REPORT

OF THE

Indian Tariff Board

REGARDING THE

GRANT OF SUPPLEMENTARY PROTECTION

TO THE

STEEL INDUSTRY

PART I

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NOTE.

In the Resolution of the Government of India in the Commerce Department No. 260-T. (37), dated 18th June 1925, the Tariff Board was directed to re-examine the question of supplementary protection for the steel industry and to consider—

(1) whether in view of the conditions of the industry and of the probable level of prices of steel articles the protection afforded by the Steel Industry (Protection) Act to the manufacture of the articles enumerated therein should be supplemented beyond the 30th September 1925;

(2) if so, for which of those articles is further assistance required and in what form and for what period should it be given.

The Board's proposals regarding supplementary protection for rolled steel are likely to be discussed at an early sitting of the Legislative Assembly, and for this reason it has been decided to issue, as a separate publication, the First Part of the Board's Report, dealing with rolled steel, in advance of the publication of the complete report. What is printed in this volume is Part I only. The Report, as a whole, including also the prefatory paragraphs and the sections dealing with other branches of the steel industry, will be published at an early date.

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PART I.

ROLLED STEEL.

The prices of imported steel.

Evidence as to prices.

7. At our request, statements showing the c.i.f. prices month by month of various classes of imported steel were sent in by the Tata Iron and Steel Company, by the leading engineering firms and by importing firms both in Calcutta and Bombay. The last named also supplied us with the current prices in these two markets. The information thus obtained has been tabulated in the tables in Appendix II, in which the average monthly quotations for British and Belgian steel in the Iron and Coal Trades Review have also been included for purposes of comparison. It will be convenient briefly to review first the Continental and then the British prices.

Prices of Continental steel.

8. In October 1924 the prices of Belgian steel had reached a very low level. The c.i.f. price of beams, angles and bars was about £6-10-0 a ton, *i.e.*, about £1-10-0 a ton below the prices adopted by the Board as the basis of the recommendations made in their first report. Early in the year 1925 a slight stiffening of prices occurred, followed by a gradual relapse to near the October level in May. In June and July, owing to the fall in the value of the French and Belgian franc, the sterling f.o.b. quotations dropped still lower, but in April the freights from Antwerp had been raised from 15 shillings to 22 shillings and 6 pence a ton, and the c.i.f. prices were not appreciably lower than in October. The c.i.f. price of Belgian plates was found to be about £7-18-0 a ton in October 1924, but subsequently rose a little and stands now at about £8-10-0 a ton, an increase of 12 shillings a ton since October. If allowance is made for the rise in the freight, the increase in the sterling price at Antwerp is about 6 shillings a ton, and this figure is confirmed by the f.o.b. quotations in the Iron and Coal Trades Review.

Prices of British steel.

9. When the Board last examined this question in October 1924, they found that the sterling prices of British bars and plates were at about the same level as they had been in the latter part of 1923, or possibly a little higher, but that the prices of structural sections (beams, angles, channels, etc.) had fallen by about 10 shillings a ton. During the last nine months a marked decline has taken place in the prices of all these kinds of steel, and the extent of the fall in the price of beams and bars seems to be greater than is disclosed in the Trade Paper quotations. The following table summarises the evidence on this point:—

Decline in the price per ton of British steel.

——	Beams.	Bars.	Plates.
	£ s. d.	£ s. d.	£ s. d.
Iron and Coal Trades Review . .	0 10 0	0 15 0	0 16 3
Messrs. Jessop and Company . .	1 0 0	1 0 0	0 12 6
„ Burn and Company . .	1 0 6	...	0 10 0
„ Balmer Lawrie and Company .	0 14 0	1 18 0	0 10 0
„ Richardson and Cruddas . .	0 18 3	...	0 14 3

As regards plates the evidence suggests that the fall in price is about 17 shillings and 6 pence a ton, but there is some doubt both as to bars and beams. When we took evidence on the subject in October 1924, the difference between the f.o.b. quotations, as given in the Iron and Coal Trades Review, and the c.i.f. prices supplied by the engineering firms was approximately equal to the cost of freight and insurance, but on this occasion there is a very great discrepancy. If the c.i.f. figures now given by the engineering firms are correct, British beams can be purchased for about 10 shillings a ton less than the published quotations and bars for 15 shillings a ton less. This is by no means improbable, for at a time when trade is depressed and the pressure to sell is very great, the prices quoted in the Trade Papers are no longer a true index of the prices at which business can be done. We are prepared to accept the prices given by the engineering firms for beams, but the prices given for bars are probably too low. On the whole we think that the current prices for British steel may be taken to be as follows:—

—	c. i. f. price in October 1924 as estimated by the Board.	c. i. f. price in June 1925.	Fall in price.
	£ s. d.	£ s. d.	£ s. d.
Beams	9 10 0	8 10 0	1 0 0
Bars	10 5 0	8 15 0	1 10 0
Plates	10 19 0	9 12 6	0 17 6

The nett result is that the current prices of British steel are lower than the prices adopted by the Board in their original enquiry by approximately the following amounts:—

—	Per ton.
	£ s. d.
Beams and other structural sections	1 10 0
Bars	1 5 0
Plates	0 12 6

Narrowing of the gulf between British and Continental prices.

10. In the Board's Report on the increase of the duties on steel, attention was drawn to the very wide gulf which had opened out between British and Continental prices, and to the displacement of British steel which had followd. From what has been said in the last two paragraphs it will be seen that the difference is now very much smaller. The

change which has occurred will be evident from the following table:—

Differences between the prices of British and Continental steel.

	October 1924.	June-July 1925.
	£ s. d.	£ s. d.
Beams	3 0 0	2 0 0
Bars	3 15 0	2 0 0
Plates	2 12 0	1 2 6

The result of this narrowing of the gulf has apparently been to arrest the process of substitution of Continental steel for British, but, owing to the fall in the price of British steel, the Indian manufacturer does not benefit. The only evidence we have received of further progress in this direction is that some of the Indian Railway Companies are now prepared to use Continental rails instead of British, and will not purchase Indian rails except on the basis of Continental prices. The rail contract between the Tata Iron and Steel Company and the Bengal Nagpur Railway Company expired on the 31st of March 1925. The first purchase made by the Railway Company outside the contract was for 7,494 tons of rails at Rs. 140 a ton, this price being fixed apparently on the basis of British prices. Future purchases will however be made on the basis of Continental prices, and the price fixed for the time being is Rs. 124 a ton. If allowance is made for landing charges (Rs. 5 a ton) and Customs duty (Rs. 14 a ton), this price is equivalent to £7-17-6 c.i.f. or £6-15-0 f.o.b., whereas Rs. 140 a ton is equivalent to £9-1-6 c.i.f. or £7-19-0 f.o.b. The export quotation for British rails in the Iron and Coal Trades Review was £8-10-0 a ton at the end of June 1925, and it is evident that rails (like bars and beams) can be bought at about 10 shillings a ton below the quoted price. If, in fact, the Indian Railways generally are prepared to use Continental rails, the price the Tata Iron and Steel Company can obtain for rails will be seriously affected, and even for rails sold on the basis of British prices, the price obtained will be less by about Rs. 15 a ton than the price contemplated in the protective scheme. In 1925-26 only the sales to the Bengal Nagpur Railway Company are in question, but in March 1926 the contract with the "Palmer"* Railway Companies will terminate, and as their average requirements are 35,000 tons a year, the matter is of some importance to the Iron and Steel Company.

* The Bombay, Baroda and Central India Railway, the Madras and Southern Mahratta Railway, the Nizam's Guaranteed State Railway, the Bengal and North-Western Railway, the Burma Railways and the Assam Railways and Trading Company.

Elaborate review of the prices realised for steel by the Tata Iron and Steel Company unnecessary.

11. When the Board submitted their recommendations for an increase in the protective duties on steel in November 1924, they found it necessary to examine in detail the actual prices at which the Tata Iron and Steel Company were able to sell steel to various classes of purchasers during the four months (June to September) which had elapsed since the Steel Industry (Protection) Act became law. It was impossible in any other way to form an estimate of the prices which the Company were likely to realise over a period under the new conditions which had arisen. It is fortunately unnecessary to attempt the same laborious task upon this occasion. Conditions have been reasonable stable during the last eight or nine months, and the average prices actually realised for each class of steel are a sufficient indication of the prices likely to be realised in the future, so long as the acute depression in the Iron and Steel Industry throughout the world (except in North America) continues. The question may, however, be raised whether the sharp fall in the prices of British steel may not prove a disturbing factor. We are satisfied that this is not so, and we have ascertained that this is also the view of the Tata Iron and Steel Company. When the Board made their forecast of the future course of prices, they made allowance for the probable effect on Indian prices of the substitution of Continental for British steel. In this way the fall in British prices was discounted in advance, and it is not necessary in estimating the future price of bars and structural sections to make any further allowance for this factor. Plates are in a somewhat different position (see paragraph 13).

Imports of steel and stocks.

12. When the Board examined the circumstances of the steel industry in the autumn of 1924, they found that the situation was complicated by the very large importations between April and September, and the heavy stocks which had accumulated, both at Jamshedpur and at the ports. The market for steel had become thoroughly disorganised, and dealers were forced to sell at prices substantially below the cost of importation. These conditions have now passed away. During the eight months commencing in October 1924, the sales of the Tata Iron and Steel Company exceeded their output, and by May 1925 their stocks of finished steel had been brought down to a reasonable figure (see Appendix IV). In Calcutta, according to the evidence of the Company, the stocks of Continental material are below normal, and Mr. Anandji Haridas informed us that the stocks of bars, angles, plates and black sheet in Calcutta were only 50 or 60 per cent. of the stocks in August and September 1924. In Bombay the Company believe that the stocks are about normal, but Mr. Trivedi put the stock of bars in Bombay as high as 30,000 tons, at the same time remarking that the stocks of other steel sections were, if anything, below normal. Bars and angles are the sections most frequently stocked by importers, and

the imports* of these sections during the first and second halves of the last three years are compared in the following tables:—

Imports of steel bars.

——	1922-23.	1923-24.	1924-25.
	Tons.	Tons.	Tons.
April to September	89,489	51,484	104,007
October to March	98,515	104,920	79,400

Imports of steel angles.

——	1922-23.	1923-24.	1924-25.
	Tons.	Tons.	Tons.
April to September	9,355	10,784	19,087
October to March	12,451	15,543	18,395

It will be seen that the imports of bars during the latter half of 1924-25 were only about 80 per cent. of the imports during the corresponding periods of the two previous years, whereas the imports of angles were 50 per cent. above those of 1922-23 and 20 per cent. above those of 1923-24. Nevertheless the stock of angles in Bombay is reported to be only 1,000 tons, a fact which tends to show that there has been an actual increase in the consumption of this class of steel. The evidence at any rate makes it certain that the prices of steel are no longer weighed down by the pressure of accumulated stocks, and that business is now proceeding normally. This can be illustrated from figures supplied by Messrs. Anandji Haridas and Company. In October 1924 the local selling price for bars was equivalent to a c.i.f. price not higher than £5-11-0 to £6-3-0 a ton, whereas the actual c.i.f. price for the month was at least £6-6-0 a ton. In May 1925 the local selling price was equivalent to a c.i.f price of £6-15-0 to £7-10-0 a ton against the quoted c.i.f. price of £6-15-0 a ton. The change in the conditions is very marked.

Prices realised for Jamshedpur steel.

18. The detailed statements giving the average prices realised by the Tata Iron and Steel Company (f.o.r. Jamshedpur) have been summarised in Appendix V and only the most important points need be referred to here. The complications introduced into our last enquiry by the "special" sales, and by the fact that the prices at which payment was made were frequently lower than the prices at which orders were booked, have fortunately disappeared. The following table compares the prices actually realised by the

* The imports of various classes of steel into India for the last three years are given in the Tables in Appendix III.

Tata Iron and Steel Company in the eight months from October 1924 to May 1925, with the prices which the Board anticipated they would be able to obtain:—

Prices realised by the Tata Iron and Steel Company for certain classes of steel.

—	As forecasted by the Tariff Board.	Average October 1924 to May 1925.
	Rs. per ton.	Rs. per ton.
Bars	145 to 147	145·50
Heavy structural sections (mainly beams and channels)	...	145·08
Light structural sections (mainly angles and tees)	...	141·03
Average for all structural sections	139 to 142	143·25
Plates	155	146·77

It will be seen that the actual prices realised for bars and structural sections are extraordinarily close to the Board's forecast and they do not call for further comment. The average price of plates, however, is about Rs. 8 a ton less than the Board expected. The explanation may be found, partly in the sale during certain months of plates, not certified by the Metallurgical Inspector, to dealers in Calcutta in competition with Continental plates, but mainly in the fall that has taken place in the price of British plates. The bulk of the sales are to the engineering firms, and the price of plates so sold is determined mainly by the British price. In this case therefore the fall in the British price is an important factor.

The prices of sheets—black and galvanised.

14. We have preferred to discuss the prices of steel sheets separately from the prices of other steel sections. The manufacture of black and galvanised sheet did not commence at Jamshedpur until October 1924, and in our previous enquiries it was not necessary to devote special attention to the prices of such sheets. The following table compares the prices of British sheets at various dates with the prices adopted by the Board as the basis of their recommendations in their first enquiry:—

—	Landed duty free prices adopted by the Board in their first enquiry. Re. 1 = 1s. 4d.	Prices in October 1924.		Prices in June 1925.	
		f. o. b. price in sterling.	Equivalent landed duty free price. Re. 1 = 1s. 6d.	f. o. b. price in sterling.	Equivalent landed duty free price. Re. 1 = 1s. 6d.
	Rs.	£ s. d.	Rs.	£ s. d.	Rs.
Black sheet	200	12 15 0	190	11 10 0	175
Galvanised sheet	200	17 19 0	260	16 5 0	240

It will be seen that the f.o.b. price of black sheet has fallen by 25 shillings a ton since October 1924, and the landed duty free price is now lower by Rs. 25 a ton than the price originally adopted by the Board, while the f.o.b. price of galvanised sheet has fallen by 35 shillings a ton since October 1924, and the landed duty free price is lower by Rs. 60 a ton than the Board's price. No quotations for Continental black sheet are given in the Iron and Coal Trades Review, but the current c.i.f. price has been given as £11-10-0 a ton by the Tata Iron and Steel Company and as £11-7-6 by Messrs Anandji Haridas and Company. It is therefore cheaper than British sheet by at least 20 shillings a ton. The imports of galvanised sheet from the Continent are negligible. The black sheet manufactured at Jamshedpur is sold mainly in competition with Continental sheet, and the average price realised for the 8 months October 1924 to May 1925 was Rs. 186 a ton as against Rs. 230 which the 15 per cent. duty was expected to give the Indian manufacturer. The average price realised from sales to dealers (more than two-thirds of the total) was Rs. 177 a ton. The landed duty paid cost of Continental sheet amounts to about Rs. 190 a ton, and since the Company naturally endeavours to sell as much as possible of its output in the up-country markets where it has a railway freight advantage of about Rs. 20 a ton, the price actually realised is low. The explanation probably is that, during the first months of manufacture, the Company has had to accept a price for black sheet lower than would be paid for imported sheet. The average price realised for galvanised sheet, during the eight months from October 1924 to May 1925, was Rs. 297 a ton, as against Rs. 345 a ton which the Board adopted as the standard price in their first enquiry. This is the approximate selling price at an Indian port of imported sheet with the present duty and the rupee sterling exchange at 1*s.* 6*d.*, when the f.o.b. quotation at a British port is £17 a ton, which is about the average price for the whole period. The Company sold almost the whole of its output of galvanised sheet in the up-country markets and thus derived full benefit from its railway freight advantage.

