may be unassailable or almost so but the price should be fixed by Legislation so as to afford no undue advantage to the producers of Iron and Steel from the tax-payer. The prices may be revised annually or fixed for all the seven years on a reducing scale and they may be different for various centres or uniform for the whole of the country but they should be fixed on the basis of cost of production and the company or their dealers should not be entitled to higher prices than the Gazetted Schedule.

Tata Iron and Steel Co., Ltd., have been cutting down prices against Cawnpur, Kumardhobi, Lahore and Ghaziabad from time to time and sustaining heavy loss. They have also been organizing purchase of scrap through special agents to the prejudice of small re-rolling mills. With fixed prices of sale the position of re-rolling mills will become safer and their growth and economical development surer. The investor in other parts of the country will be on a firmer footing. The manufacturer of products of Iron and Steel will also be in a better position to judge or determine the economical value of his enterprise.

This will also reduce the "Sales" Department expenses of Tata Iron and Steel Co., Ltd.

If more than one manufacturer comes into existence, competition will also result and there will be incentive for efficiency and better quality.

Regarding our demand:—

- (5) *That the export of Iron and Steel scrap should be definitely and strictly prohibited in all forms in order that cheap and a abundant Raw Material may be available in the country for establishment of more Steel furnaces and Rolling Mills.*

The price of scrap would bear a direct relation to the price of new Metal in the absence of export prices.

We have already mentioned, that our scrap has been used by Japan to the prejudice of our own industries.

In the Punjab there are 86,000 men engaged in metal works. A reference to the Director of Industries, Punjab, would convince the Board that we manufacture and are capable of a manufacturing machines and implement of good quality. Our raw material is mainly scrap from Railways as the price of new Iron and Steel is high and would not allow us to compete with the foreign manufacturer. We are manufacturing agricultural implements, plumber blocks, pulleys, shaftin, axles, oil presses, Persian wheels expellers, sugarcane mills, centrippyals, flour mills and rice mills machinery, chuff actes, pumps, machine tools, axles, wood working machinery, spare parts for cotton factories and woollen mills, motor car parts, carriage wagon locomotive parts, steam and oil engine parts and complete oil engines and many other articles. We are handicapped for want of cheap and good metal. There is room for steel, foundries and furnaces locally.

If export of scrap is prohibited, the entire quantity can be utilized and consumed in the country and it will enable establishment of furnaces for its consumptions locally. With cheap scrap locally and Pig Iron from Bengal there is possibility of bigger works capable of manufacturing heavier machinery and on larger scale.

Other considerations are the same as per item (3) of our demand detailed hereabove.

Tata's scrap if not allowed to be exported would fetch better prices in our market and would be more useful to us.

We understand that supported by protection and infactuated by high prices procurable, Messrs. Tata Iron and Steel Co., Ltd., at one time, were of opinion that it is advantageous to dump the scrap in the Bay of Bengal than to be sold in this country. In fact they have sold scrap from Rs. 3 to Rs. 17 per ton specifically for export which may have fetched them Rs. 45 or more locally.

The increased market is obtainable by popularising the use of metal, that is, by making the people "Iron and Steel", "Minded" and not by maintaining or allowing high prices to be maintained. Increased consumption of new Steel would result with cheap scrap rather than dumping or exporting scrap, because articles which cannot be manufactured at competitive prices from New Metal, can be made so partly from scrap and partly from new metal. Manufacturer using scrap to-day will use new metal to-morrow.

If cheap scrap is made available, the manufacturers of Iron and Steel will also be obliged to bring down their prices for New Metal.

We submit therefore that export of Iron and Steel scrap should be prohibited so that its utility in the country may add to the increased use of New Iron and Steel and it may assist in manufacture of products of Iron and Steel at competitive prices. We need much more metal in the country than is available.

Regarding our demand:—

- (6) *That the Railway freight rate policy should be examined and freight rates should be made just and equitable for producers of Iron and Steel and manufacturers of products of Iron and Steel all over the country without granting any particular advantage to any one locality or Province,*

We understand that it is outside the scope of the inquiries of the Board and therefore we refrain from discussing the same.

Regarding our demand:—

- (7) *That Protective Duty should be imposed on all products of Iron and Steel imported into this country, so that the incident of Protection of Iron and Steel is equally balanced and the foreign manufacturers of products of Iron and Steel should have no advantage over the manufacturers of machinery, tools, and implements in this country a fair chance of competing with the importers of the same goods from other countries.*

The price of Iron and Steel in India is kept high due to protection. The products of Iron and Steel manufactured from cheaper metal are imported and sold at cheaper prices with which Indian manufacturers cannot compete. Protection granted to Indian Steel is tantamount to granting of protection to foreign manufacturers of products of Iron and Steel for the Indian market unless prices locally can be controlled and kept at a low level. Indian tax-payer in the first instance pay, for the existence, upkeep, inefficiency and exorbitant charges of the Agents and in the second instance pays heavily for imported material and machinery made of Iron and Steel.

We have enumerated elsewhere a few of the common articles manufactured in Punjab. We suggest that a survey of works in India may be made through the Directors of Industries to find out the capacity and capability of the existing works if the Board is not convinced otherwise of the adverse affect of Protection on them.

Some of the large Engineering establishments in Bengal have closed down, others are barely existing.

It is but fair that the Industry in the country should have equal chance to compete with importer of foreign products. This inability is further aggravated by other economical factors and lack of superior technique, knowledge and efficiency obtainable in other countries. The inability which can be rectified and which is caused by Legislation to protect one concern at the cost of the whole nation should be rectified and protection made equitable for all.

Power transmission, steel structures, staging and tanks for sugar mill machinery and various other items of Steel and Iron which are not machinery proper are imported at prices which place the local manufacturer at a disadvantage.

We submit therefore that all articles of Iron and Steel even those where Iron and Steel forms a minor portion of the import should bear an equivalent import duty on the equivalent basis as that granted to Iron and Steel.

We beg to add that due to high price of Iron and Steel many other industries cannot be developed. As for example we beg to point out that drums and tins in various cases increase the total cost of various commodities such as paints, varnishes, oils, tar, and etc., make it economically impossible to undertake or start those industries.

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(4) *Letter dated the 22nd December, 1933, from the Iron and Steel Consumers' Association.*

With reference to our letter of the 20th December, 1933, wherein we have discussed the costs of Tata Iron and Steel Co., Ltd., as given by them, we beg to bring to your notice the analysis of "Labour" statements by us.

In the Statement on the next page, quantities mentioned in first column are taken from page 14 for certain items and deduced by reference to statement 33 on page 102 for other items; columns 2 and 3 have been composed from statements 23 and 35.

In statement 21 in the final year cost of covenanted hands is half of that in 1927-28 and is 16.17 lakhs. In Indian Labour totals for final year are 106.88, and 6.32 and 2.45. In the first there is an increase and the latter there is decrease in cost. The number of men shown as employed in productive Departments in statement 24 is 9,377 whereas the total as made by us in column 3 is 6,452 *plus* 45=6,497 including covenanted hands. A list of all Departments appears in statement 40A and items 4 to 13 are productive Departments and by any stretch of imagination we cannot conceive an employment of 8,140 men in the rest of the Departments.

Statement made from the various statements of Messrs. Tata Iron and Steel Co., Ltd.

Description of Product and Quantity.	No. of covenanted hands and their cost at Rs. 24,328 each.	No. of Indians and their cost at Rs. 688 each.	Total cost of labour.	No. of covenanted hands and their cost at Rs. 24,328 each.	No. of Indians and their cost at Rs. 688 each.	Incident of labour and service Departments.	Labour.
Pig Iron 350,000 tons	5	486	Rs.	3	327		
Rs.	1,21,640	3,34,368	4,55,508	48,000	1,93,500	2,41,500	·57
Ingots 740,000 open Hearth and Duplex Furnaces.	5+15 =20	608+706 =1,314		10	1,054		
Rs.	4,86,560	9,04,032	13,90,592	1,60,000	5,270	6,87,000	1·86
New Blooming Mill 725,000 tons	1	401		1	327		
Rs.	24,328	2,75,888	3,00,216	16,000	1,63,500	1,79,000	·5
New 28" Mill 200,000 tons	1	1,022		1	827		
Rs.	24,328	7,03,136	7,27,464	16,000	4,13,500	4,29,500	4·3
Bar Mills and Sheet bar and Billet Mills 3 lakh tons.	1+1 =2	238+259 =497		2	357		
Rs.	48,656	3,41,936	3,90,596	32,000	1,78,500	2,10,500	1·4
Merchant Mills 80,000 tons	1	870			487		
Rs.	24,328	5,98,560	6,22,888	487	2,43,500	1,20,000	4·5
Plate Mills 35,000 tons	Nil	270		1	227		
Rs.	..	1,85,760	1,85,760	16,000	1,13,500	1,29,000	7·4
Sheet Mills 15,000 tons	14	1,305		10	1,087		
Rs.	3,40,592	8,97,840	12,38,432	1,60,000	5,33,500	7,03,500	12·2
Sleepers 10,000	1	187		1	127		
Rs.	24,328	1,28,656	1,52,984	16,000	6,35,200	3,00,000	9·35
Total finished Steel 630,000 tons	45	6,452		29	24,30,000		
Rs.	10,94,760	43,70,188	54,64,948	4,64,000	4,890	27,20,000	10·0



It produces an impression that a large number of labour exists on registers and not in reality. This is not an unusual practice in India. Even in productive departments the numbers employed are in excess of any works of similar magnitude elsewhere.

This may partly account for large profits made by contractors in Jamshedpur by labour supply.

A sudden surprise visit and check on labour and utility of each hand by members of the Board with proper assistance would we feel throw light on the affair and may bring out defects in organization and control which may also be to the advantage of the concern.

In certain departments in the figures shown the excess is apparent and in others the excess appears certain.

We have already discussed in our letter dated \_\_\_\_\_ the cost of production of Pig Iron, and our views regarding labour therein are fully confirmed by examination of details to the works.

In our letter dated 20th December we have suggested the maximum figures for labour which may be accepted (one Crore) although we feel that substantial reductions over this figure are possible, as indicated in the statement on page 581 of this letter.

We consider that average of Rs. 24,328 for covenanted hands is a high one and it is higher than that obtained in Civil Service or any other Government service and so also the average of monthly paid Indian service is high. Amounts of Rs. 16,000 and Rs. 500 are the proper and reasonable figures. The number of covenanted hands is not very excessive considering that a certain percentage of foreign elements is essential, although higher and better qualifications may be obtained at the same price. We also submit that the average of weekly and daily paid labour is miserably low and should not be less than Rs. 360. In columns 5, 6, 7 and 8 we have inserted figures which we consider reasonable.

A comparison of labour employed in Tin Plate Company with that of Tata Iron and Steel Co., Ltd., in their sheet Mill may be of interest regarding average wages paid; production per head and cost per ton of production in that department.

#### COAL AND COKE.

We have already mentioned our views regarding price of Coke, in our letter dated 21st December, 1933, when discussing cost of production of Pig Iron.

Considering that Tata's have their own collieries and labour for raising coal does not exceed Re. 1 per ton, and ordinarily good coal is obtainable in the neighbourhood of is Rs. 3 per ton, the landed cost of coal to Tata's should not exceed Rs. 4-8 per ton if Tata's management of collieries is as efficient as that of other coal producing concerns.

In statement 25, total quantity of coal used in 1932-33 is 13.6 lakhs tons and coke .7 lakhs tons, which would give total quantity in term of coal as 14.7 lakh tons; which gives average of 2.97 tons coal per ton of steel. In statement 32 consumptions of coal is distributed over different products.

In the case of Black Sheet a comparison with Tin Plate Company is possible and will hope be made by the Board to check the figures of Tata Iron and Steel Co., Ltd.

We are told that Fuel Consumption is higher than that in similar works on the continent.

No statement showing cost of other materials, repairs and renewals and nor any statement of recovery from Bye-products and wastes are given.

**CAPITAL EXPENDITURE.**

It is not unknown and it is widely criticised that the Company has been very lavish both in "Foreign" and "Home" expenditure. The fact that local contractors have earned several lakhs each from construction works would indicate the extravagance of the Company.

We hope the Board in recommending Protection will make it obligatory on the concern to make purchases and give construction contracts by open published tenders and make sales contracts as well by tender and in open market, rather than restricting sales to a favoured few.

Enclosure.

*Estimate cost (Rupees per ton) of production in various Departments of an Iron and Steel Works.*

Product.	Labour and Supervision.	Metal (Basis).	At 4/8 Coal Fuel and Power.	Other Stores.	Repairs and Renewals.	Allowance for wastage at 5 per cent.	Total cost.	Incident of recovery from wastes and By-products.	Nett cost.	Incident of overhead charges and profit.	Sale Expenses.	Sale Price.
Pig Iron, Blast Furnaces (8-5).	.57	Iron ore. 4-5625	.97 tons = 3-965	2-35	.125	.5	11-0725	2	9-0725	12 on 120,000 tons.	.65	21-7215
Ingots (Open Hearth and Duplex) 7-25.	1-86	Pig Iron. 9-0725	.26 tons = 1-17	.31	.25	.5	13-1625	Nil	13-1625	Nil	Nil	Nil
Blooms, 7-25 . . .	.5	Ingots. 13-1625	.28 tons = 1-28	.1	.125	.65	15-8	1	14-8	Nil	Nil	Nil
New 28" Mills (Rails) 2-0.	4-3	Blooms. 14-8	.60 tons = 2-70	.35	.25	.74	23-14	.14	23-0	25	.65	48-65
Sheet Bars and Billets, 3-0.	1-4	Blooms. 14-8	.16 tons = .72	.2	.123	.74	17-985	1-4	16-585	14	.65	30-585
Merchant Mill product 8	4-5	Billets. 16-585	.3 tons = 1-35	.5	.25	.83	24-015	1-015	23	25	.65	48-65
Plate Mills, 35 . . .	7-4	Blooms. 14-8	1-1 ton = 4-95	.5	.5	.74	23-89	1-89	27	20	.65	47-65
Black Sheets, 1-15 . .	12-2	Billets. 23-0	.9 tons = 4-05	1-0	1-0	1-15	42-4	2-4	40	35 on black sheets 45 G. L.	.65	75-65
Sleepers, 1 . . . . .	..	Plates.	..	..	..	..	..	..	..	20	..	..
Sheets . . . . .												110-0

Add 37 to Black sheet price.

### Karachi Chamber of Commerce, Karachi.

*Letter No. 20 b.c. 19, dated the 4th November, 1933.*

I am directed to refer to your Notification No. 260-T. (8)/33, dated the 26th August, 1933, on the above subject and in reply to offer the following observations:—

The Steel market has gone up considerably, during the last twelve months on account of the following two reasons:—

- (1) The depreciation of the Pound sterling as against the Dollar in the first instance, and, against the various Continental exchanges afterwards. For example, at the present moment, the price for basic bars is £3-15 per ton gold. An extra of about 60 per cent. is added to this price on account of the depreciation of the Pound sterling, thereby bringing the price to about £5-15 per ton. This extra, on account of the depreciation in exchange, will vanish as soon as the pound reverts to the gold standard, or, the Continental exchanges go off the gold standard, or some settlement of the present day international exchange muddle, is made.
- (2) The recent formation of the Continental Steel Cartel, which body has put up the prices considerably. It is a well known fact that Continental Steel Cartels are generally of a short duration, and they take a much lesser time to break than to form. It is therefore long the present Continental Steel Cartel will continue. It goes without saying that there will be a substantial drop in prices immediately this Cartel breaks.

In view of the above, the claim of the steel industry should not be lightly treated on account of the present day prices for Continental steel. Provision should be made when granting protection to the steel industry, that duty should be immediately increased as soon as prices of steel, on the Continent, go down on account of the aforesaid, or any other reasons.

*Steel Barges or Lighters.*—The present rate of duty on these is 15.5/6 per cent., vide item 159 of Import Tariff Schedule II. Good serviceable steel barges are being built in this country. For example, Messrs. B. R. Herman and Mohatta have recently supplied 14 barges, of the total carrying capacity of 1,500 tons, to the Kathiawar ports.

Steel plates and a small percentage of steel sections are used in building barges. Duties on Continental plates and angles are Rs. 45 and Rs. 37-8 per ton respectively. This works out much more than 15½ per cent. Consequently, this industry is working under a great handicap, and fulfils all the conditions as laid down by the Indian Fiscal Commission, 1921-22, in paragraphs 97 and 98 of their report.

It is, therefore, suggested that duty on steel barges and small steel launches should be charged as is done in the case of steel structures, vide serial No. 102H of Import Tariff Schedule II.

*Special shaped bars.*—Duty on these is at present being charged at 20 per cent. for continental material, and 10 per cent. for British material, vide item 102C VI of the Import Tariff Schedule. Some sort of Hexagonal bars over ½" thickness were imported by a local firm of iron merchants, and were passed under this heading. These bars were sold and used in place of ordinary rounds and square bars over ½" thickness (the duty for which is Rs. 46-4 for Continental and Rs. 32-8 for British) for reinforcement of concrete and other purposes. If such practices are allowed to grow, the object of protection will be frustrated. It is therefore suggested that the tariff may be amended in such a manner that this may not be practicable again.

*Hoops and Strips.*—It is not understood why there is a protective duty on cut hoops ½" and ⅞" over 1" width, when there is not a single works in this country who manufactures these hoops. Moreover, different duties

are charged on these materials at different ports. For instance, some ports charge revenue duties on hoops  $\frac{1}{4}$ " and  $\frac{1}{5}$ " over 1" width, imported in coils of 24' or over, lengths, while other ports charge protective duties on these hoops. As a matter of fact, the coils of  $\frac{1}{5}$ " and  $\frac{1}{4}$ " hoops are used for identically the same purposes, as cut hoops imported in bundles of 8' long, the duty for which is Rs. 46-4 per ton. It is therefore suggested that only revenue duties should be charged in the case of all hoops, and the duties at all Indian ports, should be uniform. As regards strips  $\frac{1}{4}$ " thick and flats as covered by item 102C IV of the Import Tariff Schedule, we suggest that these should be charged at the protective rates of duty, because these strips can very easily be cut from Tatas' plates. Even at the present moment, there are several firms of Iron Merchants, in Karachi, who cut their own strips from Tatas' steel plates.

*Machinery.*—With regard to the various kinds of machinery imported and charged at 10 per cent. duty, under item 96 of the Import Tariff Schedule, it may be stated that there are many articles which are either being manufactured in this country or can be manufactured here. It is a great drawback for those who make or can make such articles in the country, that they should pay a duty of 40 to 50 per cent. on their steel, while a similar article of foreign make can be imported at 10 per cent. duty. It is, therefore, requested that a thorough enquiry be made in this connection, and those articles which are made or which can be made in the country, should be charged at a much higher rate of duty.

### The Buyers' and Shippers' Chamber, Karachi.

(1) Letter No. G. C. 21/285, dated the 15th November, 1933.

#### PROTECTION TO STEEL INDUSTRY.

With reference to Resolution (Tariffs) No. 260-T. (8)/33, dated the 26th August, 1933, of the Government of India in the Commerce Department, as desired by the Committee of my Chamber, I have the honour to address you as under.

The Steel Industry in India is a natural and essential industry; it is a basic industry inasmuch as of the industrial progress of the country depends upon it. The country has envisaged its economic emancipation very largely through industrialisation, and my Committee feel gratified that previous Tariff Boards recognised the full importance of this industry, and measures for its protection were passed with a view to establishing it on a firm footing to stand against foreign competition.

However, reviewing the history protection to steel industry in India, it will be admitted that the object in view has not been achieved to the desired extent owing to unforeseen circumstances over which the Board had no control. Nevertheless, the need for a fuller protection to this industry becomes more pointed by such slow progress, and my Committee hope the experience so gained in the past will be utilised to advantage by devising some method of protection to overcome such difficulties as may arise during the coming period of protection, which my Committee suggest to be 7 years.

In this connection, I am further to state that it has been brought to the notice of my Committee that certain articles (Steel Hoops  $\frac{1}{4}$ " and  $\frac{1}{5}$ " thick and Steel Angles of thickness  $\frac{1}{4}$ " and under) hitherto not manufactured by the Tata Iron Company are protected under heavy tariff, the benefit of which does not accrue to the Tata Iron Company, and on the other hand the consumer suffers by these heavy duties. It is therefore suggested that the Tariff Board should see that Iron and Steel articles not manufactured in India must not come under the protective tariff.

My Committee would also draw the attention of the Board to the fact that since the passing of the Steel Industry (Protection) Act in 1927, there have been set up in many of the provinces new steel works and

factories for wire nails, cutlery, surgical instruments, etc., which being in infancy deserve to be granted equal protection along with the Tata Iron Company including provisions for cheap raw materials, concession in railway freight, etc., without which they cannot stand foreign and internal competition even in their own respective provinces, with the result that their growth is impaired, and in fact some of them have to close down very soon after the setting up. They owing to the fact of their coming into existence after the passing of the Steel Industry (Protection) Act in 1927 are debarred from the concessions and privileges granted to the Tata Iron Company. My Committee therefore strongly urge that equal opportunity and facilities be given to the small concerns too with a view to realising at full speed the very object of protection.

