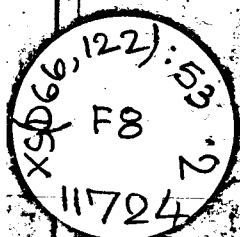


Report of the Indian Tariff Board
on the Question of Tariff Equality
in respect of the Manufacture of
Electric Wires and Cables inclu-
ding the Written and Oral Evi-
dence recorded during the enquiry

1928



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GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
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Indian Cable Company, Limited, Calcutta—

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Report.

Personnel of the Board.

President Sir Padamji P. Ginwala.
Member Dr. John Matthai.
Secretary R. L. Walker, Esq., I.C.S.

Report on the Question of Tariff Equality in respect of the Manufacture of Electric Wires and Cables.

The representation considered in this report is one of a series of representations received by the Board for investigation under the Resolution of the Government of India in the Reference to the Board. Commerce Department No. 38-T (2), dated 28th March, 1925. That Resolution runs as follows:—

“ The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list of such representations is appended to this Resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations, and any others of a similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit.

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

The principles which have been followed by the Board in considering these representations are set out in paragraph 2* of the Board's report on Camel Hair, Cotton and Canvas Ply Belting.

2. The only application received by the Board in respect of electric wires and cables is that of the Indian Cable Company. This Company was formed in 1920 for the purpose of manufacturing copper wire and strand for telephone, telegraph and transmission lines, rubber insulated cables and cotton covered wires. The Company which is the only one of its kind in India, is a rupee Company registered in India, and has a capital of Rs. 30 lakhs nearly half of which was raised by public subscription in India. The Company's works are situated at Jamshedpur and its principal market so far has been in Calcutta and adjoining areas.

* In this class of enquiry no question of protection as such arises and, consequently, we are not required to determine whether the industry under consideration fulfils the conditions laid down by the Fiscal Commission as essential to the grant of protection. Further, the matters to which it is necessary to direct our attention are limited and no enquiry is necessary into such matters as the cost of production, overhead charges or the fair selling price of Indian manufactured articles. It is, therefore, possible to reach our conclusions after a comparatively brief enquiry, while our report also can with advantage be drawn up on more summary lines than those previously followed by the Board.

3. The Company started operations in 1923, and almost from the beginning found itself in a position of continual and increasing difficulty. The revenue policy of the Government of India by which Customs duties, imposed primarily for revenue purposes, have been altered without due consideration of the effects of such changes on the industries concerned is partly responsible for the Company's difficulties. One effect of these changes is the existing inequality in tariff treatment between the Indian Cable Company and its foreign competitors under the present tariff arrangements. When the Company was first constituted the Customs duty leviable on imported electric wires and cables of all sizes was 15 per cent., but in 1923 when the Company actually started operations, the duty on wires and cables having a sectional area of $1/80$ th sq. inch and over, which constitute the bulk of the Company's production was reduced to $2\frac{1}{2}$ per cent. In September, 1927, in accordance with Government's declared policy of exempting machinery and component parts as far as possible from payment of duty, the duty on these classes of wires and cables was entirely removed. The present position is that imported wires and cables of the sizes generally used for industrial purposes are admitted free of duty (Articles 18A (5) and 90A of the Tariff Schedule) while the Company is required to pay duties ranging from 5 per cent. to 30 per cent. on a large number of the raw materials used by it in the manufacture of wires and cables. The result is a clear case of tariff inequality handicapping a domestic industry in competition with foreign manufacturers.

4. The principal imported raw materials used by the Company are the following:—
 Duties on raw materials.

- (a) Electrolytic copper rods, known as "Black rod".
- (b) Raw rubber, mostly rubber crepe.
- (c) Cotton for making magnet wires braids for covering cables.
- (d) Silk for making magnet wires and electric light flexible, etc.
- (e) Pig lead, pure, for lead covering cables.
- (f) Chemicals such as sulphur, zinc oxide, antimony sulphide, paraffin wax, etc.

When the Company commenced operations, practically all the raw materials imported were subject to duty, but in June, 1923, in consequence of representations addressed by the Company, the Government of India decided, under Section 23 of the Sea Customs Act to exempt raw rubber imported into India from payment of Customs duty (15 per cent). It was also decided to make arrangements for the admission free of duty (15 per cent.) of electrolytic copper rod imported by the Company for the manufacture of electric wires and cables or for the grant of a refund of duty thereon. This concession was granted purely as a temporary expedient pending investigation of the whole case by the Tariff Board. Further, in 1924 on the

recommendation of the Tariff Board it was decided to remove the import duty on sulphur, which then stood at 15 per cent. on a tariff valuation of Rs. 120 a ton. While the Company thus secured substantial advantages in compensation for the reduction of duty from 15 to 2½ per cent. on imported wires and cables of larger sizes, the entire removal of the duty since October, 1927, has subjected the Company to further inequality in tariff treatment in respect of the bulk of its manufactured products.

5. A disadvantage which has incidentally resulted to the Company from the removal of the duty on imported wires and cables is the reduction in the amount of orders for repairs and urgent replacements. To a new Company operating locally the supply of urgent requirements often provides an element of stability. But with the abolition of the import duty on wires and cables of larger sizes, dealers have been able to maintain larger stocks as the maintenance of stocks no longer entails the locking up of capital in payment of Customs duties. The business in the bazaar has been further affected recently by the importation of cheap electric wires and cables from the Continent, especially from Germany. These, coming in small quantities, have steadily exercised a depressing effect on the market. Rubber insulated cables of local manufacture, which are not recognised as being of British standard quality have necessarily to compete against Continental imports and the prices obtained for Indian products are sometimes as low as 10 per cent. below British import prices. The result of the removal of the duty has therefore been a marked falling off in the Company's bazaar business, and the Company has now to rely largely upon contract orders.

6. The principal classes of electric wires and cables consumed in India may be grouped as follows:—

- (a) Bare hard drawn copper conductors.
- (b) Paper insulated cables.
- (c) Rubber insulated cables.

The total value of copper conductors imported into India in 1927-28 was Rs. 21 lakhs while that of rubber insulated cables amounted to Rs. 33 lakhs, and that of cables insulated with other materials, principally paper, was Rs. 35 lakhs. The Company's production of copper wire in 1927-28 aggregated in value to 13.3 lakhs and of rubber insulated cables to Rs. 5.2 lakhs.

7. The Company does not produce cables insulated with paper nor has it any intention of erecting the plant required for its production. Of the two classes of articles produced at the Company's works, the question of tariff inequality arises at present only in the case of rubber insulated cables. The principal raw material required for the manufacture of bare copper conductors is "black rod" on which the Company has been granted exemption from payment of duty since 1923. According to figures supplied by the Company, the

cost of electrolytic copper rod is £78.25 per ton c.i.f. Calcutta, on which duty calculated at 15 per cent. works out to 1 anna 1.4 pies per lb. The present selling price in Calcutta of bare copper conductors may be taken on the average at 8 annas per lb. Assuming there is no wastage the duty on copper rod amounts on these figures to 14 per cent. of the selling price. If allowance is made for the wastage in drawing rod into wire, the remission of the duty on copper rod represents relief in respect of copper wire in the neighbourhood of 15 per cent. of the selling price. So far as bare copper conductors are concerned the Company has been fully compensated for the inequality caused by the reduction and subsequent removal of the duty on imported wire. In fact the Company enjoys a small measure of advantage in so far as there is still an import duty of 15 per cent. on bare copper conductors having a sectional area of less than $\frac{1}{80}$ th of a sq. inch. This, however, constitutes not more than a quarter of the Company's output of this class of wire and the advantage derived from it is inconsiderable. In view of the fact that "black rod" is not manufactured in India at present and the Indian Cable Company is practically the only purchaser, it appears unnecessary to retain the duty in the Tariff Schedule. We therefore recommend that the duty on electrolytic copper rod be removed.

8. The Company has furnished us with a complete statement of the duties paid by it on the raw materials used in the manufacture of rubber insulated cables. The statement includes the duties paid on materials purchased locally the cost of which is determined by import prices as well as on materials imported by the Company direct. It is not possible to estimate the exact degree of tariff inequality to which the Company is subject, but a rough estimate may be obtained by taking a few typical products. Taking, for example, single cables (600 Megohm Grade—taped braided and compounded), the commonest size is 7/.064 on which the total amount of duty payable in respect of raw materials is 14 annas per 100 yards. The selling price of this class of cable in Calcutta is Rs. 27 per 100 yards, taking the lowest current quotation. The tariff inequality involved is therefore 3.2 per cent. In single cables of other sizes in fairly common demand, the same degree of inequality exists. In 7/.052 size, the inequality is 3.1 per cent. and in 19/.064, 3 per cent. The inequality is greater in the case of lead covered cables due largely to the duty of 15 per cent. payable on pig lead. In lead covered single cables (600 Megohm Grade) of 7/.064 size, the total duty on raw materials amounts to 45.11 annas per 100 yards and the current selling price is Rs. 52 resulting in an inequality of 5.4 per cent. In lead covered twin cables of 7/.052 size, the inequality amounts on current prices to 5.5 per cent. The aggregate amount of duty paid annually on the raw materials used by the Company in the manufacture of rubber insulated cables of not less than $\frac{1}{80}$ th of a sq. inch in sectional area during the past four years averaged Rs. 12,750 which is over 3 per cent. of the value of the output. On the whole it may be

estimated that the extent of tariff inequality on rubber insulated cables ranges from 3 per cent. to 5 per cent. on the current selling prices.

9. We consider that the relief required by the Company in respect of rubber insulated cables should be given in the form of an import duty. The Company in its written representation has suggested a refund of duties on raw materials and a bounty on output as possible alternatives. Neither of these forms of assistance appears to us suitable. The raw materials on which duty is payable number as many as 92 different items on which it is clearly out of the question to grant a refund of duty. Besides, a considerable quantity of these materials is purchased by the Company locally and a refund of duty is open to the obvious objection that it would encourage direct importation and thereby affect local business in imported articles. Nor do we think that there is any case for recommending the grant of a bounty. A duty of not more than 5 per cent. on rubber insulated cables will not materially affect the cost of electrical installations. The representative of the Indian Cable Company in his evidence referred to a recent scheme for the supply of electricity to an Indian town costing Rs. 10 lakhs of which the cost of wires and cables amounted to Rs. 50,000. A duty of 5 per cent. on rubber insulated cables of larger sizes in this case would raise the cost of the scheme by considerably less than Rs. 2,500 or a quarter per cent. Further the continual drop in the prices of Continental imports may render bounties a less effective form of assistance. We have estimated the measure of tariff inequality on rubber insulated cables at from 3 to 5 per cent. according to the class of cable. We propose, however, that a duty of 5 per cent. should be imposed on all classes of rubber insulated wires and cables, other than those specified in Article 90A. A general rate of 5 per cent. on all classes of rubber insulated cables not less than 1/80th square inch in sectional area will probably be more convenient for administrative purposes. At the same time it will provide some margin against the drop in prices due to cheap Continental imports and the recent cuts in prices on the part of large British firms interested in the Indian market. For the same reason we make no reduction in the duty proposed on the ground that cables of smaller sizes which form a quarter of the Company's output bear a duty of 15 per cent.

10. As we have already pointed out, the total amount of duty paid by the Company on raw materials in respect of rubber insulated cables during the past four years has averaged Rs. 12,750 a year on the larger sizes, and this represents roughly the measure of relief which the Company will receive on the present output under our proposal. While we believe that this assistance will remove the tariff inequality to which the Company is subject, it will by no means be sufficient to enable the Company to establish itself on a reasonably satisfactory basis. We are precluded under our terms of reference from considering whether and if so, to what extent the Company is entitled

to assistance in the way of protection and indeed the time at our disposal is insufficient for an enquiry into the case for protection. The Company expects that the copper required for the manufacture of wires and cables at its works at Jamshedpur may be obtained in the near future from mines not far removed from Tatanagar. The industry already possesses the advantage of a fairly large and growing home market and the machinery employed in it being largely of an automatic character, the relative cheapness of Indian labour may be regarded as an additional advantage. We consider therefore that on the materials already before us there is a *prima facie* case for holding an enquiry into the Company's claim for protection.

11. Before concluding this report we desire to draw the attention of Government to a matter of some importance which has been brought to our notice in the course of the enquiry. Of the total output of the Company in 1927-28 of bare copper conductors, more than half or nearly Rs. 7 lakhs in value was sold to the Telegraph Department. Of this Rs. 5½ lakhs represented copper wire of No. 11 gauge which is less than 1/80th part of a square inch in sectional area and is therefore subject to a duty of 15 per cent. It has been represented to us that in fixing prices no allowance was apparently made for the Customs duty leviable on this class of wire. We have been told by the representative of the Company that the practice of fixing prices irrespective of the Customs duty has been in vogue since the Company submitted its first tender to the Telegraph Department four years ago. We consider that, in view of the declared policy of Government on this subject, the question should receive early attention.

12. The application of the Indian Cable Company for the removal of its disability in the matter of tariff treatment, which is the subject of this report, has been before Government now for over five years. Although the question was referred for enquiry by the Tariff Board in March, 1925, the Board's commitments in respect of other enquiries have prevented it from submitting its proposals earlier. We, therefore, wish to urge the desirability of Government considering the proposals embodied in this report and, if approved, of giving effect to them, at the earliest possible opportunity. The Board is now engaged in enquiring into other cases of tariff inequality referred to it in Government Resolution No. 38-T (2), dated the 28th March, 1925, and it is equally desirable that early action should be taken on such proposals as the Board may submit in these cases. We would suggest, in view of their urgency, that Government should endeavour to secure the acceptance by the Legislature of the principle that relief should be granted wherever tariff inequality is found to exist, with power to take action on the recommendations of the Tariff Board in anticipation of the formal sanction of the Legislature.

Summary. 13. The tariff proposals contained in this report may be summarised as follows:—

- (a) That the duty on electrolytic copper rod, known as "black rod" be removed.
- (b) That a duty of 5 per cent. be levied on rubber insulated electrical wires and cables other than those specified in Article 90A.