The future course of steel prices.

15. Apart from the fall in the prices of British steel, conditions in the steel trade have been relatively stable for the last nine months, and the prices which an Indian manufacturer can obtain in face of British and Continental competition have been ascertained. The question is whether the existing level of prices is likely to be maintained during the next two years, or whether there are reasons for anticipating a marked change either in an upward or a downward direction. We have considered the evidence bearing on this point and our view is that conditions are not likely to vary materially during the next two years. There is, as yet, no sign of reviving prosperity in the Iron and Steel Industry of Europe, and the excess of productive capacity over consumption still dominates the situation. We can find no ground for expecting that steel prices will rise appreciably for many months. There is always the possibility, of course, that a political catastrophe or an industrial upheaval in one or more countries might produce entirely new conditions, but

in the nature of the case such changes cannot be foreseen, nor can the consequences which might result from them be calculated. We anticipate, therefore, the continuance of the present low level of steel prices during the period covered by the Steel Industry (Protection) Act. On the other hand, we do not expect to see prices go lower on the average. All the information we have as to conditions in Europe suggests that current prices leave little or no surplus over the cost of production in any steel producing country, and that sometimes they involve an actual loss. It has been suggested indeed, that a fresh relapse of the 'franc' exchanges might again bring down the price of steel in India. That would certainly be the immediate effect, but it could hardly be of long continuance once the franc was again stabilised at some lower value, because the consequent increase in the cost of living in France and Belgium would probably necessitate a higher scale of wages. We do not consider that any provision against this contingency is necessary, more especially as there are other possibilities. The financial measures of the French Government might enable them to stabilise the franc permanently at a somewhat higher value than it holds at present, and a rise in the price of galvanised sheet might occur if the British manufacturers' combination were to be revived.

Comparison of prices.

16. In the following table the prices for certain kinds of steel, which the Indian manufacturer will probably realise on the average up to the 31st March 1927, are compared with the standard prices which it was expected he would receive under the operation of the Steel Industry (Protection) Act.

— —	Price likely to be realised.	Standard prices.	Differences.
	Rs. per ton.	Rs. per ton.	Rs. per ton.
Bars	145	180	35
Heavy structural sections (mainly beams and channels).	145	175	30
Light structural sections (mainly angles and tees).	141	175	34
Plates	146	180	34
Black sheet	187	230	43
Galvanised sheet	297	345	48
Rails (on the basis of British prices) .	140	155*	15
Rails (on the basis of Continental prices).	124	155*	31

* These prices would be increased by the bounty on rails to Rs. 181 in 1925-26 and to Rs. 175 in 1926-27.

We turn now to the question of the form and amount of the supplementary protection which these prices justify.

The form and amount of the supplementary protection required.

Classes of rolled steel requiring additional protection.

17. In the Resolution of the Government of India defining the terms of our reference, we were directed to report for which of the articles enumerated in the Steel Industry (Protection) Act further assistance is required, and, if so, in what form and for what period it should be given. The classes of rolled steel for which additional protection is necessary are bars, structural sections (*i.e.*, beams, angles, channels and similar shapes), plates, rails and fishplates (in so far as their selling price is not regulated by long term contracts entered into some years ago), and black and galvanised sheet. These are the kinds of rolled steel on which the Board recommended in November 1924 that additional duties should be imposed, and the amount of the bounty actually sanctioned for the twelve months from October 1924 to September 1925, was calculated on the estimated production of these kinds of steel, and on the differences between the prices likely to be realised and the standard prices which formed the basis of the scheme of protection. The remainder of the Iron and Steel Company's output consists of rails and fishplates sold to the Railway Board and to certain Railway Companies under long term contracts, and of tinplate bars supplied to the Tinplate Company of India. The rails and fishplates sold under contract require no additional protection, because the price paid for them is exactly what it was when the Steel Industry (Protection) Act was passed, and the tinplate bars are not in question because they have never been included in the scheme of protection. For the sake of brevity it will be convenient to describe the steel on which the additional bounty was calculated as ' bounty ' steel, and the contract rails and fishplates and the tinplate bars as ' other ' steel. During the 8 months from October 1924 to May 1925, the Company produced 79,000 tons of ' bounty ' steel and 116,000 tons of ' other ' steel, and during the 4 months from June to September 1925, it expects to produce 51,000 tons of ' bounty ' steel and 51,000 tons of ' other ' steel (see Appendix VI, Table 4). The additional bounty is limited to Rs. 50 lakhs, and the average amount received per ton of bounty ' steel is Rs. 38·5. This figure is a little higher than can be justified by the output of ' bounty ' steel between October 1924 and September 1925 and the actual prices realised. The average difference between the realised prices and the standard prices is about Rs. 35 a ton for the twelve months, and on that basis a total bounty of Rs. 45·5 lakhs would have sufficed. It is, however, to be remembered that during the first 3½ months after the passing of the Steel Industry (Protection) Act the prices received by the Company for all classes of steel were much below

the standard prices, and a sum of Rs. 4·5 lakhs will not go far to cover the losses incurred during that period.

Supplementary protection for rolled steel to be given by means of an additional bounty.

18. One of the questions we have to consider is whether the additional protection required after the 1st October 1925 should be given entirely in the form of a bounty, or whether it is expedient that the duties on some kinds of steel should be increased. We have no hesitation in recommending the adoption of the former alternative. There is a financial side of this question, which is fully discussed in Annexure B and in paragraph 34, but from the outset of this enquiry our view has been that the supplementary protection necessary should be given as far as possible in the form of a bounty, and that the Customs duties should not be increased, unless it appeared that the payments in respect of bounties were likely to exceed the additional revenue derived from the protective duties. In our view, no increase in the duties is called for, and the additional protection required for rolled steel can, we think, be given entirely in the form of a bounty without imposing a burden on the ordinary taxpayer.

Additional bounty to be paid up to 31st March 1927.

19. The additional bounty already sanctioned terminates on the 30th September 1925, while the Steel Industry (Protection) Act ceases to operate on the 31st March 1927. These two dates obviously set limits to the period which our recommendations can possibly cover, and the question is whether the proposals now to be made should apply to the whole of the eighteen months or to some shorter period. We are clearly of opinion that whatever measures may now be approved should extend up to the 31st March 1927. The commencement of the statutory enquiry, which must precede the expiry of the Steel Industry (Protection) Act, cannot well be deferred to a date later than July 1926 if the results are to be ready for consideration in the cold weather session of 1927. To interpose yet another enquiry into the circumstances of the steel industry would impose an almost intolerable burden upon all concerned, and would apparently serve no useful purpose. So far as can be foreseen, it is not likely that conditions will change materially, either for the better or for the worse, before the spring of 1927, and there is therefore no valid reason for planning for a shorter period than eighteen months. Our recommendation is that the measure now to be taken should extend to the 31st March 1927.

Amount of the additional bounty as first calculated.

20. It follows from what has been said in paragraphs 18 and 19, that the main issue on which we have to advise is the amount of the bounty which should be paid on the manufacture of rolled steel between the 1st October 1925

and the 31st March 1927. In estimating the amount required the primary factors are, as on the previous occasion,—

(1) the difference between the prices likely to be received for certain kinds of steel and the standard prices underlying the protective scheme, and

(2) the probable production in India of these kinds of steel during the period.

An estimate of the bounty calculated on this basis will be found in Appendix VI, Tables 1 to 3, and it will be found that the additional assistance needed by way of bounty is Rs. 113 lakhs in all. A small correction is, however, necessary. The tables were drawn up on the basis of the Iron and Steel Company's estimate of its future production, in which the output of fishplates is not distinguished from the output of light structural sections rolled in the same mill. But under the Steel Industry (Protection) Act bounties are paid on the production of fishplates exactly as for rails, and in so far as the fishplates are sold under the contracts, they cannot be taken into account in calculating the additional bounty. If the output of fishplates is taken as 5 per cent. of the rail production, the quantity affected is about 7,000 tons, and the bounty has been over-estimated by about Rs. 2·4 lakhs. The total bounty required on a strict application of the method outlined above, is therefore Rs. 110 lakhs in round figures.

Necessity for making sure that the supplementary protection proposed is not excessive.

21. When a system of protection by means of bounties is likely to result in the payment of very large sums to a single manufacturing concern, there are obvious reasons why the first estimate of the amount required should be closely scrutinised. The points in which the estimate may prove open to attack are:—

(1) The prices which the manufacturer is likely to realise.

(2) The total output of finished steel.

(3) The relative proportions of the output of ' bounty ' steel and ' other ' steel.

(4) The profits which the manufacturer is likely to make.

(5) The standard prices which it is considered he should obtain if he is to be adequately protected.

On the first point we have nothing to add to what has been said in the section relating to prices, for we can find no reason for anticipating that the manufacturer will obtain, on the average, higher prices than those we have taken. The remaining points require separate discussion. There are, in our view, valid reasons why the first estimate of the additional bounty must be regarded as excessive, and we shall attempt to estimate what deductions can properly be made. But it cannot be stated too clearly at the outset, that an exact calculation of the amounts which ought to be written down

is not possible. There are forces at work which operate to the advantage of the manufacturer as well as to his disadvantage, but whereas the loss he suffers when prices fall can be ascertained with reasonable accuracy, the extent to which he may have benefitted by the changed conditions can only be conjectured. We have done our best with the materials available to do justice to all aspects of the case, but the final estimate of the reductions to be made is to a large extent arbitrary. That is unavoidable in the circumstances.

Reasons why a larger additional bounty is required after the 30th September 1925 than before that date.

22. The bounty payments for the twelve months ending on September 30th, 1925, were subject to a limit of Rs. 50 lakhs in all, and this limit has proved to be a little too high. But if the limit were fixed at the corresponding figure of Rs. 75 lakhs for the next eighteen months it is likely to be too low. The object of the additional bounties is to restore to the Indian manufacturer the protection he was intended to receive under the Steel Industry (Protection) Act, and which he would have received had prices remained at the 1923 level. Where the protection is given by means of duties, the manufacturer receives a higher price for every ton of steel he produces, and if a bounty scheme is preferred, the limit must be high enough to allow for the increase in production. Now the circumstances are such that the output of ' bounty ' steel must increase while that of ' other ' steel diminishes. This is so for two reasons. The proportion of the rail requirements of India already supplied by Jamshedpur is so large that the possibility of further expansion is limited, and the sale of tinplate bars cannot possibly exceed the maximum requirements of the Tinplate Company of India. But apart from that, there is the fact that the contract with the ' Palmer ' Railway Companies will expire on the 31st March 1926, and a considerable output of rails and fishplates will then be transferred from the class of ' other ' steel to ' bounty ' steel. These rails and fishplates must be taken into account in calculating the bounty for, owing to the fall in the price of British and Continental steel, the Company will not (even when the rail bounty is added) receive the price contemplated by the scheme of protection. The nett result is that, whereas from October 1924 to September 1925 the ' bounty ' steel amounted to 130,000 tons out of a total of 297,000 tons, in the succeeding eighteen months the ' bounty ' steel is expected to amount to 315,000 tons out of a total of 524,000 tons (see Appendix VI, Table 4). It follows that larger payments by way of bounty are necessary in the second period than in the first.

Total output of finished steel.

23. The fact that the additional bounty payable up to September 1925 promises slightly to exceed the amount which can be justified by the output of ' bounty ' steel for the year, naturally suggests an enquiry whether the actual production of ' bounty '

steel for the next eighteen months may not fall short of the estimate. This might happen if the total output of finished steel proved substantially less than the estimated figure of 524,000 tons, but the natural safeguard against this risk is to fix the amount payable per ton at such a figure that, unless the steel is actually produced, the bounty will not be earned, and there is no need to restrict the total payments on this ground. But even if the estimated output of finished steel is obtained, there might still be a shortage of 'bounty' steel, if the production of 'other' steel exceeded the estimate. This point requires rather closer examination.

Relative proportions of 'bounty' steel and 'other' steel.

24. The steel, which cannot be taken into account in calculating the additional bounty, consists of tinplate bars, rails and fishplates. The output of tinplate bars cannot exceed the estimate, for it has been taken as equal to the full requirements of the Tinplate Company, and that company has recently obtained part of its requirements from Europe and may continue to do so. There is, however, a possibility that the quantities of rails and fishplates sold under contract may be larger than the figures taken, and the quantities sold outside the contracts smaller. The requirements of the Bengal Nagpur Railway Company and of the Palmer Railway Companies have been taken as equal to the average supplies to them in previous years, but it is not known whether they will in fact require so much. It is possible, moreover, that the Railway Board, now that the East Indian and Great Indian Peninsula Railways have been brought under their management, may take larger quantities of rails and fishplates in 1926-27 than they have done in previous years. The total quantity of rails covered by the Railway Board's contract is 300,000 tons, and it is understood that in the last of the seven years for which it operates (1926-27) the balance remaining to be taken will be large. If the Railway Board's requirements are higher than usual, the output of 'other' steel may be higher than the estimate, and if so the output of 'bounty' steel will be lower. There is another element of uncertainty here because it is not known whether the Palmer Railway Companies will purchase in 1926-27 on the basis of British prices or of Continental prices. The Bengal Nagpur Railway has definitely adopted the latter course, and in the tables the price likely to be realised for rails sold outside the contracts has been taken as equal to the price paid by that company during the current year. If some of the 'Palmer' Companies were to purchase on the basis of British prices, the bounty, as estimated, would be too high. We think that some allowance must be made for these uncertainties, but no exact calculation is possible and whatever figure is taken must be arbitrary. The estimated quantity of rails and fishplates likely to be sold outside the contracts is 53,500 tons and a reduction of one-third seems a fair allowance for over-estimating. On this basis the total assistance required will come down by Rs. 5·5 lakhs.

The cost of production as it affects the amount of the supplementary protection required.

25. The main object of the present enquiry is to ascertain what additional assistance the steel manufacturer requires if he is to receive the protection originally intended. The need for such assistance arises from the fall in prices, and the cost of production is not directly in issue. The Board made it plain in their Report on the Grant of Protection to the Steel Industry that a substantial decrease in costs was to be expected in 1925-26 and 1926-27, and the fact that costs have actually fallen considerably and are likely to fall still further, does not in itself justify a departure from the original scheme. But if it were found that supplementary protection, calculated on the full difference between the prices likely to be realised for certain classes of steel, would probably result in unreasonably large profits to the manufacturer at the expense of the taxpayer, that would certainly be a reason for limiting the assistance to be given. This aspect of the case has been examined in a separate note (Annexure A), and only the results arrived at need be recorded here. It appears probable that, if the Iron and Steel Company received additional assistance to the extent of Rs. 110 lakhs in the eighteen months ending on the 31st March 1927, the cost of production would go down to an extent sufficient to leave a surplus over the all-in cost of production of Rs. 70 lakhs in 1925-26 and Rs. 126 lakhs in 1926-27. The sum required to give an eight per cent. return on the fair capitalisation of the works is Rs. 120 lakhs a year, and during the first three years of protection the Company would realise Rs. 200 lakhs in all, or about Rs. 67 lakhs a year. It is clear, we think, that he manufacturer's profits are not likely to be unreasonably high, and that a limitation of the bounty payments cannot be justified on that ground.