Referring to a local concern, my Committee understand they have represented their case to you, and it is hoped that the Board will be pleased to consider their representation and other similar representations from other small concerns, and decide on them in such a manner that during the period of protection the steel industry in India is put on such a strong and independent footing that after the expiration of the protection period, the consumer of steel and the tax-payer of the country are relieved of the burden which they have at present to bear in the interests of this most important industry.

My Committee in this connection would further strongly urge that the Railway should continue extending their sympathetic co-operation with much more vigour to the steel industry of the country, for, without this and the demands of the Railway for Indian Steel products and granting by them of facilities for cheaper transport, which are the most important factors in the development of this industry, the steel industry can hardly make any progress.

(2) *Letter No. G. C. 21/565, dated the 10th March, 1934, from the Buyers' and Shippers' Chamber, Karachi.*

In continuation of my Chamber No. G. C. 21/285, dated the 15th November, 1933, I am directed by my Committee to address you further on the subject as under:—

My Committee are informed that representatives of the British Iron and Steel industry have submitted a memorandum to the Board, suggesting to allow free entry of iron and steel products of the United Kingdom manufacture into British India, and to increase duty on non-British products.

My Committee are strongly opposed to such demands of the British Iron and Steel industry, inasmuch as same under the circumstances are bound to vitiate the principle of protection to the indigenous steel industry. My Committee fully endorse the observations of the Indian Merchants' Chamber, Bombay, as regards the lack of reciprocity to the disadvantage of the Indian industry, Indian revenues and ultimately the Indian consumer, found in the actual working of the Ottawa arrangement. The figures presented by the Indian Merchants' Chamber, Bombay, are noteworthy, and it is seen therefrom that the situation under the Ottawa Agreement itself has become serious enough. And if under these circumstances, the demands of the British iron and steel industry are granted, not only will the step prejudice the steel industry, but also the Indian consumer who at present use foreign products other than those of British manufacture.

It is therefore earnestly requested that the Board will be pleased to give little consideration to the Memorandum of the British iron and steel industry, in the best interests of the country.

### **The Karachi Indian Merchants' Association, Karachi.**

*Letter No. 1054/33, dated the 18th November, 1933.*

In accordance with the directions contained in paragraph 2 of the Government of India, Department of Commerce, Resolution No. 260-T. 8 (33),

dated the 26th August, 1933, I am directed to communicate to you the views of my Committee in regard to protection to the Indian Steel industry.

It is an economic principle which has been universally recognised that State protection should be afforded for a specific period of a reasonable length to an industry that is capable of being developed on economic lines. Although the Indian steel industry has enjoyed protection in various forms since 1924, it has not as yet acquired sufficient strength and efficiency to hold its own against the foreign competition without State aid. Nevertheless it cannot be denied that during this period of protection it has made a commendable progress which gives promise that at no distant date it will be able to stand on its own legs without any artificial props.

Steel industry is of considerable national importance. Apart from its strategic and commercial significance, the industry in India employs about 100,000 labourers and pays over one crore of rupees as railway freight in normal times, besides, consuming immense quantities of coal, thus serving as an outlet for the produce of another industry. The claim of the industry to a further period of protection cannot therefore be disregarded.

The rise that has been noted in the prices of steel since June, May, perhaps, occasion opposition to the proposal for extending protection to the industry. In this connection it may be stated that ever since the present scheme of protection was launched since April, 1927, there has been general depression, and the industry has not escaped from it. The figures of the exports of Indian iron during the period from 1929-30 to 1932-33 reveal an unhappy phenomenon as the principal export market, *viz.*, Japan was gradually closed. The following are the figures of exports and their respective value:—

<i>Export (in ton).</i>			
1929-30.	1930-31.	1931-32.	1932-33.
5,68,000	4,39,000	3,50,000	2,18,000
<i>Value (in lakhs of Rs.).</i>			
2,59	1,70	1,22	74

Apart from this the prices of steel gradually and steadily declined owing to Continental competition and lack of demand. Under such conditions the Indian steel interests could not therefore have taken the fullest advantage of the protection that was afforded. However it cannot be denied that the rates that have prevailed since sometime past are high but the circumstances that have been responsible for these are not likely to last for long. The rise in the prices of steel is attributable partly to the recent formation of Continental Steel Cartel. The past experience shows that such Cartels are short-lived and take less time to break than to be formed. The moment the Cartel is dissolved the market will experience an abrupt fall in prices. Another cause of the present high prices is the depreciation of the pound sterling. For example, the price of Basis bars is £3-15 per ton gold. An extra of about 60 per cent. is added to this price on account of the depreciation of the pound sterling so that it is quoted at £6. Now this extra will vanish as soon as the pound reverts to the Gold standard or the Continental countries abandon the gold standard or some settlement is arrived at about the present day international exchange muddle. My Committee therefore feel that it is not justifiable to oppose extension of protection on account of the temporary rise in prices which is due to circumstances of a transient character.

As regards the measure of protection that is called for under the present conditions and the manner it should be conferred, I am directed to submit that in the opinion of my Committee the industry has passed the stage of bounties. The best form to grant protection is therefore, by imposing import duties. In determining its extent the Board should be guided generally by the principle of affording a fair and adequate protection against foreign unequal competition. Generally the import duties should be equal

to the difference between the price of foreign steel at which it can be brought into Indian ports without duty, taking into consideration its fair cost of production, and the price at which it is landed.

The past experience has shown that owing to a variety of causes some of which are brought about by manipulation by strong vested interests and foreign competitors, the prices of steel fluctuates heavily, rendering the benefit of protection ineffective. As, in order to foster the industry it is necessary to ensure a fair selling price for its produce, it is suggested that provision be made in any protective measure that may be enacted that a periodical enquiry will be made by the Executive into the landing prices of foreign steel and steel products at the Indian ports with a view to see whether they have gone down the level at which protection to the Indian industry was determined, and eventually to increase the import duties so as to maintain the extent of protection originally intended. On the other hand if it is observed that the prices of foreign steel have risen appreciably a corresponding reduction should be made in the import duties. Executive action taken on a yearly review of this nature will amply safeguard the interests of the industry as well as the consumer. In making these suggestions my Committee are actuated by the desire that while on the one hand the industry should get an adequate measure of protection against outside competition and should obtain a fair selling price, on the other hand the consumer should not be forced to pay more than is absolutely necessary.

The exact measure of protection will, however, depend upon the result of the enquiry of the Tariff into the exact requirements of the industry. If it is found that a heavy reduction in the existing duties is called for, my Committee urge that nothing should prevent the Board from making such a recommendation. Care may, however, be taken that sudden heavy reduction does not bring about a serious dislocation of the trade, to avoid which it may be spread over a reasonably lengthy period and each instalment of reduction be introduced after a careful review of the effects of the previous one on the indigenous industry.

It will not be out of place to observe here that the Tariff policy of the Government of India should be guided solely by national considerations. The interests of the indigenous industries and agriculture should be considered paramount in entering into any reciprocal tariff arrangement with any Government. It is regrettable that the principle of British preference was accepted in the Steel Protection Act of 1927 without obtaining any corresponding advantage for India. By means of Ottawa Agreement the country is bound down to it. In this Agreement, however, the principle of reciprocity is recognised. It is therefore urged that if any preference is to be shown to British Steel products in any scheme of protection, it should be made conditional on British Government according a corresponding preferential treatment to Indian iron and steel imported into Britain. It may be noted that the British Government have also imposed a duty on the imports of foreign steel and it would be only fair that the Indian material should be given the same treatment in Great Britain as may be expected for the British Steel products in India.

While thus supporting the claims of the industry to protection, my Committee wish to point out that the interests of small manufacturers of steel products who at present mainly depend upon Tata Steel Company for the supply of basic material should not be lost sight of. It has been observed that the inland prices of the Company are generally very much higher than the export prices. While my Committee recognise that industries have on occasions to lower their export prices to meet competition in foreign markets, they cannot ignore the fact that the success of industrial development depends upon cheap supply of raw or basic material. Small Steel industries cannot be started if their cost of production is so high as to render them incapable to face foreign competition even in the home market. It is therefore urged that this legitimate grouse of small industries should be kept in view.



There are certain anomalies in the existing Tariff Schedule to which I am directed to invite your attention. While on the one hand protective duties on certain steel products come in the way of certain industries, on the other hand, duties on certain steel products should be raised to help certain subsidiary industries. The following are a few examples:—

*Barges.*—The present rate of duty on these is 15½ per cent. (*vide* item serial No. 159 of Customs Tariff Schedule II). Very good barges are being built in this country. A local firm supplied recently 8 barges, each of 150 tons capacity to Bhavnagar State and 6 barges, each of 50 tons capacity, to Morvi State. While there is a comparatively small duty on the foreign barges imported in the country, there exists a heavy duty on some of the materials used in their manufacture. Steel plates and sections used in building barges are subject to Rs. 45 and Rs. 37-8 per ton respectively which works out much more than 15½ per cent. with the result that this industry labours under a handicap. The local firm fulfils all the conditions laid down by the Indian Fiscal Commission 1921-22 in paragraph 97 of their report. It is therefore suggested that steel barges and small launches should be assessed as steel structures under serial item No. 102h of the Import Tariff Schedule.

*Machinery.*—Similarly there are several articles classified under this head (*vide* serial No. 96, Import Tariff Schedule II) which are being or can be manufactured in the country. While such imported articles are being charged 10 per cent. *ad valorem*, manufacturers in India are required to pay 40 to 50 per cent. duty on steel material necessary for the manufacture of these articles, even though they are not available in India. It is therefore suggested that a thorough enquiry be made in this connection with a view to so amend the Tariff Schedule as to give an impetus to the manufacture of small machinery in India.

*Special shape Bars.*—At present, duty on these is being charged at 20 per cent. for continental material and 10 per cent. for British material (*vide* serial item No. 102c, Import Tariff Schedule II). Some sort of hexagonal bars over ½" thickness were passed through the Customs under this heading and sold locally in place of ordinary round and square bars of over ½" thickness for reinforcement of concrete and other purposes. It will be seen that by these means the object of protection is frustrated. Necessary safeguards should therefore be provided.

*Hoops and Strips.*—It is not understood why protective duty is being charged on cut hoops of ½" and ¾" over 1" width when they are not being manufactured in the country. These hoops are imported in two forms, *viz.*, in coils of 24' or over and in bundles of 8' long but they are used for identical purposes. They are however assessed at revenue duty at some ports and at protective duty at others. It is therefore suggested that on these hoops whether imported in coils or bundles only revenue duty should be levied at all the ports of entry.

As regards flats covered by serial No. 102 (c) (iv) of the Import Tariff it is suggested that these should be charged at the protective rate of duty because they can be easily cut from Tata's plates. Even at present there are several hardware dealers in Karachi who cut out these from Tata's plates.

*Wire and Wire Nail.*—Regarding this industry, it is believed that the existing measure of protection is adequate. But it may be stated here that since the Tariff Board made its report and the Production Act was passed in 1932, another factory has been started in Karachi. At first this newly started company was denied the benefits of protection afforded to the Indian Wire Products, Tatanagar, but later they were given the benefit of rebate of Customs duty on wire rod, and concession in Railway freight on the North Western Railway although that has been made applicable to imported wire products also. It is now urged that so long as the local Company is able to install its own rod-rolling machinery which it assures would be done soon, protection should be continued, and facilities for the

supply of Indian rod to them at a reasonable cost be arranged with the manufacturers at Tatanagar.

In conclusion I am directed to state that India is a country of vast distances, where the cost of transport from the place of production to the consuming centres is an important factor. It has been found that the Railway authorities in India are very apathetic to indigenous industries and do not as a rule meet with their requirements. Therefore in formulating any scheme of protection to any bulky article, the Tariff Board should keep this question in mind and provide for adequate concessions in railway freight whenever necessary, specially from the place of manufacture to ports and the surrounding places where the foreign articles can be landed at a negligible transport cost.

It is to be hoped that due consideration will be given to the various points dwelt upon in this representation, receipt of which may please be acknowledged.

### **Indian Chamber of Commerce, Calcutta.**

*Letter dated the 27th November, 1933.*

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to forward to you hereby their views in regard to further protection to the Steel Industry in India in response to the resolution of the Department of Commerce of the Government of India No. 260-T. (8)/33, dated the 26th August, 1933. The Committee of this Chamber have considered the representation submitted by the Tata Iron and Steel Co., Ltd., to the Tariff Board and are of the opinion that under the present circumstances the claim for further protection to the Steel Industry in India should be supported both by the Government and the public. The Committee would like to state, however, that they have not been able to ascertain definitely the terms of the protection required to be given to the Steel Industry in India as this can be done only after a thorough enquiry, which is being conducted by the Tariff Board.

There is one aspect of this question, however, which the Committee of the Chamber desire to point out. The Steel Industry which enjoys protection from the State should adopt a sympathetic policy towards other industries depending on it, in order to bring about the development of such industries. Their attitude towards other subsidiary industries should also be one of definite encouragement in order that various small industries can be brought into existence, and thus the industrial progress of the country assisted.

The Committee have to draw your particular attention to the question of the Indian Steel Industry entering into agreements with non-Indian steel interests and would suggest a careful enquiry into the various aspects of this subject. The Committee addressed a detailed representation to the Government of India on the 7th November, 1932, regarding the supplementary agreement about iron and steel arrived at the Imperial Economic Conference at Ottawa and they do not wish to reiterate all the arguments elaborated therein. But they consider it very essential that the Tariff Board should investigate into this supplementary agreement especially with a view to find out how far the Indian Steel Industry itself has been assisted thereby and what have been the effects of that agreement on the British Steel interests. The Committee have to emphasise that, apart from the general effect of the preference on home industries about which they hold definite views, it has been their considered opinion that the supplementary agreement relating to iron and steel was one in which the interests of the country were subordinated for the purpose of benefiting the British manufacturers. The Ottawa agreement, whatever its economic reactions, introduced a fundamentally vicious principle in that the British Manufacturers have been given a share in the protection afforded to an indigenous industry and further implies that in those industries in which British manufacturers

are interested in any way, protection to Indian industries would be subjected to a preference for British goods on one ground or other, e.g., reciprocity, industrial co-operation, specialised production of Great Britain or non-competitive character of British goods. It is one thing for an industry protected through the sacrifices of the tax-payer and the consumer of a country to enter into agreements with industries in their countries for mutual benefit of its own free will and it is quite another to compel it by indirect means to agree to giving certain preference to its British competitors. It should be obligatory on the Government to see that the scheme of protection recommended by the Tariff Board is not jeopardised and frustrated through any such restrictive agreements. Moreover, the Ottawa scheme for conversion of Tata's Sheet bars into galvanized sheets in England meant a guaranteed profit to the British manufacturers. It was therefore, a most obnoxious principle and was such as to be detrimental to Indian interests in practice. It should be remembered that the Tata Iron and Steel Co., Ltd., is more or less in the position of a monopolistic concern so far as the Indian market is concerned and that any agreement that it makes with British or other non-Indian interests should be examined not only from the point of view of its effects on this one company alone, but also from the point of view of the development of steel industry in all its ramifications and of ancillary or subsidiary industries.

The Committee would also like to state that whenever large projects are undertaken by the Government and quasi Government bodies in India, it should be laid down that all the steel to be used should be such as can be manufactured in India and adequate opportunities should be given to the manufacturers of steel in India to prepare and supply the material required. The Committee would cite as an illustration the proposal for building the New Howrah Bridge between Calcutta and Howrah and they have already addressed the Government of India about the use of Indian steel and Indian materials in its construction (*vide* letter dated the 15th July, 1933, copy enclosed). The Committee have to point out that while the Tariff Board are endeavouring to devise ways and means for safeguarding the steel industry in India, it would be anomalous if big orders like those for the New Howrah Bridge are allowed to be placed outside the country. The slackening of railway development programme and the diminution of railway orders have adversely affected the development of the Indian steel industry and it is, therefore, all the more necessary for the Tariff Board and the Government to see that the steel industry is not deprived of large orders placed by bodies like Port Trusts, which would undermine the entire purpose of protection. The New Howrah Bridge Commissioners require the use of high tensile steel in the construction of the new bridge, but the committee are informed that the Tata Iron and Steel Co., Ltd., are perfectly confident of manufacturing this kind of steel provided the specifications are not unduly restricted and provided adequate time is given between the acceptance of tenders and the commencement of work. As the duty on this kind of steel is a revenue duty at present it is necessary that a protective duty should be imposed upon such steel and this question needs the immediate attention of the Tariff Board, as the proposal for the New Howrah Bridge and other projects using high tensile steel are under consideration and might be decided even before the recommendations of the Tariff Board are submitted to the Government.

Enclosure.

*Copy of a letter dated the 15th July, 1933, from the Indian Chamber of Commerce, 135, Canning Street, Calcutta, to the Secretary to the Government of Bengal, Commerce Department, Calcutta, and the Secretary to the Government of India, Commerce Department, Simla.*

The Committee of the Indian Chamber of Commerce, Calcutta, understand that proposals are under consideration by the Calcutta Port Commissioners for the building of the New Howrah Bridge and that the new bridge will

require between 30 and 40 thousand tons of steel. In these days there is hardly any country in the world in which orders for a public work of this magnitude would be allowed to be placed by the authorities concerned outside the country, if it can be carried out at a reasonable cost and efficiency with the use of indigenous materials and labour. In view of the fact that the Indian Works for the manufacture of iron and steel are situated almost at the doors of the Calcutta Port Commissioners, it is hoped that in inviting tenders every opportunity will be given to the manufacturers of steel in India to supply the steel material required.

2. The Committee of the Chamber are also informed that the use of special high tensile steel is contemplated, on the ground that the utilisation of such steel will enable a reduction to be made in the material of the bridge which will more than offset the higher cost per ton. There is no reason to believe that high tensile steel suitable for the purposes of the bridge cannot be manufactured by any manufacturers of steel in India. It is urged that in inviting tenders, the specifications for the high tensile steel should not be so narrowed down as to confine it to any particular kind or make of high tensile steel, but should be such that it would be possible for manufacturers of steel in this country as well as any other steel manufacturing company outside the country to tender for a high tensile steel which would suit the requirements of the Port Commissioners and not depart materially from the general design and contemplated strength of the bridge. It should be left open to the tenderers, if they so desire, to submit alternative designs of a bridge of the cantilever type made of high tensile steel of their manufacture through the Consulting Engineers of the Port Commissioners.

3. As it cannot be asserted that ordinary mild steel of the usual British Standard specifications is not suitable for the purpose of such a bridge and as the final consideration in deciding upon a bridge made of the usual British Standard tested steel or of high tensile steel will be one of comparative costs, it is suggested that alternative tenders may be invited for mild steel to British standard specifications as well as high tensile steel. The largest bridges most recently constructed or under construction in India, such as the Willingdon Bridge and the Nerbudda Bridge, are of mild steel.

4. The Committee of the Chamber would also request that the Consulting Engineer of the New Howrah Bridge must be asked to suggest their designs in consultation with the Controller of Standardisation of the Government of India. The Committee of the Chamber trust that the suggestion made by them will receive your most careful consideration.

### **Merchants' Chamber of United Provinces, Cawnpore.**

*Letter, dated the 4th December, 1933.*

I am directed by the Council of the Merchants' Chamber of United Provinces to address you as under:—

The Council like to state at the very outset, that they recognise the need of continuing protection to the Tata Iron and Steel Co., Ltd., as the Iron and Steel industry is an important basic industry in this modern age and they also feel that protection should be given on a scale which will be sufficient and adequate in view of the future requirements of the Company's development. The Council have also to observe that it should be for a reasonably long period, either for seven years as desired by the Company, or for a little longer period, if need be, so that there should be no necessity for a fresh Tariff Board inquiry and the Company should be able to go ahead with its plan of development assured of certainty, stability and continuity.

Unfortunately enough, the period of protection, which expires by March, 1934, has synchronised with a time of very acute prolonged and widespread depression and naturally all the hopes and expectations entertained about

the development of the industry are not realised. The Company has, however, it may be stated, made progress in certain directions and this seems on the whole to be fair. The Council note that the Company has made good progress in respect of Indianisation in that it has reduced covenanted non-Indian personnel from 161 to 70. The Council consider that this pace ought to be quickened and it must be early possible for the Company to Indianise almost the whole of its personnel.

The Council of this Chamber feel that instead of trying to produce on an average 530,000 tons of steel a year in the next seven years, the Company must aspire to produce more with a view to early meet the entire Indian demand. Although the demand may have fallen to-day on account of depression, it does not mean that this fall is permanent; demand for steel is bound to go on increasing in years to come.