P. P. GINWALA,
President.

J. MATTHAI,
Member.

R. L. WALKER,
Secretary.

16th August 1928.

APPENDIX.

Table showing value of imports of electric wires and cables into India from 1923-24 to 1927-28.

	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	Average per annum.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rubber insulated wires and cables	27,16,214	29,02,136	37,14,825	30,35,069	33,23,400	31,38,328
Share of Bengal	13,95,525	19,00,095	20,10,155	15,32,585	...*	...
Bombay	10,00,768	7,47,699	13,49,373	11,87,909	...	...
Sind	1,25,126	97,834	74,871	7,457	...	...
Madras	1,12,117	93,150	1,88,423	1,57,752	...	...
Burma	82,678	63,358	92,003	79,366	...	...
Other insulated wires and cables	22,23,018	19,66,481	22,85,615	29,26,307	35,46,296	25,90,543
Share of Bengal	12,91,128	7,91,043	9,20,566	12,05,135	...*	...
Bombay	7,89,234	7,90,276	9,75,205	13,56,176	...	...
Sind	31,294	5,853	1,59,651	1,55,105	...	...

Madras	36,298	94,578	67,283	34,881	...	...
Burma	80,064	2,84,731	1,62,910	1,75,010	...	...
Bare Copper wire other than telegraph and telephone wires	11,35,032	15,84,165	15,38,009	20,87,340	20,99,141	16,88,737
Share of Bengal	6,15,087	9,82,221	8,02,664	13,30,096	...*	...
Bombay	3,80,687	4,54,510	5,55,284	7,29,977	...	...
Sind	1,06,103	77,487	85,013	5,127	...	...
Madras	82,479	14,343	92,846	20,195	...	...
Burma	726	55,604	2,202	1,135	...	...
Telegraph and telephone wires and cables	8,96,312	2,11,592	1,62,726	96,633	72,185	2,87,889
Share of Bengal	2,72,317	9,057	8,578	27,010	...*	...
Bombay	6,12,824	73,034	14,907	31,108	...	...
Sind	150	16,972	6,976	8,000	...	...
Madras	6,675	1,02,746	1,26,579	29,224	...	...
Burma	4,346	9,783	5,691	1,296	...	...

* Shares of provinces during 1927-28 not yet available.

Evidence.

DEPARTMENT OF COMMERCE.

RESOLUTION.

TARIFFS.

Delhi, the 28th March 1925.

No. 38-T. (2).—The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list of such representations is appended to this Resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations and any others of a similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit.

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

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, the Indian Trade Commissioner in London and the Secretary of the Tariff Board.

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

D. T. CHADWICK,
Secy. to the Govt. of India.

List of representations.

No.	Applicant.	Manufactured articles or works.	Rate of duty to which now subject. <i>Ad val.</i>	MAIN COMPLAINT THAT MATERIALS ARE ASSESSED AT HIGHER DUTIES.		Subsidiary request.
				Articles.	Duty.	
1	The Indian Cable Company, Calcutta.	Electric wires and cables	2½ per cent.	"Black" rod Cottons and braids Silk covering Pig lead Various miscellaneous articles	15 per cent. 8-11 per cent. 30 per cent. 15 per cent. 15 per cent.	

THE INDIAN CABLE COMPANY, LIMITED, CALCUTTA.

A.—WRITTEN.

(1) *Representation, dated the 28th April 1923, to the Department of Commerce, Government of India, Simla.*

Following the writer's interview with you on the 5th instant, and at the request of the Directors of this Company we beg to place before you the following facts, which show how we are handicapped in our attempt to manufacture Electric Wires and Cables in India:—

1. The quantities of electric wires and cables which are imported into India, for the purpose of electric lighting, electric power, Telegraph and Telephone purposes are very considerable, and there is no question that a Works in India to manufacture, if only a part of the quantities now imported, will prove a great acquisition to the country more especially to the Military and Telegraph Departments. It was these facts coupled with promises of assistance from the Indian Government which induced the promoters to start this Company and establish a works.
2. The amount of capital subscribed and actually spent on equipment to date is Rs. 17,00,000 the large majority of which was subscribed by Indians mostly resident in Bombay.
3. Many of the Government Departments more particularly the Indian Telegraph Department and Railways have in the past been importing these goods without paying any import duties, but we were informed that the Government intended to put a stop to this unfair trading and we were accordingly greatly encouraged to go on with our enterprise.
4. We were further encouraged when we learned that the Legislative Assembly had passed a Resolution in favour of "Discriminating Protection" for Indian Industries.
5. All encouragement looked for as above was dashed to the ground when we learned that the import duties on the large majority of electric wires and cables (in our opinion 75 per cent.) had been reduced from 15 per cent. to 2½ per cent., while the import duties on the raw materials necessary to manufacture these articles had been left untouched at 15 per cent., thus giving a "Discriminating Protection" to the imported articles of 12½ per cent.

The principal articles of raw materials which have to be imported by us are as follows:—

- (a) Electrolytic copper rods, known to the trade as "Black rod." This rod is produced by being hot rolled from the copper ingot. We have installed a Copper Wire Drawing Mill at our Works and this partly manufactured article is the raw materials for our wire mill. Present import duty 15 per cent. *ad valorem*.
- (b) Raw rubber, mostly rubber crepe. Present import duty 15 per cent. *ad valorem*.
- (c) Cottons, for making magnet wires, and braids for covering cables. Present import duties from 5 per cent. to 11 per cent. *ad valorem*.
- (d) Silk, for making magnet wire and electric light flexible, etc. Present import duty 30 per cent. *ad valorem*.
- (e) Pig Lead, pure, for lead covering cables. Present import duty 15 per cent. *ad valorem*.
- (f) Other articles used in the manufacture of electric wires and cables are:—Shell Mex bitumen, beeswax, litharage, sulphur, zinc oxide, lime, ceresine wax, French chalk, antimony sulphide, line blue, Stockholm tar, Boiled linseed oil, magnesia oxide, Affleck's binding wax, Smiths dyes, paraffin wax. Present import duties on all 15 per cent. *ad valorem*.

Until a few weeks ago the import duties on all electric wires and cables was 15 per cent. *ad valorem* and that on electric motors 2½ per cent. while the import duties on the raw materials to manufacture cables and magnet wires for electric motors was 15 per cent. *ad valorem*. If they had been left at these rates it would have been quite impossible for us to make a success of these works without a considerable amount of Government support. We, however, find that the Indian Government at the request of the British Electric and Allied Manufacturers Association have reduced the import duties on all wires and cables having a copper sectional area above .0125 square inch from 15 per cent. to 2½ per cent. *ad valorem*, and have thus, unless some change is made very quickly, given the death blow to any Indian industry in this line of business.

We most respectfully beg of you to enquire into this matter at once when we feel sure you will institute some changes to save our industry from immediate ruin.

If we may be allowed to make suggestions for immediate relief then we beg of you to consider that the five items above (a), (b), (c), (d), and (e), should be admitted (under a declaration that they will be used in the manufacture of electric wires and cables only) duty free.

The Directors wish to state that before this change in the import duties, they had under consideration a further capital expenditure of Rs. 8,00,000 which was necessary to complete these works. They have now stopped all further expenditure pending a reply from you, in which they trust you will set forth the intended attitude of the Indian Government to local industries and this one in particular.

(2) *Letter, dated the 14th June 1923, from the Government of India, Department of Commerce, to the Indian Cables Company, Limited, Calcutta.*

I am directed to refer to your letter A. E. G., dated the 20th April 1923, on the above subject.

2. In reply, I am to say that the Government of India, after giving the matter their careful consideration, have decided to exempt raw rubber imported into India from payment of customs duty. A notification under section 23 of the Sea Customs Act giving effect to this exemption has issued.

3. Arrangements will also be made either for admission free of duty of electrolytic copper rod imported by your Company for the manufacture of electric wires and cables or for the grant of a refund of duty thereon. This concession will, however, be granted purely as a temporary expedient pending investigation of the whole case by the Tariff Board which will shortly be constituted. The concession will be allowed only in respect of imports *via* Calcutta and subject to certain conditions which will be communicated to you separately by the Finance Department (Customs).

4. The Government of India regret that they are unable to grant at present any concession in respect of the other articles mentioned in your letter under reply.

(3) *Representation, dated 20th September 1927, to the Tariff Board.*

The bill passed on the 17th instant to remove the present import duty as from October 1st next, on machinery, under sections 51, 51A and 51B of the Import Tariff Schedule is a serious blow to this Company.

Section 51 (5) of the Tariff Schedule covers:—

“Bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables insulated or not; and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.”

Section 90A of the Import Tariff Schedule qualifies the above section as being relative to wires and cable over 1/80th square inch in cross sectional area.

We are, and have been manufacturing copper conductors and cable for the past four years and the greater part of our production comprises conductors both bare and insulated over 1/80th square inch in cross sectional area, which at the moment, are subject to 2½ per cent. import duty. The removal of this duty represents a loss of 2½ per cent. on the income from our sales of this material.

(2) Almost all the raw materials we use are, at the moment, subject to import duty, which duty varies between 5 per cent. and 30 per cent. In the case of cables over 1/80th square inch the duty on the raw materials amounts to a debit against the finished article of from 5 per cent. in the case of smaller sizes to 2 per cent. in the case of the larger sizes. In the case of lead covered cables (owing to the fact that duty on pig lead is 15 per cent.) the import duties on raw materials increase the cost of the finished article by approximately 10 per cent.

You will fully appreciate our position in this connection when you bear in mind that the cables referred to in this paragraph will, from October 1st next, be imported duty free.

(3) As our accounts will prove, we have been struggling against very keen price cutting so much so that our Directors have frequently considered the advisability of asking you to consider a representation for enhanced protection. So far, however, we have continued in the hope that the increased business we have succeeded in securing, although taken at very low prices, would ultimately make it possible for us to survive unaided.

(4) We feel it is not the intention of Government to assist one Industry at the expense of another, and as the Bill has been put forward on the definite understanding that any modification it may be desirable to make can be made, we would respectfully enquire whether Government have made provision to assist us in some other way, at least to an extent sufficient to compensate us for the loss entailed by the removal of the Import Duty on the section referred to herein.

(5) It may be contended that 2½ per cent. does not seriously affect any one. In this connection we would remark that 2½ per cent. on valuable material such as Copper Wire and Cable is a very appreciable figure.

We have estimated from our accounts for last year, that the reduced prices which will result from the removal of this duty will involve a 40 per cent. reduction in the gross earnings on our Turnover. The gross profit last year was insufficient to have enabled us to write off more than 50 per cent. of the depreciation we would reasonably expect to write off our Block Account each year, whilst the shareholders have received nothing from their investments since the Company commenced business six years ago. This will indicate that we can not possibly continue in business if our position is made still more difficult by adverse legislation.

We trust you will assist us by forwarding this application with your remarks to Government for appropriate action.

Thanking you in anticipation.

(4) *Further representation, dated the 5th March 1928, to the Tariff Board.*

In further reference to your letter of 24th January we attach hereto our application for assistance in regard to heavy copper wires and cables which form our principal business.

As having some bearing on this application, although not intended by us to be considered a vital part of it, we would draw the attention of the Tariff Board to the large quantities of small rubber insulated cables which are imported into India usually from the Continent of Europe. This cable, judged by many samples we have tested, is often unsuited to the purpose for which it

is imported. Any steps which would hinder the sale of this cable in the bazaars (for which it appears to be specially made) would be a service to this country as well as to our industry.

The following suggestion is put forward for what it is worth.

Rubber insulated or compound insulated cables which will not pass the following test should not be admitted into India.

“ One statute mile after 24 hours' immersion in water must have an insulation resistance of not less than 600 Megohms and withstand an alternating potential of 1,000 volts for 15 minutes whilst still immersed in water.”

Such a cable is not very costly to produce and the only reason many of the cheap cables at present imported are not built to a standard specification and will not pass any recognised test, is lack of any regulation as to limit of inferiority permissible.

If our representative is examined we would like to enlarge on this subject.

We shall be pleased to hear at your early convenience when and where our representative will be examined, together with some indication as to the nature of the information the Board would require.

Enclosure No. 1.

Representation dated 5th March 1928 from the Indian Cable Company, Limited, Calcutta, to the Tariff Board.

As requested in your Secretary's letter of the 24th January, we desire to place before you the following representation for your careful consideration.

1. This Company was formed in 1920 with a capital of Rs. 20 lakhs. In 1922 B. I. Cables Limited were appointed Managing Agents and the capital was increased to Rs. 30 lakhs all of which has now been called up.

The object of the Company was to manufacture Copper Wire and Strand for telephone, telegraph and transmission lines, also rubber insulated cables and cotton covered wires.

For the purpose of this application we propose to treat Copper Conductors and rubber insulated cables separately as we are differently affected, by the present import tariffs, in each case.

2. Two sections of the Indian Customs Tariff Schedule affect us, i.e., section 90-A, which relates to electrical conductors bare or insulated below 1/80th square inch in cross sectional area, the import tariff being 15 per cent. *ad valorem*; also section 18-A, sub-para. 5, which is applicable to electrical wires and cables insulated or not 1/80th square inch cross sectional area or over which are now imported duty free.

In regard to section 90-A, covering small conductors which are subject to 15 per cent. import duty, we have no representation to make.

Our application is for a modification of section 18-A, sub-para. 5, which permits of the importation of wires and cables, of sizes constituting the major portion of our production, duty free.

Sub-para. 5, above referred to, does not discriminate between rubber insulated and paper insulated cables. This Company is not equipped to produce impregnated paper insulated cables, so that any assistance it may be possible to give us will not involve any alteration to the present Import Tariff in regard to this particular class of cable.

3. *Copper conductors for transmission lines.*—In 1923 our factory was in a position to commence production. We found, however, that the 15 per cent. *ad valorem* duty on the heavier sizes of Copper Wire had been reduced to 2½ per cent. whilst the duty on Copper Rod, which is our raw material, remained at 15 per cent.