Reduction in costs and fall in steel prices partly attributable to the same cause.

26. The question of the cost of production has another aspect which is directly relevant in this enquiry. One of the causes of the fall in Indian steel prices is the rise in the rupee sterling exchange, and it may well be that this factor has operated to reduce the cost of production also. If, in fact, this is the case, and if the supplementary protection sufficed to give the Indian manufacturer the standard prices fixed for certain classes of steel, he would be better off than he would have been, had the exchange and prices remained as in 1923. In other words, if the rise in the exchange has reduced the cost of production, the standard prices are now too high. It becomes necessary therefore to examine the question how far the rise in the exchange has tended to reduce costs in the steel industry. The higher value of the rupee would naturally be followed by a decline in the general price level, and in this way not only the cost of materials, but ultimately the cost of labour also would be reduced. Both points deserve scrutiny.

27. So far as wages and salaries are concerned there has, as yet, been no change in the conditions. The wholesale prices of the great staple commodities are the first to be affected by a rise or fall in the exchange, and the retail prices, on which the cost of living depends, respond much more slowly to the stimulus and do not establish themselves on a new level until some time has passed. An increase or decrease in the wages of labour may follow the change in the cost of living, but only after an interval which is likely to be a long one when circumstances call for a reduction in wages. As it happens the period, during which the exchange value of the rupee was increasing, was also a period when the world price of many staple commodities was rising, and the higher value of the rupee tended to secure the maintenance of existing prices rather than an actual decrease. In these circumstances a reduction in the cost of living could hardly have been urged in favour of a lower wage scale. It is, of course, true that, at whatever rate the exchanges may finally settle down, things must come to a level, for no country can permanently gain or lose in respect of its natural advantages for industries, by changes in the external value of its currency unit. In the case of the steel industry, moreover, it is quite possible that the re-adjustment will take place rather by an increase of wages in Europe than a reduction in India, for the wages of metal workers in the United Kingdom at any rate are rather noticeably below the level which prevails in other industries. In one way or other the adjustment is ultimately inevitable, but we can see no prospect of either change taking place before the expiry of the three years during which the Steel Industry (Protection) Act remains in force. During the period with which we are concerned, therefore, the Indian manufacturer of steel cannot set off against the lower price he receives any reduction in wages and salaries, save in so far as it may be possible, when the engagement of a covenanted hand expires, to fill his post at a lower rate of pay. The effect of any changes of this kind must be negligible for some time to come.

Labour costs unaffected by the higher value of the rupee.

28. The cost of materials stands in a different position from that of labour. Where an industry uses purchased materials the price of which is regulated by the cost of importation, the reduction in costs when the exchange rises is immediate and automatic. But the only raw material of this kind used in the steel industry is the spelter required for the manufacture of galvanised sheet, the cost of which is at present about Rs. 90 per ton of sheet produced. If the exchange were at 1*s.* 4*d.* the extra cost would be Rs. 11 per ton of sheet, which is equivalent to Rs. 0·6 per ton of finished steel. The other raw materials such as iron ore, manganese and limestone are produced in the Company's own mines and quarries and their cost is mainly the cost of the labour employed in their extraction.

Effect of the rise in the exchange on the cost of primary materials.

29. If the primary raw materials of the industry are set aside, there remains a large miscellaneous class of materials, such as tools, lubricating oils, refractories for lining the furnaces and ovens, spare parts of machinery, and stores of all kinds. In so far as the cost of these materials, whether imported or not, is regulated by the cost of importation, the rise of the exchange must tend directly to bring down costs. Before the amount of the probable saving could be estimated with any approach to accuracy, a close and detailed examination of the Company's costs would be necessary, for it is not only a question of ascertaining the cost of such materials in every department of the Company's mines, quarries and works, but also of eliminating from the account those materials of local origin the cost of which is unaffected by exchange fluctuations, or by the incidental change in the level of prices. Thus for example, the materials used in repairing the machinery and buildings would be largely produced in the Company's own works, and practically all tools and appliances made of cast iron would be made in the Company's own foundries. A detailed investigation of this sort could not be attempted in this enquiry, but our examination of the Company's cost sheets leads us to believe that the cost of the miscellaneous materials in question must be less than 20 per cent. of the cost of finished steel, and that an increase in the value of the rupee from 1*s*. 4*d*. to 1*s*. 6*d*. would reduce the average cost per ton by something less than Rs. 2-8-0. The reduction also would not be immediate but gradual. All industrial companies in India are compelled to hold large stocks of imported stores, and the debits in the monthly cost sheets represent purchases made many months before. The first effect of the higher exchange would be a gradual decline in the interest on working capital owing to the lower prices paid, and the works costs would not be affected till later.

The cost of miscellaneous materials.

30. The most important material of all has not yet been mentioned. The cost of coal is vital to the steel manufacturer, and in India the decline in coal prices during the last two years has been very heavy. The cost of certain miscellaneous materials and stores used by the steel manufacturer must be assumed to be lower because of the rise in the exchange, but there is no evidence that there has been a general fall in the price of such materials apart from the exchange. The case of coal is entirely different. The decline in price is known, but the part which the higher value of the rupee may have played in bringing about the fall is quite uncertain. It cannot have affected prices directly, for the great bulk of the output of the Indian collieries is not sold in competition with imported coal. It is true, of course, that in so far as the rise in the exchange has operated to restrict the sale of Indian coal in overseas markets* and thereby increased the quantity which has to be sold in the markets accessible by rail, it must apparently have contributed to the fall in the pit-head price in Bengal and Bihar, but it is a matter of pure conjecture how much higher the price would have been with the rupee at 1*s*. 4*d*.

The cost of coal.

* This phrase covers the Indian ports, such as Bombay, Madras and Rangoon, as well as Ceylon and the Straits Settlements.

No figure that might be suggested as the measure of the difference, could claim any sort of authority. The coal question, however, has wider aspects and these deserve to be considered. It is impossible to dissociate the fall in the price of Indian coal from the general depression in trade, which is largely responsible for the fall in the world price of steel. The slackening of industrial activity in one country produces reactions in others, and when industries are depressed the demand for coal declines. It would not be safe to press this argument too far, for there were other causes at work which were likely to bring about a substantial reduction in the price of Indian coal, irrespective of the course of world trade. But it would not be unreasonable, we think, to attribute a difference of Re. 1 a ton in the price of coal to factors (of which the rise in the exchange is one) that have brought about the fall in the price of Indian steel. To that extent an allowance ought, we think, to be made in determining the additional assistance which the steel industry requires. If all the coal used at Jamshedpur were purchased, the difference in the average cost of finished steel would be Rs. 4 a ton, but, in fact, a considerable part of it is raised in the Company's own collieries, and the rise in the exchange has affected such coal only in so far as the price of the stores used in the collieries has fallen. We do not think that the difference, which the higher value of the rupee may make in the cost of steel manufacture through its effect on coal prices, can safely be put higher than Rs. 2·5 a ton. It is certain, moreover, that steel costs at Jamshedpur cannot be affected by the market price of coal until 1926-27. The Iron and Steel Company pays for the coal it buys, the same price as the Railway Board is paying, or a price of 8 annas a ton higher, and the prices, which the Board will pay in 1925-26, are apparently about Rs. 3 a ton above the current market rates.

Final estimate of the additional protection required.

31. We are now in a position to revise the first estimate of the supplementary protection required for rolled steel. That estimate amounted to Rs. 110 lakhs (paragraph 20), which is equivalent to Rs. 35 per ton of bounty steel, or if the bounty is calculated on the total output of finished steel, Rs. 21 per ton. We have found that the lower cost of spelter and miscellaneous stores, resulting from the rise in the exchange, justifies a reduction in the standard prices of Rs. 3 per ton from October 1925 onwards, and that the lower cost of coal justifies a further reduction of Rs. 2·5 a ton in 1926-27. The estimated production of bounty steel is 83,000 tons in the latter half of 1925-26, and 232,000 tons in 1926-27, and the total reduction to be made is therefore as follows:—

	Rs. lakhs.
1925-26...Rs. 3 a ton on 83,000 tons	2·49
1926-27...Rs. 5·5 a ton on 232,000 tons	12·76
TOTAL .	15·25

The sum required per ton of, bounty steel, is then reduced by about Rs. 5 to a little more than Rs. 30 a ton, or if the bounty is calculated on the whole output, the reduction is from Rs. 21 to Rs. 18 a ton, *i.e.*, Rs. 3. The total payments on account of the bounty would amount to Rs. 95 lakhs, but as a safeguard against an over-estimate of the output of bounty steel, a further reduction of about Rs. 5 lakhs is necessary.* The payments, during the eighteen months ending on the 31st March 1927, should therefore be subject to a maximum limit of Rs. 90 lakhs in all.

The Board's recommendations regarding rolled steel.

32. Our recommendation is that a bounty should be paid on steel manufactured in India between the 1st October 1925 and the 31st March 1927, subject to the following conditions:—

(1) The bounty should be paid only to firms or companies manufacturing, mainly from pig iron made in India from Indian ores, steel ingots suitable for rolling or forging into any of the kinds of steel articles specified in Part VII of Schedule II to the Indian Tariff Act, 1894.

(2) The bounty should be paid on steel ingots manufactured by such firms or companies, and the bounty should be paid at the rate of Rs. 18 a ton on 70 per cent. of the total weight of the ingots manufactured in each month.

(3) The total amount of the bounty payable under this Resolution in the 18 months ending 31st March 1927 should not exceed Rs. 90 lakhs.

Except in respect of the period, the amount payable per ton and the limit on the total payments, these conditions are identical with those contained in the Resolution of the Legislative Assembly, passed on the 26th January 1925, by which an additional bounty was sanctioned for twelve months up to the 30th September 1925. The system, by which the bounty is paid on 70 per cent. of the ingot production, seems to have worked smoothly, and we find no reason for suggesting any change in this respect. If, as we propose, the rate per ton is fixed at Rs. 18 and the limit to the total payments at Rs. 90 lakhs, the effect will be that the full bounty can be earned by an ingot production of 714,000 tons which is equivalent to 500,000 tons of finished steel. The risk that the output of 'bounty' steel may be less than the estimate is, we think, sufficiently safeguarded.

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* This reduction has not been taken into account in calculating the amount required per ton. The reduction of Rs. 15 lakhs has been made because the standard prices are now too high owing to the change in circumstances; the second reduction of Rs. 5 lakhs has been made because a shortage in the output of 'bounty' steel is considered probable.

33. The payments to which the Government of India already stand committed under the Steel Industry (Protection) Act and the Resolution of the Legislative Assembly, are approximately as follows:—

Total payments by way of bounty.

—	Rs. lakhs.
Bounty on rails and fishplates 1924-25	36
Estimated ditto 1925-26	32
Estimated ditto 1926-27	27
Bounty on railway wagons	21
Additional bounty on rolled steel up to 30th September 1925 . . .	50
TOTAL .	166
Add additional bounty on rolled steel now proposed for the 18 months ending 31st March 1927.	90
GRAND TOTAL .	256

It is necessary to ascertain whether the increase in revenue arising from the protective duties on certain kinds of steel, is sufficient to meet these charges.

34. The increase in the Customs revenue, which has resulted from the imposition of protective duties on certain kinds of steel, and which is likely to be realised up to the 31st March 1927, has been calculated in the Note in Annexure B and the attached Tables. The increase in revenue during $9\frac{1}{2}$ months of 1924-25 was approximately Rs. 107 lakhs, and the increase expected in 1925-26 and 1926-27 is about Rs. 195 lakhs, the grand total being Rs. 3 crores in round figures. If an allowance is made for the increase in consumption, which might have occurred if the duties had remained at 10 per cent., the nett increase in revenue is Rs. 280 lakhs. It will be seen, therefore, that the increase in revenue is likely to exceed the payments on account of bounty by Rs. 24 lakhs during the three years during which the Steel Industry (Protection) Act remains in force. In these circumstances our view is that the additional protection required by rolled steel should be given entirely in the form of bounties, and that it is not necessary to propose any increase of the Customs duties on rolled steel. It is possible, of course, that our estimate of future consumption, and consequently of the imports, may prove to be too high, but a margin of Rs. 24 lakhs would seem to be sufficient. The gross revenue from the protective duties, collected in the first four months of 1925-26, was Rs. 77

Increase in the Customs Revenue greater than the bounty payments.

lakhs out of which at least Rs. 33 lakhs represent an increase in revenue. The increase actually realised in $13\frac{1}{2}$ months is therefore Rs. 140 lakhs, (*i.e.*, over Rs. 10 lakhs a month), and in order to reach the total increase of Rs. 3 crores by March 1927, a further increase of Rs. 160 lakhs is required in 20 months, *i.e.*, at the rate of Rs. 8 lakhs a month. We believe that our anticipations are justified, but, if the Customs collections show a marked falling off in the next six months, the matter could be reconsidered. We do not expect, however, that any increase in the duties will be found necessary.

G. RAINY—*President.*

J. MATTAI—*Member.*

C. B. B. CLEE—*Secretary.*

August 13th, 1925.

ANNEXURE A.

Note on the cost of production of steel at Jamshedpur and on the manufacturer's profits under protection.

Cost of producing steel at Jamshedpur in 1924-25.

In their Report on the grant of protection to the steel industry (paragraphs 84 and 85), the Board found that the average works cost of finished steel at Jamshedpur was about Rs. 130 a ton in 1922-23, and they saw no prospect that, in the old plant at least, the cost could be brought appreciably below that figure until 1925-26. This figure of Rs. 130 a ton was arrived at on the assumption that the cost of the coal used would be equal to the price paid for coal, f.o.r. colliery, *plus* freight to Jamshedpur, whereas the Tata Iron and Steel Company actually charge in their cost sheets the average of the price paid for purchased coal and the raising cost of the coal produced in their own collieries, *plus* freight to Jamshedpur in both cases. The effect is to reduce the cost of finished steel by about Rs. 6 a ton, so that an average cost of Rs. 124 a ton in the Company's cost sheets would be equivalent to the Board's figure of Rs. 130 a ton. The actual average cost of all finished steel in 1924-25 was Rs. 122·5 a ton, or if sheets, tinplate bars and plates are excluded (these kinds of steel were not manufactured in 1922-23), Rs. 119 a ton. As the Board anticipated, the working of the new duplex plant gave rise to many difficulties during the first six months of the year; and until these had been overcome, the output of ingots was so low that the supply of steel to the new mills was very poor. Costs both in the new furnaces and the new mills were therefore abnormally high, but rapidly improved from October 1924 onwards. The open hearth furnaces, on the other hand, maintained a high level of output throughout the year, and costs in the old plant were lower than in 1922-23.

Financial results of the Tata Iron and Steel Company in 1924-25.

2. The financial results of the first year, during which steel was protected, are summarised in the following table:—

	Rs. lakhs.
Total surplus over works cost	124
Portion of surplus attributable to the sale of pig iron*	29
Bounty on rails and fishplates†	36
Additional bounty on ingot production from 1st October 1924 to 31st March 1925	29
Surplus over works costs resulting from the sale of steel	30

*184,530 tons of pig iron were sold at an average price of Rs. 48·81 a ton f.o.r. Tatanagar. The average works cost for the year was Rs. 32·98 a ton. The surplus was therefore Rs. 29,21,110.