The Council, however, like to invite the attention of the Tariff Board to one point—*viz.*, the demand of the Tata Iron and Steel Co., for a duty of Rs. 25 per ton on non-Indian "billets". This duty at present is 20 per cent. *ad valorem*, which works out at about Rs. 11 on the c.i.f. price. This means that duty paid continental "billets" are delivered to-day at port at Rs. 68 per ton. If the proposal of the Tatas for a duty of Rs. 25 per ton is accepted, the same non-Indian billets will be delivered at the port at Rs. 82 per ton. Tata's demand for an import duty of Rs. 25 per ton works out at something in the neighbourhood of 48 per cent. *ad valorem* on the present c.i.f. price of Rs. 57 per ton. This will have an adverse effect on the re-rolling mills in India. The Council of this Chamber have no objection to a higher duty, but they would like to state at the same time, that the Tata Iron and Steel Company must supply to the Indian re-rolling mills their billets at "*a fair and reasonable price*", and they have the same to suggest that the Tariff Board must go into this question. There is scope in the country for re-rolling mills. The present attitude of the Tata Company is neither reasonable nor fair as far as the supply of billets is concerned and the contention of the Council is that the re-rolling mills in India have every right to expect a fair and reasonable treatment from the Tata Company when it is receiving protection at the hands of the State.

### The Bombay Shareholders' Association, Bombay.

*Letter dated the 4th December, 1933.*

I am directed by the Committee of my Association to submit to you this representation in support of the claim for adequate protection for the Indian Steel Industry.

2. The objects of the Bombay Shareholders' Association are *inter alia* to protect and further the interests of investors and in particular to encourage the development of indigenous industrial enterprise.

3. My Committee are not in a position to comment on technical matters connected with the enquiry. They have therefore endeavoured to confine this representation to general questions.

4. My Committee take it that the claim of the Indian Steel Industry to receive adequate protection has already been recognised by the Tariff Board. The world conditions as applying to the steel industry have so deteriorated as even to drive a country like England after a hundred years of free trade to accord a substantial measure of protection to its old-established steel industry. My Committee would also refer to the enormous increase in import duties on Indian pig iron imposed by Japan.

5. My Committee regret that the current scheme of protection should, on account of various unforeseen circumstances, have gone so far astray as to lead to a reduction in the earnings of the Tata Iron and Steel Company of about Rs. 5 crores as compared with the estimates of the Tariff Board. Statement No. 42 attached to the representation of the Tata Iron and Steel

Company shows the dividends paid by the Company from 1925-26. It is clear from this statement that throughout the current period of protection neither the ordinary nor the deferred shareholders received any dividend while even on the cumulative second preference shares large arrears have accumulated. Even assuming that the estimates of the Tariff Board have gone wrong mainly owing to world conditions which could not be foreseen, yet the fact remains that the measure of protection given in the past has been insufficient to achieve the desired result, namely, that India should be independent of supplies of foreign steel. In the opinion of my Committee, it would not be possible for a basic national industry like the steel industry to be fully and firmly established unless it could count upon reasonable profits for a sufficiently long period of years to attract the required capital. The facts set out in the representation of the Tata Iron and Steel Company conclusively prove that with adequate protection there is every chance for the industry to become self-supporting.

Under the circumstances, my Committee submit that it is only just and fair that the further scheme of protection should be so framed both with regard to the period as well as with regard to the measure of protection to be granted, as to enable an adequate return to be obtained on the capital invested in the industry and to attract further capital in order to allow the industry to expand with a view to make India self-sufficient in regard to supplies of steel.

My Committee are of opinion that a period of seven years is the least that should be granted for the purpose. Otherwise no capitalist desirous of investing money on the establishment of other steel plants would have the assurance that the basis on which he launched his enterprise would not be altered before he began to earn.

It has been the unfortunate experience of the industry that the import of unforeseen factors like the falling import prices, unfair competition, exchange depreciation, dumping, drastic curtailment of railway capital programmes, etc., etc., the effects of which could not be estimated by the Tariff Board has had the result of upsetting the scheme of protection devised by the Tariff Board.

The strike menace is another factor which the Tariff Board will also have to take into account. The disastrous effects of the 1928 strike have been already set out in the representation of the Tata Iron and Steel Company. A general strike is the most serious menace to which the Steel Company is exposed. In spite of the fact that the Company's labour is being treated liberally, yet the conditions are such that a strike may take place at any time in spite of the most rigid precautions and most fair treatment. The past history of the Company amply illustrates this. In the opinion of my Committee, it is essential that the industry should receive some additional measure of protection in the event of a large scale strike if it is established that it was due to no fault or mismanagement on the part of the Company and that in awarding protection, allowance should be made for the almost certain risk of such strikes during the period of protection.

For the aforesaid reasons, my Committee suggest that there should be some statutory guarantee to the industry that on any of these and other unforeseen circumstances arising to alter the estimates of the Tariff Board immediate action would be taken by Government to maintain the protective duties at the level recommended by the Board. In this connection, my Committee strongly support the views expressed by the Tata Iron and Steel Company in paras. 111 to 113 of its representation and they urge the Tariff Board to make recommendations on the lines indicated in the said paras. or on any other appropriate lines so as to ensure to the industry the measure of protection recommended by the Board throughout the whole period of protection.

In view of what has been stated above, my Committee also urge that the scale of protection should, if anything, be slightly more liberal than might be strictly justified on the basis of the figures presented by the Tata

Iron and Steel Company so as to take account of any unforeseen development that might occur in the future and partially to compensate the Company for the severe loss sustained by it during the current period of protection when the estimates of the Board worked out unfavourably to a very large extent.

6. As an instance of the necessity for a liberal measure of protection to any individual industry to enable it to supply the whole demand of the country and ultimately to stand on its own legs, the case of the protection granted to the sugar Industry and the assurance for the continuance of such protection might be quoted. Under the liberal measure of protection granted to the sugar industry a large number of sugar mills have sprung up throughout the country, so much so that it is now estimated that within five years of the protection having been granted, India will be independent of supplies of foreign sugar.

7. My Committee would like to draw the Board's attention to the fact that whenever the question of protection for the steel industry has arisen in the past there has been an outcry against the grant of such protection in the interest of consumers.

It is the opinion of my Committee that consumers' interests are put forward indirectly by certain importing interests who supplied such consumers' wants and who fear, and naturally, so, that the development of the steel industry in India will lose to them a very valuable market indeed. As a matter of fact, the Indian consumer of steel is paying a lower price for his requirements to-day than he was before the present scale of protection was granted. If the Tata Iron and Steel Company was not producing steel and if India was entirely dependent on foreign supplies, my Committee fear the consumer would have been forced to pay higher prices by the foreign manufacturers who would have had a completely open field.

8. *Railway Freights.*—My Committee consider that the position with regard to freights, as disclosed in paras. 136 to 140 of the Company's representation, is most serious, not only so far as the steel industry is concerned but also in respect of the commerce and trade of the country in general. The unsympathetic attitude of the Bengal Nagpur Railway in regard to this matter is, my Committee fear, in accord with the rate policy of Indian railways which has definitely hampered the growth and development of industries in India.

The relevancy of the issue of regulating freights, my Committee hope, will be appreciated by the Tariff Board from the certain effects of the raising of the freights by the Bengal Nagpur Railway which must result in neutralising, to no inconsiderable extent, the benefits intended to be conferred by the scheme of protection. My Committee would therefore very strongly urge the Board to recommend Government the examination of the serious consequences on the industrialisation of the country which follow in the wake of an unregulated and ill-planned freight policy.

My Committee have not had the privilege of perusing the correspondence which has passed between the Tata Iron and Steel Company and the Bengal Nagpur Railway, but presume that such correspondence will be laid before the Board. Neither do my Committee know to what extent the Board are acquainted with the position of this Railway Company. My Committee therefore feel that it will be useful to quote a few facts, even if they are already in the possession of the Board.

The Company has £3,000,000 ordinary stock, roughly £4,000,000 of debenture stock in the hands of the public and the balance of the capital outlay of over £45,000,000 has been advanced by Government. 3½ per cent. minimum interest per annum is guaranteed to the ordinary shareholders by Government and the ordinary stock is in consequence a trustee investment.

In 1927 the Bengal Nagpur Railway Company earned gross receipts of Rs. 8.31 crores. The percentage of working expenses to gross receipts was 57.82. The net earnings were in consequence sufficient to enable the Company to earn and pay 5 per cent. on the ordinary capital.

From 1928 onwards the Company decided upon an intensive development and improvement policy spread over a three year period.

In 1930 the Company's gross receipts were 9.25 crores and the percentage of working expenses was as much as 84.5. As a direct consequence, although the gross receipts of the line increased by Rs. 1 crore, the net receipts declined by Rs. 2 crores odd to 1.47 crore. This latter figure of net earnings was insufficient to pay interest on the amount loaned by Government, interest on the debentures and dividend to the ordinary shareholders so that the Government of India had to pay to the ordinary shareholders the 3½ per cent. guaranteed on the ordinary capital. In 1931 and 1932 there was a falling off in gross receipts to just below the level of 1927 given above, but as working expenses have not still come down to the same level there is still a large deficiency and Government is still having to pay the 3½ per cent. interest to the ordinary shareholders.

Until the years 1927-28 the working expenses ratio of the Bengal Nagpur Railway was on a par with those of the Bombay, Baroda and Central India and the Madras and Southern Mahratta Railways. Since 1927-28 the two last mentioned companies have maintained their expenses ratio and their profits and the Bengal Nagpur Railway is the only main line whose working expenses have risen and whose profits have declined unduly.

My Committee understand that the Bengal Nagpur Railway insists upon payment by the Tata Iron and Steel Company of the increased freight charges on the ground that its annual working has lately been unsatisfactory. It appears that the falling off in the annual profits of the Bengal Nagpur Railway is due to the fact that the Company has been debiting to revenue the expenditure on the development and improvement programme referred to above. My Committee submit that, according to the usual practice, such programme should have been financed out of capital. If this had been done then the working of the line would not have been unsatisfactory as is made out. If the increase in freight charges has been influenced by the so-called unsatisfactory working of the line then my Committee submit that the matter requires examination at the hands of the Tariff Board in the light of the facts quoted above.

In the event of the Tata Iron and Steel Company not succeeding in obtaining relief from the Bengal Nagpur Railway in the matter of increased freights, my Committee submit that to that extent protection granted to the industry should be augmented.

9. My Committee submit that the object of protection would be considerably furthered if the principle underlying the recommendation made in paragraph 134 of the Tariff Board Report 1927 is faithfully observed by the Railways and quasi public bodies which cannot be distinguished for the purposes of the recommendation from the railways. It is hardly a secret that the Tata Iron and Steel Company has had its efforts considerably foiled by the adoption of certain methods as to designs and specifications required by large consumers of steel in India. My Committee would therefore request the Tariff Board to examine how far the recommendation has been given effect to during the last seven years. The construction of the new Howrah Bridge which has raised some controversy in the country is an illustration of the opportunities which should be made available to the industry if the fullest advantage of the protection granted to the industry is to accrue. In this connection my Committee support the representation made by the Tata Iron and Steel Company to the Government of India on the desirability of raising the import duty on tensile steel from the present scale of revenue duty to the level of protective duty applicable to other kinds of steel. My Committee fear that unless immediate action on these lines is taken by Government, the Tata Iron and Steel Company will evidently be placed at a disadvantage with foreign competitors in tendering for this contract. An opportunity for the use of a substantial quantity of steel in India cannot, in the opinion of my Committee, be conceivably allowed to go past the Indian producer who has been enabled hitherto, with public assistance, to bring the industry to its present stage of progress.



## Bihar and Orissa Chamber of Commerce, Patna.

(1) *Letter dated the 15th December, 1933.*

I beg to submit the following few observations for consideration of the Board before coming to a decision regarding the measure of protection to be given to the Steel Industry in India, which is practically the Tata Iron and Steel Co., Ltd.

This Company has already enjoyed a large measure of subsidy and protection and before burdening the country with a further load, it should be enquired into, whether the work and policy of the Tata Iron and Steel Company had been such as to justify further burdens being imposed on the people of this country, and whether their policy has tended or will tend in the future to the development and expansion of the iron, steel and engineering industries managed and financed by Indians, who are required to bear the burden of supporting them.

*Indianisation.*—The first point on which the Indian public had been insistent and where the management had made unsatisfactory progress is the employment of Indians in responsible posts. In a pamphlet issued by the Company in September, 1932, it is stated that from 134 covenanted employes in 1923-24 there were in 1931-32 only 93. The management may think it very satisfactory progress but my Committee refuse to believe that it could not have been improved considerably, if the management had earnestly desired it, and did not want the glory of employing highly paid Europeans, not unoften with questionable qualifications. It is to be noted that while the 134 Hands were drawing 14·80 lakhs salary and 5·22 lakhs in Bonus total 20·02 lakhs. 93 Hands were drawing 12·93 lakhs in salary and 5·67 lakhs, i.e., 18·60 lakhs. Although the numbers had been reduced by 41; the individual remuneration had gone up. This at a time when the Government had enforced a wage cut, and the public had been demanding a reduction in the salaries of the imperial services and asking even the Viceroy and Governors to give up their hill stations. The European officer is not only expensive himself but makes the whole thing expensive by his styles, outlook, and methods. My Committee are doubtful how far the selection of the management had been happy and desirable. Men in Government employ are taken in on fat salaries, and the public suspicion is that this is done either for services rendered or for influences to be exerted, and not for any regular work and service. A technical officer, associated in the previous enquiry is now employed at the Bombay office, though if he were an expert he would be expected to be at the Works, controlling, guiding and developing. The post of the late Accountant is now filled by a retired Government Officer on a much higher salary and on a more glorious designation. This Officer's conduct in utilising his position as a high officer in selling his patent to the Railways had been publicly questioned, and the selection of the management could only fall on such a man! The most glaring cases come before the public, and not a few remain unknown. Another high officer had to defend his character in a law court. A European officer is generally unsympathetic and inaccessible and his outlook can never be national. The Company is now working for 25 years, but real Indianisation is still far off. The Board is in a better position to ascertain if steel or other industries which are subsidised and protected in the same manner in other countries have similar control by foreigners at the top as is the case with Tata Iron and Steel Co., Ltd. There can certainly be no vendetta against foreign skill, but at the same time services which can be got from the people of the country should be utilised and a fetish should not be made of foreign experts. From statement 41, it appears that amongst others there was a covenanted hand in the Tariff Department. Nothing could be more ridiculous than this. While there are Indians holding even the post of Agent of large railway systems, the Tata Iron and Steel Company had to get a covenanted hand to manage its few miles of railway track. The results of control and management of a "covenanted" may also be enquired into.

With such selections the management talks glibly that there would not be many Indians equipped with the technical skill and experience required to handle the huge plant!

*Welfare Activities.*—These are some of the things by which the visitor whether official or non-official, high or low is tried to be impressed and shown round the various improvements, schemes of housing, water supply, sanitation and such things and a visit to the plant with red hot sheets and bars moving automatically and the furnaces belching out fire and smoke makes him go away impressed with the great magnitude and importance of the industry. There is no time or opportunity for considering whether all that is being done is necessary and economical, necessary for the majority of the people employed, and economical from the point of view of increased costs and unnecessary burden on the industry, a burden which in the present case is being borne by the tax payer. If it had been a question of the shareholders of the Company only, no outsider had any right to complain.

The pamphlet issued by the Company in September, 1932, shows twenty items under which it spends 13 lakhs of rupees annually. It is difficult for anybody not in actual touch with the inner workings of these to say the benefits of such expenses. Some of the items, however, appear to be excessive and a close scrutiny should be made, how far the Company is justified in spending them and how far it actually benefits the labour employed.

(1) Free Ice and Soda costs Rs. 1,26,000. There are about 20,000 employees in the Iron Works and a large part of them are satisfied with the water tap and the spray and so practically this goes to the benefit of the higher paid employees, who can very well pay at least a part of the cost.

(2) Supply of Boots. The expense is Rs. 41,000. This also is an unreasonable expense and is hardly justified.

Medical Relief. The annual cost is Rs. 3,14,000.

It is no doubt a very desirable thing to have a well-equipped hospital for the benefit of the employees and of the public but the point to consider is if such a lavish expense should be incurred when the Company is running at a loss. The Company prides itself that treatment is free and the entire cost is borne by the steel Company; and people from distant places are also brought by their friends and relatives as also aborigines. If the Tata Steel Company were a Charitable institution the provision of such medical relief would be a laudable thing and the association could have been congratulated; but it is primarily a profit-making concern, the profits are now here and public is asked to pay so that it may exist, and the Company in place of utilising its resources to develop its work, maintains a large medical establishment. The number of employees is over 20,000, and with dependents may be fixed at one lakh and the expenditure for them may be compared with the total expenditure in the whole Province of Rs. 34 lakhs for medical relief and public health.

This is a "Show boy" for the benefit of high placed visitors, maintained at an unreasonable cost.

Technical Education Rs. 97,000. The Technical Institute is a "luxury" as at present worked. The staff is highly paid. It will not be more costly to send out boys to foreign countries and pay them Rs. 3,000 a year, and they would get as good if not better training in Europe and America than spend a lakh of rupees a year on the education as at present imparted.

In five years the Institute at an expense of five lakhs rupees trained 53 students.

Dairy Farm Rs. 67,000. It is not clear if this sum is net "expenditure" or the total expense subject to recoveries. The Company prides itself on supplying fresh cream butter and milk, and it would be interesting to know how many and what class of its employees get the advantage of this expenditure of Rs. 67,000.

*Success in Reducing Costs.*—In the memoranda which the Tata Iron and Steel Company has submitted, it is stated that costs of production is one of the three main factors governing the success of the scheme of protection

and that this item is to a substantial extent within the control of the Company and that the Company has done it. I am directed to submit that there had been large unnecessary expenses which could have been avoided and the costs of production lowered.

I have cited the above instances, and would respectfully request the Board to examine deeper into the figures. It is very difficult for outside people to verify all the rumours which became current about the methods of work and the ideas of management of the Company. One of the statements which had been current is that a number of boilers which had still good life and which the manufacturers had undertaken to recondition were changed and new ones purchased at a considerable capital outlay. Every "expert" employed has his own ideas and valuable machinery is scrapped. Some years ago a large number of motors were damaged and there was constant interruption.

*A Government Director.*—I am directed to submit that if the Board decides to recommend any protection to be given to Steel Industry, which at present means the Tata Iron and Steel Company it should consider and recommend that a Government Director should be appointed to see that Indianisation is carried out, that costs are kept low, that unfair treatment given to Indian buyers and undue preferences to Foreign purchasers, in India and outside is prevented. You must be well aware that when any Company raises loans by means of debentures a nominee of the debenture holders is generally on the Directorate, and in some matters his voice is the final and deciding factor. In this case the Government has paid and is helping this Company with crores of rupees, in some cases making people and industries suffer. Such being the case the appointment of a government director is absolutely necessary.

*The Need for Dividend.*—It has been stressed by the company that the return should be adequate enough to enable it to pay dividend on its capital outlay. The shareholders are entitled to a dividend. The remedy lies in writing down its capital outlay commensurate with present prices and to reduce its expenses. It is unreasonable to expect that when world prices have gone down the shareholders of the Tata Company should get dividend on money spent by their Directors in post war periods.

*Sales Policy.*—The sales policy of the management had been to discriminate against the Indian buyer, specially the up country. The Province of Behar, which has the good fortune of having the Tata Works in its territory is being practically ostracised. It produces the raw materials, it has supplied some capital for the undertaking, it supplies the bulk of labour, but when the question comes of selling materials then the management find out funny reasons for charging it specially high rates. The people of Behar have to pay Rs. 2 to 3 per ton extra, than what is charged from people living further on in United Provinces. Protests have gone for nothing and every consumer is being fined as to say for the misfortune of living in Behar. The plea has been put forward that some people can send their goods to the United Provinces through cheaper channels, and thus can earn Rs. 2 to 3 per ton and in order to prevent this, prices in Behar must be put up. The Company will not avail of this cheaper method. It insists on getting the freight advantage for the largest lead, and to keep up this unreasonable position every buyer must be made to pay more in these parts.

The position as regards pig iron supplies to Indian firms is notorious.

It is well known that Indian firms do not get the same advantages as European firms who are large dealers with large financial resources. The result is that the benefits go to non-Indians. The Indian iron merchant and the smaller engineering firms have been starved and ruined by the Company.

The purchase policy of the Company is as anti-Indian. Raw materials e.g., coal, fire bricks, lime and other articles are purchased from European firms though there are Indian firms supplying these.

The Company has no national outlook. It is only where there was a direct benefit that it has moved its little finger to help any Indian industry.

*Rolling Mills.*—There are a number of rolling mills which are working profitably and some more are projected but the fear is that this Company with its protected profits would one by one kill these by rate cutting in the particular areas of each mill. The expansion of the iron and steel industry is being handicapped by such policies. The desire is to keep out all competition so that the materials manufactured by this Company at a high cost may only sell. In spite of all that is said my Committee is unable to appreciate the position that materials, iron and steel, should continue to be exported to foreign countries, then come back to India competing with the industries of the country, India is to be denied this advantage, and materials made by this Company must continue to be sold at a loss. The iron and steel industry in India cannot be concentrated in the Tata Iron and Steel Works, and the endeavours to concentrate it there and kill all competition is reacting on its own expansion. The Company complains that the failure of the Indian demand to meet expectations is one of the main causes of the failure of the current protection. This is only moving in a vicious circle.

*Steel Prices.*—I am directed to submit that with Pig iron being manufactured at such a low cost, there is no reason why the cost of steel manufacture should go up so high.