On April 20th, 1923, we addressed the Hon'ble Mr. (now Sir) C. A. Innes, C.S.I., C.I.E., I.C.S., in consequence of which we were allowed to import

Copper Rods free of import duty until our case should be considered by your Board.

This concession assisted us to some extent as the finished wire was then subject to 2½ per cent. duty which advantage helped us as regards Railway Freight to our factory at Tatanagar, and back.

As from October 1st, 1927, the remaining 2½ per cent. duty on H. D. C. Conductors was removed so that we now have no advantage as regards tariff but retain the disadvantage of heavy freight to our works.

We request that the import duty on Copper Conductors for transmission lines (over 1/80th square inch cross sectional area) be changed to 10 per cent. *ad valorem* at a very early date and that the temporary concession enabling us to import our raw materials (black Copper Rods) free of duty be made permanent.

Our reasons for requesting this assistance are:—

- (a) The unsatisfactory state of the market in consequence of Continental competition.
- (b) The financial position of the Company which will be dealt with later in this letter.

This claim is justifiable on three grounds:—

- (a) There is a prospect that within a few years' time it will be possible for us to obtain our copper from mines within a few miles of our factory which will considerably enhance our value as an indigenous industry.
- (b) This industry has already proved an asset to this Country as many articles which formerly took months to obtain from abroad are manufactured and supplied within a few days.
- (c) We are equipped to produce the entire requirements of the Country in this particular material.
- (d) As competition has been particularly severe since our goods were placed on the market it is reasonable to deduce from this that we have been instrumental in making it possible for consumers to obtain their requirements at prices which we are certain are very much lower than would have prevailed had no industry existed. We are, therefore, simply asking for part of the saving we have effected.

4. *India Rubber Insulated Cables.*—Dealing with cables which are composed of tinned copper wires, insulated with either two to three layers of rubber, taped and braided, or taped and lead covered, we would point out that the import duty on the raw materials used in the manufacture of these cables varies from 5 per cent. to 15 per cent. while the finished article is now admitted duty free. Attached hereto is a schedule indicating the duty on the various raw materials used by us and the effect of this on the cost of the finished article.

This anomaly was pointed out by us on April 20th, 1923 (when the import duty was 2½ per cent.), in the letter previously referred to, and as a result rubber and sulphur were exempted from duty. We still have the difficulty of import duty on the other materials we use such as the 15 per cent. import duty on Pig lead which considerably increases the cost of lead covered cables and makes competition with finished cables of this class and size (import duty free) almost impossible.

We suggest for your consideration that this assistance should take one of three forms, viz. :—

- (a) A refund of all duty paid by us should be made by the Customs Department on a return we would prepare and submit quarterly.

Alternatively—

- (b) A bounty of 10 per cent. on all cables we manufacture which are over 1/80th square inch cross sectional area.

Alternatively—

- (c) The import duty on all insulated cables (with the exception of paper insulated lead covered cables) over 1/80th square inch in cross sectional area be altered to 10 per cent. *ad valorem*.

The first alternative represents the least we could expect and is probably the easiest solution of the difficulty.

We hesitate to press the third alternative as, although it would have the desired effect so far as we are concerned, the quantity of cable we are equipped to manufacture does not form a very large percentage of the total consumption in this country. It does not appear reasonable to expect that a large body of consumers should be penalized to assist this Company.

The justification lies in the fact that the tariff on our raw materials exceeds that on the finished article as imported in competition with us.

5. Summarized the assistance for which we ask is:—

Copper Conductors.—Raw material for the production of Copper Wire to be imported duty free as in the past. A duty of 10 per cent. *ad valorem* should be levied on finished copper conductors 1/80th square inch in cross sectional area or over for use on transmission lines.

Rubber Insulated Cables.—If the concession on Copper conductors is given we should be allowed to import our raw materials on the same terms as the finished article, i.e., duty free.

Paper insulated lead covered cables are outside the purview of this representation as we are unable to manufacture same.

6. The assistance we request in the foregoing is absolutely necessary if this industry is to continue. On our present business, assuming we had the benefit of the aid we seek, we estimate it would be possible for us to clear all working expenses and depreciate our block account by a reasonable figure each year. We have, therefore (even under these improved conditions), to increase our business before the shareholders will benefit.

7. The necessity for assistance will be obvious when we state that after trading for five years we have been unable to pay any dividend to the shareholders whose money has been invested since 1920. We have placed to reserve a sum equal to half the annual depreciation we should write off ordinarily and are, therefore, four and a half years in arrears in this respect. In addition we had to carry forward a debit balance of Rs. 58,075-12-2 at 31st March 1926.

The period we are passing through is a very difficult one. Every effort has been made to effect economies and at the same time increase our manufacturing efficiency. Our labour is trained, operating costs are down to a very reasonable figure whilst to a considerable extent we have overcome the prejudice associated with goods manufactured in this Country.

Our difficulty is one, most probably, common to other industries in India. The Indian Market is open to the world and a small Company entirely dependent upon Indian business has little chance against importers with other more remunerative markets to support them.

During the past 5 years we have endeavoured to carry on business with the assistance we already had. It is with regret that we have to admit that this is insufficient. Our position is getting steadily worse, which to some extent is attributable to the removal of the remaining small duty on wires and cables of the sizes most in demand. We are, therefore, reluctantly compelled to ask you to give our case your early consideration.

Enclosure No. 2.

The Indian Cable Company, Limited.

Calcutta, 20th April 1923.

Ref. A. E. G.

THE HON'BLE MR. C. A. INNES, C.S.I., C.I.E., I.C.S.,

DEPARTMENT OF COMMERCE,

GOVERNMENT OF INDIA,

SIMLA.

DEAR SIR,

Following the writer's interview with you on the 5th instant and at the request of the Directors of this Company, we beg to place before you the following facts which show how we are handicapped in our attempt to manufacture Electric Wires and Cables in India:—

- (1) The quantities of Electric Wires and Cables which are imported into India, for the purpose of Electric Lighting, Electric Power, Telegraph and Telephone installations are very considerable, and there is no question that a Works in India, to manufacture, if only a part of the quantities now imported, will prove a great acquisition to the Country, more especially to the Military and Telegraph Departments. It was these facts coupled with promises of assistance from the Indian Government which induced the Promoters to start this Company and establish a Works.
- (2) The amount of Capital subscribed and actually spent on equipment to date is Rs. 17,00,000, the large majority of which was subscribed by Indians mostly resident in Bombay.
- (3) Many of the Government Departments, more particularly the Indian Telegraph Department and Railways, have in the past been importing these goods without paying any Import Duties, but we were informed that the Government intended to put a stop to this unfair trading and we were accordingly greatly encouraged to go on with our enterprise.
- (4) We were further encouraged when we learned that the Legislative Assembly had passed a Resolution in favour of "Discriminating Protection" for Indian Industries.
- (5) All the encouragement looked for as above was dashed to the ground when we learned that the Import Duties on the large majority of Electric Wires and Cables (in our opinion 75 per cent.) had been reduced from 15 per cent. to 2½ per cent., while the Import Duties on the raw materials necessary to manufacture these articles had been left untouched at 15 per cent., thus giving a "Discriminating Protection" to the imported article of 12½ per cent.

The principal articles of raw materials which have to be imported by us are as follows:—

- (a) Electrolytic Copper Rods, known to the trade as "Black Rod." This rod is produced by being Hot Rolled from the Copper Ingot. We have installed a Copper Wire Drawing Mill at our Works and this partly manufactured article is the raw materials for our Wire Mill. Present Import Duty 15 per cent. *ad valorem*.
- (b) Raw Rubber, mostly Rubber Crepe. Present Import Duty 15 per cent. *ad valorem*.
- (c) Cottons, for making Magnet Wires, and Braids for covering cables. Present Import Duties from 5 per cent. to 11 per cent. *ad valorem*.

- (d) Silk, for making Magnet Wires and Electric Light Flexible, etc. Present Import Duty 30 per cent. *ad valorem*.
- (e) Pig Lead, pure, for Lead Covering Cables. Present Import Duty 15 per cent. *ad valorem*.
- (f) Other articles used in the manufacture of Electric Wires and Cables are:—

Shell Mex Mitumen, Beeswax, Litharge, Sulphur, Zinc Oxide, Lime, Ceresine Wax, French Chalk, Antimony Sulphide, Line Blue, Stockholm Tar, Boiled Linseed Oil, Magnesia Oxide, Affleck's Binding Wax, Smith's Dyes, Paraffin Wax. Present Import Duties on all 15 per cent. *ad valorem*.

Until a few weeks ago the Import Duty on all Electric Wires and Cables was 15 per cent. *ad valorem* and that on Electric Motors 2½ per cent., while the Import Duty on the Raw Materials to manufacture cables and magnet wires for electric motors was 15 per cent. *ad valorem*. If they had been left at these rates it would have been quite impossible for us to make a success of these Works without a considerable amount of Government support. We, however, find that the Indian Government at the request of The British Electric and Allied Manufacturers' Association have reduced the Import Duties on all Wires and Cables having a copper sectional area above .0125 square inch from 15 per cent. to 2½ per cent. *ad valorem*, and have thus, unless some change is made very quickly, given the death-blow to any Indian Industry in this line of business.

We most respectfully beg of you to enquire into this matter at once, when we feel sure you will institute some changes to save our Industry from immediate ruin.

If we may be allowed to make suggestions for immediate relief, then we beg of you to consider that the first five items above, (a), (b), (c), (d) and (e), should be admitted (under a declaration that they will be used in the manufacture of Electric Wires and Cables only) Duty Free.

The Directors wish to state that before this change in the Import Duties, they had under consideration a further Capital Expenditure of Rs. 8,00,000 which was necessary to complete these Works. They have now stopped all further expenditure pending a reply from you, in which they trust you will set forth the intended attitude of the Indian Government to Local Industries and this one in particular.

Enclosure No. 3.

Percentage increase in cost due to Duty on Raw Materials.

Size.	Tropical Braided Cable Our Class X. T. B.	Braided Cable 600 Meg. Our Class Y. T. B.	Braided Cable 2,500 Meg. Our Class Z. T. B.	Tropical Lead Covered Cable V. N. P. X. T. L.	600 Meg. Lead Covered Cable Our Class Y. T. L.	2,500 Meg. Lead Covered Cable Our Class Z. T. L.	600 Meg. Lead Covered Cable Twin Y. T. L.	C. T. S. 600 Meg.		REMARKS.
								S.	T.	
7/052	3'0	3'8	5'3	9'0	8'4	...	8'3	3'3	5'6	Finished article is imported under section 18-A duty free.
7/064	3'2	3'8	5'8	7'5	7'3	...	7'0	3'3	4'8	
19/044	2'8	3'1	...	...	...	...	...	...	...
19/052 . . . .	...	2'6	5'1	...	6'0	9'2	...	3'0	...
19/064 . . . .	...	3'6	3'4	...	6'0	...	7'2	3'7	...
19/072 . . . .	...	3'0	3'4	...	...	...	...	...	...
19/083 . . . .	...	2'9	3'2	...	6'0	...	...	...	...
37/064 . . . .	...	3'0	3'7	...	...	...	...	...	...
37/072 . . . .	...	3'8	3'1	...	...	...	...	...	...
37/088 . . . .	...	2'6	2'7	...	...	...	...	...	...
37/093 . . . .	...	3'9	...	...	...	...	...	...	...
37/103 . . . .	...	2'6	2'6	...	...	...	...	...	...

P.S.

These figures are *not* estimated, they are obtained from the actual costs of Cables made.
Where no percentage is given we have been unable to base our calculations on Cable made recently.

(5) *Letter from the Tariff Board, dated 3rd July, 1928.*

In continuation of my letter No. 668 of yesterday's date I am directed to request that you will kindly forward to the Board's office by the 10th instant a statement (with five spare copies) giving the following information:—

1. List (with brief detailed description) of the principal kinds of electric wires and cables manufactured by the Company.
2. Statement showing the amount of duty paid per unit of each kind of wire and cable on account of:—
 - (a) Black rod.
 - (b) Rubber.
 - (c) Cottons.
 - (d) Silk.
 - (e) Pig lead.
 - (f) Other materials.
3. Prices c.i.f. Calcutta of the principal kinds of imported wire and cable which compete with the Company's products—if possible for the past four years.
4. Total output of the Company during the past four years.
5. Total annual capacity of the Company.
6. Approximate annual consumption in India of electric wires and cables, *i.e.*, average of the sum of imports and indigenous production during the past four years.

(6) *Letter dated 9th July, 1928.*

Referring to your letter of the 3rd instant, we enclose, as requested, Schedules containing the information you require, as follows:—

Schedule 1.—List and brief description of the Company's manufactures.

Schedule 2.—Statement showing duty at present imposed upon Raw Materials used in the manufacture of products which are imported, in the finished state, duty free.

Schedule 3.—Statement of production during the past four years.

Schedule 4.—Total annual capacity of the Company.

Schedule 5.—Statement of annual consumption of wires and cables in India showing the proportion imported and quantity produced in the country.

In reference to paragraph 3. of your letter requesting us to state the prices c.i.f. Calcutta of imported wires and cables which compete with the Company's products; we have been able to obtain approximate c.i.f. prices for imported copper wire and attach hereto Schedule 6. We regret it is not possible to obtain this information in regard to our competitors cables.

We have been principally concerned with the selling prices of cables in India and have prepared a statement of these (No. 6) for the year April 1st, 1927 to March 31st, 1928. Approximate c.i.f. prices could be calculated from these selling prices.

Schedule No. 1.

Schedule of Principal kinds of Electric Wires and Cables manufactured by the Indian Cable Company, Limited.

1. Hard Drawn High Conductivity Solid and Stranded Bare Copper Wires made in accordance with the Standards of the British Engineering Standards Association (Specification No. 125 of 1924) for power line construction wires,

2. Hard Drawn High Conductivity Solid Bare Copper Wire drawn to the British G. P. O. Specification for telegraph and telephone line construction wires.