†The Steel Industry (Protection) Act did not receive the assent of the Governor-General until the 13th June 1924. But the bounty on rails was made payable on the whole output from April 1924.

The output of finished steel was about 250,000 tons, so that, under the operation of the Steel Industry (Protection) Act, the surplus over works cost was approximately Rs. 26 per ton of steel, and this sum was increased to Rs. 38 a ton by the additional bounty. Had there been no protection at all the sale proceeds of the steel sold would barely have covered the works costs. The total surplus over works costs should have sufficed to meet the full overhead charges which were approximately as follows:—

	Rs. lakhs.
Interest on working capital*	20·00
Agency and head office expenses*	7·75
Depreciation*	93·75
TOTAL .	121·50

But owing to the fact that the Company's fixed capital expenditure exceeds its share capital by a substantial sum, not only the whole of the debenture interest, but also part of the interest on temporary loans must be treated as return on fixed capital and not interest on working capital. The interest charges of this kind amounted to about Rs. 33 lakhs. Debenture and other interest charges have, of course, to be met before depreciation is provided for, and it was on this account the Company found themselves unable to allocate more than Rs. 61 lakhs to depreciation. The results of the first year are very much in accordance with the anticipations expressed in the following passage in the Board's first Report on Steel:—

> "On a production of 250,000 tons of finished steel, which is all that it is safe to rely on in 1924-25, the overhead charges alone would approach Rs. 50 a ton and the average selling price of Rs. 180 a ton would leave little margin for the return on capital."

Works costs from January to May 1925.

3. The costs and financial results of the year 1924-25 are not without interest, but they throw little light on the prospects of the years 1925-26 and 1926-27. A detailed examination has therefore been made of the cost sheets of the five months from January to May 1925, and the results are summarised in Table 1 where the works costs of the first five months of 1925 are compared with the costs for the whole year 1924-25 and with the estimate (prepared by the Tata Iron and Steel Company at the end of 1923) of future costs after full production has been obtained. There are two points to be borne in mind in making the comparison. In the Company's estimate coal was taken at the price prevailing in 1921-22, *i.e.* Rs. 8 a ton for coking coal delivered at Jamshedpur, whereas in the

*The figure for agency and head office expenses is taken from the Company's Profit and Loss account for the year. The figure for interest on working capital includes an allowance for interest on the advance made by the Government of India. For the figure for depreciation see paragraph 81 of the Board's Report on the grant of protection to the Steel Industry.

cost sheets the average price at which coking coal was charged was about Rs. 9·25 in the first five months of 1925, and the average price for the whole year 1924-25 was higher still. In the second place the Company's estimate presupposed an output of finished steel approaching 35,000 tons a month, whereas the average output was less than 21,000 tons in 1924-25 and not quite 25,000 tons in the first five months of 1925. Both the higher cost of coal and the lower output would tend to raise the works costs above the estimate and this must be borne in mind.

Reduction in Works Cost already secured.

4. The average cost of all finished steel dropped from Rs. 122·5 a ton for the whole year 1924-25 to Rs. 115 a ton in the first five months of 1925, but is still higher by Rs. 9 a ton than the estimate of future costs. Similarly the average cost in the rail and bar mills was less by Rs. 11 a ton than the cost in 1924-25, but higher by Rs. 9 a ton than the estimated cost. The reduction as compared with 1924-25 was due in the main to a fall in the cost of pig iron, which, of course, affects favourably the costs in all the later stages of manufacture, and to a higher output from the steel furnaces in the duplex plant. The cost of pig iron during the five months was not only less by Rs. 3·5 a ton than in 1924-25, but also less by Re. 1 a ton than the estimate of future costs, although coking coal was charged in the cost sheets at Rs. 9·25 a ton as against Rs. 8 a ton in the estimate. The reason is apparently to be found in the high output of the blast furnaces, in a gradual reduction in the cost of coal as compared with 1924-25, and in an improvement in the quality* of the coal. The output of ingots from the duplex plant averaged 18,000 tons a month for the five months, as against 13,500 tons for the year 1924-25, and 30,000 tons the estimated full output. The average works cost of duplex ingots is still Rs. 3·5 a ton above the estimate, but would have exceeded the estimate by a much larger sum had it not been for the fall in the cost of pig iron. The output of the open-hearth furnaces was slightly above the estimated output of 17,500 tons a month, and the cost of open hearth ingots was less by Rs. 4·5 a ton than the estimated cost. The open hearth furnaces in the old plant are still thoroughly efficient and are giving the full output expected of them, but the obsolescence of the old rolling mills is becoming more and more apparent. Conversely, the new rolling mills are giving even better results than were anticipated, but they are held back by the inability of the duplex plant at present to keep them supplied with steel. The figures tabulated in Table 2 bring out the facts clearly. It will be seen that the costs in the three old mills exceed the estimate substantially in every case, whereas the costs in three of the four new mills are already below the estimate, although none of them had an output exceeding five-sixths of the full output and one of them was as low as a half. The inference clearly is that, in order to secure economical production,

*The quantity of coking coal used per ton of pig iron was less than 1·66 tons in the five months as against 1·66 tons in 1916-17 and 1·78 tons in 1921-22

the fullest possible use will have to be made of the up to date and efficient rolling mills.

Reasons for expecting a further reduction in costs.

5. The brief review of the Iron and Steel Company's costs contained in the last three paragraphs leads up to the question, what reductions in costs can reasonably be expected in the years 1925-26 and 1926-27. There are four main causes which are likely to bring about a fall in costs. These are:—

(1) The lower price of coal.

(2) The increase in the output of the duplex furnaces.

(3) The reduction of the percentage of 2nd class rails in the new rail mill.

(4) The reduction in the labour cost of black and galvanised sheet.

The first two points are much the most important but each of them demands separate discussion.

The lower price of coal.

6. Under the long term contracts made by the Tata Iron and Steel Company with certain collieries, the price paid for coal varies according to the price paid by the Railway Board, and the price paid by the Railway Board itself was fixed for the three years 1922-23 to 1924-25 by a contract which provided for an increase of 12 annas a ton in each of the two latter years. Subsequently, however, this contract was modified by arrangement between the Railway Board and the collieries. Its term was extended to cover the year 1925-26, and the prices fixed for 1924-25—1925-26 were less by 8 annas and 12 annas a ton than the price paid in 1923-24. The evidence does not make it clear how exactly the modified arrangement affects the contracts between the Tata Iron and Steel Company and its suppliers, but we infer from the figures in the cost sheets that the benefit of the reduction in price accrues to the Company mainly in 1925-26 and not in 1924-25. The average cost charged in the cost sheets for coking coal was above Rs. 9·5 a ton in the last three months of 1924-25 and fell to Rs. 8·5 a ton in May. No further reduction in the cost is expected until April 1926, and the average cost for the year 1925-26 will be lower than the average for the first five months of 1925 by Rs. 0·75* a ton. The consequent reduction in the cost of finished steel should be about Rs. 3 a ton. The prices paid by the Railway Board in 1925-26 are a great deal higher than the price at which coal can be purchased in the open market, and in the year 1926-27 the price paid by the Tata Iron and Steel Company should be closely in accord with the market rates. The data for an exact calculation are lacking, but, if the current prices are taken as about Rs. 3 a ton less than the prices paid by the Railway Board in 1925-26, and if half the coal used at Jamshedpur is assumed

*The average cost of coking coal for the five months was Rs. 9·25 a ton as against Rs. 8·5 a ton in May.

to be purchased coal, the cost of coking coal charged in the cost sheets of 1926-27 should not exceed Rs. 7 a ton, a figure which is less by Rs. 2·25 a ton than the average of the first five months of 1925. The consequent reduction in the cost of finished steel in 1926-27 would then be about Rs. 9 a ton.

Increased output of Duplex Steel Furnaces.

7. According to the original estimate the two tilting furnaces in the duplex plant should be capable of an output of 30,000 tons of ingots a month, but up till now the actual output has exceeded 20,000 tons only in one month. The Company expect an average output from the duplex plant of a little over 20,000 tons of ingots a month in 1925-26 and 24,000 tons in 1926-27. The increase in output might be expected to reduce the cost of ingots by Re. 1 a ton in the first year and by Rs. 2 in the second. The duplex ingots will be about 53 per cent. of the total production in 1925-26 and 58 per cent. in 1926-27, so that the resulting *reduction in the average cost of finished steel would be approximately Rs. 0·75 and Rs. 1·5 a ton in the two years. According to the Company's forecast, most of the additional ingots will be rolled in the new mills, and a reduction in the rolling cost is also to be expected, but is rather more difficult to estimate. An exact calculation is hardly possible, but a comparison of the average costs for the whole five months with the costs in the months of highest output leads to the conclusion that the reduction in the costs of certain mills, producing about two-thirds of the total output, might amount to Rs. 1·5 a ton in 1925-26 and Rs. 3 a ton in 1926-27. The total reduction in costs likely to arise from the increased output of the duplex furnaces is Rs. 2 a ton in 1925-26 and Rs. 3·5 a ton in 1926-27, spread over the whole output of the works."†

Percentage of second class rails.

8. The cost of rails in the new rail mill at Jamshedpur has been raised substantially since April 1924 by the high percentage in the output of second class rails (*i.e.*, rails which the Metallurgical Inspector will not certify). It is understood that the difficulty is due to temporary causes and that steps are being taken to set matters right. Meanwhile, however, the position is unsatisfactory. There is only a limited market in India for second class rails, and when that limit is exceeded, the production can be sold, if at all, only at a heavy loss. The result is that the credit taken for second class rails

*The consumption of ingots per ton of finished steel is about 1·43 tons.

†The details of the calculation are as follows:—

	1925-26.	1926-27.
	Rs.	Rs.
Reduction in the cost of ingots . . .	0·75	1·50
Reduction in milling costs owing to higher output	1·00	2·00
Total reduction .	1·75	3·50

in the rail mill cost sheet goes down and the cost of first class rails goes up. A marked improvement may reasonably be expected in 1926-27, and the percentage of second class rails should go down sufficiently to reduce the works costs of rails by at least Rs. 3 a ton. Spread over the whole output this would mean a reduction of Re. 1 a ton in the average cost of finished steel.

Labour costs in the sheet mills.

9. The manufacture of black and galvanised sheet commenced at Jamshedpur in October 1924, and no estimate of the eventual cost of production can yet be made. The costs of the first few months of working are not typical for, while the imported labour staff is already at full strength, the output has been less than a third of the estimated capacity of the mills. A substantial reduction in the labour cost is, however, certain, and in 1926-27 this item should be lower by at least Rs. 20 a ton than it was in the first five months of 1925. The sheet production in that year will be about 10 per cent. of the total output, so that the reduction in the average cost of finished steel on this account should be about Rs. 2 a ton.

Amount of the probable reduction in Works Costs.

10. The reductions in the works cost of steel at Jamshedpur, which appear probable in 1925-26 and 1926-27, are summarised in the following table:—

	1925-26. Rs. per ton.	1926-27. Rs. per ton.
Reduction in the cost of coal . . .	3·00	9·00
Higher output of duplex furnaces . .	1·75	3·50
Reduction in the percentage of second class rails	..	1·00
Reduction in the cost of sheet . . .	..	2·00
TOTAL .	4·75	15·50

These figures are not, we think, very wide of the mark, but they are subject to certain reservations. Owing to limitations of time we have had no opportunity of placing the figures before the representatives of the Company and obtaining their opinion on the subject. The figures taken as the reductions in cost attributable to the fall in the price of coal involve assumptions as to the price at which the Railway Board will purchase, as to the proportion of the coal used at Jamshedpur, which is purchased and not raised in the Company's own collieries, and as to the present consumption of coal per ton of finished steel at Jamshedpur. The reduction expected

from the higher output of the duplex furnaces depends, of course, entirely on whether the increase forecasted will actually be attained. Finally the five months January to May include the three months when production is always highest, and under normal conditions, the average cost for these months would always be less than for a complete year. Some allowance must be made for these factors, and we think it is safer to take the estimated reduction in costs as not more than Rs. 4 a ton in 1925-26 and Rs. 12 a ton in 1926-27.

11. Before the cost sheets had been examined in detail, four statements were drawn up with the object of ascertaining the probable financial result to the Company on the assumption—

(1) That the protection given would be sufficient to enable the Company to realise for certain kinds of steel the standard prices adopted by the Board in 1924 as the basis of their recommendations.

(2) That the average works costs in 1925-26 would be equal to the average of the five months January to May 1925.

(3) That the average works costs in 1926-27 would be lower than the average of the first five months of 1925 by Rs. 5 a ton.

The figures in these statements were verified (and in some cases corrected) by the representatives of the Iron and Steel Company, who accepted the method of calculation as being accurate for its purpose. These statements are printed as Tables 3 to 6 and the final results are contained in Table 6. It will be seen that the surplus over works costs is expected to amount to Rs. 153 lakhs in 1925-26 and to Rs. 196 lakhs in 1926-27. If, however, the reductions in costs indicated in paragraph 10 are actually attained, these figures will be somewhat increased. The surplus over works costs becomes Rs. 165 lakhs in 1924-25 and Rs. 221 lakhs in 1926-27. The overhead charges on account of agency and head office expenses, interest on working capital and depreciation may be taken at the round figures of Rs. 120 lakhs, and the surplus above the all-in-cost will then be Rs. 45 lakhs in 1925-26 and Rs. 101 lakhs in 1926-27. The sale of pig iron might raise these figures by about Rs. 25 lakhs in each year, so that the final surplus would be as follows:—

	Rs. lakhs.
1924-25	4
1925-26	70
1926-27	126
TOTAL .	200

The sum required to give an 8 per cent. return on Rs. 15 crores, which the Board in their original enquiry found to be the reasonable capitalisation for iron and steel works with an output equal to that of the works at Jamshedpur, is Rs. 120 lakhs a year. It will be seen, therefore, that, during the first three years of protection, the

only manufacturers of rolled steel in India, after meeting the all-in-cost of production, will have earned a profit sufficient to pay about $4\frac{1}{3}$ per cent. on the capital. The whole sum of Rs. 200 lakhs would not, however, be available for distribution to the shareholders. The interest on debenture and other loans, the proceeds of which have been used to defray fixed capital expenditure, will absorb about Rs. 33 lakhs in each year, and the balance remaining is Rs. 134 lakhs. The dividends on the first and second preference shares of the Company require Rs. 57 lakhs in each year so that balance left for the ordinary shareholders would be very small even if the second preference dividends were not three years in arrears.

TABLE 1.

Comparison of the actual cost of steel production at Jamshedpur during certain periods with the cost after full production has been attained as estimated by the Tata Iron and Steel Company in 1923.

—	1923 estimate.	Actuals 1924-25.	Actuals January to May 1925.	Actuals of best month.
	Rs. per ton.	Rs. per ton.	Rs. per ton.	Rs. per ton.
Pig iron	30·95	32·98	29·68	29·13
Open hearth ingots	60·80	61·12	56 34	55·64
Duplex ingots	57·11	71·75	61·91	60·74
Old blooming mill	72·39	77·57	74·04	71·68
New blooming mill	68·81	86·45	72·31	71·15
Old rail mill	100·91	112·85	110·01	104·80
New rail mill	93·69	114·53	98·51	95·08
Old bar mill	125·08	130·09	130·06	128·60
New bar mill	106·71	137·15	112·24	108·82
Old rail and bar mills	106·50	117·77	115·76	....
New rail and bar mills	96·30	120·51	102·70	....
All rail and bar mills	99·00	118·93	108·05	....
Plate mill	120·54	146·88	137·92	129·79
Sheet bar and billet mill	80·81	101·23	81·35	79·82
Black sheet	149·18	207·17	195·30	187·32
Galvanised sheet	194·43	360·62	347·18	332·56
All finished steel	106·46	122·39	115·26	....