*Indian Demand.*—That the demand for iron and steel is expanding and is capable of further expansion is borne out by statement 14, of the Tata Company's representation where a progressive number of total orders booked had been of untested material. This clearly shows that the country can absorb more and more iron and steel materials, which must be sold at cheaper rates. The views of the Company's Sales Department had been that the country had reached the saturation point regarding the consumptions of iron and steel materials, and any lower rates will not stimulate consumption. And they have as a result insisted on keeping up and manipulating prices in India, entering into cartels and combinations.

*Future Capital Expenditure.*—In statement 19, the Company in its representation has given a list of further capital expenditure totalling Rs. 554 lakhs. I am directed to submit that most of these appear to be of doubtful utility and benefit, and are most likely to burden the Company with unremunerative loads. Such, so far my Committee can judge are Benzol plant, slag cement plant, brick making plant. They are afraid that the story of the "Greater Extension" will probably be repeated and the Company may not only be landed with these but further large expenditure may become necessary. My Committee are afraid that the future requirements shown have been estimated in a haphazard manner, like the proposed Benzol Plant, which the explanatory note has qualified with two big "ifs".

The Company estimates further expense of 30 lakhs on Housing, sanitation, etc., in town.

There does not appear to be any valid reason for embarking on a large Housing scheme; already there are nearly 16,000 houses and there are the neighbouring villages and Jugesalai, for the total labour force of about 18,000.

My Committee begs to submit that the Tariff Board should not approve any new capital expenditure except with the greatest caution and the Company should be left to do it on its own responsibility and risk, that the approval of this Board may not be later on trotted out for more protection in the future.

My Committee wishes to place before the Board that any comment by them on the past and future work of the Company cannot be very full and complete, and they are handicapped by their want of knowledge of the inner and technical working the only information is the case prepared by the Company, which has been done with the set purpose of magnifying their difficulties, diminishing or hiding their own shortcomings. They would like to impress on the Board that so far the management has failed to make reasonable profit for its shareholders, has added to the burdens of the

Indian people and its policy has tended to retard and injure Indian engineering and manufacturing concerns and dealers.

If the Board finally decides that the Tata Iron and Steel Company should be given further protection, it should if possible be for a shorter period and with proper safeguards that the Indian public should not be unduly burdened that Indian merchants and manufacturers should benefit by the work and development of this steel Company, which unfortunately has not not been the case up to this.

*Duty on Pig Iron.*—My Committee begs to submit to the Board that the revenue duty on the importation of pig iron should be abolished and in its place a small protective duty may be imposed on all iron castings imported into India. The question of a bounty on iron castings exported in certain tonnage should be favourably considered.

(2) *Letter No. 102, dated the 26th March, 1934, from the Behar and Orissa Chamber of Commerce, Patna.*

I have the honour to send herewith a copy of resolution passed unanimously by the Behar and Orissa Chamber of Commerce in their Annual General Meeting held in the premises of Sinha Library on the 20th March, 1934, for favour of your information and necessary action.

Enclosure.

THE BEHAR AND ORISSA CHAMBER OF COMMERCE, PATNA.

*Copy of a resolution passed at the Annual General Meeting of Behar and Orissa Chamber of Commerce held in premises of Sinha Library on the 20th March, 1934.*

RESOLUTION.

1. That if the Government of India be pleased to decide continuance of Protection to Steel Industry this Chamber would respectfully request the Government with a view to safeguard the interests of all concerned to impose the following conditions on the protected industry before granting further protection in any shape:—

- (a) That Messrs. Tata Iron and Steel Co., Ltd., should sell pig iron and finished steel which are essential and important raw materials for cast iron and Engineering industries to all Industries and Enterprises in India, Indian or European at the same rates without allowing any discount, rebate or concession whatsoever so that every Enterprise may have equal opportunity for healthy competition.
- (b) That in selling the products there should be no discrimination and whenever the demand should be not less than one wagon load of one class of materials it should be supplied by the protected firm direct.
- (c) That Messrs. Tata Iron and Steel Co., Ltd., should not export pig iron and steel products to foreign markets at lower rates and in no case the rates of its products in home markets should exceed the export prices of steel materials for the time being.
- (d) That the protected firm should not enter into Trust or Pool or any other agreement with other firms or industries to the detriment of the interests of other Enterprises and should cancel all existing agreements.
- (e) That in case of default or neglect on the part of Messrs. Tata Iron and Steel Co., Ltd., to observe any of these conditions the protection should forthwith be withdrawn or other penalty imposed at the discretion of the Government.

2. That to give effect to these conditions and check wastage, extravagance, inefficiency, and abuse of advantages of protection and to settle disputes between the protected firm and the public the Tariff Board be given power as recommended by the Fiscal Commission, paragraph 306 of their report.

3. That a copy of this resolution be sent to the Secretary, Tariff Board, 1, Council House Street, Calcutta, the Hon'ble Member-in-charge of Department of Commerce, Government of India, Delhi, the Secretary, Federation of Indian Chamber of Commerce, the Members of the Indian Legislature and to Messrs. Tata & Sons, Bombay, for information and necessary action.

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### **The Iron and Steel Traders and Consumers' Association, Bombay.**

*Letter dated 26th December, 1933.*

Our Association has been asked by the Tariff Board here to forward our representation directly to Calcutta. I am, therefore, enclosing the same herewith.

Enclosure.

The question now submitted to the Tariff Board would be too narrow and unduly limited, if it were only dealing with the present state of the Steel Industry in India.

Time has come to reconsider the situation as a whole and to ascertain, according not only to representations and submissions made by interested bodies in India, but also to information collected, direct inquiries and thorough investigations made by the Tariff Board itself, whether or not the policy now followed by Government has been at all beneficial to the economic welfare of the country AS A WHOLE.

When the Tariff Boards, which were from time to time appointed to consider the question of the advisability of granting protection to the Indian Steel Industry and the relative submissions made by Messrs. Tata, the Board were always called upon to examine the situation of a particular industry while the economic position of that industry in India or in the world, or the economic situation of the work was better than it actually is at present. Everybody knows that the fall of wholesale prices, terrific in its depth and duration, hits very hard all the countries in the world.

The prices of the agricultural products are specially depreciated: which means that the majority of the population of India who, in normal times, barely get more than a hand to mouth living find themselves in a situation which did not meet with the indifference of the Government of India. Protective duties on wheat, remissions of land taxes and similar steps were meant to relieve the rural population.

We do not intend to scrutinize here every article of Iron and Steel in order to show the excessive burden of the duties, fiscal or protective, on the consumers. Simply in order to substantiate our submission, we would like to draw mainly the attention of the board to the question of GALVANISED CORRUGATED SHEETS.

These commodities are used mostly by the poor ryots as a cheap, reliable and durable shelter for people, cattle and crops. They are being imported into India in very large quantities and in 1932-33 the import amounted to 73,000 tons valued at Rs. 1,23,00,000 which represents 23 per cent. of the total value of manufactured iron and steel imported in 1932-33. The Tata Iron and Steel Co., Ltd., have been manufacturing these corrugated sheets since 1923-24, and in 1932-33 their production amounted to 36,000 tons, i.e., about 50 per cent. of the internal consumption.

The Government found expedient to extend the protection granted to several articles of steel, to the corrugated sheets and duties were accordingly devised. In 1932 these duties were Rs. 40 which was raised to Rs. 67 per ton plus 25 per cent. surcharge.

One can easily realise, without further comments, how heavy a burden the customers has to bear for the benefit of the Indian Manufacturers of corrugated sheets, whose production amount now only to 50 per cent. of the consumption. The Tata Company being the only manufacturers of the articles in India, the actual result was that to safeguard a limited amount of private interests the poorest communities of the Indian population had to be indirectly taxed to an amount which could hardly be called fair.

After the Ottawa Conference, an agreement has been arrived at between the Tata Iron and Steel Co., Ltd., and the British Sheet Makers' Conference. As per its provisions: the Tata Company sends to the United Kingdom steel bars to be rolled into sheets, which are sold in India together with the corrugated sheets completely of English manufacture, through a central selling organisation—THE ORIENTAL STEEL COMPANY. At the same time the price in India is kept at an agreed figure. The duties agreed upon in this subsidiary agreement were embodied in the Indian Tariff on the 1st January, 1933.

This agreement, which was practically forced has shown that this agreement was quite detrimental to the real interests of the country. It has, as a matter of fact, given an easy and ready market for Tata's Steel bars, and for the satisfaction of private interests, the rights of the consumers have been completely overlooked.

We will remind here that the duties now in force are the following:—British Sheets Rs. 53 per ton, Sheets made in England from Indian Sheets Bars Rs. 30 per ton, Foreign Sheets Rs. 83 per ton.

The difference of Rs. 30 per ton between the duties on British and Foreign Sheets had the immediate effect of killing the continental competition so that the prices were no more regulated by a fair competition in the interests of the consumers but were fixed by the producers (British and Indian) irrespective of additional burden on the consumers. The British Sheets Makers Conference and the Tata Company being masters of the market, the prices immediately increased without any other reason than the impossibility for the continental manufacturers to enter the market.

It is most interesting and suggestive to record here, in illustration of what we have said above, the prices quoted during these last months—

- (1) up to the 20th of September, 1932, (before the renewal of the English Syndicate), c.i.f. £10-7-3,
- (2) from the 21st September, (when the Syndicate had been renewed), c.i.f. £11-4-9,
- (3) from the 13th October, 1932, (when the projected duties were known), c.i.f. £12-4-9,
- (4) from the end of December, 1932 (when the new duties came into operation), c.i.f. £12-7-9.

Bearing in mind that the price of Sheet Bars and Spelter has not been altered, it appears that these sudden alterations of the quotations of the corrugated Sheets were abnormal and artificial. We will add that they were also highly detrimental to the Indian consumers. We therefore wonder if the protection of the Indian Manufacturers of galvanised corrugated sheets is not actually the exploitation of the ignorance of the poor consumers and if the private interests of Shareholders harmonise with national interests. All the more so as it appears that quotations for the Indian Markets have been also kept unduly high, while Scandinavian customers were receiving preferential treatment. We submit to the consideration of the Board, a market report published by the "Metal Bulletin" of November 10, 1933, where it is plainly stated: "Prices are unchanged on the basis of 24 G. corrugated in bundles at £16-7-6 c.i.f. India with duty paid and £11-5 to £11-15 f.o.b. works' port for other markets, except Scandinavia

which receives preferential treatment, and £12-15 delivered in 4 ton lots for the home trade".

We here confined ourselves to the question of galvanised corrugated sheets because of the evident exploitation of the poor rural classes it now involves. We submit that the same receive careful attention of the Board. As we feel that several other protective duties on other classes of Iron and Steel constitute also too heavy a burden on the masses of consumers, an evident need would seem to call for a reconsideration of the whole problem from this point of view, bearing in mind first the present and future economic welfare of the country.

In the above paragraphs we have tried to set forth the consumers' points of view about the actual incidence of protective customs duties.

We think that more attention should also be given to the preferential treatment granted by the Government of India to the Manufacturers of the United Kingdom. My Association would have no objections to raise against them, if we were assured that the reduction in duties would correspond to a reduction in prices so that the customers in India might be benefited thereby. Solemn declarations have proved to be of no avail. Not only the people of India have not derived any advantage of them, but also, as in the case of corrugated sheets, the foreign competition has been killed leaving our markets at the mercy of English and Indian manufacturers, at the expense of the Indian consumers.

We feel it is our duty to point out here that the English manufacturers enjoy already a not inconsiderable advantage over their Continental competitors, due to the DEPRECIATION OF THE POUND STERLING. The European countries who are the main suppliers of iron and steel after Great Britain are still on the Gold Standard, and do not benefit by the same a premium of export, as England does. In commodities like iron and steel, we do think that the benefit of the exchange should constitute a sufficient preferential treatment. And it is our submission that no preferential duties should be granted to the English Manufacturers.

We should now like to draw the attention of the Board to the very substantial preference granted by the Government of India to the galvanised corrugated sheets made out of sheet bars sent to England by Tatas. This preference has been embodied in the Indian Tariff, after the Government had given strength of law to provisions of the subsidiary agreement arrived at between Tatas and the British Sheet Makers' Conference.

Regulating international trade or even inter imperial trade in such a way, seems to us, a negation of all sound economic principles and, furthermore, in doing so, the Indian Government appear very much to identify their interests, or the interests of the country with those of a single private concern.

Moreover, the export of sheet bars under that special agreement will be so small, when the second Sheet Mill Unit at Jamshedpur is operating, as Messrs. Tatas have pointed out in paragraph 28 of their representation, that there is no reason any longer to frame a special duty for them. Continuous changes and alterations of customs Tariff should be avoided on account of the dislocations it causes to the trade. Duties for temporary circumstances of very limited scope should not be included in a Tariff.

My Association submits therefore to the Board that the preferential duties granted on the Galvanised Corrugated Sheets made out of Indian Sheets Bars should be discontinued.

My Association deems it necessary to draw earnest attention of the Board to the contents and the significance of the paragraph No. 82 of Messrs. Tatas' representation, wherein it is submitted as a necessity, to include in the scheme of protection billets, tinbar and sheetbar, *i.e.*, SEMIS generally.

This submission is based on the necessity to preclude the possibility of installation of small re-rolling mills at the more distant ports which might



take advantage of the protection duty on bars and light sections or on sheets and produce those articles from foreign steel imported at low rates of duty.

My Association fails to realise the necessity or the advisability of such protection, from the point of view of the economic welfare and industrial progress of India. Even in highly industrialised countries like England, Belgium and Germany, no steps are taken to preclude the establishment in their territories of industries of transformation using imported semis and in fact a considerable tonnage of semis is imported yearly by these countries.

Furthermore, we do not see the advantage that India would derive, in forcing people to use products of a concern which, from a sound economic standpoint, is not suitably located. The consumers of distant markets would have to pay, for the sole advantage of Messrs. Tata, very high railway freight, and be arbitrarily deprived of more profitable prices offered by competition, who are already handicapped by freight, etc.

A direct consequence of such protective duties on semis would be that the prices of this article would normally increase also, in the absence of competition of any kind. Furthermore, concerns using now Tata's semis, like the Tinplate Company and the Indian Steel Wire Products Company and similar concerns would be at the discretion of Messrs. Tata. Prices of articles manufactured out of semis would also tend to increase. The consumers will be the only losers, without any substantial increase in the soundness of the industrialisation of India.

The submission of Messrs. Tata appears to be mainly actuated by a desire shut out all competition foreign or internal. Without any economically sound reasons in their representation, we think Messrs. Tata have failed to substantiate their submission. In our opinion, the protective duties asked for would be detrimental to the interests of the Indian consumers and we therefore, feel entitled to submit that such extension of the scheme of protection should not be recommended by the Board.

In the adjustments of prices advocated by Messrs. Tata and alleged as necessary, to establish the "fair selling prices", we note the place occupied by the adjustments made on account of internal freights.

The justification of these important allowances lies only on the assumption that India should be a reserved market for Messrs. Tata and for that company alone, without giving due consideration to the question as to whether it is economically sound to take the whole territory, from Baluchistan to Burma *via* Cape Comorin, as a market which can be economically supplied from Jamshedpur.

This assumption is obviously open to refutation, and no definite proof appears to have yet been adduced. It is evident that political boundaries in a widely extended country like India do not necessarily cover a reserved market for a particular industry. If the inland freight from Jamshedpur to a place on this side of India, is too high to enable Messrs. Tata to compete with imported steel, prices of which are already encumbered by sea freight, duties and landing charges, etc., it is evident that this particular place must be outside the sphere of influence of the Jamshedpur Works. Any steps taken and specially any increase of duty advocated to modify this situation are economically unsound. *It is really a question to be referred to the Railway Authorities*, who will see up to what extent they can allow rebates or special rates in order to maintain or increase a current of transport. If the railway companies can not see their way to grant such rebates, it is beyond the competence of the Government and it would—constitute an improper use of the public money, to frame duties just to to meet the wishes of the Tata Company. These allowances,—represented by Tatas as adjustments, are an unjust burden on the consumers shoulders.

It should also be borne in mind that if India refuses to buy from Continental countries, the latter will not be able to buy from India either.

### Gwalior Chamber of Commerce, Lashkar.

Letter No. 1289, dated the 26th December, 1933.

I am directed by the Committee of my Chamber to lay down the views of my Committee in regard to the further protection to the Iron and Steel industry in the country, in compliance with the resolution of Commerce Department of Government of India No. 260-T.(8) 33 of 26th August, 1933. My Committee fully realise the necessity to maintain the existing afforded protection to this industry for the further period of at least seven years, but the existing management of Tata Iron and Steel Works, the only big and monopolised industry in the country, ought to be reformed thereby diminishing the present high price of Iron and Steel in the markets. My Committee is of opinion rapid Indianisation of the staff of the company and efficient management could effectively cure the unhealthy condition of this industry.

There are complaints from all quarters that Tatas do not give adequate facilities to other small industries depending thereon, consequently no small industries are yet flourished inspite of big demand of small materials in the country. My Committee think that every big industries ought to be bound under the protection that they should afford facility to the small industries depending thereon.

My Committee urge to the Tariff Board that protection of consumers interests should be safeguarded by the Government before affording any protection to any industry. Consumers themselves will willingly sacrifice their interest if the protection intended to afford is justified in the interest of the country but in India such protection is absolutely neglected by the Government introducing Ottawa Trade Agreement and other measures which are of no interest but in other words add burden to the consumers owing to increasing price of the articles.

My Committee hope that the Indian Tariff Board will consider the views of my Committee laid down hereunder and accept them *in toto* in their report.

### The Deccan Merchants' Association, Bombay.

Letter No. 10/34, dated the 10th January, 1934.

I am directed by my Committee to submit the following few remarks with reference to resolution (Tariffs) No. 260/T.(8)/33, dated the 26th August, 1933, of the Government of India in the Commerce Department.

For the last decade or so the steel industry of India which has practically come to be identified with the Tata Iron and Steel Industry has received a substantial amount of protection at the hands of the Government. As recommended by the Fiscal Committee, before recommending this industry for protection the Tariff Board had convinced themselves about the strong case in its favour. Unfortunately due to unforeseen situation over which the Board had no control, the object of protection is yet far off from complete realization. The industry has developed but the speed of development is hardly commensurate with the burden imposed upon the Indian consumer and for this the general policy of the Tata Iron and Steel Industry is as much responsible as the external conditions, which no one could control. Since the question has again come up before the Tariff Board, my Committee earnestly desires that the experience of the past years should be fully exploited before recommending the industry for a further period of protection.

As the consumer has already been penalised for over seven years and as the steel industry constitutes one of the strongest pillars over which the edifice of India's industrial development is to be erected there cannot be a complete reversal of the policy of protection adopted towards it. But this does not mean that the management should be allowed to have as free a hand in the enjoyment of protection as it has been accustomed to so far, if the policy of protection is to be followed in its true spirit. In the hope

that after the termination of the period of protection the industry will be able to stand on its own legs, the consumer with a sense of patriotism, meekly submits to the evil of high prices. But it is the duty of Government as well as the industrialists concerned to see that this necessary evil is as short living as possible. During the past years the management of the Tata Iron and Steel Industry seem to have been a little indifferent to this consideration, as a result of which they cannot any longer be trusted to have an absolutely free hand in directing the policy of the company.

The grievances against the management are many. Firstly, they have not Indianized their higher staff to the extent they could have done without any harm to the efficiency. Secondly, they have not taken sufficient care to reduce their costs of production, which is one of the most important factors leading to the success of a scheme of protection. On the contrary their schemes for future capital expenditure lend support to the positive contention that they are extravagant. Thirdly, the most serious grievance against the company is that the management do not view with favour the development of other companies manufacturing iron and steel products like wire nails, cutlery and surgical instruments, which goes entirely against the fundamental object of protection. Fourthly, in their sales and purchases policy the management of the company is said to be anti-Indian.

In enumerating these grievances my Committee is seriously handicapped by the paucity of information. But the Tariff Board is in a position to demand information from the Company on these points and make themselves sure about their truth or otherwise. Hence my Committee urges upon the members of the Board to investigate fully into these questions before recommending any measure of protection to the industry under consideration.

To sum up, my Committee suggests:—

- (1) The Tata Iron and Steel Industry which has already received protection for the last so many years should continue to do so for a further period of years. But this period as well as the percentage of protection should be as much as is absolutely necessary for the effective protection of the Industry.
- (2) The Board of Directors of Tatas should be made to give an undertaking to the effect that the grievances enumerated above if true are removed and to see that the policy of the company does not go against the main object of protection, viz., the development of various industries in India, manufacturing iron and steel products.

In making these suggestions my Committee has placed before it the goal of an industrially developed India and taken an absolutely impartial attitude towards the steel industry as well as the consumer.

Hoping to receive a favourable consideration.

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### Messrs. Kristo Dhon Gangooly & Co., Calcutta.

*Letter dated the 23rd September, 1933.*

We observe in the Paper that your Board has been appointed to examine the necessity of continuing the protection to the Steel Industry and the manner in which any protection found necessary should be conferred. Although we should not have any objection to the continuance of the existing protection duty we would like to place before your Board the following points which require careful consideration of the Board before a decision is made.

1. It is our opinion that as a result of the heavy protection duty the general tendency of the market has gone up and consequently every petty consumers are to pay higher prices which tells very heavily on their means at the time of such economic distress.