3. Annealed copper wires for binding purposes, either plain or tinned.

4. Fuses wires drawn specially to fuse at a given current supplied in plain copper, tinned copper or lead.

5. Instrument wires made from high conductivity annealed copper insulated with cotton. These wires are single, double or triple cotton lapped; or single or double cotton braided; or single cotton lapped and cotton braided; etc. They are usually not impregnated but customers sometimes ask for the wire to be soaked after insulating in insulating varnish, paraffin wax or compound.

6. Motor Car Ignition Cables having conductors composed of 40/010⁷ tinned copper wires insulated with pure and vulcanised rubber and left bare. An alternative cable to this is a cable made exactly as above but having a close braid of cotton overall and thoroughly compounded.

7. Flexible Pendant Wires (Twin Conductors) in several sizes each Conductor composed of tinned copper wires insulated with pure and vulcanised India-rubber, then braided with either glazed cotton or silk. The conductors are then twisted together.

8. Flexible Pendant Wires (Twin Conductors) in several sizes, each conductor composed of tinned copper wires insulated with pure and vulcanised Indiarubber, the conductors wormed circular with cotton and braided overall with glazed cotton, or fine cotton, thoroughly compounded.

9. Power Lighting Cables in numerous sizes, each conductor composed of tinned copper wires insulated with pure and vulcanised Indiarubber (600 megohm grade, 2,500 megohm grade or 660 volt class). Such a conductor is then finished in a number of ways, viz. :—

- (1) taped and compounded,
- (2) taped, braided and compounded,
- (3) taped, and lead covered.
- (4) taped, lead covered and braided,
- (5) taped, lead covered, braided and single wire armoured,
- (6) taped, lead covered, braided, single wire armoured and braided,
- (7) taped, braided and single wire armoured,
- (8) sheathed with cab tyre compound.

These cables are made with any number of conductors.

10. Power and Lighting Cables (Tropical) in various sizes, each conductor composed of tinned copper wires insulated with vulcanised Indiarubber (no pure), taped, braided and compounded.

11. Train Lighting Cables in various sizes, each conductor composed of tinned copper wires insulated with pure and vulcanised Indiarubber (600 magohm grade) taped, braided and flame-proof compounded.

12. Flexible Cables, single, twin, three or four core, conductors of tinned copper wires insulated with pure and vulcanised Indiarubber (600 megohm grade, 2,500 megohm grade, or 660 volt class), cores wormed and sheathed with cab tyre compound.

Schedule No. 2.

Import duty on Raw Materials required for 600 Megohm Grade T. B. C. Cables (100 yards Coil).

Name of Materials.	7/052 duty.	7/064 duty.	19/044 duty.	19/052 duty.	19/064 duty.	19/072 duty.	19/083 duty.	37/064 duty.	37/072 duty.	37/083 duty.	37/093 duty.	37/103 duty.
	As.	As.	As.	As.	As.	As.	As.	As.	As.	As.	As.	As.
Copper . . . . .	...	...	...	...	...	...	...	...	...	...	...	...
Tin	3.093	3.761	4.44	5.6	11.52	14.58	19.2	23.5	38.426	35.810	45.52	54.715
Rubber Mixes	2.087	2.329	2.861	3.768	5.257	5.281	7.434	8.968	9.61	10.891	11.95	16.068
Tape	3.0	3.570	3.661	3.849	4.119	5.034	5.788	5.902	8.513	6.634	9.230	7.78
Cotton	2.0	3.43	3.726	2.000	...	...	...	...	...	...	...	...
Jute . . . . .	...	...	...	...	4.10	5.85	4.5	7.400	11.45	8.32	18.61	10.5
Compound . . . . .	.75	.81	1.002	1.215	1.822	2.050	2.253	2.855	3.748	3.923	4.05	4.658
Hessian . . . . .	.15	.20	.25	.30	.4	.46	.54	.60	.66	.71	.78	.81
TOTAL As.	11.080	14.0	18.0	16.732	33.22	33.215	39.715	49.223	64.405	66.288	90.133	94.531

Import duty on Raw Materials required for 2,500 Megohm Grade T. B. C. Cables (100 yards Coil).

Name of Materials.	7/052 duty.	7/064 duty.	19/064 duty.	19/072 duty.	19/083 duty.	37/064 duty.	37/072 duty.	37/083 duty.	37/103 duty.
	As.	As.	As.	As.	As.	As.	As.	As.	As.
Copper . . . . .	...	...	...	...	...	...	...	...	...
Tin	3.083	3.761	11.52	14.58	19.2	23.5	30.426	35.810	54.715
Rubber Mixes	1.318	1.516	3.398	3.464	3.536	4.664	6.122	6.972	10.232
Cotton	5.90	6.057	...	...	...	...	...	...	...
Jute . . . . .	...	...	8.0	11.685	15.375	16.728	17.450	11.525	19.522
Tape	4.25	4.900	5.75	7.0	6.050	11.185	12.125	13.375	14.390
Compound . . . . .	.81	1.519	2.329	2.481	3.392	3.645	4.556	4.733	4.759
Hessian . . . . .	.16	.22	.45	.48	.54	.60	.66	.75	.85
TOTAL As.	15.531	19.973	31.447	39.690	48.093	61.322	71.339	73.165	98.468

Import duty on Raw Materials required for 100 yards 600 Megohm Grade Lead Covered Cables.

Name of Materials.	Single Lead Covered Cables.					Flat Twin Lead Covered Cables.	
	7/052 duty.	7/064 duty.	19/052 duty.	19/064 duty.	19/083 duty.	7/052 duty.	7/064 duty.
	As.	As.	As.	As.	As.	As.	As.
Copper . . . . .	...	...	...	...	...	...	...
Tin	3.093	3.761	5.6	11.52	19.2	6.186	7.522
Rubber Mixes	2.087	2.239	3.768	5.257	7.434	4.174	4.658
Tape	3.0	3.570	3.849	4.119	5.788	6.000	7.140
Lead	33.525	35.450	42.000	55.400	77.600	64.000	68.00
TOTAL As.	41.705	45.110	55.217	76.296	110.022	80.360	87.320

Import duty on Raw Materials required for 100 yards 600 Megohm Grade Cable C. T. S. Covered.

Name of Materials.	Single Cab Tyre Sheathed Cable.				Flat Twin Cab Tyre Sheathed Cable.	
	7/052 duty.	7/064 duty.	19/052 duty.	19/064 duty.	7/052 duty.	7/064 duty.
	As.	As.	As.	As.	As.	As.
Copper . . . . .	...	...	...	...	...	...
Tin	3.093	3.761	5.6	11.560	6.186	7.522
Rubber Mixes	2.087	2.329	3.768	5.257	4.174	4.658
Tape . . . . .	...	...	2.0	3.050	3.25	6.0
Rubber Mix. No. 6	7.44	9.590	15.327	18.417	29.411	31.910
Hessian . . . . .	.25	.3	.93	1.1	1.0	1.3
TOTAL As.	13.870	15.960	27.625	39.344	49.021	51.39

Schedule No. 3.

Total Output of the Indian Cable Company, Limited, from April 1st, 1924 to March 31st, 1928.

	Rs.
1924-1925	10,28,289
1925-1926	17,65,878
1926-1927	15,57,565
1927-1928	18,65,489
	<hr/>
	62,17,221
Average for four years	15,54,305

Schedule No. 4.

Total capacity of the Indian Cable Company, Limited, per annum.

	Rs.
Copper Wire (solid and stranded of assorted sizes)	37,50,000
Rubber Insulated Cables	24,00,000
	<hr/>
	61,50,000

Schedule No. 5.

Schedule showing total consumption in India of Electric Wires and Cables during the period April 1st, 1924 to March 31st, 1928.

	1924-25.	1925-26.	1926-27.	1927-28.
	Rs.	Rs.	Rs.	Rs.
(1) Rubber Insulated Cables—				
Imported from United Kingdom	26,80,725	33,78,638	28,32,379	31,25,083
Imported from other countries	2,21,411	3,36,187	2,02,690	1,98,317
	<hr/>	<hr/>	<hr/>	<hr/>
	29,02,136	37,14,825	30,35,069	33,23,400
Indian Cable Co.'s Manufacture	2,30,361	4,96,529	5,05,536	5,26,420
TOTAL	<hr/>	<hr/>	<hr/>	<hr/>
	31,32,497	42,11,354	35,40,605	38,49,820
(2) Copper Wire—				
Imported from United Kingdom	14,30,465	11,57,742	15,79,262	17,07,221
Imported from other countries	1,53,700	3,80,267	5,08,078	3,91,920
	<hr/>	<hr/>	<hr/>	<hr/>
	15,84,165	15,38,009	20,87,340	20,99,141
Indian Cable Co.'s Manufacture	7,97,928	12,69,350	10,52,029	13,39,069
TOTAL	<hr/>	<hr/>	<hr/>	<hr/>
	23,82,093	28,07,359	31,39,369	34,38,210
(3) Telephone and Telegraph Wires and Cables—				
Imported from United Kingdom	1,79,604	1,62,542	83,500	56,941
Imported from other countries	31,988	184	13,133	15,244
	<hr/>	<hr/>	<hr/>	<hr/>
	2,11,592	1,62,726	96,633	72,185
Indian Cable Co.'s Manufacture	Shown above in (1) and (2).			
GRAND TOTAL	<hr/>	<hr/>	<hr/>	<hr/>
	57,26,182	71,81,439	67,76,607	73,80,215
Total for 4 years . . . . .	...	...	...	2,70,44,443
Average total consumption per annum . . . . .	...	...	...	67,61,111

Schedule No. 6.

Approximate selling prices of V. I. R. Cable in India during the year April 1st, 1927 to March 31st, 1928.

Single Cable, Taped, Braided and compounded—

7/·052	. Rs. 25, Rs. 22-12, Rs. 22.
7/·064	. Rs. 30, Rs. 29-12, Rs. 29-8, Rs. 28, Rs. 27.
19/·052	. Rs. 56, Rs. 52, Rs. 48, Rs. 47.
19/·064	. Rs. 80, Rs. 75, Rs. 73, Rs. 72, Rs. 69.
19/·072	. Rs. 87-6-6.
19/·083	. Rs. 114, Rs. 112, Rs. 110, Rs. 108.
37/·064	. Rs. 143, Rs. 140, Rs. 136, Rs. 135, Rs. 128, Rs. 126.
37/·072	. Rs. 165, Rs. 162, Rs. 160.
37/·083	. Rs. 225, Rs. 205, Rs. 200.

Single Cable, Lead Covered—

7/·052	. Rs. 80.
7/·064	. Rs. 62-12, Rs. 52.
19/·052	. Rs. 105.
19/·072	. Rs. 184.
19/·083	. Rs. 250.

Twin Cable, Lead Covered—

7/·052	. Rs. 90.
7/·064	. Rs. 160, Rs. 150.

HARD DRAWN H. C. COPPER WIRE SOLID (BARE).

Sizes Nos. 10 to 4/0.

Prices per lb. c.i.f. Calcutta.

1924.	1925.	1926.	1927.	1928.
As. P.	As. P.	As. P.	As. P.	As. P.
7 10	8 2	7 7	7 5	7 9
7 7	8 0	7 6	7 3	7 8
7 11	8 2	7 9	7 2	7 10
8 1	8 1	7 8	7 1	7 11
8 2	8 0	7 7	7 3	7 9
8 4	7 11	7 8	7 4	7 6
8 5	7 10	7 9	7 3	
8 3	7 8	7 8	7 6	
8 0	7 6	7 7	7 7	
7 11	7 5	7 6	7 9	
7 9	7 6	7 6		
7 6	7 5			
7 8	7 4			
7 9	7 7			
7 10	7 9			
7 11	7 10			
8 1	7 11			
8 2				

(7) Letter from the Tariff Board, dated 15th July 1928.

I am directed to request you to supply the following information:—

- (a) amount of duty which would be payable (with an import duty of 15 per cent. *ad valorem*) on the black rod used per lb. of manufactured bare copper conductor;
- (b) the proportion which the duty payable on the raw copper bears to the selling price of three typical sizes of bare copper conductor of not less than 1/80th sq. inch in sectional area;
- (c) the current selling prices of these sizes of bare copper conductor.

(8) Letter dated the 14th July 1928.

As requested by the President of the Tariff Board we enclose herewith a statement (No. 7) indicating the result of the past five years' trading.

It will be observed from this that as our business increases the percentage earned on the turnover decreases.

We have two further statements to prepare which prove to be more difficult than was anticipated. It is expected that by working through this week end we shall be able to furnish same on Monday.

These statements are:—

- (1) The estimated financial position of the Company had the duties in force prior to our writing our letter of 20th April 1923 remained unaltered.
- (2) Total duty paid in the past five years on raw materials either imported or purchased locally.

THE INDIAN CABLE COMPANY, LIMITED.

STATEMENT No. 7.

Revenue Statement.

Year.	Turnover.	Gross Profit.	Working Expenses.	Nett Profit or Loss.	Depreciation written off.	Arrears of Depreciation.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1923-24	1,90,479	45,344	1,22,302	-76,958	52,368	..
1924-25	10,28,289	2,37,407	2,33,568	+3,844	..	49,183
1925-26	17,65,878	3,42,310	2,83,168	+59,142	..	1,53,442
1926-27	15,57,565	2,89,256	2,37,687	+51,569	..	2,59,016
1927-28	18,65,489	2,92,890	2,50,259	+42,571	..	3,04,590

(9) Letter dated the 14th July 1928.

In reference to your letter No. 705 of July 13th, we attach hereto statement No. 8 giving the information called for in your letter under reference and trust you will find same fulfils your requirements.

STATEMENT No. 8.

(a) Duty payable (at 15 per cent.) per lb. of Raw Material—

	per ton.
	£
Wire Bars	69
C.i.f. cost including cost of Rolling, Sea Freight, and Insurance	78.25
15 per cent. duty on £78.25	11.7375
£11.75 at 1s. 6d. Ex. = $\frac{\text{Rs. } 156-10-8}{2240 \text{ lbs.}}$ = 1 anna 1.4 pies lb.	