TABLE 2.

Comparison of the actual cost above nett metal in certain rolling mills at Jamshedpur with the estimate of future costs after full production has been attained made by the Tata Iron and Steel Company in 1923.

	Monthly output.		Cost above nett metal.	
	As estimated in 1923.	Actual January to May 1925.	As estimated in 1923.	Actual January to May 1925.
	Tons	Tons	Rs.	Rs.
Old blooming mill	7,358	8,520	7·96	11·42
Old rail mill	5,000	5,202	21·49	25·36
Old bar mill	1,500	2,061	38·09	47·00
New blooming mill	31,733	21,610	4·38	4·60
New rail mill	14,583	7,263	14·05	13·96
Merchant bar mill	3,658	3,188	23·69	18·95
Sheet bar and billet mill . . .	12,833	10,044	7·50	5·44

TABLE 3.

Calculation of the surplus over works costs likely to accrue to the Tata Iron and Steel Company from the manufacture in 1925-26 of those kinds of steel on which the additional bounty is calculated.

	Works costs January to May 1925.	Price with additional bounty.	Difference between 1 and 2.	Quantity.	Surplus over works costs.
	1	2	3	4	5
	Rs. per ton.	Rs. per ton.	Rs. per ton.	Tons.	Rs.
Rails	98·51	181·00	+82·49	2,000	+1,64,980
Heavy structurals	110·30	175·00	+64·70	28,800	+18,63,360
Light structurals	131·04	175·00	+43·96	24,000	+10,55,040
Bars	112·25	180·00	+67·75	60,000	+40,65,000
Plates	137·92	180·00	+42·08	20,400	+8,58,432
Black sheet	195·73	230·00	+34·27	13,200	+4,52,364
Galvanised sheet	347·93	345·00	−2·93	13,200	−38,676
				161,600	+84,59,176
					−38,676
					+84,20,500

Calculation of the surplus over works cost likely to accrue to the Tata Iron and Steel Company from the manufacture in 1926-27 of those kinds of steel on which the additional bounty is calculated.

	Works cost.	Price with bounty.	Difference between 1 and 2.	Estimated production.	Surplus over works cost.
	1	2	3	4	5
	Rs. per ton.	Rs. per ton.	Rs. per ton.	Tons.	Rs.
Rails	93·51	175·00	81·49	49,000	39,93,010
Heavy structurals	105·30	175·00	69·70	36,000	25,09,200
Light structurals	126·04	175·00	48·96	24,000	11,75,040
Bars	107·25	180·00	72·75	71,000	51,65,250
Plates	132·92	180·00	47·08	20,400	9,60,432
Black sheet	190·73	230·00	39·27	18,000	7,06,860
Galvanised sheet	342·93	345·00	2·07	18,000	37,260
Total	...	...	...	236,400	1,45,47,052

TABLE 5.

Calculation of the surplus over works costs likely to accrue to the Tata Iron and Steel Company from the manufacture in 1925-26 and 1926-27 of those kinds of steel on which the additional bounty is not calculated.

	Works costs.	Probable price with bounty on rails.	Difference between 1 and 2.	Estimated output.	Surplus over works costs.
	1	2	3	4	5
	Rs. per ton.	Rs. per ton.	Rs. per ton.	Tons.	Rs.
1925-26.					
Palmer Rails	98·51	148·50	49·99	35,000	17,49,650
Railway Board Rails	98·51	156·00	57·49	80,600	46,33,694
Tinplate bars (contract)	81·26	81·26	...	28,000	...
Tinplate bars (other)	81·26	121·88	40·62	11,600	4,71,192
Total	...	...	..	155,200	68,54,536
1926-27.					
Railway Board Rails	93·51	150·00	56·49	81,000	45,75,690
Tinplate bars (contract)	76·26	76·26	...	28,000	...
Tinplate bars (other)	76·26	120·00	43·74	11,600	5,07,384
Total	...	...	...	120,600	50,83,074

TABLE 6.

Calculation of the probable surplus over works costs per ton of finished steel in 1925-26 and 1926-27.

—	ESTIMATED PRODUCTION OF STEEL.			ESTIMATED SURPLUS OVER WORKS COSTS.			SURPLUS OVER WORKS COST PER TON OF OUTPUT.		
	Steel on which bounty would be calculated.	Steel outside the bounty.	TOTAL.	Bounty Steel.	Other Steel.	TOTAL.	Bounty Steel.	Other Steel.	TOTAL.
	Tons.	Tons.	Tons.	Rs. lakhs.	Rs. lakhs.	Rs. lakhs.	Rs.	Rs.	Rs.
	1	2	3	4	5	6	7	8	9
1925-26 . . .	161,600	155,200	316,800	84·20	68·54	152·74	52·17	44·16	48·21
1926-27 . . .	236,400	120,600	357,000	145·47	50·83	196·30	61·53	42·14	54·98

ANNEXURE B.

Note on the increase in Customs revenue derived from the protective duties on iron and steel.

The object of this note is to determine, as nearly as possible, the increase in the Customs revenue actually realised during the year 1924-25 from the protective duties on certain classes of iron and steel, and the increase in the revenue from the same source which is probable in the years 1925-26 and 1926-27. The actual collections on account of the protective duties have been obtained from the returns sent by the Collectors of Customs, but in order to ascertain the increase in the revenue, it is necessary also to determine approximately the revenue which would have been collected at the former rates of duty if the Steel Industry (Protection) Act had not been passed. In some cases this can be done with reasonable accuracy, and without much difficulty, but there are certain complications, and some explanation of how they have been dealt with must be given.

2. The natural effect of the imposition of protective duties is a reduction in imports, and this will come about in two ways. In the first place, if the price of the protected commodity is raised, it is likely that consumption will be smaller, and in the second place, as the protected industry develops, the domestic production will grow at the expense of the imports. It is necessary, therefore, to take account not only of the duty which would have been collected at the old rates on the quantities actually imported, but also of the revenue which would have accrued from larger imports. But it is not easy in any given case to estimate with confidence what the imports would have been if there had been no protection. The increase in the domestic production is known, but the effect of higher prices on the total consumption is more difficult to gauge. In the case of the steel industry, moreover, there is a peculiarity which makes the whole position somewhat paradoxical. A decline in the sterling price of steel and a rise in the rupee sterling exchange had commenced before the passing of the Steel Industry (Protection) Act and continued for some months afterwards, with the result that, four months after the passing of the Act, practically every class of steel to which protection had been given was cheaper in India—in some cases substantially cheaper—than it had been in 1923. Instead, therefore, of an increase in price which was likely to restrict consumption, protection was followed by a decline in price which was likely to stimulate consumption. Instead of a decrease in imports, the first year of protection witnessed a substantial increase in the imports of almost every class of steel affected by the protective duties. In these circumstances it is necessary to make it clear at the outset what has been taken to be the standard rate of consumption.

3. In this note, and in the tables attached to it, the consumption of the year 1923-24 has been taken as the standard, and, indeed, it was hardly possible to follow any other course. To attempt to determine for each class of steel the hypothetical quantity which would have been imported had steel not been protected, leads straight into the field of conjecture, where exact calculation becomes meaningless. Whatever allowance ought to be made on the ground of a growth in consumption, which protection has prevented, it can only be done on broad lines after the total quantities have been ascertained, and not for each class of steel separately. This point will be considered again in a later paragraph.

4. There are several other difficulties to be overcome before the increase in revenue can be estimated. Some of them can best be explained in the paragraphs, which deal with the various classes of steel, but others are of general application and should be mentioned at once. In the first place the classification of the imports in the Trade Returns does not even now exactly correspond with the divisions in the protective tariff, and it is not always easy, therefore, to combine the information obtained from these returns and from the Customs revenue statements. In particular, in order that like may be compared with like, it is necessary to ascertain approximately in the case of each class of steel what proportion of the imports of 1923-24 would have been subject to the protective duties had they been in force at that time. In some cases (*e.g.*, tinplate, wire and wire nails) it can safely be assumed that the whole of the imports shown against a particular entry in the Trade Returns would have been subject to the duties. But in other cases (*e.g.*, bars, plates and sheets) this is not so, and some process of estimating is necessary. The method actually adopted has been to ascertain from the monthly Trade Returns from July 1924 to March 1925, the percentage of the imports which was subject to the protective duties, and to apply this percentage to the imports of 1923-24. It is believed that this method of approximation will give reasonably accurate results, but there is always the possibility that in the returns of a particular year there may be some abnormality for which allowance ought to be made. The only instance of this kind, which has come to notice, is the very large importation of fabricated plates in the year 1924-25 referred to in paragraph 13 below.

5. Where both the old and the new rates of duty are *ad valorem*, the revenue, which would have been collected at the old rate on the actual imports of a particular period, can be calculated arithmetically at once, as soon as the total revenue collected at the new rate is known. But where the new duty is specific and the old rate was *ad valorem* on a tariff valuation (*i.e.*, a specific duty liable to revision annually), the case is altered. Up to the 31st December 1924 the tariff valuations fixed at the beginning of the year 19[illegible] would have remained in force, but almost certainly these valuati[illegible] must have been reduced at the beginning of the year 1925 [illegible] to the marked fall in the price of steel. What exactly the

tions would have been can only be conjectured, and in the tables attached to this note the reductions taken into account are moderate, and do not exceed what can be justified on account either of the rise in the exchange, or of the fall in the sterling price of steel, had only one of these causes been operating. When the figures of the year 1924-25 are under examination, there is this further complication that one rate of duty would have been in force during part of the year and another rate of duty during the last three months. In such cases a weighted average valuation has been taken, determined by the quantities of steel imported during each period.

6. The actual calculation of the increase in revenue arising from the duties on each class of steel is made in the tables annexed to this note, but certain explanations are necessary in order that the tables may be understood. The paragraphs which follow contain the explanations appropriate for each class of steel.

Tinplates.

7. The quantity of tinned plate and sheet, which is not subject to the protective duties, is negligible, and for practical purposes it can be assumed that the whole of the imports under this head are protected. The tariff valuation in 1924 was Rs. 400 a ton and it has been assumed that this valuation would have been reduced to Rs. 360 a ton in 1924-25. The weighted average valuation for the 9½ months, during which the Steel Industry (Protection) Act was in force during the year, is Rs. 385 a ton. The total consumption of tinplate was 58,500 tons in 1923-24 and 60,700 tons in 1924-25. It has been assumed that the consumption will be stationary at about 60,000 tons during the next two years, but the increase of the Indian production to 30,000 tons reduces the imports to the same figure.

Galvanised Sheet.

8. The imports of galvanised sheet increased from 164,500 tons in 1923-24 to 208,500 tons in 1924-25 which is the first year after the war when the total consumption attained the pre-war level. Heavy importation continued during the first three months of 1925-26, the imports for this period being at the rate of 280,000 tons for the year. It would be idle to expect the maintenance of so high a rate of consumption, but it seems probable that the pre-war standard will quite, or very nearly, be attained. At the present time British galvanised sheet in India is about Rs. 45 a ton cheaper than it was in 1923, so that an increase in consumption as compared with 1923-24 is natural. Allowance has been made for the increase in the Indian production, and also for the set-back which will most probably follow the very heavy importations of the last six months. It has been assumed that from July 1925 to March 1926 the average imports will not exceed 13,333 tons a month, and that in 1926-27 they will amount to 15,000 tons a month. In 1924 the tariff valuation of corrugated galvanised sheet

was Rs. 300 a ton, and it has been assumed that this valuation would have been reduced to Rs. 270 a ton at the beginning of 1925. The weighted average for 9½ months of 1924-25 is Rs. 285 a ton.

Steel Bars.

9. There was a very substantial increase in the imports of steel bars during the first nine months of 1924-25, which can be ascribed, partly to the rapid fall in the sterling price of Continental bars, and partly to the desire (in many cases frustrated) to import as much as possible in anticipation of the new duties. From January onwards, however, the imports fell away rapidly, and the increase for the whole year on the imports of 1923-24 was not nearly so great as at one time seemed probable. The total consumption in 1924-25 was 206,000 tons against 178,000 tons in the year 1923-24. From April to June 1925 the monthly rate of importation dropped to less than 6,000 tons a month as compared with 13,574 tons in 1923-24. This decline is obviously due to the reaction which inevitably followed the heavy importations in 1924, but it would be as wrong to assume that the decline is permanent as it would be to expect that the imports of galvanised sheet would permanently exceed the pre-war imports by 25 per cent., because the imports for the same three months were at this rate. In spite of the protective duties bars are cheaper by Rs. 10 a ton than they were in 1923, and in these circumstances it seems reasonable to assume that the 1923-24 rate of consumption will be maintained. A considerable increase in the Indian production is expected, and the imports have been taken at 120,000 tons in 1925-26 and 110,000 tons in 1926-27. In 1924 the tariff valuation on the thicker bars was Rs. 135 a ton, and on the thinner sizes Rs. 150. The average has been taken as Rs. 140 a ton. It has been assumed that in 1925 these valuations would have been reduced by Rs. 2 a ton in each case. The weighted average for 9½ months of 1924-25 is Rs. 135 a ton.

Wire.

10. The imports of wire in 1924-25 went up from 5,600 tons to 6,600 tons. In this case also there was a marked decline in the imports from April to June 1925, and it would seem that the 1924-25 level of consumption is not likely to be maintained. The same specific rate of duty has been applied to all classes of wire, excluding fencing wire, and when the increase in revenue is calculated, it must be remembered that the imports include a certain proportion of high valued wire on which the Rs. 60 duty does not amount to more than 10 per cent. *ad valorem* on the average. It is impossible to say what this proportion may be, but the average value in the Trade Returns suggests that the quantity of such wire imported is not likely to exceed a thousand tons a year. No increase of revenue on this quantity of wire has been taken into account. The total consumption in 1925-26 and 1926-27 has been taken at the same rates as in 1923-24 and some allowance has been made for the Indian production. The old duty on wire was *ad valorem* and

it is somewhat difficult to say what the average value of the imports was in 1924-25 and what it is likely to be in 1925-26 and 1926-27. It has been taken at Rs. 240 a ton in 1924-25, and Rs. 220 a ton in the next two years. These figures probably err on the high side.

Wire Nails.

11. The total consumption of wire nails in 1923-24 was 11,000 tons and 16,000 tons in 1924-25. It is not, however, clear that there has been any permanent increase in consumption, for the imports dropped during the first three months of 1925-26 to a rate equivalent to an importation of only 3,600 tons for the whole year. It has been assumed that in 1925-26 and 1926-27 the total consumption will be only slightly above the level of 1923-24. The 1924-25 tariff valuation of wire nails was Rs. 280 a ton and it has been assumed that this figure would have been reduced to Rs. 250 a ton in 1925. The weighted average for 9½ months of 1924-25 is Rs. 270 a ton.

Plates and sheets not galvanised or tinned.