2. On account of this protection the import of steel products has been reduced to a minimum and resulting in a heavy drop of Government revenue and at the same time rendering thousands of Indian labourers unemployed at the jetty.

3. It is quite reasonable that when the industry is required to take the protection of the Government the Company should take every care to minimise their establishment in order that the cost of production may come down to the same level with the Continental materials.

4. The Manufacturers are now approaching even small consumers and have opened depôts at different places and have thus given a death blow to the Indian businessmen who had been living on the steel industry of foreign materials for years together.

5. Messrs. Tata Iron and Steel Co., Ltd., have recently appointed only four firms in Calcutta for the distribution of their tested materials and thus depriving hundreds of local Indian firms from doing their business. There are some firms in Calcutta who have been doing steel business for more than 50 years with credit, but the above company who wants to be saved by the protection duty of the Government does not care to save small Indian dealers which are going to be crushed as a result of changing their sale policy. We must strongly protest against it and should suggest that they should give facility to every business man to deal in tested materials. We must point out that some Company who has not got the same buying capacity as their distributors at present, may at some future date purchase greater quantities. On the other hand we have every reason to believe that it is the duty of the Tatas to patronise Indian merchants in supersession of the others when they are fully aware that their existence mainly rests on the protection of the India Government. This sale policy of Tatas seems to be a crushing policy of the dealers.

6. In addition to the above protection the Tatas enjoy a concession in railway freight but this advantage is fully enjoyed by the Tatas themselves and not by the dealers or consumers.

7. If the protection duty is found necessary to continue we think that this should be abolished in respect of British goods as we are British subjects.

### **Pandit Nilakantha Das, Puri.**

*Letter dated the 14th October, 1934.*

In pursuance of the Government of India Resolution No. 260/T. (8)/33, dated the 26th August, 1933, I beg to submit the following for the consideration of the Tariff Board.

I claim to represent the interests of the consumer of the articles protected by the various Acts and Amendments for the protection of Steel and Iron products in India. The consumer generally belongs to the class of the poor agriculturist and the lower middle class of the country. He pays for the high price of articles protected. This high price causes high standard of living and comforts, which to-day is about to cause disruption and disorganisation of the long standing social and economic order in the country. It must be borne in mind that the mass of the population are to-day on the very verge of economic ruin.

Hence, before giving any sanction or moral support to a further extension of the protection, i.e., before accepting the entire burden of the Tariff on his bare back with all the calm and resignation traditional to the Indian peasant, the consumer ought to know why he should be made to pay, and where exactly he stands in this system of giving protection to Industries. The Tariff Board might be supplied with some informations and arguments. But those informations and arguments of the receiver of the money ought to be thoroughly examined by the giver of it. What are those informations, and what bearing have they on the interests of the consumer. There has

been yet published no questionnaire on the subject, and the consumer has no other data properly so called to base his calculations upon to find out if an extension of protection asked for is at all advisable in any form. The consumer should expect at least to know exactly as to what extent the Industry has spread in the land and that with what facilities created by protection; how the Indian demand of Iron and Steel articles has been progressively supplied by articles of Indian manufacture as a result of protection; whether and to what extent the Protective Tariff revenue of the State has been reduced year by year as Indian supply increases on account of protection; and above all what the protected Firms and the Government are doing in the matter to repay or at least to give relief to the consumer for the payment which he is making at so great a risk to his economic existence. All these and similar informations with detailed facts and figures are at least necessary, and a yearly calculation item per item showing the quantity and price of the entire consumption of the articles protected and of those made in India, and the ratio between the amount given in protective Tariff to the State, and the amount actually required to help the Industry are also essential for the consumer to come to a decision. In anticipation of these informations, however, a suggestive examination of some well-known points bearing on the question in general and the inevitable conclusion deduced therefrom may be briefly indicated.

In this connection it may be re-called that long before the present cheap price of produce and the imminent economic ruin of the consumer, when the policy of protection first came up for discussion the Legislative Assembly on 16th February, 1923, said Mr. C. A. Innes (now Sir Charles Innes), the then Commerce Member, on behalf of the Government of India:—

“Our policy of protection must increase the level of price for the consumer generally and particularly for the agricultural and middle classes. There is no getting away from this fact. By discrimination we may mitigate the rise. But the fact remains, and it is so certain that I don't propose to argue it, that a policy of protection must mean an increase of prices in India. Now, I am well aware that many countries have gone in boldly for a policy of protection in spite of this disadvantage. But we are considering the case of India. We are not considering the case of countries with a high standard of living like the United States of America and like Dominions such as Canada and Australia. People of countries like that can no doubt pay the inevitable price that protection demands. But in India, we have a country of 300 millions. Two-thirds of that population are agriculturists. Most of them are poor, and the standard of comfort is low. One thing I think is certain. If the agricultural classes were able fully to bring their influence to bear upon this Assembly. I doubt very much whether this Assembly to-day would accept my Amendment. I doubt indeed whether I should be putting that Amendment (in favour of discriminating protection) forward. The agricultural classes in every country in the world, I think, I may say this with confidence stand to gain the least and lose the most by a policy of protection. But even if we leave the agricultural classes out of consideration, is there any one in this House who can view without alarm, having regard to the conditions of India, the prospect of a substantial rise of prices following upon the development of a policy of protection? It is easy to speak of measuring prospective gain against immediate loss. It is easy to say that India must be prepared for a sacrifice. But surely the experience of last few years has demonstrated even to the most unobservant the effect of high prices not only upon the public finances of India but also upon the political, social and economic conditions throughout the country.”

After expressing these sentiments, the Government should not have been an interested party in the policy of protection. The people will never believe an interested Government. In fact the Government of India began their protection to Steel Industry by at least giving some Bounty to the Tatas in 1924. That was good. But since 1927, the policy has been deliberately

changed to one completely of protective tariff, i.e., indirect payment by the consumer. Out of the policy, Government is making much more money than is required for the protection of the Industry. Thus Government develops a vested interest in this policy of protection, which policy therefore, it is feared, the Government cannot but support. It may not be irrelevant to quote here a clause from the amendment moved by the Commerce Member on the occasion referred to above, i.e., 16th February, 1923. The clause runs as follows:—

“(b) That in the application of the above principle of protection regard must be had to the financial needs of the country and to the present dependence of the Government of India on Import and Export and excise duties for a large part of its revenues.”

Should we not now say that this vested interest was a deliberate creation? If the Government want money they may tax the people and take the consequences, if any. But to balance their budget they should not take shelter under a policy of protection and thus trade upon the patriotic sentiment of the people on the one hand, and the self-interest of the capitalist on the other.

Then again the well based misgivings of the Indian consumer in another direction must be seriously taken into account. The Tariff policy of Government of India is intimately connected with the policy of Imperial, or more correctly, British preference. Here one may be permitted to say that the formidable wrong done to the poor consumer in making the much praised Bounty policy of 1924 and 1925, only a thin end of the wedge for a purely Protective Tariff Policy in future, was also a deliberate measure for Imperial or British preference. The same Sir Charles Innes who was then the Member for Commerce and Railways had to represent India in the Imperial Economic Conference of 1923 in London where he said:—

“Large sums have been set aside for the rehabilitation of her (India’s) Railways, and I hope that we may be able to embark on some new construction. On Railway material alone, we spent last year almost entirely in this country, more than 8½ millions sterling. Other development schemes are in contemplation, and in one way or another the Government estimate that something like 70 millions sterling will be spent on Imported Stores during the next five years for the Railways and other development schemes. As in the past so in the future, I have no doubt that the skill and enterprise of the British manufacturers will see to it that the vast bulk of their (India’s) moneys will be spent in this country.”

The “Next five years” of the above statement was to end in 1928 and British preference began by an Act in 1927, along with the Tariff Protection to Steel Industry.

If preference is really necessary the Indian tax-payer should be asked to take to other means, such as, conventions of quota purchase, or purchases of particular articles even at a loss. That kind of direct dealing would be free, healthy, and manly. But a planned preference to be worked automatically under a system of Protective Tariff should be stopped at once in the interests not only of the consumer, but of National Economy and National morality.

If the Government can still argue with success that in the real interests of the people a policy of Protective Tariff is better than Bounty, and that Protection of Iron and Steel Industry is a real necessity still, they ought to clearly eliminate preference from protection, and set apart the money they get beyond the Revenue Duty, and ear-mark it for promotion of Industry or other works of Nation Building. An interested Government combined with the interested capitalists ought not to dupe the patriotic mass of the consuming public into a policy the disastrous effects of which the latter are never allowed either to fully comprehend or to effectively counteract.

The consumer again may be alarmed to imagine the state of things—the effects of all his protection—under the Government proposed in the White Paper, when Statutory elimination of Commercial discrimination will have its full sway in this country. Big competitive English Firms will rise up and the perpetually protection-pampered Tatas will either count out their days in supplying cheap basic materials to those firms, or will loose their existence as an Indian concern. This danger ahead, the Tata's unfortunately don't visualise. The active sense of such a danger will dispell the lethargic sense of security under the system of protection supported by an interested Government, and make them try at once to stand on their own legs to face all competition successfully.

Sometimes it is said that an Iron and Steel Concern for basic materials like the Tatas is necessary against war times like those from 1914 to 1919. In that case the protection of the Industry must be considered a part of the measure adopted for Indian defence, and to that extent, it ought to be the look out of the Indian Military Department, and not of the poor consumer. That will then be plain dealing, better understood by the common Indian tax-payer.

Now let us examine the question from the aspect which has a direct bearing on our industrialists.

During the war Indian Industries got an inevitable impetus as supply of foreign articles was abnormally reduced. Our Industries made large profits, and paid away the dividends from 60 per cent. to 300 per cent. without building any reserve against a return even of normal times, not to speak of future developments.

When the protection for Steel Industry first began in 1924 in giving Bounty to Tata Iron and Steel Concern, I was myself in the Legislative Assembly as a member of the opposition. On behalf of the consumer and the tax-payer of the land, I and my party blessed the measures for Bounty to Tatas, in spite of their want of thriftiness in the past referred to above. We did it in expectation of a steady promotion of the Industry and a consequent improvement of the economic condition of the country. I would do the same to-day provided it is proved that the help given is for the benefit of the consumer. Nevertheless, I have been keenly watching the progress of this concern since 1924 when Bounty was given to it, as I consider this a basic Iron and Steel concern of National importance.

Let us begin the examination with a little quotation from the same speech of Sir Charles Innes in the Legislative Assembly on 16th February, 1923. In moving the Amendment for discriminative protection and formation of the Tariff Board, referring to the dangers inherent in a policy for protection, he said:—

“I refer to the danger of political corruption and the danger of the formation of trusts . . . and the danger that the only result of our policy may be the fostering up in India of inefficient Industries.”

Unfortunately for the Indian consumer all these dangers have come to be true.

The following facts and incidents may, however, be cited in illustration:—

- (1) The entire assets of the Tata Iron and Steel Co., Ltd., have been mortgaged for a debenture loan in English currency at a high rate of interest. It deserves investigation, if there has been any attempt for repaying the loan or for a conversion of it to one bearing lower interest and better terms during the period that the Company is living in protection. Any efficient management must have some convincing explanation on the point. We may smell also political and commercial corruption in this.
- (2) Formation of trusts or similar dangers to the nation may well be found out in the following:—
  - (a) Pig Iron is exported at Rs. 19 per ton, and is sold in Indian Market at Rs. 75 (very recently reduced to Rs. 55) per ton.

There are other pig iron producing firms. The Tata Iron and Steel Co., Ltd., have entered into a combine with them to the effect that all the firms sell pig iron at the same price to the Indian consumer. The result is that foreign producers of steel are enabled to put finished products cheap in the Indian Market, and Tatas want more and more protection, while on the other hand the poor helpless Indian consumer who pays for the protection not only bears all the heavy brunt of the combine, but also our small Indian Iron Industries are crushed out of existence. Other raw materials are also similarly exported. It is cruel irony of fate that the consumer pays protection money to supply cheapest raw materials to foreign competitors.

In this connection short but pertinent editorial remarks in the "Statesman" may be interesting:

"Thanks to the high protective duty on Steel imported into India, the price of steel is artificially kept up in this country. On the face of it the profit which Tatas earn on the sale of their steel in India makes it possible for them to dump their surplus (whether protected or not) in South Wales. In other words the consumer in India pays." (21st January, 1932—Delhi Edition.)

Again:—

"Iron is the basis of steel and at the present time foreign countries can buy Indian Pig Iron cheaply and turn it into steel at such prices as enable it to surmount the Tariff Wall." (14th July, 1932—Calcutta Edition.)

- (b) Similar policy is followed by Tatas in the sale of their second class, rejected and scrap materials which the village artisans, as well as small industries require so badly for their very existence. These articles are sold very cheap in foreign countries and Indian consumer is entirely deprived of it and that perhaps deliberately.
- (c) In the sale of finished products for fabricating and other purposes, Tatas make a discrimination and sell cheaper to influential and English firms. In consequence, small engineering firms are collapsing. This may also contain an element of political and commercial corruption.
- (d) Various similar means are adopted by the Tatas to create monopoly for themselves under the wings of protection. These means are for instance, underselling smaller concerns at a loss, particularly those concerns that use scrap; holding out threats to customers if they deal with those or similar concerns; and making pacts and arrangements with firms supposed to have political influence. The "Statesman" of Calcutta in its editorial relevantly remarks:—

"Tatas would have the Railways and the builders (i.e., consumers in general) restricted to buying Indian Steel at the price that the makers choose to fix." (14th July, 1932.)

Thus both the creation of trust in combines and the concomitant political and commercial corruption are going on unchecked and the consumer is required to pay for protection of all these without any advantage to himself.

It may here be relevant to give an instance of Tata's consideration for the interests of the consumer. Towards the end of September, 1931, a Surcharge was levied by the Government on imported steel amongst other articles. Tatas at once jumped to take advantage of these higher duties. During one week between 21st and 30th September, 1931, price of untested bars for instance were raised from Rs. 107 to Rs. 125 per ton and so all other articles.



The Editor of the "Statesman" in his paper dated the 14th July, 1932, makes the following observations with reference to this Surcharge and Tatas cry for more protection under the heading "The cry for more". The Editor says:—

"During the past year the abandoning of the gold standard has given Indian Steel an additional 20 per cent. protection against continental steel and has further given the same extra advantage in exporting steel to all countries on the gold standard. In addition there has been a Surcharge upon the duty imposed on all steel coming into India, which has raised the wall of protection still higher. All this is not enough. Tatas want more. It is never that the medicine that is at fault; all that the patient wants in order to get well is bigger and bigger doses.

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If in the present lowness of world prices people cannot buy they will not be induced to buy charging more."

It is often said and sometimes persistently by Tatas themselves that they give employment to many thousands of Indian labour. Of course, to know whether the labour is well treated and contented an enquiry is called for, for which the Tariff Board may not be prepared. Long continuing strikes in the past followed by victimisation and that at a time when people generally suffer from unemployment need not be expatiated upon. For argument's sake let us admit that Tatas give employment to thousands and keep them contented. But pray, they give to what percentage of our labour population and give it at what cost to the tax-payer? Besides the Tatas cannot be considered to be a charitable institution for the destitute labour to be maintained at the cost of the tax-payer. The tax-payers' money, if and when given, should be applied with caution and judiciousness to create efficiency in the Industry. Huge protection has not made Tatas make any money beyond paying the interest and depreciation charges. There is also a perpetual dread for internal competition which goads them on for combines, monopolies, pacts and what not. This is surely no sign of growing efficiency. The consumer's money ought not to be wasted in combines, pacts, political and commercial corruptions—sure indication of inefficiency and ultimate deterioration and ruin.

But a word on some constructive suggestion regarding the question of labour may not be here out of place for the Tariff Board to include it among the conditions of help to the Industry from the tax-payer. Labour should be organised in order to create progressive efficiency in the industry. This organisation, in firms like Tatas, should also be directed as to materially contribute to the promotion of skill and outlook in industry, which is the real national wealth. In the Tatas there was some arrangement for technical education and training. Of late, the system has been changed. Investigation will show if the change has not been made for the worse. Any way, this kind of education and training of the labour in the old accredited way is useless at the present time. Labour organisation and training as well as the technical appliances in countries like Japan ought to be studied by our young man. Imitation of methods of countries like England should be abandoned as they are old fashioned and domineered over by the most undesirable aristocratic temperament of the capital. In the Industry itself the labour employed should be made to feel that they are a partner in the progress and profits of the concern, and that their skill and adaptability will never go unrecognised, and top to bottom the scales of pay and wages should be revised with a view to make them fit in with Indian conditions of living and comfort as well as the nature of work performed. The gulf between the top and the bottom man should not be as vast and yawning as it is to-day. This will be the real Indianisation of our labour in industries.

In this connection a very obsessive element general to Indian industrial concerns should be eliminated in the interests of Industry itself. It is the

system of management by Managing Agents. It is like a hereditary monarchy in a State, which the Modern World has discarded. No protection or help from the State can make such a crude system produce any efficiency for inefficiency is inherent in the system.

Last but not the least, protection given to an industry at the expense of the consumer by a tariff or other indirect payments of the tax-payer; such as concession of railway freights and the like, should take particular note of the fact that such protections create an undesirable sense of security in the industry itself. But the high price must tend in a country like India to diminish the consumption. The industry therefore wants more protection, for less sale means less profit. Thus indirect protection creates a vicious circle with an ultimate deadening effect on national economy.

Hence on behalf of the consumer of the land I raise my voice of protest and warning with all the strength and emphasis I command, against any extension of the present policy of giving protection by a tariff or indirect payment by the tax-payer. I hope, I am not crying in the wilderness, for in the present policy, the British industrialists expect preference, the Indian Government looks for balancing their budget, and the Indian capitalists seek perpetual security and monopoly. The consumer, whose economic ruin is almost certain to-day, expects no support from these quarters. The Tariff Board is expected to be an impartial body and hence is my voice of protest on behalf of the consumer of this vast country of poor agriculturists.

Nevertheless, I am not a free trader. I yield to few in my anxiety for giving all reasonable help to our national industry, and the general tax-payer of the land, must not refuse to do so. But we must not imitate methods in other countries, nor be carried away by theoretical arguments of interested parties. Temporary help should be provided for our basic iron and steel industry if by facts and figure it is convincingly and conclusively proved that an extension of the present help is necessary in the interests of real economic future of the country. But any help necessary must take the form of giving bounty to particular firms and industries, so that the Government and the tax-payer cannot but be consciously watching the effects of the help which they directly give, and the receiver of the help on the other hand cannot but be careful in the use of the money so given. The healthy competition in the industry that will follow will then be a real guarantee against corruption like vested interests and monopoly.

The Tariff Board in their recommendations may, however, impose conditions and prescribe methods of organisation of work along with their recommendations for giving bounty to our Iron and Steel Industry. I have given enough of illustrative suggestions for such conditions, but the representatives of tax-payers, or the Government in that capacity, should be made to watch the development of the industry for which there should be definite arrangement. A machinery may, however, be devised to examine from time to time and see that the tax-payers' money is being properly utilised. All this should be provided for the satisfaction of the tax-payer as well as the security of the receiver of the money, so that there will be no occasion whatsoever for the tax-payers to blame and the receiver of the money to dispute it. But in any case there should be a definite provision for the grant coming up of discussion every year along with the budget.

### **The Singh Engineering Works, Cawnpore.**

*Letter No. J. S./316, dated the 21st October, 1933.*

As my name has been mentioned in the memorandum of the Cawnpore I. M. A., I wish to inform the Tariff Board, that I was not a party to the drawing up of that memorandum.

As an independent re-roller of scrap into bars, I have to sell my products in competition with Tata's. Because I do not have to spend much on railway freight and I use a cheap raw material, I can make a satisfactory profit at

whatever prices are sufficient for Tatas. But they were in this market before I started producing bars and as I recognised that their position was very strong, I saw that it would not be reasonable to make any special attack on their market. I, therefore, carry on my business without getting much in Tatas way, and I have always been satisfied with their attitude as they have not put any special difficulties in the way of my business. I commenced production in 1929. In the beginning I came into competition with Tatas. But after a short period of price-cutting we came to an agreement, whereby I was enabled to market my output with advantage to myself. The agreement has worked very satisfactorily to our mutual benefit. I have my own selling arrangements and Tata dealers agreement has not interfered with the sale of my production.

I do not support the attack of the C. I. M. A. on Tata's. I am running a small business independently of Tatas and I have found that there is a room for both of us. I have no reason to object to Tatas methods of business and I do not agree that they have been competing unfairly. As a roller of bars, I hope that sufficient protection will be maintained, otherwise the price of bars might fall to a very low level. But, I think, that whatever protection is sufficient for Tatas will be enough for re-rollers like myself and we can all carry on the business satisfactorily together if we recognise one another's position and do not attack one another's market foolishly.

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**Dr. S. K. Sircar, Calcutta.**

*Letter dated the 20th November, 1933.*

I beg to enclose herewith an article on the advisability of granting further protection to the steel industry. I shall be much obliged if you would be good enough to draw the attention of the members of the Board, to this article.

I may add, I am quite willing to appear before the Board, in this connection, should it desire me to do so.