(b) Proportion of duty on present day selling prices—

	Selling price per lb.	Duty per lb.
	A. P.	A. P.
No. 10 S. W. G.	7 10	1 1.4=14.2%
No. 6 S. W. G.	8 0	1 1.4=14%
No. 2/0 S. W. G.	8 2	1 1.4=13.7%

(c) Present day selling prices—

	Per. lb.
	A. P.
No. 10 S. W. G.	7 10
No. 6 S. W. G.	8 0
No. 2/0 S. W. G.	8 2

Free on rail—Calcutta, Madras, Bombay, or Karachi.

(10) Letter dated the 19th July 1928.

In further reference to our letter of 14th instant we now enclose herewith the following statements:—

- (1) Duty paid on Raw Materials to Customs Authorities together with ~~Tariff charges against materials purchased locally (No. 9).~~
- (2) Statement shown in the case of Copper Wire and Insulated Cables, separately, the comparative Revenue to the Company from sales under existing Import Tariffs and the Tariffs in force when we commenced manufacture in 1923 (Nos. 10 and 10-A).

In this connection we would like to remark that in 1922-23 the finished article was subject to 15 per cent. import duty, as were the principal raw materials for the manufacture of Electric Wire and Cables. Government held out hopes at that time of discriminating protection for Indian Industries, see our letter dated 20th April 1928 to Sir Charles Innes. In the circumstances it was reasonable to expect that the duty on the finished article would have remained as it was whilst the duty on the Raw Materials would be very substantially reduced if not abolished altogether. Had this taken place we should now have a thriving industry instead of a concern which can only continue its business with the assistance it receives from its Managing Agents.

We have stated in our examination that Aluminium Conductors will probably compete severely with copper conductors and we have stated that we are prepared to take this risk. In this connection there is one point we have overlooked. This Company intends to manufacture Aluminium

conductors; the finished article will be allowed into the country duty free; will you please, therefore, recommend that we should be allowed to import our Aluminium Rods for the manufacture of wire duty free. The present import duty, Serial No. 98 is 15 per cent. on Aluminium. The class of material we should import would be rough rolled Aluminium Rods of diameter's 1" to ½".

We shall be pleased to furnish any further information you may require and will, if necessary, arrange for our representative to appear before the Board again.

STATEMENT No. 9.

Duty on Raw Materials 5 years ending March 1924—1928.

Yearly Average Rs. 17,022-6-0.

Materials.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.
Imported	11,000	4,000	20,000	2,000	6,000
Local Purchase	225	9,320	12,067	12,240	8,260
	11,225	13,320	32,067	14,240	14,260

STATEMENT No. 10.

Period 1922 to March 1923.

Summarized Approximate Trading Results.

COPPER.

Conditions as in the past, i.e., no duty on Raw Materials or finished articles—

	Rs.
Cost of Copper imported	37,58,000
Proceeds from sale of wire including packing, freight, etc.	44,58,000
Difference, Gross Revenue	<u>7,00,000</u>

CABLES.

Duty 15 per cent. on small Cables, Large Cables free, Raw Materials, Copper, Rubber, Sulphur free, other materials as in the past. Pig Lead 15 per cent. duty—

	Sales Rs.	Revenue per cent.	Rs.
Tapped and Braided Cables—			
Small Cables	3,00,000	31·5 =	94,500
Large Cables	9,00,000	22·6 =	2,03,400
			<u>2,97,900</u>

	Sales Rs.	Revenue per cent.	Rs.
Lead Covered Cables—			
Small Cables	1,37,500	48·18 =	66,247
Large Cables	4,13,000	27·76 =	1,14,648
			<u>1,80,895</u>

Rs. 2,97,900 and Rs. 1,80,895=Rs. 4,78,795 Actual Revenue.

Estimated Trading Results.

COPPER.

15 per cent. on Raw Materials and finished articles—

	Rs.
Estimated cost of Copper	43,21,700
Proceeds from re-sale	50,59,830
Difference, Gross Revenue	<u>7,38,130</u>

With 15 per cent. Import Duty on Raw Material (which are now free) and 15 per cent. on all Cables—

	Rs.	Revenue. Rs.
Tapped and Braided Cables—		
Small Cables—		
25 per cent. of Production	= 3,00,000	.....
25 per cent. of Rs. 3,00,000 . . . . .	.....	75,000
Large Cables—		
75 per cent. of Production	= 10,35,000	.....
25 per cent. of Rs. 10,35,000 . . . . .	.....	2,58,500
		<u>3,33,500</u>
Lead Covered Cables—		
Small Cables—		
25 per cent. of Production	= 1,37,500	.....
42·5 per cent. of Rs. 1,37,500 . . . . .	.....	58,437
Large Cables—		
75 per cent. of Production	= 4,73,000	.....
29 per cent. of Rs. 4,73,300 . . . . .	.....	1,37,170
		<u>1,95,607</u>
		Rs.
Total Revenue Rs. 3,33,500 plus 1,95,607	=	5,29,000
Calculated Revenue		<u>5,29,107</u>

STATEMENT No. 10-A.

Statement showing the effect of Import Duty alterations on our business.

1922.	1928.
Duty on Copper, 15 per cent.	Copper free.
Duty on Rubber, 15 per cent.	Rubber free.
Duty on Sulphur, 15 per cent.	Sulphur free.
On remaining Raw Materials Import duties remained uneffected.	

Taped, Braided and Compounded Cables 600 Megohm.

Estimated cost of representative sizes of cable based on duties in force in 1922.		Estimated selling prices based on duties in force in 1922.		Average percentage difference.	Remarks.
Size.	Calculated cost per 100 yds., 1922.	Import Duty.	Calculated selling prices per 100 yds., 1922.		
	Rs. A. P.	Per cent.	Rs. A. P.	Per cent.	
1/-044	4 13 3	15	6 7 0	25	These sizes constitute 25 per cent. of our turnover.
3/-036	7 13 6	15	10 2 0		
7/-036	13 3 0	15	16 6 0		
7/-044	17 5 0	15	25 0 0		
7/-052	21 12 0	15	32 12 0	25	These sizes constitute 75 per cent. of our turnover.
19/-064	71 0 3	15	98 8 0		
37/-083	203 6 0	15	254 8 0		
37/-103	290 4 6	15	396 8 0		

Actual figures obtained from books.

Size.	Average cost.	Import Duty.	Average selling prices per 100 yds., 1922-1923.	Percentage difference.	Remarks.
	Rs. A. P.	Per cent.	Rs. A. P.	Per cent.	
1/-044	4 9 3	15	6 7 0	31.5	These sizes constitute 25 per cent. of our turnover.
3/-036	7 6 0	15	10 2 0		
7/-036	12 5 6	15	16 6 0		
7/-044	15 15 6	15	25 0 0		
7/-052	20 2 3	Free	27 0 0	22.6	These sizes constitute 75 per cent. of our turnover.
19/-064	64 15 0	"	83 0 0		
37/-083	184 1 3	"	215 0 0		
37/-103	242 0 0	"	336 0 0		

Plain lead covered Cables, 600 Megohm Grade.

(Calculated cost of representative sizes of cable based on Import duties in force 1922.)

Size.	Calculated cost per 100 yds., 1922.	Import Duty.	Calculated selling prices per 100 yds., 1922.	Average percentage differences.	Remarks.
	Rs. A. P.	Per cent.	Rs. A. P.	Per cent.	
1/044	10 4 6	15	18 12 0	42.5	These sizes constitute 25 per cent. of our turnover.
3/036	14 4 9	15	23 0 0		
7/036	22 11 3	15	41 8 0		
7/044	27 9 3	15	47 0 0		
7/052	49 8 0	15	84 0 0	29.1	These sizes constitute 75 per cent. of our turnover.
19/064	83 4 9	15	171 0 0		
37/083	253 0 0	15	345 0 0		
37/103	364 12 6	15	459 0 0		

Actual figures obtained from our books.

Size.	Average cost	Import Duty.	Average selling prices per 100 yds., 1922-1927.	Average percentage differences.	Remarks.
	Rs. A. P.	Per cent.	Rs. A. P.	Per cent.	
1/044	9 5 6	15	18 12 0	48.18	These sizes constitute 25 per cent. of our turnover.
3/036	12 9 9	15	23 0 0		
7/036	20 11 3	15	41 8 0		
7/044	25 0 0	15	47 0 0		
7/052	46 8 0	Free	73 0 0	27.76	These sizes constitute 75 per cent. of our turnover.
19/064	76 0 0	"	149 0 0		
37/083	235 0 0	"	300 0 0		
37/103	315 0 0	"	409 0 0		

THE INDIAN CABLE COMPANY, LIMITED.

B.—ORAL.

Evidence of Mr. F. W. LEAKE recorded at Calcutta on
Thursday, the 12th July, 1928.

Introductory.

President.—Is this Indian Cable Company registered in India?

Mr. Leake.—Yes.

President.—With rupee capital?

Mr. Leake.—Yes.

Dr. Matthai.—Who are your managing agents?

Mr. Leake.—British Insulated Cables, Limited.

Dr. Matthai.—Is that a sterling company?

Mr. Leake.—Yes.

Dr. Matthai.—What is their main business here?

Mr. Leake.—Electric cables, conductors, etc.

Dr. Matthai.—Do they import?

Mr. Leake.—Yes. They manufacture directly in competition with the Indian Cable Company, but the arrangement is that if the Indian Cable Company can supply, British Insulated Cables, Limited, will not offer.

President.—What you cannot supply, they will supply.

Mr. Leake.—What the Indian Cable Company cannot supply, British Insulated Cables, Limited, will.

President.—Who are your local Directors?

Mr. Leake.—I am the Chairman. Mr. Gladstone of Messrs. Gillanders, Arbuthnot and Company is one of the Directors; Mr. B. A. Billimoria is another Director and Mr. Williams of Messrs. Orr, Dignam and Company is another Director.

President.—Is there much Indian capital in this Company?

Mr. Leake.—I can tell you exactly how much there is. Originally it was nearly all Indian capital but it was floated at a time when capital was fairly easy to raise.

President.—That was in what year?

Mr. Leake.—In 1921. Actually two-thirds of the capital was forthcoming. This company was floated by Messrs. Kilburn and Company. British Insulated Cables, Limited, took over at a time when the Indian Cable Company was more or less held up for funds and they issued preference shares and took a certain number in order to put up sufficient finance to complete the factory. Later, preference shares were offered to ordinary shareholders, but in the meantime people had lost confidence in Industries. Out of Rs. 3 lakhs offered, they took up only Rs. 84,000.

President.—What is the rate of interest on preference shares?

Mr. Leake.—Six per cent.

President.—Is it cumulative?

Mr. Leake.—Yes.

President.—Have you got a substantial number of Indian shareholders?

Mr. Leake.—Yes.

President.—Just give me some idea as to what it is?

Mr. Leake.—Rs. 13½ lakhs out of Rs. 30 lakhs.

President.—That is Indian capital.

Mr. Leake.—Yes, that is ordinary. Then there is Rs. 84,000 invested in preference shares. The total comes to Rs. 14½ lakhs out of Rs. 30 lakhs.

President.—That is about half.

Mr. Leake.—That is what is in the hands of the public; that may not be all in the hands of Indians. I know that within the last two or three years Indians have been getting out of it, because they have lost confidence in industries altogether.

President.—You started working in about 1923.

Mr. Leake.—Yes, we started production in 1923.

President.—Have you written down any of your capital since then?

Mr. Leake.—No.

President.—Because prices have fallen a lot.

Mr. Leake.—We have not written down the capital at all.

President.—You have not.

Mr. Leake.—No. On the first year's trading, we made a loss of Rs. 84,000 and we wrote off Rs. 54,000; so, we carried forward a loss of Rs. 1,30,000.

President.—Would it not be better to write down your capital seeing that prices had fallen?

Mr. Leake.—The plant we have at the factory is quite capable of earning a dividend on the present capital provided we get sufficient business.

President.—True, but it is overcapitalised in a certain sense.

Mr. Leake.—Yes, we have had to pay dearly for certain of our materials.

President.—In other industries we have ourselves written down the value of the plant considerably. In each case we have more or less written down about 40 per cent. of the book value.

Mr. Leake.—We have not given that consideration as a matter of fact because we have never worked our factory to more than a third of its capacity.

President.—I am only suggesting that it would be as well if the company were to write down the value of its plant to the present price level.

Mr. Leake.—We feel that if we had been able to allow a reasonable amount for depreciation in the past five years, the block would have been already down to a reasonable figure.

President.—What is your unit of production measure of tariff inequality? Is it the number of yards you produce or what?

Mr. Leake.—In arriving at the value of cable we have taken the quantity of each size we produce and have then arrived at an average size and the actual quantity we could produce of that average size to give us the total value of production.

President.—Could you give me, for instance, the average cost per yard or whatever your unit is? Let us say you have got three principal things, viz., copper conductors, rubber insulated cables.....

Mr. Leake.—Copper is fairly easy because copper is sold at a price per pound.

Dr. Matthai.—It is a unit of weight.

Mr. Leake.—Yes. But cable is not so because it is sold in a hundred different sizes and classes. In the case of cables it is not so easy.

President.—What I wish to know is this. You complain of this tariff inequality, don't you?

Mr. Leake.—Yes.

President.—We can do it in two ways. First of all we can take your total production and then take all your costs on that total production. All that comes in duty free, is not that so?

Mr. Leake.—Yes.

President.—That being so, it is simple enough. You pay so many thousand rupees as duty. We can take a percentage between your cost and that and say that that is your disadvantage or we can take the prices at which the material is sold in the country and say that that is the percentage of disadvantage.

Mr. Leake.—We have three disadvantages.

President.—Just listen! Or you can take the average cost in which you would include separately the duty that you pay.

Mr. Leake.—As a matter of fact I have actually worked out the duty.

President.—Will you give me the figures?

Mr. Leake.—This statement (hands in) shows the actual duty paid during the last four years.

President.—That you claim is the total disadvantage.

Mr. Leake.—That is the total disadvantage we have suffered so far in regard to the duty.

Dr. Matthai.—That is the average of the last four years.

Mr. Leake.—Yes, that is the amount we have actually paid to the Customs authorities.

Dr. Matthai.—That represents the duty on the raw materials in every product that you make.