12. The defective classification of the imports in the Trade Returns creates special difficulties in the case of plates and sheets not galvanised or tinned. Up to the year 1923-24 the returns did not distinguish between plates and sheets, but from April 1924 this distinction was made, and from July 1924 the total of plates and sheets was divided into protected and not protected. Finally, from April 1925, the fabricated sheets and plates were separated from the unfabricated. But it is still impossible to distinguish in the Trade Returns between the plates that are protected and the plates that are not, or between sheets that are protected and sheets that are not. The full classification, which seems desirable, would be as follows:—

- Plates and Sheets not Galvanised or Tinned.
  - Plates.
    - Fabricated.
      - Protected.
      - Not protected.
    - Unfabricated.
      - Protected.
      - Not protected.
  - Sheets.
    - Fabricated.
      - Protected.
      - Not protected.
    - Unfabricated.
      - Protected.
      - Not protected.

But the fabricated sheets are probably negligible, and hardly require separate entries.

13. The result of the imperfection of the data is, that only approximate calculations are possible as to the quantities of each class of steel involved, and in the estimate of the increase in revenue in 1925-26 and 1926-27 it has been found impossible to distinguish between plates and sheets. The importation of fabricated plates during the 9½ months of 1924-25 seems to have been altogether abnormal and amounted apparently to nearly 25,000 tons. These heavy imports may probably be ascribed to the execution during the year of some special works involving the use of large quantities of plates, *e.g.*, the Tansa Water main in Bombay. The quantity of fabricated plates and sheets included in the imports of 1923-24 is a matter of pure conjecture, but it has been assumed that the normal importations would not be more than half of what they were in 1924-25.

14. The estimated consumption of unfabricated sheets and plates was 84,000 tons in 1923-24 and over 96,000 tons in 1924-25. It is not yet certain whether there has been any permanent increase in consumption, for, during the first three months of 1925-26, the imports dropped to a rate equivalent to a consumption of about 63,000 tons a year. It has been assumed in the estimate that in 1925-26 and 1926-27, the total consumption will be only slightly higher than it was in 1923-24.

15. The 1924 valuation of plates was Rs. 150 a ton and it has been assumed that this valuation would have been reduced to Rs. 130 a ton in 1925. The weighted average for 9½ months of 1924-25 is Rs. 145 a ton. The 1924 valuation of black sheet was Rs. 175 a ton, but was probably rather low, and it has been assumed that this valuation would have been continued in 1925. In the estimate of the increase in revenue for 1925-26 and 1926-27 the average valuation of plates and sheets together has been taken as Rs. 150 a ton, since it was found impossible to treat them separately.

Structural sections, i.e., *beams, angles and channels and similar shapes, unfabricated.*

16. In this case also there are special difficulties to encounter. The unfabricated sections consist partly of angles which have always been shown separately in the Trade Returns, partly of channels which were shown separately up to June 1924, and partly of a proportion of the imports classified under the head "Beams, pillars, girders and bridgework" to which head channels were added in July of that year. Since April 1925 the imports under this head have been divided into fabricated and unfabricated, but there is no means of ascertaining precisely what the proportions of fabricated and unfabricated were in the two previous years. The values in the Trade Returns for 1923-24, however, suggest that the unfabricated sections constitute the bulk of the imports under the head "Beams, pillars, girders and bridgework" and this conclusion is confirmed by the relative proportions shown in the returns for the months of April to June 1925. For estimating purposes

it has been assumed that three-fourths of the imports under this head in 1923-24 consisted of unfabricated sections.

17. The estimated consumption of unfabricated structural sections in 1923-24 was 116,000 tons and 144,000 tons in 1924-25. In this case also there was a marked falling away of the imports during the first three months of 1925-26. This is no doubt due partly to a reaction after the heavy imports of 1924-25, but must also be due in part to the increase in the Indian production. It has been assumed that the total consumption in 1925-26 and 1926-27 will be 11,000 tons higher than in 1923-24, but less by 17,000 tons than in 1924-25. Beams and angles are at present nearly Rs. 20 a ton cheaper than in 1923 in spite of the increase in the duty.

18. The 1924 tariff valuation of angles is Rs. 150 a ton and it has been assumed that this would have fallen to Rs. 130 a ton in 1925. The duty on other sections was assessed *ad valorem*. The weighted average for 9½ months of 1924-25 has been taken at Rs. 140 a ton, and in the years 1925-26 and 1926-27 it has been assumed that the value would be Rs. 130 a ton, a figure which is probably too high.

Fabricated Steel.

19. The imports of fabricated steel appear in the Trade Returns under four different heads at least. In the first place account must be taken of some proportion of the imports under the head " Beams, pillars, girders and bridgework " and for the year 1923-24 this has been taken as one quarter. In the second place a considerable quantity of fabricated steel falls under the head " Other manufactures of iron and steel." The protected imports under this head have been shown separately since July 1924 and it appears that the precentage of protected imports is about 60. This percentage has been applied to the imports of 1923-24. In the third place nearly all the imports under the head " Railway material—bridgework " must be taken to be fabricated steel, but a deduction of 2,000 tons has been made because, even after the passing of the Steel Industry (Protection) Act, imports of about this quantity are still shown under the railway head and are not declared to be protected. It has therefore been assumed that the imports of railway bridgework from July 1924 onwards do not consist of fabricated steel, though it is not obvious what materials other than fabricated steel are likely to be imported as bridgework. In the fourth place there is a considerable quantity of fabricated plates which comes under this head. The quantity of such plates imported in 1923-24 has been taken to be 15,000 tons, due allowance having been made for the fact that the imports of such plates in 1924-25 were probably abnormal (see paragraph 13).

20. The Steel Industry (Protection) Act came into force on the 14th June 1924, whereas the classification of the imported steel into ' protected ' and ' not protected ' did not commence until the 1st July. In the case of fabricated steel it was found necessary to

estimate the imports during the second half of June under more than one head. Where the duty is specific the quantity of the imports can be ascertained at once, as soon as the amount of Customs revenue collected is known, but where the duty is *ad valorem* this is not possible.

21. The total quantity of fabricated steel imported during 9½ months of the year 1924-25, as nearly as can be estimated from the Trade Returns, was about 50,000 tons, and as the data are imperfect, it will be useful to test it by a comparison with the value of the imports. The duty actually collected at 25 per cent. *ad valorem* is known from the returns of the Customs Collectors, and if the estimated quantity is correct, the average value per ton was Rs. 229. This figure is not an improbable one, but is probably a little too high. In this case, indeed, nothing but an approximate calculation is possible, for there is the further complication that the 25 per cent. *ad valorem* duty is also applicable to switches and crossings, which are not shown separately but are included under the head " Railway track material " in the returns, and also to coal tubs and tipping wagons which appear in the Trade Returns under the head " Vehicles." They are separately classified but no quantities are given.

Total increase in revenue.

22. According to the returns of the Customs Collectors, the total Customs revenue collected during the 9½ months of 1924-25 at the protective rates of duty was Rs. 225·59 lakhs. The Customs revenue which has been taken into account in the tables attached to this note amounts to Rs. 215·86 lakhs. The balance of Rs. 9·72 lakhs is accounted for under the following heads:—

	Rs. lakhs.
Rails 30 lbs. and over	2·42
Rails under 30 lbs.	3·12
Dogspikes and tie bars	1·12
Plate cuttings	0·38
Fabricated sheets	0·22
Sheet cuttings	0·32
Tinplate cuttings	0·02
Wrought iron bar and rod	1·75
Wrought iron angle and tee	0·03
Not specified	0·35

No increase of revenue can be taken into account in respect of heavy rails because, although the duty on such rails was declared protective, it amounts only to Rs. 14 a ton which is the same as the former rate. For a different reason no appreciable increase in revenue can be assumed from the higher duties on wrought iron,

for the reduction in imports has been heavy enough to swallow up the increase which might otherwise have occurred. Most of the other items are negligible, and the only ones which need be taken into account are (*a*) light rails and (*b*) dogspikes and tie bars, both of which are subject to a specific duty of Rs. 40 a ton. The imports of light rails during the 9½ months amounted to 7,791 tons, and the imports of spikes and tie bars to 2,790 tons. The 10 per cent. *ad valorem* duty on these classes of steel may be taken approximately as Rs. 13 a ton for light rails and Rs. 20 for spikes and tie bars. The actual increase of revenue ascribable to these items in 1924-25 amounts to Rs. 2·74 lakhs. The importations of light rails were probably unusually high in 1924-25 and some reduction is likely in the two next years. For estimating purposes the increase of revenue from these two sources has been taken at Rs. 2 lakhs in each of the years 1925-26 and 1926-27. The data for any precise calculation are however lacking.

23. The last of the tables attached to this note shows the estimated nett increase in revenue actually realised in 1924-25, and expected in the two following years. The total for the three years amounts to Rs. 301·75 lakhs or in round figures Rs. 3 crores. So far as the year 1924-25 is concerned we think the estimate may be taken as substantially correct. The uncertainties to which attention has been drawn in the foregoing paragraphs would usually, when they give rise to errors, result in the transference of a part of the imports from fabricated to unfabricated or *vice versâ*. If the imports of fabricated steel are taken too high the increase in revenue is exaggerated, and to guard against this risk, while the total estimated consumption of fabricated steel and of unfabricated structural sections in 1925-26 and 1926-27 approaches the level of 1923-24, an increase of unfabricated imports has been taken and a decrease of fabricated imports. An increase of 106 lakhs out of a total revenue of Rs. 225 lakhs is about what was to be expected, having regard to the relative level of the old and the new duties. As regards the estimated increase of revenue in 1925-26 and 1926-27, the main question is whether the actual consumption of steel will be as high as the estimate in the tables. The estimated consumption in the four years is as follows:—

	Thousands of tons.
1923-24	679
1924-25	808
1925-26	724
1926-27	721

In view of the fact that steel is now cheaper than in 1923, it does not seem over-sanguine to assume that the consumption will be somewhat higher than in 1923-24. The increase anticipated is less than 7 per cent. both in 1925-26 and in 1926-27.

24. There remains the question how the consumption might have gone up if the duties had been left unchanged. The fall in

the Indian price of steel would then have been about twice as great as it actually has been. Three examples may be given.

	Landed duty paid price.		
	1923.	Present price with protective duty.	Present price with 10 per cent. duty.
	Rs. per ton.	Rs. per ton.	Rs. per ton.
British galvanised sheet . . .	330	290	272
Continental bars	151	138	109
Fabricated steel	275	250	220

The price of galvanised sheet has already fallen by Rs. 40 a ton, and the removal of the protective duty would bring it down by a further sum of Rs. 18 a ton. The price of bars, on the other hand, has only fallen by Rs. 13 a ton, and the removal of the protective duty would mean a further drop of Rs. 29 a ton. Fabricated steel has come down by Rs. 25 a ton, and, with a 10 per cent. instead of a 25 per cent. duty, would go down by Rs. 30 a ton. It hardly seems possible that the consumption in 1924-25 could have been greater than it actually was, for the rush to anticipate the new duties has swollen the figures of that year. But in each of the years 1925-26 and 1926-27 the imports might be higher by 50,000 tons if the duty were at 10 per cent. It may be said that this is an under-estimate, but, if so, then the consumption of these years under the operation of the protective duties has also been under-estimated. The effect of these duties has been to reduce by one half the fall in price. If, therefore, the first half of the fall leads to a certain increase in consumption, the removal of the duties could hardly do more than double that increase. The average value of all the classes of steel affected would not be higher than Rs. 200 a ton and the average duty at 10 per cent. would be Rs. 20. A further allowance of Rs. 20 lakhs is then a full allowance for the revenue lost owing to the consumption being lower than it would have been if the protective duties had not been imposed.

Annexure B.

TABLE 1 (*i*).—TINPLATE.

A. Imports July 1924 to March 1925 . .	27,680 tons.	
B. Protected imports for same period . .	27,633 ,,	
C. Percentage of protected imports . .	100	
D. Imports 1923-24	44,090 tons.	
E. Protected imports 1923-24	44,000 ,,	
F. Monthly rate	3,667 ,,	
G. Revenue from protective duty on tinplate (Rs. 60 a ton) from 14th June 1924 to 31st March 1925	Rs. 17,28,376	
H. Tonnage on which duty was charged .	28,806 tons.	
I. Monthly rate	3,032 ,,	
J. Reduction in the monthly rate of imports in 1924-25 as compared with 1923-24 .	635 ,,	
K. Revenue which would have been collected at the 10 per cent. rate of duty (Rs. 38·5 a ton)	Rs. 11,09,030	
L. Gross increase of revenue in 1924-25 .	Rs. 6,19,346	
M. Reduction in imports in 1924-25 (635 tons a month for 9½ months)	6,033	
N. Loss of revenue at 10 per cent. rate owing to reduction in imports (6,033 tons at Rs. 38·5 a ton)	Rs. 2,32,271	
O. Nett increase of revenue in 1924-25 .	Rs. 3,87,075	

Annexure B.

TABLE 1 (*ii*).—TINPLATE.

A. Consumption in 1923-24.		
Indian production	14,436	tons.
Imports	44,000	,,
TOTAL	58,436	,,
B. Consumption in 1924-25.		
Indian production	24,250	tons.
Imports	36,478	,,
TOTAL	60,728	,,
C. Imports April to June 1925.		
Actual	7,611	tons.
Equivalent rate for a whole year	30,444	,,
D. Estimated consumption in 1925-26.		
Indian production	30,000	tons.
Imports	30,000	,,
TOTAL	60,000	,,
E. Estimated consumption in 1926-27.		
Indian production	30,000	tons.
Imports	30,000	,,
TOTAL	60,000	,,
F. Estimated revenue from protective duties (Rs. 60 a ton).		
1925-26	Rs. 18,00,000	
1926-27	Rs. 18,00,000	
TOTAL	Rs. 36,00,000	
G. Revenue at 10 per cent. on imports equal to the imports of 1923-24 (44,000 tons at Rs. 36 a ton).		
1925-26	Rs. 15,84,000	
1926-27	Rs. 15,84,000	
TOTAL	Rs. 31,68,000	
H. Nett increase of revenue for three years.		
1924-25	Rs. 3,87,075	
1925-26	Rs. 2,16,000	
1926-27	Rs. 2,16,000	
TOTAL	Rs. 8,19,075	

Annexure B.

TABLE 2 (*i*).—GALVANISED SHEET.

A. Imports corrugated sheet July 1924 to March 1925	133,653	tons.
B. Percentage of protected imports	100	
C. Imports plain sheet July 1924 to March 1925	16,062	tons.
D. Protected imports of plain sheet for same period	15,586	,,
E. Percentage of protected imports	97	
F. Imports corrugated sheets 1923-24	148,405	tons.
G. Imports plain sheet 1923-24	16,633	,,
H. Protected imports of plain sheet 1923-24 (97 per cent. of G)	16,134	,,
I. Total protected imports 1923-24	164,539	,,
J. Monthly rate	13,712	,,
K. Revenue from protective duty on galvanised sheet (Rs. 45 a ton) from 14th June 1924 to 31st March 1925	Rs. 70,23,251	
L. Tonnage on which duty was charged	156,072	tons.
M. Monthly rate for 9½ months	16,429	,,
N. Revenue which would have been collected at 10 per cent. rate (149,406 tons at Rs. 28·5 a ton)	Rs. 44,48,052	
O. Increase of revenue in 1924-25	Rs. 25,75,199	

Annexure B.

TABLE 2 (*ii*).—GALVANISED SHEET.