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Enclosure.

**FURTHER PROTECTION FOR STEEL.**

It is true that certain classes of industry in India, of necessity, require protection during the development period since they have to face tremendous competition from countries well advanced and well established industrially. As the result of protection, the general masses of the country are compelled to pay a higher price for all the articles that could be had cheaper otherwise. They are willing however to put up with this hardship for a limited period with the expectation that the industry enjoying protection, will soon be able to hold its own against competition from outside, absorb an increasing number of workers and satisfy the internal demand of the country, to a large extent. The amount of money that was being drained out of the country will thus be reduced considerably.

It is implied that all those connected with the organisation and development of the industry concerned should make an earnest endeavour to fully utilise the advantages gained by protection and bring the industry to the expected stage of development by efficient management and organisation. If the organisers fail to obtain the desired results at the end of the prescribed period without any justification, they will not be playing the game with the masses, who during this period, have been compelled to part with more money than they could ordinarily afford, the organisers perhaps, have grown richer by a proportionate amount, at their expense. This really is not short of a criminal offence. Under such circumstances there is no sense in extending the period of protection if the industry is going to be controlled and managed by those who have proved to be thoroughly incapable and absolute failures.

Some of the inherent drawbacks with most of the Indian industrialists are (a) conservative out-look, lack of initiative and fore-sight, (b) desire to become millionaires over-night, (c) foolish economy resulting in the employment of third rate men and (d) extreme reluctance to employ capable and efficient experts, spend money on researches and on efficient marketing.

Lack of initiative and research organisation are the greatest drawbacks in case of Indian concerns. In this modern world, it is sheer foolishness to expect a method good enough for economic production to-day to continue to do so externally. It is equally foolish to expect an industrial rival to help the competitor with the most modern and up-to-date methods that have been acquired and perfected by years and years of research and an enormous expenditure of money. It is impossible for an industry to thrive under modern conditions without an efficient organisation for research, for marketing finished products and for purchasing raw materials.

The other day, Sir Lalubhai Samaldas mentioned what a vast improvement in the manufacture of cotton goods has been made by Japan. Whereas a girl in Japan can look after or manage 30 looms of a certain improved type, the corresponding figure for India is two only. Naturally the cost of production in Japan is 1/15th that in India. No doubt Japan can sell here goods at a ridiculously low price, in India. What were the Indian manufacturers doing so long. Were they so busy to fill their pockets during the bright days as to forget everything else, to forget that their very existence will be threatened soon if they fail to keep up with time. Curiously enough these manufacturers are always ready to ask for protection but they forget that the radical cure lies in their own hands.

In case of certain industries where the management is confident of a long lease of life, the whole thing, naturally, reduces itself to a family concern. Every member of the family, however distantly related, becomes an indispensable expert whose services can be had at a very . . . price only. The Government has to be very careful in giving any protection to such an industry lest the management go on accumulating wealth at the expense of the shareholders and the poor masses without any sacrifice on their part and without proving it beyond doubt that they are capable of bringing the industry to the required stage of development for which protection was given.

The steel industry in India for all practical purposes, has become synonymous with the concern of Messrs. Tata Ltd. From the propaganda that has been carried on by this concern, through newspapers, in form of abstracts showing what a marvellously efficient concern it is and what sacrifices it made in the past, one is sure to conclude that Messrs. Tata is going to make a strong bid for protection. But there are people who will not be carried away by propaganda and would insist on a thorough investigation that may reveal the other side of the shield. Messrs. Tata will have to show conclusively that they are justified in asking for further protection, they will have to show what sacrifices that the management has made so far.

From the latest report published, we learn that Messrs. Tata produced practically 100 per cent. of India's requirement of rails, about 80 per cent. of her requirement of steel sleepers, structural sections, plates and bars over 1/2", and about 40 per cent. of total consumption of sheets. In the aggregate, the company supplied about 72 per cent. of the country's requirement of the kinds of steel produced. We further learn that manufacturing cost has been considerably reduced through the fall in price of coal and other materials and through economy in using labour and material. Besides protection, it is admitted by the company that the concern was greatly helped by the fall in price of coal and other materials. Surely, the Tariff Board did not expect this enormous fall in the price of coal and other materials when they recommended protection a few years back. Further, the Board must have been confident that an efficient concern under Indian conditions is sure to hold its own against competition at the end of the protection period; otherwise they would not have fixed the date of expiry as it is now. In

view of all these one would naturally like to know why any more protection should be given, why have they failed to put their house in order. We learn that labour and material are being used economically, but what about the top heavy administration? Has it been reduced to any extent? If the highly paid management and experts have failed to effect economic production, they are not worth the salt. No sensible concern would employ them. How long will it take the Tata concern to realise this plain and simple fact. Should one conclude from this that they do not bother about it.

It is the usual practice with any modern factory dependent on so many departments for the production of finished articles to divide them (the departments) into separate units so that, in case of uneconomic production, the fault can be located at once. If the cost of production in case of any one of the units is higher than the market price, there is no sense in working that unit since the final cost of production may be high and uneconomic due to the inefficiency of this particular unit. If it is impossible to bring down the cost of this particular unit to the desired level, it is wise to abolish the unit and purchase the required materials from outside.

The Tariff Board would do well to direct its inquiry as indicated above. For this kind of inquiry, an iron and steel concern may be broadly divided into the following main units with their respective sub-units:—

- I. Production of raw materials: (a) Iron Ore, (b) Coal, (c) Coke and By-products, (d) Flux.
- II. Production of Pig Iron.
- III. Production of Steel.
- IV. Milling.
- V. Workshop.
- VI. Purchasing of Raw Materials.
- VII. Marketing of Finished Products.
- VIII. Administration.
- IX. Research.

It is not advisable at all to extend the period of protection unless some guarantee to shut down the uneconomic units is forthcoming, some guarantee to dispense with the top-heavy administration and inefficient departmental heads and to become self-supporting within the recommended period is forthcoming. Even then, a strict vigilance is necessary to see that the recommendations are being carried out to the word, failing which, protection may be withdrawn forthwith.

It is very desirable that the Board should include some technical young men with up-to-date knowledge, amongst its personnel, from amongst the public, who will have the satisfaction of knowing that the Board is fully representative.

### **French Trade Commissioner in India, Burma and Ceylon.**

*Letter No. 1, dated the 22nd November, 1933, to the Government of India, Department of Commerce.*

Referring to the Resolution No. 260-T. (8)/33, dated the 26th August, 1933, of the Government of India in the Department of Commerce, I have the honour to lay before you, on behalf of the French manufacturers of iron and steel, the following facts, and I shall feel very thankful if you will forward them to the Indian Tariff Board, and place them before the Government of India at the time when a final decision is reached in regard to the renewal of protection to the iron and steel industry of India.

(1) That on account of the existing rates of protective customs duty the import into India of French Iron and Steel have progressively dwindled into insignificance.

(2) That the existing rates of protective customs import duty against foreign iron and steel, were granted to the Indian iron and steel industry, on the basis of the prices of continental steel calculated when the pound sterling was valued at Francs 124 and the rupee at Francs 9-30. Since the pound sterling and with it the rupee went off the gold standard, the landed cost of French iron and steel has become 35 to 40 per cent. higher than before. This situation due to exchange has not only given a very great additional protection to the Indian iron and steel, but has rendered the sale of French iron and steel impossible in this country.

(3) In addition to the high protective duty, Indian iron and steel articles appear to enjoy certain concessions in railway freight in India which are not allowed to similar imported articles at the time of their transport from the port of entry to the consuming centres in the interior of this country.

(4) That French iron and steel on account of their malleability and low contents of carbon, are, according to market report collected, quite suited to certain requirements of Indian consumption, but high protective duty in India and adverse exchange conditions render their imports into this country impracticable.

(5) That France is a very important buyer of Indian merchandise. Her sales in this country do not represent even a third of her purchases, as can be seen from the following figures of the imports and exports between France and India during the last six years:—

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
Exports from India to France.	15,96,83,906	17,76,75,363	16,81,00,449	11,08,00,025	7,63,55,789	7,34,98,496
Imports from France into India.	4,30,15,164	4,77,56,640	4,57,23,403	2,88,89,855	2,17,20,409	2,03,49,366
Balance in favour of India.	11,66,68,742	12,99,19,323	12,23,77,046	8,19,10,170	5,46,35,380	5,31,49,130

*Conclusion.*—In consideration of the facts stated above, if a renewal of protection be granted to the Indian iron and steel industry, I beg to suggest to the Government of India, on behalf of French manufacturers of iron and steel, to establish the rates of protective duty in such a manner as not to eliminate and ruin definitely the imports of French iron and steel into India.

### Chief Mining Engineer, Calcutta.

*Letter dated the 9th January, 1934.*

The State Railways paid the following rates for 1932-33 and I am sure that any Colliery Proprietor would be glad to make long term contracts at these figures. To my mind they are fair ones for both buyers and sellers.

Desherghur (Gas Coal) Rs. 4-12.

“Super” Jharia (Coking) Rs. 4-12 (few Collieries only).

Selected Jharia (Coking) Rs. 4 to Rs. 4-8.

*Letter No. 457, dated the 10th October, 1933, from the Secretary, Tariff Board, to Messrs. Balmer Lawrie & Co., Messrs. Richardson and Cruddas, Messrs. Jessop & Co., Messrs. Geo. Service & Co., Messrs. Martin & Co., and Anandji Haridas, Esq.*

In connection with the Statutory Steel Enquiry on which the Tariff Board is at present engaged, I am directed to ask if you will be so good as to furnish the following information (with six spare copies) if possible, not later than the 4th November:—

(1) C.i.f. prices (in rupee) of the principal kinds of rolled steel\*—British and Continental—imported into India. The prices given

\* Structural sections; Bars; plates,  $\frac{3}{16}$ ”; Black Sheets,  $\frac{1}{16}$ ”; Galvanized Sheets, 24”.

should be the average of the c.i.f. prices for each of the following periods:—

- (a) 1932.
- (b) January-June, 1933.
- (c) July-September, 1933.
- (2) Landing charges per ton of steel, that is, port charges, etc., plus the cost of taking the material from the ship and landing it at the wharf or jetty.
- (3) Current rates of freight (including insurance) from (a) British and (b) Continental ports to Indian ports.
- (4) Whether deliveries of (a) Continental or (b) British steel are generally below the weight paid for by the importers and, if so, the average deficiency in weight.
- (5) Discounts, commissions, etc., charged by importers—
  - (a) the rates at which these are charged,
  - (b) whether the charges are included in the c.i.f. prices or are in addition to c.i.f. prices.
- (6) Whether importers as a rule import on indent or on a basis of outright purchase.
- (7) The conditions, if any, embodied in agreements between importers and merchants or dealers.

### Messrs Balmer Lawrie & Co., Ltd., Calcutta.

*Letter dated the 25th October, 1933.*

With reference to your letter No. 457 of the 10th instant in reply to your several enquiries we have pleasure in advising as follows:—

(1) *C.i.f. prices (in rupees) of the principal kinds of rolled steel—British and Continental—imported into India—*

(a) *Average prices, 1932.*

	Plates.			Angles.			Joists.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
British	116	10	8	111	10	8	111	10	8
Continental	68	7	5	58	13	4	53	1	9

G. C. Sheets.

Average price from January to November, 1932, Rs. 140 ton, c.i.f. Calcutta.

Average price from November to December, 1932, \*Rs. 215 ton, c.i.f. Calcutta, duty paid.

(b) *Average prices from January to June, 1933.*

	Plates.			Angles.			Joists.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
British	116	10	8	111	10	8	111	10	8
Continental	78	13	10	63	9	9	61	1	9

\* (From November, 1932, after Ottawa agreement and the formation of the Oriental Steel Company in England, prices for British Galvanised sheets have been c.i.f. duty paid only.)

## G. C. Sheets.

Average price from January to June, 1933, Rs. 218-5-4 ton, c.i.f. Calcutta, duty paid.

## (c) Average prices from July to September, 1933.

	Plates.		Angles.		Joists.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
British . . . . .	116	10 8	111	10 8	111	10 8
Continental . . . . .	93	7 1	73	11 6	70	4 5

## G. C. Sheets.

Average price from July to September, 1933, Rs. 218-5-4 ton, c.i.f. Calcutta, duty paid.

We regret that as we do not import Black sheets to any considerable extent we have no record of prices in this office.

(2) *Landing charges per ton on steel.*—Port Commissioners charges Rs. 2-13-6 plus As. 4 per cent. on Invoice value surcharge. To this may be added importers clearing charges or clearing agents charges 7½ per cent. of the Port Commissioners charges. There are no other charges for taking material from the ship and landing it at the Wharf or Jetty.

(3) *Current rate of freight from British and Continental Port.*—£1 (or Rs. 13) per ton plus Insurance charges at £0-3-6 per cent.

(4) *Whether deliveries of Steel are generally below the weight paid for by the importers and if so, the average deficiency in weight.*—

(a) *Continental Steel.*—As our dealings are now almost entirely with the Tata Iron and Steel Co., Ltd., our imports of Continental steel are very small and we are therefore not in a position to give a reply to this query.

(b) *British Steel.*—This is invariably invoiced on actual weight.

(5) *Discounts, Commissions, etc., charged by Importers.* Items (a) and (b).—There are no fixed rates of commission charged by importers. Importers profit or commission is usually added to c.i.f. prices. Interest is usually charged from the date of B/Landing or shippers draft until the date of delivery or payment of draft according to arrangement. (For estimating purposes we usually calculate interest as 1 per cent. on the c.i.f. prices.)

It is usual to allow a discount of 1 per cent. for cash payment. This 1 per cent. is added to the c.i.f. prices by the importers when calculating as selling rate.

In past years when there was a brisk import trade in Galvanized sheets it was our usual custom to quote our selling price at the English manufacturers c.i.f. Calcutta price plus 3 per cent. (i.e., 1 per cent. commission, 1 per cent. interest and 1 per cent. cash discount) less 1 per cent. cash discount.

(6) *Whether importers as a rule import on indent or on a basis of outright purchase.*—We ourselves always import on a basis of outright purchase but we understand that G. C. sheets consignments have been imported by other importers on consignment account but this is not usual.

(7) *The conditions, if any, embodied in agreements between importers and merchants or dealers.*—We enclose herewith a copy of our usual agreement form\* for imported material.



**Messrs. Geo. Service and Company, Bombay.**

*Letter dated the 31st October, 1933.*

With reference to your letter No. 457 of 10th instant, we beg to give below the information required, covering such of the materials as have been handled by us during the periods stated.

1. Rolled Steel Beams, Angles, Tees and Bars—

*Continental Beams.*—Average c.i.f. Bombay basis price per ton—

(a) 1932, Rs. 53-8.

(b) January to June, 1933, Rs. 63.

(c) July to September, 1933, Rs. 71-4.

*British Beams.*—Average basis price c.i.f. Bombay, Rs. 114-4 per ton throughout.

*Continental Angles.*—Average basis price c.i.f. Bombay—

(a) 1932, Rs. 60 per ton.

(b) January to June, 1933, Rs. 65 per ton.

(c) July to September, 1933, Rs. 75 per ton.

*Continental Tees.*—Average basis price c.i.f. Bombay—

(a) 1932, Rs. 67 per ton.

(b) January to June, 1933, Rs. 73-8 per ton.

(c) July to September, 1933, Rs. 83-8 per ton.

*British Angles.*—Average basis c.i.f. Bombay price Rs. 114-4 per ton throughout.

*British Tees.*—Average basis c.i.f. Bombay price Rs. 127-8 per ton throughout.

*British M. S. Rounds.*—Average basis price c.i.f. Bombay—

(a) 1932, Rs. 95-12 per ton.

(b) January to June, 1933, Rs. 99-12 per ton.

(c) July to September, 1933, Rs. 102 per ton.

*Continental Rounds.*—Average basis price c.i.f. Bombay—

(a) 1932, Rs. 60-8 per ton.

(b) January to June, 1933, Rs. 67-8 per ton.

(c) July to September, 1933, Rs. 77-8 per ton.

2. We generally import all our supplies through Bombay Port where steamers discharge on the wharf, and therefore no landing charges are involved. The Port Trust, however, recover Dock wharfage charges, and on iron and steel this ranges from Rs. 2-4 per ton and upwards according to weights of packages *plus* a surcharge of 12½ per cent.

3. All our purchases of Iron and Steel are made on a basis of c.i.f.c. Bombay delivery, and we are not aware of the freight rates from shipping Ports, and Insurance charges involved.

C.i.f.c. means Cost, Insurance, Freight and Commission.

4. Manufacturers claim a rolling margin on all steel sections and bars.

The margin on British materials is 2½ per cent. under or over theoretical (standard) weights, and on Continental Steel it is generally 4 per cent. under or over. The actual weight of material shipped varies within the margin:

5. As stated in Para. 3 above, our purchases are on a c.i.f.c. Bombay basis, which include for all discounts, commissions, etc., due on shipments as made.

We generally import through our London Office.

6. Our imports are on a basis of outright purchase.

7. The conditions of agreement between importers and merchants may vary according to the nature of contracts and individual requirements in every case. As most of our imports come through our own London Office, we have no occasion to stipulate any conditions, and we are unable to state how far conditions may apply to other importers.

**Messrs. Richerdson and Cruddas, Bombay.**

*Letter dated the 31st October, 1933.*

In reply to your letter of the 10th instant, we have pleasure in replying as follows for such of the material as we have handled ourselves:—

1. *Rolled Steel Beams and Angles—*

	British.			Continental.		
	Rs.	A.	P.	Rs.	A.	P.
(a)	114	2	0	58	0	0
(b)	114	2	0	65	0	0
(c)	114	2	0	72	0	0
<i>Bars—</i>						
(a)	120	13	0	60	0	0
(b)	120	13	0	69	0	0
(c)	120	13	0	75	0	0
<i>Plates, <math>\frac{3}{16}</math>"—</i>						
(a)	119	13	0	65	8	0
(b)	119	13	0	82	0	0
(c)	119	13	0	94	0	0

2. Landing charges in Bombay, through which port practically all our material is imported, amount to Rs. 2-8-5 per ton including all charges from ship to wharf.

3. We always buy at c.i.f. prices and regret therefore that we cannot give you any reliable information on this point.

4. All steel rolling mills work within rolling margins for British this is 2½ per cent. and Continental 4 per cent. above or below theoretical weights and supplies are usually within these margins.

5. We regret we cannot supply much information regarding this matter as we always buy through our London Agents.

6. Our custom is to purchase on a basis of outright purchase.

**Messrs. Martin & Co., Calcutta.**

*Letter No. S/22075, dated the 2nd November, 1933.*

We beg to acknowledge receipt of your letter No. 457, dated the 10th October, in which you asked us to furnish you with certain information regarding the subject above quoted.

We have given this matter our consideration and in going through our figures we find that as over 90 per cent. of our business is done with Messrs. The Tata Iron and Steel Company and we only import a very small tonnage of special sections, etc., which Tatas do not roll, we feel we are not as well placed as others to furnish you with the information called for in yours under reply.

We think if you would approach the British and Continental Houses who have direct representation in this city you would get all the information you seek from them.

We very much regret our inability to assist you and beg to be excused from making any statement in this instance.

**Messrs. Jessop & Co., Ltd., Calcutta.**

*Letter dated the 2nd November, 1933.*

We beg to acknowledge receipt of your letter No. 457, dated the 10th October, 1933, and have pleasure in replying to your questions, as far as we are able to do so, as under:—

1. C.i.f. prices in rupees (at  $\frac{1}{4}d.$  Ex.)—

	1932.		January to		July to Sep-	
	Per ton.		June, 1933.		tember, 1933.	
	Rs.	P.	Rs.	P.	Rs.	P.
British (angle basis) . . . . .	111	10 8	111	10 8	111	10 8
Continental (joist basis) . . . . .	52	0 0	58	10 8	69	5 4
	63	5 4	66	10 8	74	0 0

2. Rs. 2-13-6 per ton plus  $\frac{1}{4}$  per cent. *ad valorem*.

3. From British and Continental Ports, by all lines in the Freight Association, current rates of freight on steel sections and place are:—

To Calcutta, Bombay and Karachi, £1 per ton.

To Madras £1-2-6 per ton.

To Rangoon £1-5 per ton.

4. British Steel is paid for against actual weight supplied, so the question of any deficiency does not arise.

Continental Steel is usually paid for against the book sectional weight, and is generally up to  $2\frac{1}{4}$  per cent. below calculated weight.

5. We find that the discounts charged by importers is about  $1\frac{1}{4}$  per cent., and that this is included in the c.i.f. price.

6. We import on the basis of outright purchase, but we understand a considerable amount of steel is imported on indent.

7. We pay cash against shipping documents in England, and are not aware of the terms of agreements between importers and merchants.

**Messrs. Anandji Haridas & Co., Ltd., Calcutta.**

*(1) Letter dated the 2nd November, 1933.*

Your letter No. 457 of 10th October, 1933.

We beg to send you herewith information required by you as per your letter of the 10th ultimo on all the points except the first. We shall require about a week more to furnish you information about the prices.

Enclosure.