Mr. Leake.—Yes. Rubber and copper are coming in free. Those are the biggest items. This figure (in the statement handed in) is hardly right. It has just struck me that something has been omitted. The amount shown in the statement is the actual amount paid to the Customs people. But when we buy an article like pig lead in this country, the price is regulated by the price at which we can import the same article.

Dr. Matthai.—You mean the price that you pay includes the duty.

Mr. Leake.—Yes, even if we buy it in India.

President.—What is the total value of the material that you use?

Mr. Leake.—I am afraid I have not got the actual value of the materials purchased. It is rather difficult to get it. Certain materials are being bought in India but the prices in India are regulated by import prices because they are subject to the import duty. What I also find is this. There is the duty on cotton, calicoes, which cannot be obtained in India.

President.—You will have to work that out.

Mr. Leake.—Supposing I had bought in the last four years 2,000 tons of pig lead, I should have been able to purchase that quantity 15 per cent. cheaper, had there been no duty on that? That is our biggest disadvantage.

Dr. Matthai.—In the statement that you gave us last week you mention various articles on which you paid duty. That does not include pig lead.

Mr. Leake.—Pig lead is given on page 28. As regards single lead covered cables, the duty on lead, under 7/052, is 33-525 annas whereas the finished article comes in duty free. I have taken this into account but I cannot tell you how much pig lead I have bought in the last five years.

Dr. Matthai.—As far as this statement is concerned, it takes into account the duty on every article, whether it is paid to the Customs or not.

Mr. Leake.—Yes, but the statement I have just handed in covers only the amount of duty actually paid to the Customs authorities.

Dr. Matthai.—That is to say, the duty that you have paid on things you have imported yourselves?

Mr. Leake.—Yes. If we buy pig lead in the country, of course, we pay no import duty but yet we pay a higher price because the article is subject to the import duty.

Typical products.

President.—What do you consider your typical product in the list that you have given?

Mr. Leake.—7/·064.

Dr. Matthai.—Which is the typical product in the first column?

Mr. Leake.—If you mean the statement showing the import duty on raw material required for 600 meghom grade T. B. C. cables (100 yds. coil), you will notice in the first place that this schedule is made out showing the articles which come in without duty. Those that come in with duty are not included in this because we propose to leave them as they are. We have commenced with 7/·052 (which is just over 1/80th square inch cross sectional area) which comes in duty free.

Dr. Matthai.—Does that come in duty free?

Mr. Leake.—Yes. 7/·044 which is smaller is subject to 15 per cent. import duty.

Dr. Matthai.—In that list given on page 26 you say 7/·064 is the typical size.

Mr. Leake.—Yes.

Dr. Matthai.—Does it mean that it represents your largest sales in that variety?

Mr. Leake.—Not exactly that.

Dr. Matthai.—Taking your output in 600 meghom grade T. B. C. cables, I expect that 7/·064 represents your largest sales.

Mr. Leake.—What I should say is that our largest sales are confined to the whole of this range from 7/·052 to 19/·083. Nearly 70 per cent. of our cable sales are of these sizes.

President.—They come in duty-free, do they not?

Mr. Leake.—Yes, the finished articles come in duty free.

President.—Very well, let us then take 7/·064.

Mr. Leake.—There is a big demand for that.

President.—The total duty is 14 annas.

Mr. Leake.—Yes.

President.—But the price varies from Rs. 30 to Rs. 27.

Mr. Leake.—Yes.

President.—That is about 3 per cent.

Dr. Matthai.—That is 3·2 per cent.

Mr. Leake.—Yes.

President.—Then you go on to 37/·083.

Mr. Leake.—The duty there is 66 annas.

President.—That is about 2 per cent.

Mr. Leake.—Yes. It will get smaller because the percentage of insulation to copper is gradually decreasing.

Dr. Matthai.—It will go on increasing as you go to the lead covered cables.

Mr. Leake.—Yes.

President.—Then, your disadvantage is between 2 and 5 per cent.

Mr. Leake.—In the case of cables over 1/80th square inch the duty on the raw materials comes to about 5 per cent. in the case of smaller sizes and about 2 per cent. in the case of larger sizes. In the case of lead covered cables the import duties on raw materials increase the cost of the finished article by approximately 10 per cent.

Dr. Matthai.—I take it that as regards your bare copper conductors you don't pay any duty on the raw materials.

Mr. Leake.—No.

Dr. Matthai.—As far as that is concerned, there is no tariff inequality.

Mr. Leake.—Not now. What I wish to point out in that connection is this that it appears to me that the only efficient way to run an industry in India is to have a factory in each port because you are always competing

with the imported article. We can make a thing at Tatanagar but we are at a disadvantage in the matter of freight. The freight from Tatanagar to Bombay or Madras is about Rs. 46 whereas the freight from Liverpool to Madras, Bombay or Karachi is about 40 shillings a ton, so that it means that it is not possible to compete with the imported article unless the factory is situated at a port. In our case we are not situated in a port.

President.—What advantage have you then at Jamshedpur?

Mr. Leake.—Cheap land, cheap current, etc.

Dr. Matthai.—And cheap labour?

Mr. Leake.—Unfortunately labour is not cheap.

President.—Wire drawing is not a very difficult process, is it?

Mr. Leake.—No. We are not paying very high wages for it.

President.—So you should not be at any great disadvantage compared to the importer as regards that?

Mr. Leake.—In actual practice, we are.

President.—You should not be except in the matter of freight?

Mr. Leake.—We are now buying our raw materials anywhere in the world if the price and the quality are right. We are now bringing our copper from America. We import rods *via* Calcutta and draw the wire at Tatanagar and bring it again to Calcutta.

President.—Do you do much business in bare copper conductors?

Mr. Leake.—Yes, it forms 75 per cent. of our business.

Dr. Matthai.—As far as that is concerned, there is no tariff inequality.

Mr. Leake.—No.

Dr. Matthai.—Below 1/80th square inch, you have a positive advantage.

Mr. Leake.—There is no demand for it.

Dr. Matthai.—What about the rubber insulated cables below 1/80th square inch?

Mr. Leake.—We have a disadvantage of 3 per cent. and an advantage of 15 per cent.

Dr. Matthai.—What proportion of your total output of rubber insulated cables is below 1/80th of a square inch?

Mr. Leake.—25 per cent. That is because one coil of heavy cable outweighs about 150 coils of small cables.

Dr. Matthai.—Would it be right to say that 25 per cent. is the general proportion of insulated cables below 1/80th of a square inch if you take the total consumption of rubber insulated cables for the whole of India?

Mr. Leake.—It is not possible to arrive at the figure.

Dr. Matthai.—If we were to take a rough figure?

Mr. Leake.—30 per cent. against 70 per cent.

Dr. Matthai.—So that 30 per cent. bear a duty of 15 per cent. and 70 per cent. come in duty free?

Mr. Leake.—It is about that.

President.—These figures that you have given, are they totals of both kinds?

Mr. Leake.—This is the total value of both kinds. They don't discriminate between large cables and small cables.

President.—You say the percentages of those that come in duty free and those which pay the duty are 70 and 30?

Mr. Leake.—I think about 70 per cent. come in duty free. What I can say is on our actual production: I know exactly what the figure is and it is about 25 per cent. and 75 per cent. over the last four years.

Proposed import duty on copper conductors.

President.—You want a duty of 10 per cent. on copper wire?

Mr. Leake.—That is to make it possible for us to compete in all ports in India with copper conductors. We have asked that we may be allowed to import materials for cables free. It seems it is going to be very difficult to exempt us from payment of duty on all materials because we import all sorts of chemicals, etc., and it seems to us that a refund from the Customs at the end of each year is one way of helping us. We are equipped at Tatanagar to supply the whole of the demand in India for copper conductors. If you give a refund of duty we shall buy nothing here: we shall import everything.

President.—This black rod, does anybody use it in India for any other purpose?

Mr. Leake.—No.

Dr. Matthai.—Would it be difficult for the Customs authorities to distinguish copper rods? At present I suppose that is classified as "other metals"?

Mr. Leake.—It comes in as "copper rods".

Dr. Matthai.—Supposing we decided to abolish the duty on black rod, would it be possible for the Customs authorities fairly easily to distinguish it from other materials?

Mr. Leake.—We have been importing copper rods duty free for the past four years. The position now is that we give an undertaking that we will only use them for the manufacture of cables and the Metallurgical Inspector inspects and certifies that he is satisfied that it is used for that purpose alone. He also inspects our stocks periodically.

Dr. Matthai.—How exactly does the arrangement work? Do you pay the duty in the first instance?

Mr. Leake.—No.

President.—What would the duty amount to?

Mr. Leake.—Nearly Rs. 2 lakhs a year.

President.—You already get a remission on that?

Mr. Leake.—Yes, but the finished article is coming in duty free. We have only received this temporary assistance because black rod had to fall in the category of metals. It does not fall in the category of electrical conductors when it is imported.

Dr. Matthai.—Will you look at No. 111 of Tariff Schedule? I suggest that it comes under that.

Mr. Leake.—That is right, "Copper, braziers, sheets, plates and sheathing".

Dr. Matthai.—I take it the position really comes to this. Your position at Jamshedpur does place you at some disadvantage,—but looking at it purely from the point of view of tariff inequality you are not at a disadvantage so far as copper conductors are concerned. Therefore really your case rests almost entirely on rubber insulated cables.

Mr. Leake.—That is so if you treat the case as one of tariff inequality.

President.—Your being situated in one corner of India, is in itself a disadvantage.

Mr. Leake.—Yes, it is. Still there is the industry there which will be able to serve the whole of India.

President.—You want a duty of 10 per cent. Now the imports amount to about 20 lakhs according to your figures of this copper rod.

Mr. Leake.—It is only a suggestion that we should have assistance on copper. Based on the total capacity of our factory we can go up to 37½ lakhs of copper alone which means that we can supply the whole of the requirements of India.

Dr. Matthai.—If we recommended a duty of 10 per cent. on copper wire that would mean a burden of Rs. 2 lakhs on the consumer.

Mr. Leake.—You will probably think that 10 per cent. on copper conductors will have the effect of hindering the use of electricity in India. Take a

Rs. 10 lakh contract for electrifying a town. I have looked up several tenders and I find that copper conductors form about rupees half a lakh out of the total scheme.

Dr. Matthai.—That is 5 per cent. of the whole scheme.

Mr. Leake.—Yes, so that on a scheme costing Rs. 10 lakhs it would mean an extra cost of Rs. 5,000.

President.—But the whole question really is whether you will be able to compete throughout the whole of India even with that.

Mr. Leake.—There is not the slightest doubt.

President.—I don't see where the advantage comes in. You buy the same raw materials as anybody else. You pay the same freight as they pay on the finished article practically. You must possess some distinct advantage over the importer which would enable you to compete from such a long distance as Jamsheedpur. Where is your advantage as compared to the importer?

Mr. Leake.—We cannot say that our wages are low: but our cost of running at present, we consider, rather high because our output is low.

President.—I might probably suggest an explanation which lies in this that you use automatic machinery in a country where labour is cheap and you must therefore have an advantage over a country where labour is more expensive.

Mr. Leake.—Yes. It is all a question of output. If we could increase our output to double the present figure, our cost of production would be lower than in any country in the world.

President.—If you put in improved machinery it should be.

Mr. Leake.—Although our labour is not cheap when compared with that of other parts of India it is cheaper than in other countries but our overhead expenses and supervision are high. There again, we can increase our production without increasing the overhead expenses at all. The only expenses which would go up would be water and electricity charges.

Dr. Matthai.—If you were working up to full capacity, you would be able to produce all the copper conductors and all the rubber insulated cables required for India? I find from your figures that your total capacity for rubber insulated cables is 24 lakhs?

Mr. Leake.—Yes, and the importation last year was 33 lakhs.

President.—Practically I think all your machinery is more or less automatic.

Mr. Leake.—Yes.

President.—There is no process where hard manual labour is required?

Mr. Leake.—No. Wire drawing is the hardest.

President.—It does not require much physical strength?

Mr. Leake.—No, except lifting.

President.—Do you have to employ many more men than you would at Home if your labour was properly trained?

Mr. Leake.—At the present day we are employing 25 per cent. more men than we would in England. But our actual labour cost is about half the cost for the same work in England. Our supervision charges and overhead expenses are higher but it would be less if we spread it over a bigger turnover.

Dr. Matthai.—What is the idea of fixing this limit of 1/80th sq. inch. Is that a limit for industrial purposes?

Mr. Leake.—I understand the British Electric and Allied Manufacturers' Association approached Government when the Tariff Schedule was altered and they pointed out that if the duty on copper conductors on certain sizes was low it would encourage the use of electricity industrially. They knew that conductors below 1/80th sq. inch may not be used for overhead transmission lines and they recommended that conductors above 1/80th sq. inch

should come in without duty and sizes below it should be subject to the old duty which was in force previously, namely, 15 per cent. *ad valorem*.

President.—What is the smallest size of wire which you could use for lighting purposes?

Mr. Leake.—No. 10. It comes in duty free. No. 11 is subject to 15 per cent. import duty, there being no demand for No. 11.

President.—What is the demand for insulated cables below 1/80th sq. inch?

Mr. Leake.—All small cables used for house wiring are below 1/80th sq. inch. But then on the other hand we have to sell miles and miles of these very small cables to bring up the quantity to the figure of the sale of heavy cables, so that although we appear to be doing good business in these small cables, when we go into our figures we find that the total value of business for large cables which now come in duty free is much more than the total value of business done in small cables.

Dr. Matthai.—1/80th of a sq. inch is a fair limit to fix for industrial purposes?

Mr. Leake.—Yes.

President.—You cannot change over to smaller wire?

Mr. Leake.—We can manufacture other sizes.

President.—There is obviously a market for smaller cables.

Mr. Leake.—Yes. We are manufacturing very large quantity of small cables, but the value is not great. In fact all the price cutting has taken place on small cables.

Dr. Matthai.—When you give us this figure of 25 per cent. you are thinking of the value, are you not?