A. Consumption in 1923-24.		
Indian production	*nil.*	
Imports	164,539	tons.
TOTAL	164,539	,,
B. Consumption in 1924-25.		
Indian production	1,865	tons.
Imports	208,499	,,
TOTAL	210,364	,,
C. Imports April to June 1925		
Actual for 3 months	70,777	tons.
Equivalent rate for 12 months	283,108	,,
D. Estimated consumption 1925-26.		
Indian production	15,329	tons.
Imports	190,000	,,
TOTAL	205,329	,,
E. Estimated consumption 1926-27.		
Indian production	21,000	tons.
Imports	180,000	,,
TOTAL	201,000	,,
F. Estimated revenue from protective duty (Rs. 45 a ton).		
1925-26	Rs. 85,50,000	
1926-27	Rs. 81,00,000	
TOTAL	Rs. 166,50,000	
G. Estimated revenue at 10 per cent. rate (Rs. 27 a ton).		
1925-26	Rs. 51,30,000	
1926-27	Rs. 48,60,000	
TOTAL	Rs. 99,90,000	
H. Estimated increase in revenue.		
1924-25	Rs. 25,75,199	
1925-26	Rs. 34,20,000	
1926-27	Rs. 32,40,000	
TOTAL	Rs. 92,35,199	

Annexure B.

TABLE 3 (*i*).—STEEL BARS.

A. Imports from July 1924 to March 1925 .		122,311 tons.
B. Protected imports during the same period .		116,690 ,,
C. Percentage of protected imports . .		95
D. Total imports in 1923-24		166,404 tons.
E. Protected imports 1923-25 (95 per cent. of D)		158,084 ,,
F. Monthly rate		13,174 ,,
G. Revenue from protective duty on steel bars (Rs. 40 a ton) from 14th June 1924 to March 1925	Rs. 49,30,875	
H. Tonnage on which duty was charged . .		123,272 tons.
I. Monthly rate for 9½ months . . .		12,976 ,,
J. Reduction in monthly rate of imports in 1924-25 as compared with 1923-24 . .		198 ,,
K. Revenue which would have been collected at the 10 per cent. rate of duty (Rs. 13·5 a ton)	Rs. 16,64,172	
L. Gross increase of revenue in 1924-25 .	Rs. 32,66,703	
M. Reduction in imports in 1924-25 (197 tons a month for 9½ months) . . .		1,881 tons.
N. Loss of revenue at 10 per cent. rate owing to reduction in imports (1,872 tons at Rs. 13·5 a ton)	Rs. 25,394	
O. Nett increase of revenue in 1924-25 .	Rs. 32,41,309	

Annexure B.

TABLE 3 (*ii*).—STEEL BARS.

A. Consumption in 1923-24.		
Indian production	20,000	tons.
Imports	158,084	,,
TOTAL	178,084	,,
B. Consumption in 1924-25.		
Indian production	31,541	tons.
Imports*	174,294	,,
TOTAL	205,835	,,
C. Imports April to June 1925.		
Actual for three months	17,776	tons.
Equivalent rate for twelve months	71,104	,,
D. Estimated consumption in 1925-26.		
Indian production	60,000	tons.
Imports	120,000	,,
TOTAL	180,000	,,
E. Estimated consumption in 1926-27.		
Indian production	71,000	tons.
Imports	110,000	,,
TOTAL	181,000	,,

F. Estimated revenue from protective duty (Rs. 40 a ton).	
1925-26	Rs. 48,00,000
1926-27	Rs. 44,00,000
TOTAL	Rs. 92,00,000
G. Estimated revenue at 10 per cent. rate (Rs. 12 a ton) on imports equal to the imports of 1923-24 (158,084 tons).	
1925-26	Rs. 18,97,008
1926-27	Rs. 18,97,008
TOTAL	Rs. 37,94,016
H. Estimated nett increase in revenue.	
1924-25	Rs. 32,41,309
1925-26	Rs. 29,02,992
1926-27	Rs. 25,02,992
TOTAL	Rs. 86,47,293

* 95 per cent. of total imports.

Annexure B.

TABLE 4 (*i*).—WIRE.

A. Imports from July 1924 to March 1925 .		4,653	tons
B. Protected imports above period . .		4,653	,,
C. Percentage of protected		100	
D. Total imports in 1923-24		5,565	tons.
E. Protected imports 1923-24 (100 per cent. of D)		5,565	,,
F. Monthly rate		464	,,
G. Revenue from protective duty on wire (Rs. 60 a ton) from 14th June 1924 to 31st March 1925	Rs.	2,86,385	
H. Tonnage on which duty was charged .		4,773	tons.
I. Monthly rate for 9½ months . . .		502	,,
J. Revenue which would have been collected at 10 per cent. *ad valorem* (Rs. 24 a ton)	Rs.	1,14,552	
K. Increase in revenue in 1924-25 . .	Rs.	1,71,833	
L. Estimated imports of high valued wire, the 10 per cent. *ad valorem* duty on which was not less than Rs. 60 a ton on the average		1,000	tons.
M. Customs duty at 10 per cent. on the high valued wire	Rs.	36,000	
N. Nett increase in revenue	Rs.	1,35,833	

Annexure B.

TABLE 4 (*ii*).—WIRE.

A. Consumption in 1923-24.		
Indian production	Not known.	
Imports	5,565	tons.
Less estimated imports of high valued wire	1,000	,,
Nett imports	4,565	,,
B. Consumption in 1924-25.		
Imports	6,588	tons.
Less estimated imports of high valued wire	1,000	,,
Nett imports	5,588	,,
C. Imports April to June 1925.		
Actual for three months	997	tons.
Less estimated imports of high valued wire	250	,,
Nett imports	647	,,
Equivalent rate for 12 months	2,588	,,
D. Estimated consumption in 1925-26.		
Indian production	500	tons.
Imports	4,000	,,
TOTAL	4,500	,,
E. Estimated consumption in 1926-27.		
Indian production	1,000	tons.
Imports	3,500	,,
TOTAL	4,500	,,

F. Estimated revenue from protective duty Rs. 60 a ton.		
1925-26	Rs.	2,40,000
1926-27	Rs.	2,10,000
TOTAL	Rs.	4,50,000
G. Estimated revenue at 10 per cent. *ad valorem* (Rs. 22 a ton) on imports equal to the imports of 1923-24 (4,565 tons).		
1925-26	Rs.	1,00,430
1926-27	Rs.	1,00,430
TOTAL	Rs.	2,00,860
H. Estimated nett increase in revenue, *i.e.*, F *minus* G.		
1924-25	Rs.	1,11,833
1925-26	Rs.	1,39,570
1926-27	Rs.	1,09,570
TOTAL	Rs.	3,60,973

Annexure B.

TABLE 5 (i).—WIRE NAILS.

A. Imports from July 1924 to March 1925 .	12,449	tons.
B. Protected imports for the same period .	12,449	,,
C. Percentage of protected	100	
D. Total imports in 1923-24	10,971	tons.
E. Protected imports in 1923-24 (100% of D) .	10,971	,,
F. Monthly rate	914	,,
G. Revenue from protective duty on wire nails (Rs. 60 a ton) from 14th June 1924 to March 1925	Rs. 7,66,216	
H. Tonnage on which duty was charged . .	12,770	tons.
I. Monthly rate for 9½ months	1,344	,,
J. Revenue which would have been collected at the old rate (Rs. 27 a ton) . . .	Rs. 3,44,790	
K. Increase in revenue in 1924-25 . . .	Rs. 4,21,426	

Annexure B.

TABLE 5 (*ii*).—WIRE NAILS.

A. Consumption in 1923-24.		
Indian production	Not known.	
Imports	10,971	tons
B. Consumption in 1924-25.		
Indian production	Not known.	
Imports	16,235	tons
C. Actual imports April 1925 to June 1925	911	tons
Equivalent rate for 12 months	3,644	,,
D. Estimated consumption in 1925-26.		
Indian production	500	tons
Imports	11,000	,,
TOTAL	11,500	,,
E. Estimated consumption in 1926-27.		
Indian production	1,000	tons
Imports	10,500	,,
TOTAL	11,500	,,
F. Estimated revenue from protective duties (Rs. 60 a ton).		
1925-26	Rs. 6,60,000	
1926-27	Rs. 6,30,000	
TOTAL	Rs. 12,90,000	
G. Estimated revenue at 10 per cent. *ad valorem* (Rs. 25 a ton) on imports equal to the imports of 1923-24 (10,971 tons).		
1925-26	Rs. 2,74,275	
1926-27	Rs. 2,74,275	
TOTAL	Rs. 5,48,550	
H. Estimated nett increase in revenue.		
1924-25	Rs. 4,21,426	
1925-26	Rs. 3,85,725	
1926-27	Rs. 3,55,725	
TOTAL	Rs. 11,62,876	

Annexure B.

TABLE 6 (*i*).

Plates and sheets not galvanised or tinned—unfabricated.

A. Imports from July 1924 to March 1925		94,188	tons.
B. Protected imports during the same period		79,988	,,
C. Percentage of protected imports		85	
D. Total imports 1923-24		108,142	tons.
E. Protected imports 1923-24 (85% of D)		91,921	,,
F. Revenue from protective duties (Rs. 30 a ton) from 14th June 1924 to March 1925.			
Plates	Rs. 6,58,792		
Sheets	Rs. 9,92,788		
TOTAL	Rs. 16,51,580		
G. Tonnage on which duty was charged.			
Plates		21,961	tons.
Sheets		33,093	,,
TOTAL		55,054	,,
H. Monthly rate of importation for 9½ months		5,795	tons.
I. Fabricated plates and sheets, *i.e.*, difference between B and G		24,934	,,
J. Estimated quantity of fabricated plates and sheets included in the protected imports of 1923-24*		15,000	,,
K. Estimated imports of protected unfabricated plates and sheets in 1923-24, *i.e.*, E *minus* J		76,921	,,
L. Monthly rate of importation		6,410	,,
M. Reduction in monthly rate of importation in 1924-25 as compared with 1923-24		615	,,
N. Revenue which would have been collected in 1924-25 at the 10 per cent. rate.			
Plates (Rs. 14·5 a ton)	Rs. 3,18,435		
Sheets (Rs. 17·5 a ton)	Rs. 5,79,128		
TOTAL	Rs. 8,97,563		
O. Gross increase of revenue in 1924-25	Rs. 7,54,017		
P. Reduction of imports in 1924-25 as compared with 1923-24 (615 tons a month for 9½ months)		5,843	tons.
Q. Loss of revenue at 10 per cent. rate owing to reduction of imports (5,843 tons at Rs. 16 a ton)	Rs. 93,488		
R. Nett increase of revenue in 1924-25	Rs. 6,60,529		

*See Table 8 (*i*) A.

Annexure B.

TABLE 6 (*ii*).

Plates and sheets not galvanised or tinned—unfabricated.

A. Estimated consumption 1923-24.		
Indian production, plates	7,267	tons.
Imports	76,921	,,
TOTAL	84,188	,,
B. Estimated consumption 1924-25.		
(Imports taken as 85 per cent. of the total imports less 28,000 tons the estimated importations of fabricated plates and sheets).*		
Indian production { Plates	18,285	tons.
Indian production { Sheets	5,735	,,
Imports	72,358	,,
TOTAL	96,378	,,
C. Imports April to June 1925.		
Actual 3 months	12,735	tons.
Equivalent rate for 12 months	50,940	,,
D. Estimated consumption 1925-26.		
Indian production { Plates	20,400	tons.
Indian production { Sheets	11,000	,,
Imports	55,000	,,
TOTAL	86,400	,,
E. Estimated consumption in 1926-27.		
Indian production { Plates	20,400	tons.
Indian production { Sheets	15,000	,,
Imports	51,000	,,
TOTAL	86,400	,,
F. Estimated revenue from protective duties (Rs. 30 a ton).		
1925-26	Rs. 16,50,000	
1926-27	Rs. 15,30,000	
TOTAL	Rs. 31,80,000	
G. Estimated revenue at 10 per cent. rate (Rs. 15 a ton) on imports equal to the imports of 1923-24 (76,921 tons).		
1925-26	Rs. 11,53,815	
1926-27	Rs. 11,53,815	
TOTAL	Rs. 23,07,630	
H. Estimated nett increase in revenue.		
1924-25	Rs. 6,60,529	
1925-26	Rs. 4,96,185	
1926-27	Rs. 3,76,185	
TOTAL	Rs. 15,32,899	

*See table 6 (*i*). The imports of fabricated plates and sheets for the first 2½ months of the year has been taken at 3,000 tons.

Annexure B.

TABLE 7 (*i*).

Structural sections (i.e., *beams, angles, channels and similar shapes*)—*unfabricated.*

A. Imports 1923-24.		
Angles	26,327	tons.
Channels	3,933	,,
Beams, pillars, girders and bridgework (three-fourths of the imports)	58,161	,,
TOTAL	88,421	,,
B. Monthly rate	7,368	tons.
C. Revenue from protective duties on structural sections (Rs. 30 a ton) from 14th June 1924 to 31st March 1925	Rs. 23,29,311	
D. Tonnage on which protective duties were charged	77,643	tons.
E. Monthly rate	8,173	,,
F. Imports of angles.		
July 1924 to March 1925	28,182	tons.
Latter half of June (estimated)	1,500	,,
TOTAL	29,682	,,
G. Imports of structural sections other than angles from 14th June 1924 to March 1925 (*i.e.*, D *minus* F)*	47,961	tons.
H. Revenue which would have been collected at the 10 per cent. rate of duty (Rs. 14 a ton) from 14th June 1924 to 31st March 1925	Rs. 10,87,002	
I. Increase of revenue during the period	Rs. 12,42,309	

*See Table 8 (*i*) D.

Annexure B.

TABLE 7 (*ii*).

Structural Sections (i.e., *beams, angles, channels and similar shapes*)—*unfabricated.*

A. Estimated consumption in 1923-24.			
Indian production		27,708	tons.
Imports	Angles	26,327	,,
	Beams, channels, etc.	62,094	,,
	TOTAL	116,129	,,
B. Estimated consumption in 1924-25.			
Indian production	Heavy structurals	29,915	tons.
	Light structurals	13,986	,,
Imports	Angles	37,482	,,
	Beams, channels, etc.	62,961	,,
	TOTAL	144,344	,,
C. Imports April to June 1925.			
Angles		6,668	tons.
Beams, channels, etc.		11,270	,,
Actual for 3 months		17,938	,,
Equivalent rate for 12 months		71,752	,,
D. Estimated consumption in 1925-26.			
Indian production	Heavy structurals	28,000	tons
	Light structurals	18,000	,,
Imports		80,000	,,
	TOTAL	126,800	,,
E. Estimated consumption in 1926-27.			
Indian production	Heavy structurals	36,000	tons
	Light structurals	18,000	,,
Imports		73,000	,,
	TOTAL	127,000	,,
F. Estimated revenue from protective duty (Rs. 30 a ton).			
1925-26		Rs. 24,00,000	
1926-27		Rs. 21,90,000	
	TOTAL	Rs. 45,90,000	
G. Estimated revenue at 10 per cent. rate (Rs. 13 a ton) on imports equal to the imports of 1923-24 (88,421 tons).			
1925-26		Rs. 11,49,473	
1926-27		Rs. 11,49,473	
	TOTAL	Rs. 22,98,946	
H. Estimated nett increase in revenue.			
1924-25		Rs. 12,42,309	
1925-26		Rs. 12,50,527	
1926-27		Rs. 10,40,527	
	TOTAL	Rs. 35,33,363	

Annexure B.