Item (2).—Importers of steel goods have to pay Rs. 2-13-6 per ton to the Port Authorities at Calcutta and Rs. 2-4 per ton at Bombay. The charge at Calcutta is made up of Landing charge Rs. 1-4, river dues As. 12, differential toll As. 12 and surcharge on differential toll As. 1-6. At Bhavnagar there is no charge to be paid in addition to the c.i.f. price that is to say the Bhavnagar Port authorities do the work free of any charge. In Calcutta if the goods are landed at Kidderpore or King George's docks As. 12 per ton charged for differential toll are refunded.

If the imported goods are to be despatched by rail directly from the port, they have got to be separately stacked on the port premises and this costs about As. 8 per ton. No other landing charges are incurred.

Item (3).—We are not in a position to give you any information regarding the freight charges from England or the Continent as all imported material is sold c.i.f. the freight is included in the price quoted to importers in India.

Item (4).—Among structural sections joists are sold on basis of fixed weights per foot of each section. Bars and angles are sold by scale weight.

The theoretical weight for joists forms the basis of charging the price, e.g., 7" x 4" 14 lbs. per foot are sold at a little higher price than 7" x 4" 16 lbs. per foot. The difference in price for light weight and standard weight sections ranges from sh. 1-3 to sh. 5 per ton. The difference in weight between standard weight and light weight sections varies from 10 to 25 per cent. It has been found that on actual weightment light weight beams often turn out to be heavier than the weight charged in the invoice. Invoices are made out according to the theoretical weight on the basis of which the contract of sale has been made. In case of joists therefore the actual weight is if anything a little over the invoice weight. This is only natural as light weights are a device employed by some makers to undersell their competitors but in actual manufacture reduction in weight per foot cannot be carried on to an indefinite extent. The consumers are also beginning to find out the risk they are running in buying such non-standard material. Merchants dealing in light weight joists have often to face complaints from buyers and one or two criminal cases had been filed against merchants by customers.

The case of imported material which is sold by actual scale weight is quite the reverse of the above. Importers find that on actual weightment the goods weigh less than the weight for which they are charged in the invoice. One comes across cases of 3 to 4 per cent. shortage, though this is not very common, about 1 to 2 per cent, being the usual shortage.

Item (5).—Foreign material is generally purchased in three ways. It is purchased directly from a firm of London or Continental merchants (usually London merchants) or from a firm in India or from an agent of a London firm in India.

Prior to 1924 when most of the steel was imported, a large volume of business used to be done directly by large importers in India with merchants in London or on the Continent. The prices quoted directly from foreign countries to merchants in Bombay and Calcutta used to be cheaper than those of local office doing indent business. A few big firms in Bombay and Calcutta were in this privileged position and could buy at sh. 2-6 to sh. 5 per ton under the prices quoted by the local indenting offices. This business has now for all practical purposes ceased to exist. There are hardly any big merchants at any of the ports who buy foreign steel in large quantities. The bazar trade in imported steel is confined to rods, sheets, some sections of angles and hoops only. Almost all the business in imported steel is now transacted through the local offices or agents. The difference between the local offices and agents is that the latter act for known London merchants while the former sell without disclosing the name of their foreign suppliers.

The agents for London firms are paid a commission on the value of the orders secured by them, besides the cost of cables. The commission varies from  $\frac{1}{2}$  to  $\frac{3}{4}$  per cent. The agents are also paid a salary by the foreign principals which is anything from Rs. 200 to Rs. 1,000 per month. When the agents are paid a salary they do not get more than  $\frac{1}{2}$  per cent. commission.

All the charges and commission are included in the c.i.f. price, though, as we stated before, the c.i.f. price as quoted directly and as quoted by agents here are not the same, but the latter is slightly higher.

Some Continental manufacturers have themselves entered the market and are working through their own agents. The Longovica works of France do not sell to India through some merchant on the other side, as is the universal practice but have appointed their own agent in Bombay

and Calcutta. Some British manufacturers like Messrs. Dorman Long & Co., have also adopted the same policy. They have even gone some stages further in meeting the requirements of the customers and themselves hold a stock in Calcutta from which material is sold retail. They also maintain a staff to give expert advice to owners of houses in the use of their beams. Their prices for retail sale are of course different from the wholesale prices.

Some European exporters work on an agreement for profit sharing with their representative or agent in India. They divide the profit equally between themselves. Such cases are of course rare, as, for smooth working of an arrangement of this character both the parties must be of a similar status in business and must have a good deal of confidence in each other. As the profits of the representative in India under such an arrangement are likely to be greater than those under the ordinary agency arrangements of European shippers, his liabilities also may be greater.

The liabilities of the ordinary type of agents of European exporters are of a very limited character. They are supposed to possess information about the business standing of the customers whose business they take and to see that their principals are not landed into trouble by dealing with bogus firms. But they do not guarantee the solvency of their customers. They do not take any delcredere risk and in cases of dispute no liability attaches to them. If there is any dispute about the quality of the goods, qualified surveyors or a representative of a European Chamber of Commerce is called in to survey the goods, and his report is considered binding on both parties. Most of the agents in India are merely canvassers with a small commission on sales acting on behalf of the European merchant firms. The total commission or middlemen's charges on foreign material sold to India must amount to sh. 2-6 to sh. 5 per ton. If the tonnage of any order is big the commission may be smaller. The merchants in the interior of India who want to indent foreign material have also got to bear some further charges. If they are of very good standing or have a branch firm at the port they buy direct from the agents at ports. But if they are of the ordinary type of small merchants in the mofussil they buy through some firm of commission agents called "Challaniwallas" in Calcutta and United Provinces and "Adatya" in Bombay and have to pay 1 per cent. commission. Very often such people are not able to buy forward but only what they require from the stocks held at ports by the merchants.

Item (6).—Formerly when most of the steel consumed in the country used to be imported big importing firms used to buy up large tonnages on their own account and then specified against their sales in India. But with the replacement of foreign steel by the indigenous this sort of business has practically disappeared. Besides, what is called "Tata dealers" arrangement, has made it very risky for any importing firm to buy a large quantity of steel on its own account on the chance of selling it to retail merchants when it arrived in India. It is almost impossible now to get any decent steel merchant to buy foreign steel, as almost all important merchants in Calcutta and a large number of them in Bombay have signed the Tata Dealers agreement. Galvanised sheets are the only important exception. At the ports Galvanised sheets do not come under the Tata Dealers' agreement and foreign sheets are freely bought. A few indenting firms in Bombay make it a regular practice of importing consignments of sheets on their own account and then reselling them in the market. They have no arrangements for stocking the goods at ports and sell them at any price the goods can fetch.

There is a special facility enjoyed by importers in Bombay which importers in no other part of the country enjoy. They can make their contracts with the option of taking delivery at Bombay or Bhavnagar. The c.i.f. price for Bombay and Bhavnagar is the same and the buyers can exercise their option when the steamer carrying the goods arrives at Bombay. If the Bombay market is not so favourable as the Bhavnagar or Northern India markets the buyer can ask for the goods to be discharged at Bhavnagar.

Another facility that Bhavnagar port affords is that importers can get about 80 per cent. of the invoice value advanced by the state at a very low rate of interest and can keep the goods in bond without payment of duty. When the goods have to be kept in bond the importers have to pay a charge of As. 8 per ton for removal of the goods to the warehouse. Besides the above facilities Bhavnagar enjoys the advantage of having cheaper freight to Rajputana and Northern India than Bombay or Calcutta. Owing to these facilities some firms both Indian and English import foreign steel particularly Galvanized sheets on their own account.

Item (7)—Three sale notes of agents of London firms are enclosed herewith from which the board will be able to form an idea of the usual terms of contract. Now-a-days delays of shipment occur very rarely. The shippers are prepared to arrange for shipment by two steamers a month for any quantities big or small. Such regularity of shipment and division into small lots could not be so readily arranged when imports used to be bigger, but with the dwindling of the import trade shippers have become more accommodating to the requirements of the steel merchants in India.

*Terms of Shipment.*—For delays in shipment no liability attaches to the sellers when it is occasioned by reason of "force majeure", at the same time the buyers are under obligation to give one month's further time for shipment under conditions of "Force majeure".

In cases of short weight it is open to the buyers to get the goods weighed by the licensed Measurers' department of the Bengal Chamber of Commerce and their certificate is usually considered satisfactory. In Bombay the Port authorities weigh the goods on payment of their fees and grant a certificate of weight.

In cases of damage a marine surveyors' certificate has to be obtained. For F. P. A. policies there are practically no claims of damage, but under W. P. A. policy the goods must be surveyed by the surveyors approved by the Insurance Company or its local agents at the port.

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(2) *Letter dated the 9th November, 1933, from Messrs. Anandji Haridas & Co.*

*Re* Your letter No. 457 of 10th October, 1933.

Further to our letter of 3rd instant, we send you herewith information required by you regarding prices with six spare copies.

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Enclosure.

We have annexed a statement of average prices as desired by you. We have given the average prices of Continental material only excepting Galvanized Sheets. For Galvanized Sheets we have given the prices for both British as well as Continental Sheets for 1932. But this price is an average for ten months only, viz., January, 1932, to October, 1932. On account of the Ottawa agreement shippers had ceased to quote for Continental Galvanized Sheets after October, 1932. The great difference in the custom duty made their sale impossible. We may, however, mention that up to August, 1933, in Calcutta small lots of Continental G. C. Sheets continued to be sold at prices varying from £10-5 to £12-5 per ton. But these purchases were made by importers from Nepal State which is not affected by Indian custom tariff. Some cheap lots of continental defective sheets are also being offered from time to time.

In 1933 the price of British Galvanized Sheets has remained practically unchanged at £16-7-6 to £16-8-9 for any Good Brand and £16-10 for notable Brands like Double Khela.

During the period under reference the rate of exchange has fluctuated about sh. 1-6. We have not converted the prices into rupees because all importers do not pay their bills at the same rate of exchange. Some

may fix the rate exchange at the time of buying, others at the time of payment of the bills which may be three to four months after the order is booked. Business for large tonnages could be booked at prices lower than those given by us.

## ANNEXURE.

Continental.	Average price from January to December 1932.	Average price from January to June 1933.	Average price from July to September 1933.
	£ s. d.	£ s. d.	£ s. d.
M. S. Bars . . . . .	4 7 6	4 13 3	5 9 10
„ Angles . . . . .	4 8 0	4 9 9	5 9 10
„ Tees . . . . .	4 19 3	5 3 6	6 1 6
„ Rounds below $\frac{1}{2}$ " . . . . .	4 16 1	5 1 5	6 1 10
„ Squares „ $\frac{1}{2}$ " . . . . .	5 3 3	5 9 8	6 12 4
R. S. Joists Light weight . . . . .	4 9 7	4 14 3	5 7 6
„ „ Standard . . . . .	4 5 1	4 8 10	5 3 4
M. S. Black Sheets, 14-18G. . . . .	6 1 6	6 12 3	7 4 6
„ Plates, $\frac{3}{16}$ " . . . . .	5 1 5	5 17 6	6 19 9
*British G. C. Sheets . . . . .	10 11 6	16 8 9	16 8 9
*Continental G. C. Sheets . . . . .	10 7 8	..	..

\* In the case of G. C. Sheets the average is for ten months, viz., January, 1932 to October, 1932. The rates for British G. C. Sheets for 1933 mentioned above include custom duty, viz., £4 if made from non-Indian Steel and £2-5 if made from Indian Steel.

*Letter No. 449, dated the 5th October, 1933, from the Secretary, Tariff Board, to all Railways.*

In connection with the Statutory Steel enquiry on which the Board is engaged at present, I am directed to ask if you will be so good as to supply the following information (with six spare copies) regarding the quantities and prices of steel scrap sold by your railway during the past three years:—

	Quantity sold. ton.	Average price per ton.
(1) Double headed rails . . . . .		
(2) Other rails . . . . .		
(3) Carriage axles . . . . .		
(4) Total steel scrap of all kinds . . . . .		

The Board will be grateful if the above information will be supplied not later than November 8th.

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**Eastern Bengal Railway.**

*Letter dated the 3rd November, 1933.*

Reference—Your letter No. 449, dated the 5th October 1933.

Agreeable to the request made in your letter under reference, I have the honour to enclose a statement (with six spare copies) showing quantities of different steel scrap sold by this railway during the three years 1930-32 and the prices realised therefrom.



Enclosure.

Items.	Sold during 1930.			Sold during 1931.			Sold during 1932.		
	Quantity.	Amount.	Average rate per ton.	Quantity.	Amount.	Average rate per ton.	Quantity.	Amount.	Average rate per ton.
	T. C. Q. lb.	Rs. A. P.	Rs. A. P.	T. C. Q. lb.	Rs. A. P.	Rs. A. P.	T. C. Q. lb.	Rs. A. P.	Rs. A. P.
1. Rails D. H. of sizes	382 17 0 0	11,775 0 0	30 11 0	444 6 0 0	9,600 0 0	21 9 0	1,120 12 0 0	31,525 0 0	28 2 0
2. Rails F. F. of sizes	2,667 18 0 20	89,525 14 0	33 8 0	1,896 17 2 16	64,399 11 3	33 15 0	3,837 17 2 12	1,41,941 12 0	36 15 0
3. Steel Scrap (carriage axles).	..	..	..	35 9 0 0	830 0 0	23 11 0	..	..	..
4. Steel Scrap (wheels, axles, tyres and cranks, etc.).	1,112 2 2 0	27,363 0 0	24 9 0	212 2 0 0	3,526 0 0	16 10 0	740 12 3 0	10,161 0 0	13 11 0
5. Files scrap	15 15 0 0	2,644 6 0	165 4 0	7 8 0 0	1,107 11 0	158 4 0	9 0 0 0	1,391 4 0	154 9 0
6. Steel spring scrap (engine, carriage and wagon bearing springs, also volute and spiral springs).	323 12 0 0	13,247 14 0	40 14 0	127 8 0 0	4,255 0 0	33 8 0	200 18 0 0	6,645 0 0	33 0 0

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**North Western Railway.**

*Letter No. 189-S/O, dated the 3rd November 1933.*

In compliance with your letter No. 449, dated the 5th October, I beg to forward herewith a statement together with six spare copies of statement detailing the required information.

Serial No.	Description of stores.	Year 1931.							
		Moghalpura January 1931.		Karachi 2nd February 1931.		Moghalpura 4th May 1931.		Moghalpura 14th October 1931.	
		Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.
		Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs.
1	Scrap steel wire rope . . . . .	..	..	..	..	2½	48 6	3	34
2	Scrap steel miscellaneous tools consisting of snags, planes, chisels, expanders, cog-wheel, chain belts and pneumatic tools, etc.	..	..	..	..	1½	94 0	7	29
3	Scrap tools consisting of spanners, tongs, hammers, chisels and rail clips, etc.	..	..	..	..	4	75 0	..	..
4	Scrap steel saw blades and cutters . . . . .	..	..	..	..	1½	97 5	..	..
5	Scrap steel crow bars, tommy bars and rail gauges	..	..	..	..	3	71 0	1 6	8 5
6	Scrap steel files of sorts and sizes full and broken .	..	..	9	144 4	10	237 0	8	212
7	Scrap R. S. Beams . . . . .	..	..	4	32 0	19	47 0	..	..
8	Scrap spring steel coil in pieces . . . . .	474	39 13	57	31 7	322	36 0	..	..
9	Scrap spring steel flat in pieces . . . . .	24 54	24 4 44 4	42	18 0	43 38	30 8 31 0	25	25
10	Scrap spring steel coil . . . . .	..	..	..	..	..	..	25	18
11	Scrap spring steel volute in pieces . . . . .	..	..	..	..	..	..	3	30
12	Scrap steel spring volute . . . . .	..	..	..	..	..	..	52 35	22 43
13	Scrap steel spring flat . . . . .	149	41 14	..	..	..	..	55 20	32 28
14	Scrap steel spring flat with iron eye ends . . . . .	..	..	..	..	..	..	..	..
15	Scrap spring steel laminated bearing . . . . .	12 66	12 4 46 1	..	..	82	30 12	..	..
16	Scrap steel wire and bands, etc. . . . .	..	..	..	..	..	..	2	21
17	Scrap steel flues full and pieces . . . . .	36 28 46	51 2 54 6 55 1	..	..	83	53 8	..	..
18	Scrap steel tube cuttings . . . . .	142	18 12	..	..	17	30 0	..	..
19	Scrap cast steel side rods . . . . .	..	..	..	..	..	..	..	..
20	Scrap steel hose pipe wire . . . . .	..	..	..	..	4	63 8	1	77
21	Scrap steel loco. tyres . . . . .	6 140	25 0 15 12	47	15 0	..	..	..	..
22	Scrap steel tyres small . . . . .	..	..	..	..	..	..	..	..
23	Scrap steel carriage tyres . . . . .	22	18 13	..	..	333	13 0	..	..
24	Scrap steel tyres with iron retaining rings and spokes	15 23	12 0 17 0	..	..	..	..	..	..
25	Scrap steel wheels with axles . . . . .	220	10 2	..	..	17	7 8	..	..
26	Scrap steel axles . . . . .	250 14	35 0 31 0	..	..	7	21 10	..	..
	Scrap steel cut pieces . . . . .	5	27 4	..	..	..	..	..	..



Serial No.	Description of stores.	Year 1931.							
		Moghalpura January 1931.		Karachi 2nd February 1931.		Moghalpura 4th May 1931.		Moghalpura 14th October 1931.	
		Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.
		Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.
27	Scrap steel boiler tubes . . . . .	833 1	39 1 105 0	..	..	44 163	42 8 35 0	..	..
28	Scrap M. S. Channels . . . . .	..	..	..	..	119 73 28 170	12 5 10 8 11 0 9 4	..	..
29	Scrap M. S. Channels and beams . . . . .	67 61	11 0 12 14	..	..	35	40 0	..	..
30	Scrap M. S. pipes of sizes . . . . .	67	17 0	..	..	4	76 0	..	..
31	Scrap M. S. beaters . . . . .	..	..	..	..	10	35 0	15	23 12
32	Scrap M. S. vices . . . . .	..	..	..	..	16	143 0	1	301 0
33	Scrap M. S. stamps and washors, etc. . . . .	..	..	..	..	..	..	..	..
34	Scrap M. S. screw couplings . . . . .	..	..	..	..	42	9 10	22	11 0
35	Scrap M. S. chains . . . . .	..	..	..	..	14	25 0	13	22 9
36	Scrap M. S. jacks . . . . .	..	..	..	..	2	75 0	3	67 0
37	Scrap M. S. augers . . . . .	..	..	..	..	2	200 0	..	..
38	Scrap M. S. Jim crow . . . . .	..	..	..	..	..	..	..	..
39	Scrap M. S. shovels . . . . .	..	..	..	..	3	8 0	4	6 12
40	Scrap M. S. expanded metal and gauze wire, etc. . . . .	..	..	..	..	1	13 8	1	42 0
41	Scrap M. S. pans mortar . . . . .	..	..	..	..	3	11 0	5	2 3
42	Scrap M. S. barrow wheels . . . . .	..	..	..	..	14	42 0	1	33 0
43	Scrap M. S. phowrahs . . . . .	..	..	..	..	1	40 0	3	16 10
44	Scrap M. S. racks . . . . .	..	..	..	..	1	46 0	1	11 0
45	Scrap M. S. pulleys . . . . .	..	..	..	..	..	..	..	..
46	Scrap M. S. forges portable . . . . .	..	..	..	..	1	61 5	..	..
47	Scrap M. S. anvils . . . . .	..	..	..	..	..	..	5	5 0
48	Scrap M. S. Carriage foot-board . . . . .	..	..	..	..	..	..	8	25 0
49	Scrap M. S. trolley wheels . . . . .	..	..	..	..	6	25 12	3	46 10
50	Scrap M. S. nuts, bolts, lamp brackets, shackle plates, parcel racks, etc. . . . .	..	..	..	..	1	33 9	5 12	20 0 26 1
51	Scrap nut mild steel flat and hoop iron . . . . .	..	..	..	..	..	..	..	..
52	Scrap M. S. signal wire . . . . .	..	..	..	..	..	..	..	..
53	Scrap M. S. hoop . . . . .	..	..	..	..	7	38 12	5	32 0