Mr. Leake.—Yes, that is the only thing which counts with us.

President.—May I take it that wire for, say, house wiring pays 15 per cent. duty?

Mr. Leake.—Yes, 15 per cent. duty on wire for lights, ceiling fans, etc. The tariff puts the dividing line between household electricity and industrial electricity.

Dr. Matthai.—How exactly do you measure this 1/80th sq. inch? You may have a number of wires constituting a single conductor.

Mr. Leake.—You import one solid wire like that (shows sample) and it comes in duty free. The area is that of the end of the wire when cut across. In arriving at the cross sectional area of stranded conductors we take all the wires combined within a single insulation. If we were to separate these wires and bring them into India as individual wires we would have to pay 15 per cent. duty, but if you bunch them together the strand comes in duty free.

Dr. Matthai.—In section 18A, sub-para. (5) of the Tariff Schedule they say "bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not".

Mr. Leake.—Of course, it is contradictory.

Dr. Matthai.—If they dropped the word "bare", would it be right?

Mr. Leake.—It is a technical term. By "bare copper wire" it is understood that it is plain copper wire.

Dr. Matthai.—In that case you cannot say "insulated or not".

Mr. Leake.—There they are discriminating between wires and cables. (Samples shown and explained.)

Duty on rubber insulated cables.

Dr. Matthai.—If we decide ultimately to levy a duty on, say, rubber insulated cables of one-eightieth square inch and over, we have got to devise the items in such a way that it leaves out the paper insulated cables and also

cables and wires made of materials other than copper, in which you are not interested.

Mr. Leake.—Quite.

Dr. Matthai.—A small quantity of aluminium comes in.

Mr. Leake.—Yes.

Dr. Matthai.—At present you are not concerned with that.

Mr. Leake.—I am in this way that if the duty on copper wire is increased by 10 per cent. aluminium, which is already slightly cheaper than copper, would compete very seriously with it. It seemed to me to be undesirable to suggest that the duty should be placed on anything but copper.

Dr. Matthai.—In section 90A they say “bare or insulated copper wires and cables of other metals of not more than equivalent conductivity”.

Mr. Leake.—That covers aluminium conductors.

President.—We cannot make any proposals until really that happens, is not that so?

Mr. Leake.—In our representation we suggested that we should get 10 per cent. protection on copper. If we have that, we don't want any further assistance. We are only paying Rs. 14,000 import duty.

President.—You want 10 per cent. on bare conductors and rubber insulated conductors.

Mr. Leake.—Only on bare copper conductors. We don't want to touch cables. Let us continue with the present disadvantage in regard to cables but assist us with regard to copper, so that we can fully engage our factory. Our factory is equipped to manufacture copper. We cannot get the business simply because we are being continually undersold.

President.—Are you quite clear about that?

Mr. Leake.—About what?

President.—If you get 10 per cent. duty on the copper wire, that is all that you require.

Mr. Leake.—Yes.

President.—That might put you in the same position, but it really does not solve the question of tariff inequality.

Mr. Leake.—That is going to be very difficult really, because we import such a large variety of articles.

President.—As regards the tariff inequality, that arises in connection with the rubber insulated cables. In that case it is not necessary to fix any time limit.

Mr. Leake.—No.

President.—Because you will be able to depend on the tariff for the time being.

Mr. Leake.—Yes.

President.—But as regards copper wire where you want protection, it is a different matter. Government do not give any permanent protection.

Mr. Leake.—No.

President.—Supposing we said that this tariff inequality should be redressed; as regards the protection of copper wire, when do you think you can do without any assistance?

Mr. Leake.—I think in three years we should more or less have most of the business.

President.—In what way would you be able to reduce your costs then?

Mr. Leake.—On the present production the only way by which we can get business is by making a loss. We have gradually increased our business. We can only get further business in India by suffering a loss, until we have extra labour trained and can reduce our manufacturing charges.

Dr. Matthai.—If you look at statement given on page 3, you give your average total output for four years as Rs. 15,54,305.

Mr. Leake.—Of copper?

Dr. Matthai.—Is it only of copper? I should think it is of both.

Mr. Leake.—That is the total production of the whole factory.

Dr. Matthai.—How much of that is copper?

Mr. Leake.—You will get that from statement given on page 5. The Indian Cable Company's manufacture of copper wire for 1926-27 is Rs. 10,52,029 and for 1927-28 Rs. 13,39,069. We have an average of Rs. 11,15,000 over the past four years. Most of our business is in copper at the present moment.

Dr. Matthai.—As far as tariff inequality is concerned, all the materials on which you pay duties are materials used in the insulation, and protection of the cables.

Mr. Leake.—Yes.

President.—Who are the principal consumers of this copper wire?

Sales to Telegraph Department.

Mr. Leake.—Telegraph Department. Of this Rs. 15 lakhs, Government take about Rs. 7 lakhs. The tariff makes no difference to them, because they are buying a size which is now subject to 15 per cent. import duty—No. 11 gauge, 200 lbs. mile weight. At the present moment that wire is subject to 15 per cent. import duty, but they are allowed to import wire free of duty, so that the price at which we sell to the Telegraph Department has to compete with the imported price less duty.

President.—They take the duty into account.

Mr. Leake.—They don't do so.

Dr. Matthai.—Are you quite sure?

Mr. Leake.—Yes.

Dr. Matthai.—How long ago was this tendered?

Mr. Leake.—4 years ago.

President.—Is it a permanent arrangement?

Mr. Leake.—No. We tender every year. If there is any alteration in price, we have to enter into a lengthy correspondence showing why the price has increased and so on.

Dr. Matthai.—Four years ago it was 15 per cent.

Mr. Leake.—It is still 15 per cent. Originally they obtained the prices from the Indian Stores Department, London, and then they asked us to tender.

President.—This is rather important, because the policy of the Government seems to have changed since then. Do the Indian Stores Department buy it from you?

Mr. Leake.—The Telegraph Department buy it from us direct.

President.—Have you raised that point at all?

Mr. Leake.—No, I have only mentioned it verbally to them.

President.—If they were to calculate the 15 per cent. duty on it.....

Mr. Leake.—They would have to pay a very much higher figure than they are paying.

President.—That would give you 7½ per cent. protection.

Mr. Leake.—Yes. What they might do in order to get over the difficulty, is instead of using 11 gauge, they might go in for 11½ or 11¾ size which comes in duty free. They would not buy any more 200 lbs. wire.

Dr. Matthai.—Could you send us any correspondence to substantiate your statement?

Mr. Leake.—I can only show you that they have accepted our tender. They told me in the first place that our tender was very near the home price.

Dr. Matthai.—Is it clear from the figures in the tender that the duty has not been taken into account?

Mr. Leake.—No.

Dr. Matthai.—If you could send us that, we would be obliged.

Mr. Leake.—I cannot prove from my correspondence whether the duty has been taken into account or not. Originally 4 years ago when we tendered—I made up the tender myself—I didn't know what to tender at all, because we had never supplied this material to the Telegraph Department before as it was always bought in England. In order to get some idea, we asked our home office—British Insulated Cables, Limited, who previously supplied what they would quote. We made out our tender on those lines, that is the bare cost of the wire without duty. They said that they didn't pay any duty. So our tender had to go without the duty in order to secure the contract; otherwise we would not have got it. Each succeeding contract was more or less at the same rate, slight alterations being allowed for packing and for specially marking it. Apart from that the prices has continued at the same level since 1923. They would get out of the difficulty by saying that they would take a slightly bigger size. Another point is, of that Rs. 7 lakhs I mentioned, probably Rs. 1½ lakhs was 300 lbs. wire which is already subject to no duty, so that the figure actually is Rs. 5½ lakhs of copper which in the ordinary way is subject to 15 per cent. duty.

Dr. Matthai.—Does the 5½ lakhs represent less than 1/80th square inch?

Mr. Leake.—Yes, at the moment. What I want to get is the business in Bombay and Karachi. We bring the copper down to Calcutta and then send it round by sea. Actually the freight from Tatanagar to Karachi is considerably higher than the freight from Hamburg or any of the European ports to Karachi and Bombay.

Dr. Matthai.—Why did you not put in an application for protection?

Mr. Leake.—I have no previous experience in this business. I have pointed out that so far as cables are concerned, we are at a disadvantage. This can be redressed by giving us a corresponding advantage which would benefit us and not penalise the consumer too much.

President.—It is a very simple sort of machinery you require merely to draw the wire. Would it not be cheaper for you to have a small factory at Karachi or Bombay?

Mr. Leake.—I very much doubt it, because you can only make a plant like our wire mill pay by running it on a fairly large scale. If we opened a factory at Karachi, we should have about the same amount of supervision as in Tatanagar with only 10 per cent. of the output and the cost of electricity would also be very much higher in Karachi than in Tatanagar.

President.—You want 10 per cent. on the copper wire.

Mr. Leake.—Yes.

President.—2½ to 3 per cent. on the other.

Mr. Leake.—I don't want anything on the other.

President.—Are these imports (20 lakhs) that you have given here of the copper wire chiefly in Karachi and Bombay?

Mr. Leake.—Madras, Bombay and Karachi, because we are nearly doing all the business in Calcutta. We have only two serious competitors in Calcutta.

President.—Who are the principal competitors in Bombay and Karachi?

Mr. Leake.—Henley's Telegraph Works.

President.—But now there is a sort of combine in England among the electrical manufacturers.

Mr. Leake.—There is an arrangement between one or two firms to pool research facilities.

President.—I understood that the electrical engineers or some people had combined to produce electrical machinery, etc.

Mr. Leake.—I heard that two or three weeks ago, but I do not know very much about it.

President.—I understood that they would confine themselves to machinery.

Mr. Leake.—Actually there are only three important people in England, so far as copper importations are concerned, *viz.*, British Insulated Cables Limited, Henley's Telegraph Works, and Callenders Cables and Construction Co., and on the Continent A. E. G. and Siemens Schukeut. And there are also several little firms in Holland, Belgium and France who ship to India.

President.—Most of the materials come from the United Kingdom.

Mr. Leake.—Most of the British firms in India are prepared to buy from the Indian Cable Company if the latter could deliver the materials at Bombay or Karachi at the same price at which they could get from England.

Dr. Matthai.—You get more or less the same price as the imported things.

Mr. Leake.—We try to get more if we can.

Dr. Matthai.—There is no prejudice against you.

Prejudice in case of Cables only.

Mr. Leake.—That was the point I was coming to. At present there is no prejudice against the copper wire manufactured in India. We are able to satisfy every one. But in regard to cables there is still a feeling that a cable is either C. M. A. or it is not. If it is not, it is expected to compete with all the cheap materials in the market imported from the Continent to which I referred in my covering letter to you.

Dr. Matthai.—The prices that you give at page 6A for cables, are they the prices that you realised wholesale in the Calcutta market?

Mr. Leake.—You asked me in a letter to furnish you with the c.i.f. cost of our competitors' cables. I wrote and said I could not get them. I can only find out the cost approximately by importing it myself. But it does not follow that my c.i.f. cost is their c.i.f. cost". What I do say is that their selling price is 2½ per cent. higher than ours. We are often selling below the British price. But of course we try to get as near to it as we can. The Indian Cable Company's selling price would be 2½ per cent. below the price of British Cable, this figure having been obtained by taking the Indian Cable Company's selling price and adding 2½ per cent. to arrive at the English selling price.

Dr. Matthai.—These are wholesale prices in the Calcutta market.

Mr. Leake.—These are the average prices. As a matter of fact some of our competitors do sell at lower rates than these because they have special arrangements whereby they give a discount or a rebate at the end of the year. These are the prices that the consumer pays.

Dr. Matthai.—For copper conductors you get I suppose same price.

Mr. Leake.—We get exactly the same price. We frequently secure copper business on delivery alone. The effect of removing the duty from the 1st of October last year has been this, that every little concern now imports and stocks copper wire. All that they have to pay is the clearing charge. There are all sorts of copper wires—German, Dutch, etc.—in the market. Some of them are bad and some evidently made to deceive the buyer. Now people who never carried copper wire in stock when there was duty on it have begun to do so.

Dr. Matthai.—From Germany the import does not come to more than Rs. 1 or 1½ lakhs.

Mr. Leake.—The first item "Imported from the United Kingdom" is principally for contract work. A large proportion of that is not sold in the country. What I think is that we shall get a lot of this copper business. If a British firm gets a contract, they bring copper from England and erect the complete transmission line out here; their copper never goes on the market. It never affects the market price. But the Continental stuff comes

out in small quantities and that affects the ruling market price for copper in the bazar.

Dr. Matthai.—You are speaking of copper conductors.

Mr. Leake.—Yes. This is a very large item. Quite a good percentage is imported by people who have taken the contract to supply and erect the whole line.

Dr. Matthai.—That won't affect the Telegraph Department.

Mr. Leake.—No. The only thing that affects the Telegraph Department is the home price. We are largely dependent on the Telegraph Department because we cannot get the other business.

President.—What about the railways?

Mr. Leake.—We supply a good quantity to them. Our total turnover is Rs. 14 lakhs, of which Rs. 7 lakhs is sold to the Telegraph Department, the balance being disturbed. We sell some in Madras, but we cannot compete in Rangoon. We sell as far as Delhi in Northern India. Beyond Delhi we cannot sell an ounce.

President.—What is the freight disadvantage in percentage?

Mr. Leake.—Rs. 46 a ton.

President.—What is the price per ton?

Mr. Leake.—Rs. 1,100.

President.—That is about 4 per cent.

Mr. Leake.—Yes. We have a disadvantage of 3 per cent. on all the cables we make.

President.—What 3 per cent.

Mr. Leake.—It we have assistance with copper and if the cable remains as in the past, we still continue with the disadvantage to the extent of 3 per cent. There is the freight disadvantage on copper to the extent of 4 per cent. So, we have a disadvantage of 7 per cent. and an advantage of 10 per cent.

Dr. Matthai.—The question would arise: on what public ground would you justify Government coming to your help in order to make up the handicap from bad location for which you are responsible?

Local Supply of Copper.

Mr. Leake.—In another year or so we may get all the copper we require from the mines near Tatanagar.

President.—Is there any chance of these mines being worked?

Mr. Leake.—There is every prospect.

President.—We have been hearing of that since the Board has been constituted. Who is going to work it?

Mr. Leake.—Mr. Woakes is the General Manager. The other concern—Cape Copper Company—now defunct were at Rakha mines. The Indian Copper Corporation have mines at a place between Rakha mines and Khargpur.

President.—What is the guarantee that you will get copper cheaper?

Mr. Leake.—They want 15 per cent. protection on everything.

President.—Then copper is not going to be necessarily cheaper.

Mr. Leake.—Except that we don't need to stock copper. Our interest charges would be reduced. The mine is only 18 miles from Tatanagar.

Dr. Matthai.—Copper would exactly be in the same position as pig lead.

Mr. Leake.—From the Government point of view, the factory would then be self-contained. If we get copper in the country, we will be self-contained and can carry on indefinitely both in regard to insulation and copper.

Dr. Matthai.—It would strengthen your case if you were asking for protection in the ordinary way.

President.—Why don't you increase your production of rubber insulated cables?

Mr. Leake.—Because we cannot compete.

President.—The import is about Rs. 31 lakhs whereas you only manufacture about Rs. 5 lakhs. There you have a better case than you have in regard to copper wire.

Mr. Leake.—These are the prices of rubber insulated cables for the past several years (handed in). What has happened is that two or three British firms have been fighting one another. The actual landed cost of some of the cables selling at Rs. 4 is Rs. 6-9-0.

President.—Is there a fairly big market in this locality for this description of cable?

Mr. Leake.—There is a certain amount of prejudice against Indian cable but not against copper.

President.—Supposing there is no prejudice by how much can you increase your protection?

Mr. Leake.—We can increase it from about Rs. 5 lakhs to about Rs. 24 lakhs. We have been making about Rs. 5 or 6 lakhs worth of cable.

President.—Your cables may go up a bit but that would give you a fairly substantial business.

Mr. Leake.—I don't think that we can ever get Rs. 24 lakhs business in India without a high import duty. Our cable falls under the Continental category.

President.—Who are the principal users of this cable?

Mr. Leake.—The Railways, the Indian Stores Department and the Telegraph Department are the three biggest individual buyers. There is a very large demand for it from the Military Works Department and from the bazar.

President.—There is still a fairly big market for bare copper wire in Bengal.

Mr. Leake.—That is probably because they import copper *via* Calcutta for contract work in the United Provinces. Very often we don't even hear of it at all. If certain firms here get a contract, being branches, they have no purchasing power. They simply secure the order and send it home.

President.—You have a fairly large market still left in this part of the country which you have not secured.

Mr. Leake.—I very much doubt whether we will ever be able to get more than 25 per cent. on account of the prejudice against Indian made cable.

President.—Size for size, it would be more expensive than the bare wire.

Mr. Leake.—Cable would be very much more expensive though it is difficult to say off hand how much. Cables is not sold by weight whereas copper is.

President.—Would it not be better for you to concentrate on this market which is still available in this part of the country?

Mr. Leake.—Yes.

President.—I can tell you this that Government would not be very willing except on very strong grounds to allow a manufacturer to go miles beyond his geographical market unless he is able to show that there is no market available near his factory. So, I would like to know really what is your difficulty in securing this local market. First of all as regards insulated cables, there is the prejudice. How do you measure that prejudice in terms of money?

Dr. Matthai.—It is 2½ per cent. on the selling price, is it not?

Mr. Leake.—I should say about 10 per cent. If a customer is in difficulties and must have his cables within a certain time, then he puts the prejudice on one side and comes to us but if we quote from stock against the British material also from stock, we would not get the order.

Dr. Matthai.—Do you mean that small and urgent orders come to you?

Mr. Leake.—Yes, they come to us. But if it is a stock article they would have this prejudice. Many Government departments specify that C. M. A. cables only must be used.

President.—How much of this stuff do you think is purchased by Government?

Mr. Leake.—Not a very large percentage.

President.—Is this insulated cable used for industrial purposes or for merely lighting?

Mr. Leake.—For both. Of the total quantity imported I should say that 70 per cent. is heavy and 30 per cent. light cables. I have frequently heard people say 'why should we buy Indian material if there is only a difference of 2 or 3 per cent. in the price?' The bazar people on the other hand say that we should sell 20 or 30 per cent. below the British quotation.

President.—That prejudice does exist I confess in many cases but I think it takes time for an industry to get over that prejudice.

Mr. Leake.—We are gradually increasing our production (shows a graph). You will notice that our turnover of rubber insulated cables is increasing. Obviously our prices are regulated by the price of the British cables. The three people I mentioned before dropped their prices and we had to drop ours and we had to sell certain sizes at a loss.

Case for protection.

President.—If we were to go into the question of protection it would be a much more protracted enquiry than you want and if we were to base our recommendations merely on the tariff inequality we can hardly include copper wire. First of all this duty of 2½ per cent. was abolished in October 1927? Formerly there was a duty of 10 per cent. in 1923?

Mr. Leake.—I think it was 15 per cent. before this 1/80 sq. inch was put in. In 1923 it was altered. In our letter to Sir Charles Innes we said that the change in the duty gave a discriminating protection to the importer. It was reduced from 15 to 2½ per cent.

Dr. Matthai.—The general reduction from 15 to 2½ per cent. which was made in 1923 was made applicable to all kinds of machinery and parts?

Mr. Leake.—That is so.

Dr. Matthai.—How long was this duty of 15 per cent. in force?

Mr. Leake.—It was in force when we started and it was in force a long time before we started.

Dr. Matthai.—In 1920 it was 15 per cent.?

Mr. Leake.—Yes. It was 15 per cent. until 1923 when we were just beginning to produce. Then it was dropped to 2½ per cent. There is one other point I would like to bring up with regard to the duty on copper. We first applied for our case to be heard in 1923 and we were given temporary exemption on copper rods only. Since then we have periodically asked when our case would be enquired into. During the period 1923 to 1928 we have been in a worse position to the extent of Rs. 5 lakhs. If we have this 10 per cent. protection on copper for three years we should probably be able to get back to the position to be able to write off depreciation and pay our preference interest and then be able to do without protection.

Dr. Matthai.—When you formed this Company there was a duty on black rod, in 1920?

Mr. Leake.—There was a duty also on the framed article.

Dr. Matthai.—There was a duty on black rod, there was a duty on sulphur; there was a duty on rubber. Now raw rubber is free since 1923, sulphur is free and you get a remission in respect of black rod, so that Government has to some extent compensated you for the loss of the duty on imported wires and cables.

Mr. Leake.—Sulphur was probably 5 per cent. and rubber I think was 10 per cent. As a matter of fact we have no protection now. We are at a disadvantage as regards cables, so far as copper is concerned.

Dr. Matthai.—Every duty that you pay on raw materials is an unfair burden?

Mr. Leake.—That is so.

President.—If Government were to give this assistance for three years you have really got to show that at the end of three years you would be able to do without assistance.

Mr. Leake.—I have worked all that out and I am quite sure that in three years we should be able to increase our business by 50 to 60 per cent. and manage without protection.

President.—What is your arrear of interest on the preference shares? Three years is rather a short time.

M. Leake.—I can give you the figures from memory—Rs. 2.60 lakhs: no depreciation except Rs. 52,000 written off in the first year. It was not written out of the profits because we had no profits, so that there is Rs. 3.96 lakhs to write off over the past four or five years.

President.—At what rate do you calculate it?

Mr. Leake.—The rate approved by the Income-tax people.

President.—Even if you were to write down your block account by say 40 per cent. you would not be making any money.

Mr. Leake.—Not at the present time.

President.—What is your block value now?

Mr. Leake.—Rs. 23 lakhs. We estimate that all our machinery is worth more than it cost when we bought it. Many of these were German machines which we bought when marks were 1,000's to the Pound.

President.—Supposing we were to have a rough idea of what you contributed in duty?

Dr. Matthai.—That is to say, the duty you have paid not merely on materials that you imported direct but also on materials purchased locally.

Mr. Leake.—We will furnish that to you.

Dr. Matthai.—We want to compare how much you are worse off by reason of the duty that you pay and the foreign manufacturer does not pay.

Mr. Leake.—Here is a list of the duty paid on all materials we imported (shows a list). This list shows everything we use at Tatanagar.

Dr. Matthai.—You may give us for each year the total amount that you paid by way of duty on materials which were bought locally or imported.

Mr. Leake.—I will do that.

President.—In the manufacture of drawn wire I suppose there would be some raw materials which would carry duty?

Mr. Leake.—Yes, but they are very few.

President.—You get your sulphuric acid from the Tata Iron and Steel Company?

Mr. Leake.—No, from Messrs. D. Waldie and Company. Tatas have very little to spare. Then again we have to pay 30 per cent. on diamond dies. It is a direct charge against manufacture exactly in the way oil is charged. A die may last three years or three days.

President.—That would go into your depreciation?

Mr. Leake.—No. That would go under the heading of repairs and renewals which is a direct charge against manufacture.

Dr. Matthai.—Supposing this 15 per cent. which was in existence had continued all these years, by how much would your realisations have increased? Will you be able to make a rough calculation?

Mr. Leake.—Yes. There is the complication of including materials numbering 92 items.

President.—This list that you have given includes both.

Mr. Leake.—That list is prepared after arriving at the duty paid already on the materials whether imported or not. There is one point in asking for a duty on copper only. At present there are large hydro-electric schemes likely to be put through. A duty on copper will not affect them in any way. If we ask for a protection of 10 per cent. on all electrical conductors, a lot of large schemes will be seriously affected. The additional cost will run into lakhs. We may find in practice that other conductors compete with copper conductors due to the difference in price which is accentuated by this duty, personally I am prepared to take the chance.

President.—This duty of 10 per cent. would affect other people also.

Mr. Leake.—Yes, this would affect chiefly electric supply companies; and railways to some extent, because they use a certain amount of copper wire, but principally small industrial concerns and public supply companies. It will mean 10 per cent. increase on 5 per cent. of the value of the whole scheme.

President.—How do you calculate the 5 per cent. on the value of the whole scheme?

Mr. Leake.—Take the electrification of a town like Cocanada. I think it is going to cost Rs. 10 lakhs including the engines, dynamos, switch board, poles insulators and so on. The whole of the copper is worth Rs. 50,000 and that copper if this duty were imposed, would cost 10 per cent. more, i.e., Rs. 55,000 instead of Rs. 50,000. Although it might be contended that 10 per cent. on copper would seriously affect those schemes, it would have no effect at all. I can prove from figures that the market rate of copper is very much lower than it has ever been before.

President.—Where do you import your copper chiefly from?

Mr. Leake.—We have imported a lot from America, but most of it is coming from British Insulated Cables Limited, England.

President.—Where do they get it from?

Mr. Leake.—They have their own rolling mill. Their quality is far superior to the American.

President.—Where do they get the metal from?

Mr. Leake.—From America. The Japanese metal is not very good. Australian copper is only sufficient for its own needs, so that America practically supplies the world. We get part of our supplies from America direct and the rest from our home company.

Dr. Matthai.—Your suggestion is that if we put a duty of 10 per cent. on copper conductors, that would not raise the possibility of other metals being substituted for copper.

Mr. Leake.—Yes, I am prepared to take that risk. Aluminium is not very easy to handle and in any case I don't want to do anything to affect large hydro-electric schemes, because that is also our line of business. There are several schemes in the United Provinces which will be taken in hand very shortly. 10 per cent. increase in the cost of the conductors would probably be a serious blow to them, because the conductors form a very large percentage of the total cost of the scheme.

President.—You mean the transmission lines.

Mr. Leake.—Yes, very large transmission lines. I would prefer not to interfere with that, because it is in the interests of India that hydro-electric schemes should be encouraged.

Dr. Matthai.—They would not be affected if the duty was confined to copper conductors only.

Mr. Leake.—That is so. It would only mean that the importation from Great Britain would drop and the local production would increase. We cannot compete at the present time, because it is contended that we should deliver the materials at the same price at which they could be imported at say Bombay or Karachi. The freight stands in our way.

President.—It means this that if we put a duty on copper wire, really it must increase the price of the rubber insulator cables too.

Mr. Leake.—We only want a duty on the finished article. The finished article is either solid copper wire or copper conductors. That is, conductors either made up of one thick wire or a number of smaller sizes stranded together. All insulated wires would come in duty free. I think it is quite likely that people may import cables with only a thin insulation. That has got to be guarded against.

President.—Is there anybody who finishes the copper wire into insulated cables?

Mr. Leake.—No one could do it. In any case they would want to insulate it before they ship in order that they might get it in duty free and strip off the insulation afterwards.

President.—Amongst these imports from the United Kingdom, are there large imports by Government?

Mr. Leake.—I cannot say these are my figures supplied by the Department of Statistics.

Dr. Matthai.—Why haven't you thought of paper insulation?

Mr. Leake.—It is too difficult. The climate is not suitable. We could only manufacture for 5 or 6 months in a year.

Dr. Matthai.—There is a large demand for it here.

Mr. Leake.—Yes. The original promoters of the Company thought of manufacturing the paper insulated cables.

President.—These statements are marked private and confidential. If you do that, we won't be able to say anything.

Mr. Leake.—The only figures that are private and confidential are our output for the last 4 years and total capacity of the factory.

President.—So far as you are concerned, there is no competitor in India.

Mr. Leake.—All the importers are our competitors.

President.—Do you mean that the output figures should be treated as confidential?

Mr. Leake.—Yes.

President.—I do not know whether I will require that information or not. I have not yet thought out. But the less you make anything confidential the better for us.

Mr. Leake.—I want to give you all the figures I can.

President.—In writing the report it is very difficult sometimes to say anything unless you can argue on the figures.

Mr. Leake.—Quite. I only want to avoid our competitors getting to know what the Indian Cable Company is doing.

President.—It is rather important. When we come to determine what percentage of disadvantage there is, unless we have these figures we cannot say anything.

Mr. Leake.—Then, I have no objection to your using those figures in the report.