Year 1932.								Year 1933.						Re- marks.
Moghalpura 4th February 1932.		Karachi 14th March 1932.		Moghalpura 3rd October 1932.		Karachi 18th October 1932.		Moghalpura 4th January 1933.		Karachi 27th February 1933.		Moghalpura 10th October 1933.		
Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	Quan- tity.	Rate per ton.	
Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	
26	45 2	292	30 4	..	..	1	20 0	..	..	..	..	..	..	
						5	24 0							
52	12 0	..	..	150	13 9	..	..	5	30 12					
13	14 1			60	12 4			141	30 7					
13	30 4											500	44 12	
6	47 0													
13	20 0	..	..	55	25 0	..	..	11	50 0					
127	13 9													
25	10 0													
4	25 0	..	..	41	96 0	2	220 0	6	60 0	..	..	10	71 8	
28	28 8			63	30 4									
		..	..	25	32 0	..	..	..	..	..	..	22	41 0	
6	201 12	2	96 0	6	201 12	..	..	..	..	..	..	..	..	
				Cwt.										
..	..	..	..	7	52 8	..	..	..	..	..	..	4	22 8	
..	..	..	..	65	14 4	..	..	..	..	..	..	27	22 8	
3	39 0	..	..	26	33 8	..	..	..	..	7	33 0	16	43 0	
56	351 0 for lot	..	..	67	63 4	1	75 0	..	..	7	25 0	Nos. 57	405 0	For lot.
..	..	..	..	1	215 0	..	..	63	35 12	..	..	4	115 0	
..	..	..	..	25	108 13	..	..	..	..	..	..	Nos. 15	121 0	For lot.
..	..	..	..	8	15 4	..	..	..	..	..	..	11	14 8	
1	36 0	..	..	1	44 0	..	..	..	..	..	..	2½	50 0	
..	..	..	..	7	7 4	..	..	..	..	..	..	9	10 4	
..	..	..	..	2	48 8	..	..	..	..	..	..	3½	46 0	
..	..	..	..	3	60 0	..	..	..	..	..	..	..	..	
..	..	..	..	2	16 0	..	..	..	..	..	..	1½	22 0	
2	8 0	..	..	1	154 0	1	60 0	..	..	..	..	Nos. 61	200 0	For lot.
1	48 9	..	..	32	99 0	..	..	..	..	..	..	1	87 0	
4	155 0 for lot	..	..	6	37 6	..	..	..	..	..	..	Nos. 31	711 0	For lot.
..	..	..	..	1	64 0	2	31 0	..	..	..	..	1½	68 0	
..	..	..	..	3	56 0	..	..	..	..	21	14 12	8	48 0	
..	..	..	..	5	36 4	1	50 0	..	..	..	..	6	31 8	
..	..	..	..	..	..	..	..	..	..	..	..	4	60 0	
..	..	..	..	1	147 0	..	..	..	..	..	..	3	83 0	
8½	43 0	..	..	13	39 0	..	..	1½	43 0	..	..	10	40 0	







Serial No.	Description of stores.	Year 1931.							
		Moghalpura January 1931.		Karachi 2nd February 1931.		Moghalpura 4th May 1931.		Moghalpura 14th October 1931.	
		Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.
		Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.
78	Scrap M. S. retaining rings . . . . .	..	..	..	..	..	..	..	..
79	Scrap M. S. gas receivers . . . . .	..	..	..	..	8	63 0	..	..
80	Scrap M. S. carriage roof tanks . . . . .	..	..	..	..	3	8 0	..	..
81	Scrap M. S. boring . . . . .	..	..	..	..	..	..	..	..
82	Scrap M. S. stay rods . . . . .	..	..	..	..	..	..	..	..
83	Scrap M. S. brake shafts . . . . .	..	..	..	..	18	54 4	..	..
84	Scrap M. S. vacuum chambers and Cylinders . . . . .	..	..	..	..	12	33 12	..	..
85	Scrap M. S. shafting rods and pins . . . . .	..	..	..	..	..	..	..	..
86	Scrap M. S. tanks, almirahs, stoves, angrithes receivers, etc. . . . .	..	..	..	..	..	..	1	26 0
87	Scrap M. S. carriage doors tie bars . . . . .	4	38 4	..	..	41	9 12	..	..
87-A	Scrap M. S. chimneys . . . . .	..	..	..	..	..	..	..	..
88	Scrap M. S. engine domes . . . . .	4	60 3	..	..	1	64 12	..	..
89	Heavy M. S. scarp boilers shells . . . . .	..	..	..	..	..	..	..	..
90	Heavy M. S. scrap engine frame plates . . . . .	149	5 1	..	..	..	..	..	..
91	Heavy M. S. fire box doors . . . . .	..	..	..	..	159	4 8	..	..
92	Heavy M. S. boiler shell plates . . . . .	200 270	7 8 3 0	..	..	66	2 4	..	..
93	Heavy M. S. carriage tender frames . . . . .	63	13 10	..	..	..	..	..	..
94	Heavy M. S. tender roof plates . . . . .	94	6 2	..	..	..	..	..	..
95	Heavy M. S. tanks . . . . .	..	..	..	..	3	51 0	..	..
96	Heavy M. S. sheets and plates . . . . .	..	..	..	..	..	..	..	..
97	Heavy M. S. boiler roof plates, with stays . . . . .	102	6 9	..	..	160	4 8	..	..
98	Heavy M. S. bridge spans and trough . . . . .	..	..	..	..	..	..	1	45 5
99	Heavy M. S. scrap smoke boxes . . . . .	..	..	..	..	..	..	..	..
100	Heavy M. S. scrap signal posts and underframes . . . . .	..	..	..	..	21	43 4	..	..
101	Scrap M. S. signal ladders . . . . .	..	..	..	..	..	..	..	..
102	Scrap M. S. N. G. rails and crossings fitted with steel sleepers. . . . .	..	..	..	..	..	..	..	..
103	Scrap M. S. Miscellaneous . . . . .	2,109	16 11	1,168	21 4	1,626	16 4	201	67 0

Year 1932.								Year 1933.						Remarks.
Moghalpura 4th February 1932.		Karachi 14th March 1932.		Moghalpura 3rd October 1932.		Karachi 18th October 1932.		Moghalpura 4th January 1933.		Karachi 27th February 1933.		Moghalpura 10th October 1933.		
Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	
Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	
..	..	..	..	..	..	..	..	20	15 8	..	..	2	18 4	
20	73 4	..	..	38	83 8	..	..	9	90 0	..	..	20	101 4	
11	84 0	..	..	..	..	..	..	..	..	..	..	..	..	
23	82 0	..	..	7	79 0	..	..	1	72 8	..	..	4	82 4	
..	..	..	..	..	..	..	..	..	..	..	..	..	..	
..	..	..	..	..	..	..	..	..	..	..	..	15	60 0	
4 1/2	46 0	..	..	..	..	..	..	8	55 12	..	..	30	46 8	
4	51 8	..	..	4	65 2	..	..	2	65 4	..	..	1	57 4	
..	..	..	..	Cwt. 10	120 0	3	77 0	..	..	..	..	20	57 4	
..	..	..	..	4	60 4	..	..	3	53 0	..	..	5	65 0	
..	..	..	..	48	20 4	1	15 0	30	27 4	1	15 0	40	31 8	
44	29 3	..	..	15	47 0	..	..	11	51 0	..	..	..	..	
1	71 0	..	..	3	101 4	..	..	Cwt. 5 40	81 4 9 0	..	..	15	70 4	
..	..	..	..	..	..	..	..	..	..	..	..	..	..	
..	..	..	..	38	4 8	151	10 12	150 341	6 9 6 12	..	..	2	34 0	
..	..	..	..	..	..	..	..	..	..	..	..	4	33 0	
..	..	..	..	71 69	4 4 6 0	..	..	..	..	..	..	12	35 8*	
..	..	..	..	..	..	..	..	9	42 10	..	..	30	50 0	
..	..	..	..	..	..	..	..	100	15 2	1	32 0	20	45 0	
7	58 0	..	..	..	..	..	..	25	34 14	..	..	20	45 8	
..	..	..	..	..	..	..	..	72 60	40 4 58 6	..	..	3	63 8	
..	..	..	..	..	..	..	..	..	..	..	..	25	64 12	
..	..	..	..	..	..	..	..	..	..	..	..	40	17 0	
..	..	..	..	..	..	..	..	100	7 7	..	..	20	46 0	
..	..	..	..	10	29 4	..	..	39 30 17	15 0 11 0 13 8	..	..	50	24 12	
..	..	..	..	3	38 0	..	..	9	42 8	..	..	15	68 0	
..	..	..	..	22	64 0	1	33 0	4	83 8	..	..	1	96 8	
..	..	..	..	..	..	1	41 8	..	..	33 12	25 0 42 8	15	70 4	
782	29 13	1,298	18 8	2,884	37 6	166 326	29 10 24 1	1,800	27 3	734	22 9	33	38 14	



Year 1932.								Year 1933.						Remarks.
Moghalpura 4th February 1932.		Karachi 14th March 1932.		Moghalpura 3rd October 1932.		Karachi 18th October 1932.		Moghalpura 4th January 1933.		Karachi 27th February 1933.		Moghalpura 10th October 1933.		
Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	Quantity.	Rate per ton.	
am.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	Ton.	Rs. A.	
..	..	..	..	..	..	..	..	..	..	..	..	No. 5	81 0	lot.
..	..	..	..	..	..	..	..	..	..	..	..	..	44 12	Sold with item No. 28, 600 tons in all.
75-9	..	..	17 0 per ton f.o.r. Karachi.	..	..	..	..	5,292 C. 8 Q. 1	..	..	..	20 6 per ton f.o.r. Karachi.	..	..
												17 6 per ton f.o.r. Karachi.		

Serial No.	Description.	Quantity sold in		Quantity sold in		Quantity sold in	
		1931.	Average rate per ton.	1932.	Average rate per ton.	1933.	Average rate per ton.
		Tons.	Rs. A. P.	Tons.	Rs. A. P.	Tons.	Rs. A. P.
107	Serviceable flat footed steel rail ends of all sections and lengths below 10' in length.	433	17 5 9	235	36 7 6	32	32 9 6
108	Unserviceable double headed and headed steel rails of all sections and lengths above 10 feet excluding tongue rails.	15	27 9 7	104	42 2 7	255	42 4 10
109	Scrap flat footed double headed and bull headed steel rails of all sections and lengths including rail ends above and below 10 feet.	344	19 12 6	377	33 12 6	101	28 6 5
110	Serviceable and un-serviceable and scrap flat footed double headed and bull headed steel and iron crossings, rail parts of crossings, stock and tongue rails of all sections and length.	564	18 13 2	491	30 13 0	345	23 8 10
111	Serviceable full length steel sleepers for various gauges.	1,538	13 11 6	2,024	24 11 10	964	30 4 0
112	Scrap full length and pieces of steel sleepers for various gauges.	284	6 14 1	882	19 10 11	129	18 10 9
113	Serviceable steel and iron fish plates for all types and sections of rails.	1,493	3 9 3	112	7 12 5	2	11 0 0
114	Serviceable steel and iron bearing plates, bridge chairs, etc. for all types for F. F. rails.	651	6 9 4	467	4 14 11	16	11 4 0
115	Miscellaneous serviceable steel and iron material including steel keys and bolts, etc.	270	4 12 5	73	7 5 3	35	18 15 0
116	Scrap steel and iron fish plates, bearing plates bridge chairs, dog spikes, coach screws, tie rods, etc. and other miscellaneous material.	570	5 13 8	1,075	5 9 11	92	13 4 0
117	Export scrap sold through Assistant Controller of Stores, Karachi.	..	..	..	..	646	20 6 0

**Madras and Southern Mahratta Railway Co., Ltd.**

*Letter No. M.2250/32, dated the 3rd November, 1933.*

With reference to your letter No. 449, dated the October, 1933, I have the honour to forward herewith a statement (with six spare copies) showing the quantities and prices of steel scrap sold by this Railway during the past three years from 30th September, 1930 to 1st October, 1933.

Enclosure.

*Statement showing the quantities and prices of Steel Scrap sold during the past three years from 30th September, 1930 to 1st October, 1933.*

Description.	Quantity sold.			Average price per ton.
	T.	C.	Q. lb.	Rs. A.
(1) Double Headed Rails . . . . .	679	8	1 13	39 10
(2) Other rails . . . . .	7,886	0	0 1	28 4
(3) Axles Carriage Wagon and Engine . . . . .	675	9	1 13	26 13
(4) Total steel scrap of all kinds including items 1, 2 and 3 . . . . .	14,260	5	1 7	30 2

**Assam Bengal Railway Co., Ltd.**

*Letter No. A/234, dated the 4th November, 1933.*

Reference—Your No. 449, dated the 5th October 1933.

With reference to your above quoted letter I beg to give below the informations asked for:—

	Quantity sold. Tons.	Average price per ton.
(1) Double headed rails . . . . .	<i>Nil.</i>	<i>Nil.</i>
(2) Unserviceable salt Golah rails, 50-lb. . . . .	34 (approx).	Rs. 5-1-3 per ton on average.
2nd hand rails, 50-lb. . . . .	0-50	Rs. 85 per ton.
2nd hand rails, 41½-lb. . . . .	2-20	Rs. 82 ..
(3) and (4) Separate statement enclosed with 6 spare copies.		

Enclosure.

Statement showing the following steel scraps sold during the past three years.

Description of Articles.	1930.								1931.			
	Quarter ending March.		Quarter ending June.		Quarter ending September.		Quarter ending December.		Quarter ending March.		Quarter ending June.	
	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per cwt.	Quantity sold.	Rate per ton.
	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.
Steel scrap axles . . . . .	..	..	..	..	..	..	..	..	..	..	..	..
Steel scrap tyres . . . . .	25 0 0	18 0 0	..	..	20 0 0	10 15 6	..	..	..	..	..	..
Steel scrap spring plates . . . . .	50 0 0	40 15 0	..	..	32 0 0	50 4 0	7 8 0	40 8 0	..	..	..	..
Steel scrap spiral and helical spring.	..	..	..	..	5 0 0	16 0 0	..	..	..	..	..	..
Steel scrap files . . . . .	..	..	..	..	..	..	..	..	1 0 0	5 8 0	..	..
Steel scrap helical and volute	..	..	..	..	..	..	..	..	..	..	..	..
Cast steel jaws for stone crushers.	..	..	..	..	..	..	..	..	..	..	..	..
Mild steel scrap plates wagons	9 19 0	20 0 0	..	..	..	..	..	..	..	..	..	..
Mild steel scrap Gas holders . . . . .	..	..	..	..	..	..	..	..	..	..	..	..
Mild steel scrap cutting from boiler tender and wagon plates, etc.	..	..	..	..	..	..	..	..	..	..	..	..
Mild steel scrap (Miscellaneous)	..	..	..	..	..	..	..	..	..	..	..	..

Description of Articles.	1931.				1932.							
	Quarter ending September.		Quarter ending December.		Quarter ending March.		Quarter ending June.		Quarter ending September.		Quarter ending December.	
	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.	Quantity sold.	Rate per ton.
	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.	T. C. Q.	Rs. A. P.
Steel scrap axles . . . .	..	..	..	..	16 9 1	12 9 0	..	..	..	..	..	..
Steel scrap tyres . . . .	..	..	..	..	..	..	..	..	9 0 0	8 0 0	..	..
Steel scrap spring plates .	14 0 0	37 8 0	..	..	40 0 0	17 9 0	..	..	9 0 0	17 0 0	20 0 0	20 5 0
Steel scrap spiral and helical spring	..	..	..	..	..	..	..	..	..	..	..	..
Steel scrap files . . . .	..	..	..	..	..	..	..	..	..	..	..	..
Steel scrap helical and volute	..	..	..	..	..	..	..	..	18 4 2	18 0 0	..	..
Cast steel jaws for stone crushers.	..	..	..	..	..	..	..	..	8 18 2	7 0 0	..	..
Mild steel scrap plates wagons	..	..	..	..	59 10 1	16 14 0	..	..	20 0 0	1 4 0 per cwt. or Rs. 25 per ton.	..	..
Mild steel scrap Gas holders .	8 0 0	20 8 0	..	..	1 16 2	18 8 0	..	..	..	..	..	..
Mild steel scrap cutting from boiler tender and wagon plates, etc.	..	..	..	..	34 8 0	16 10 0	..	..	..	..	..	..
Mild steel scrap (Miscellaneous)	..	..	..	..	..	..	..	..	340 0 0	8 1 0	..	..

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**East Indian Railway.***Letter dated the 4th November, 1933.*

With reference to your letter No. 449 of the 5th October, 1933, addressed to the Agent and forwarded to me for compliance I beg to send herewith a statement-giving particulars asked for, with 6 spare copies.

Enclosure.

*Statement showing quantities of steel scrap sold by the E. I. Railway during the financial years 1930-31, 1931-32 and 1932-33 and their average prices.*

Description of Material.	Financial Years.					
	1930-31.		1931-32.		1932-33.	
	Quantity in tons.	Average price per ton.	Quantity in tons.	Average price per ton.	Quantity in tons.	Average price per ton.
1. Double and Bull-Headed Rails.	6,415	Rs. A. P. 31 13 0	2,453	Rs. A. P. 36 7 0	1,868	Rs. A. P. 37 2 0
2. Other Rails, i.e., F. F.	1,520	33 8 3	2,492	35 8 0	3,611	37 2 0
3. Carriage Axles	71	22 6 0	605	29 8 9	1,439	34 3 0
4. Total Steel Scrap of all kinds	11,859	27 9 0	11,650	28 6 6	13,477	31 9 0

**South Indian Railway Co., Ltd.***Letter No. I-1890-34/131, dated the 6th November, 1933.*

Your letter No. 449 of the 5th October, 1933.

With reference to the above, I have the honour to send you herewith a statement, with 6 spare copies, giving the information asked for in the above quoted letter.

Enclosure.

*Statement showing the quantities and prices of steel scrap sold during the past three years.*

Item No.	Description of material.	Approximate quantity sold.	Average rate per ton.
		Tons.	Rs. A.
1.	Steel scrap, 75 lbs. D. H. rails	130	56 0
2.	Steel scrap, other rails of different sections	3,350	30 8
3.	Axles, wheels, wheel centres without tyres, cranks, etc.	430	6 0
4.	Total steel scrap of all kinds	2,960	24 0

**Bombay, Baroda and Central India Railway Co., Ltd.***Letter No. S-210/33, dated the 6th November, 1933.*

As desired in your letter No. 449, dated the 5th ultimo, I beg to subjoin the figures asked for:—

Description.	1930-31.		1931-32.		1932-33.	
	Tons.	Rate per ton.	Tons.	Rate per ton.	Tons.	Rate per ton.
		Rs. A. P.		Rs. A. P.		Rs. A. P.
1. Rails, D. H. and B. H., old	1,377	34 0 0	1,688	32 0 0	2,107	34 0 0
2. Rails, F. F., all sizes	1,731	56 0 0	2,339	50 0 0	1,892	44 0 0
3. C. & W. axles	284	29 0 0	409	25 0 0	194	33 0 0
4. Other kinds of steel scrap, both B. G. and M. C.	5,617	25 8 0	6,057	20 0 0	8,202	21 0 0

**Burma Railways.***Letter dated the 8th November, 1933.*

As desired in your letter No. 449, dated the 5th October, 1933, I give below the quantities and prices of Steel Scrap sold by this Railway during the past three years:—

Particulars.	Quantity sold			Average price per ton.
	T.	C.	Q.	Rs. A.
(1) Double headed rails	...	...	...	...
(2) Other rails	2,660	6	0	26 0
(3) Carriage axles	88	2	2	25 0
(4) Total Steel Scrap of all kinds	4,622	2	0	13 7

2. As regards item 2 the average price includes freight, handling and other incidental charges pertaining to the sales effected from time to time and it is not easy to differentiate these extraneous costs in all cases, but I consider that an average rate of Rs. 20 per ton might be taken as a net average figure.

3. The price for item 3 is Rs. 25 per ton f.o.r. Namyao.

4. Item 4 includes Scrap underframes, tyres, spring steel sent down to Rangoon from Myitnge (377 miles away from Rangoon) for sale and also W. I. and Steel Scrap.

**Bengal Nagpur Railway Co., Ltd.***Letter No. E/9919/21/360, dated the 9th November, 1933.*

With reference to your letter No. 449, dated the 5th October, 1933, I have the honour to enclose herewith 7 copies of a statement showing the information asked for therein.

Enclosure.

*Statement.*

Description of material.	Quantity sold during 1930, 1931 & 1932.	Average price per ton.
	Tons.	Rs. A.
(1) Double Headed Rails	165	21 0
(2) Other Rails	2,000	20 0
(3) Carriage Axles	100	20 0
(4) Steel Scrap of all kinds	21,300	25 8

**Great Indian Peninsula Railway.***Letter No. C-285-S/8, dated the 14th/15th November, 1933.*

Reference: Your letter No. 440, dated the 5th October, 1933.

With reference to your above, I beg to enclose herewith seven copies of a statement showing the quantities of steel scrap sold by this Railway with the average prices realised year by year for a period of three years ending 30th September, 1933.

Enclosure.

Steel Scrap sold for three years ending 30th September 1933.

No.	Description.	For one year ending 30th September 1931.		For one year ending 30th September 1932.		For one year ending 30th September 1933.		For three years ending 30th September 1933.	
		Approximate quantity sold in tons.	Average rate per ton realised.	Approximate quantity sold in tons.	Average rate per ton realised.	Approximate quantity sold in tons.	Average rate per ton realised.	Approximate total quantity of scrap in tons.	Average rate per ton.
			Rs. A. P.		Rs. A. P.		Rs. A. P.		Rs. A. P.
1	Double headed rails . . . . .	..	..	163	40 0 0	26,186	25 3 0	25,349	25 5 0
2	Other rails . . . . .	2,671	20 4 3	6,132	20 11 0	7,199	31 4 0	16,002	25 6 0
3	Carriage axles . . . . .	536	25 2 6	124	29 3 0	120	50 1 0	779	30 5 0
4	Total steel scrap of all kinds	3,802	17 14 6	2,860	15 12 6	5,709	21 14 0	12,371	19 4 0

MGIPC-I-223STB-3-5-35-290.