TABLE 8 (*i*).—FABRICATED STEEL.

A. Imports 1923-24.		
Beams, pillars, girders and bridgework (one-fourth of the imports)	19,387	tons.
Other manufactures of iron and steel (three-fifths of the imports)	9,900	,,
Railway bridgework (the whole less 2,000 tons)	19,000	,,
Fabricated plates and sheets*	15,000	,,
TOTAL	63,287	,,
B. Monthly rate	5,274	tons.
C. Imports of beams, pillars, girders and bridgework.		
From July 1924 to March 1925	56,864	tons.
Latter half of June 1924 (estimated)	3,663	,,
TOTAL	60,527	,,
D. Imports of unfabricated structural sections other than angles from 14th June 1924 to 31st March 1925†	47,961	tons.
E. Imports of fabricated steel recorded under the head beams, pillars, girders and bridgework for the same period (*i.e.*, C *minus* D)	12,566	tons.
F. Protected imports of other manufactures of iron and steel.		
July 1924 to March 1925	11,106	tons.
Latter half of June 1924 (estimated)	600	,,
TOTAL	11,706	,,
G. Imports of Railway bridgework.		
Latter half of June 1924 (estimated)	1,000	tons
H. Total imports of fabricated steel from 14th June 1924 to 31st March 1925 as nearly as can be estimated from the Trade Returns.		
Beams, pillars, girders, etc.	12,566	tons.
Other manufactures	11,706	,,
Railway bridgework	1,000	,,
Fabricated sheets and plates	24,894	,,
TOTAL	50,166	,,

* See Table 6 (*i*) J.
† See Table 7 (*i*) G.

I. Monthly rate of importation . . . . 5,281 tons.

J. Duty collected on fabricated steel at 25 per cent. *ad valorem* from 14th June 1924 to 31st March 1925 . . . . . Rs. 28,69,255

K. Value of the steel on which the duty was collected . . . . . Rs. 1,14,77,020

L. Average value per ton of fabricated steel if the quantity estimated at H is correct . . Rs. 229

M. Duty which would have been collected if the rate of duty had been 10 per cent. *ad valorem* instead of 25 per cent. . . . . Rs. 11,47,702

N. Increase of revenue from 14th June 1924 to 31st March 1925 . . . . . Rs. 17,21,553

Annexure B.

TABLE 8 (*ii*).—FABRICATED STEEL.

A. Estimated imports 1923-24*	63,287	tons.
B. Estimated imports 1924-25.		
Beams, pillars, girders and bridgework . .	17,918	tons.
Other manufactures (three-fifths of the total)	14,604	,,
Railway bridgework (imports April to June 1924 less 500 tons)	8,000	,,
Fabricated plates and sheets	28,000	,,
TOTAL .	68,522	,,
C. Imports April to June 1925.		
Beams, channels, girders and bridgework .	4,345	tons.
Plates and sheets	1,806	,,
Other manufactures	4,052	,,
Actual imports 3 months .	10,203	,,
Equivalent rate for 12 months .	40,812	,,
D. Estimated imports 1925-26	50,000	tons.
E. Estimated imports 1926-27	50,000	,,

F. Estimated revenue at 25 per cent. *ad valorem* on an average value of Rs. 200 a ton.

1925-26	Rs. 25,00,000
1926-27	Rs. 25,00,000
TOTAL .	Rs. 50,00,000

G. Estimated revenue at 10 per cent. *ad valorem* (Rs. 20 a ton) on imports equal to the imports of 1923-24 (63,287 tons).

1925-26	Rs. 12,65,740
1926-27	Rs. 12,65,740

H. Estimated increase in revenue.

1924-25	Rs. 17,21,553
1925-26	Rs. 12,34,260
1926-27	Rs. 12,34,260
TOTAL .	Rs. 41,90,073

* In this table the imports are treated as equivalent to the total consumption. The Indian production of fabricated steel has already been taken into account in Table 7 (*i*) and (*ii*), for its raw material is unfabricated steel, whether imported or made at Jamshedpur.

Annexure B.

TABLE 9.

Estimated nett increase in revenue from the protective duties.

——	1924-25.	1925-26.	1926-27.
	Rs. lakhs.	Rs, lakhs.	Rs. lakhs.
Tinplate	3·87	2·16	2·16
Galvanised sheet	25·75	34·20	32·40
Steel bars	32·41	29·03	25·03
Wire	1·35	1·40	1·10
Wire nails	4·21	3·86	3·56
Plates and sheets	6·61	4·96	3·76
Structural sections	12·42	12·51	10·41
Fabricated steel	17·22	12·34	12·34
	104·84	100·46	90·76
Light rails	2·18	1·50	1·50
Spikes and tie bars	0·56	0·50	0·50
	106·58	102·46	92·76

	Rs. lakhs.
1924-25	106·58
1925-26	102·46
1926-27	92·76
TOTAL	301·80

Annexure B.

TABLE 10.

Estimated consumption of steel in certain years.

	1923-24	1924-25	DIFFERENCE FROM 1923-24.		1925-26	DIFFERENCE FROM 1923-24.		1926-27	DIFFERENCE FROM 1923-24.	
			Plus.	Minus.		Plus.	Minus.		Plus.	Minus.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Tinplate . . .	57,500	60,700	3,200	...	60,000	2,500	...	60,000	2,500	...
Galvanised sheet . .	164,500	210,400	45,900	...	205,300	40,800	...	201,000	36,500	...
Steel bars . . .	178,100	205,800	27,700	...	180,000	1,900	...	181,000	2,900	...
Plates and sheets . .	84,200	96,400	12,200	...	86,400	2,200	...	86,400	2,200	...
Structural sections . .	116,100	144,300	28,200	..	126,800	10,700	...	127,000	10,900	...
Wire	4,600	5,600	1,000	...	4,500	...	100	4,500	...	100
Wire Nails . . .	11,000	16,200	5,200	...	11,500	500	...	11,500	500	...
Fabricated steel . .	63,300	68,500	5,200	...	50,000	...	13,300	50,000	...	13,300
Total .	679,300	807,900	128,600	...	724,500	58,600	13,400	721,400	55,500	13,400

APPENDIX I.

List of witnesses who submitted representations regarding the Steel Industry to the Board, or supplied information at the Board's request, showing dates of their oral examination (if any).

No.	Name of firm or individual witness.	Date of representation or letter.	Date of oral examination.
1	The Tata Iron and Steel Company, Limited.	9th and 10th June 1925.* 2nd July 1925. †	6th, 7th and 18th July 1925.
2	The Tinplate Company of India, Limited.	16th May 1924. * . 27th June 1925.†	8th July 1925.
3	The Bengal Iron Company, Limited .	1st May 1925. * . 9th July 1925. †	10th July 1925.
4	The Indian Iron and Steel Company, Limited.	17th July 1925.	
5	Parry and Company	8th July 1925 .	15th July 1925.
6	Indian Engineering Association . .	2nd January 1925.*	
7	Bombay Iron Merchants Association.	7th July 1925 .	17th July 1925.
8	Jessop and Company, Limited . .	28th May 1925 and 6th July 1925.	13th July 1925.
9	Balmer, Lawrie and Company, Limited	26th May 1925.	
10	Richardson and Cruddas	15th June 1925 and 9th July 1925.	
11	Geo. Service and Company. . .	29th June 1925.	
12	Burn and Company, Limited . .	23rd June 1925 and 10th July 1925.	14th July 1925.
13	Anandji Haridas and Company . .	20th June 1925 .	8th July 1925.
14	G. B. Trivedi, Esqr.	25th June 1925 .	17th July 1925.
15	The Planters' Stores and Agency Company, Limited.	15th July 1925.	

* Date of representation to the Government of India.
† „ „ „ to the Tariff Board.

APPENDIX II.

Price of imported steel October 1924 to May 1925.

TABLE A.—BRITISH BEAMS.

Month.	Iron and Coal Trades Review. f. o. b.	Tata Iron and Steel Company without duty and landing charges. c. i. f.	Balmer Lawrie and Company. c. i. f.	Richardson and Cruddas. c. i. f.	Burn and Company. c. i. f.	Anandji Haridas and Company. c. i. f.	Jessop and Company. c. i. f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924							
October	8 7 6	9 12 6	9 5 0	9 7 6	9 3 0	9 15 0	9 0 0
November	8 7 6	9 5 0	9 2 6	9 7 6	9 2 0	9 5 0	9 0 0
December	8 7 6	9 5 0	10 7 6	9 7 6	9 2 0	9 5 0	9 0 0
1925							
January	8 7 6	9 5 0	8 18 9	9 7 6	8 19 9	9 5 0	9 0 0
February	8 7 6	9 0 0	8 15 0	9 4 6	8 17 0	9 0 0	8 15 0
March	8 6 10	9 0 0	8 15 0	9 2 6	8 16 6	9 0 0	8 12 0
April	8 2 0	9 0 0	8 12 6	9 2 0	8 14 6	9 0 0	8 12 0
May	7 17 6	9 0 0	8 10 0	8 11 9	8 12 0	9 0 0	8 8 0

APPENDIX II.

TABLE B.—CONTINENTAL BEAMS.

Month.	Iron and Coal Trades Review. f. o b.	Tata Iron and Steel Company. c. i. f.	Geo. Service and Company. c. i. f. c.	Balmer Lawrie and Company. c. i. f.	Richardson and Cruddas. c. i. f.	Burn and Company. c, i. f.	ANANDJI HARIDAS AND COMPANY		Jessop and Company. c. i. f.	MR. TRIVEDI.	
							c i. f.	Calcutta market price.		c. i. f.	Bombay market price.
1924.	£ s. d	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs.	£ s. d.	£ s. d.	Rs.
October .	5 10 2	6 11 0	6 13 0	6 10 0	6 13 3	6 7 8	6 7 8	130	...	6 10 0	...
November .	5 10 4	6 10 0	6 14 0	6 5 0	6 13 9	6 7 3	6 7 6	129	...	6 11 0	135
December .	5 13 5	6 8 6	6 12 6	6 10 0	6 12 6	6 5 0	6 7 6	129	6 5 0	6 9 0	130
1925.											
January .	5 12 4	6 12 0	6 15 0	6 10 0	6 14 6	6 6 6	6 14 0	125	6 15 0	6 15 0	130
February .	5 11 0	6 12 0	6 17 6	6 17 6	6 17 6	6 6 6	6 12 6	125	6 10 0	6 15 0	130
March .	5 8 11	6 12 6	6 15 0	6 15 0	6 15 3	6 3 6	6 12 6	130	6 10 0	6 12 6	132
April .	5 10 1	6 9 9	6 15 0	6 15 0	6 15 0	6 4 0	6 10 0	130	6 10 0	6 10 0	135
May .	5 8 0	6 9 0	6 15 0	6 15 0	6 15 0	6 0 9	...	134	6 8 0	6 12 6	140

APPENDIX II.

TABLE C.—BRITISH ANGLES.

Month.	Tata Iron and Steel Company c.i.f.	Balmer Lawrie and Company c.i.f.	Richardson and Cruddas c.i.f.	Burn and Company c.i.f.	Anandji Haridas and Company c.i.f.	Jessop and Company c.i.f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924.						
October	9 12 6	9 5 6	9 7 6	9 3 0	9 15 0	9 2 6
November	9 5 0	9 2 6	9 7 6	9 2 0	9 15 0	9 0 0
December	9 5 0	9 0 0	9 7 6	9 2 0	9 15 0	9 0 0
1925.						
January	9 5 0	9 0 0	9 7 6	8 19 9	9 15 0	9 0 0
February	9 0 0	8 15 0	9 4 6	8 17 0	9 12 6	8 15 0
March	9 0 0	8 15 0	9 2 6	8 16 6	9 12 6	8 12 0
April	9 0 0	8 12 6	9 2 0	8 14 6	9 12 6	8 12 0
May	9 0 0	9 2 6	8 11 9	8 12 0	9 12 6	8 8 0

APPENDIX II.

TABLE D.—CONTINENTAL ANGLES.

Month.	Tata Iron and Steel Company c.i.f.	Geo. Service Company c.i.f.c.	Balmer Lawrie and Company c.i.f.	Richardson and Cruddas c.i.f.	Burn and Company c.i.f.	Anandji Haridas and Company c.i.f.	Jessop and Company c.i.f.	Mr. Trivedi c.i.f.	Mr. Trivedi Bombay market price Rs.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	R a. p.
1924.									
October	6 8 6	6 15 6	6 10 0	6 15 9	6 9 0	6 6 0	6 5 0	6 12 0	...
November	6 17 6	6 16 6	6 5 0	6 16 3	6 12 0	6 7 6	6 12 0	6 16 0	140 0 0
December	6 14 6	6 17 6	6 10 0	6 17 6	6 10 6	6 12 6	6 10 0	6 12 0	140 0 0
1925.									
January	6 19 0	7 0 0	6 10 0	7 0 0	6 12 9	6 17 6	6 15 0	6 17 6	140 0 0
February	6 17 6	7 5 0	6 17 6	7 5 0	6 13 3	6 17 6	6 15 0	6 17 6	140 0 0
March	6 16 6	7 2 0	6 15 0	7 1 6	6 9 3	6 15 0	6 12 0	6 15 0	135 0 0
April	6 15 6	7 1 3	6 15 0	7 1 3	6 10 0	6 15 0	6 12 0	6 15 0	135 0 0
May	6 15 0	7 1 3	6 15 0	7 0 6	6 7 6	6 15 0	6 15 0	6 17 6	140 0 0

APPENDIX II.

TABLE E.—BRITISH BARS.

Month.	Iron and Coal Trades Review. f. o. b.	Tata Iron and Steel Company. c. i. f.	Balmer Lawrie and Company. c. i. f.	Richardson and Cruddas. c. i. f.	Burn and Company. c. i. f.	Anandji Haridas and Company. c. i. f.	Jessop and Company. c. i. f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924.							
October . . .	9 0 0	10 2 6	10 12 6	9 18 9	10 2 7	9 15 0	9 2 6
November . . .	9 0 0	9 15 0	10 12 6	9 18 9	10 2 0	9 15 0	9 0 0
December . . .	9 0 0	10 15 0	10 7 6	9 18 9	10 0 3	9 15 0	9 0 0
1925.							
January . . .	8 18 6	9 15 0	10 7 6	9 18 9	9 13 10	9 15 0	9 0 0
February . . .	8 17 6	9 12 6	9 10 0	8 15 9	9 11 1	9 12 6	8 15 0
March . . .	8 15 7	9 12 6	9 10 0	9 13 9	9 16 9	9 12 6	8 12 0
April . . .	8 8 0	9 12 6	9 5 0	9 9 3	9 15 9	9 12 6	8 12 0
May . . .	8 5 0	9 12 6	8 10 0	9 3 1	9 15 9	9 12 6	8 8 0

APPENDIX II.

TABLE F.—CONTINENTAL BARS.

Month.	Iron and Coal Trades Review. f.o.b.	Tata Iron and Steel Company. c.i.f.	Geo. Service and Company. c.i.f.c.	me r Lawrie and Company. c.i.f.	Richardson and Cruddas. c.i.f.	Burn and Company. c.i.f.	Anandji Haridas and Company. c.i.f.	Anandji Haridas and Company. Calcutta market prices.	Jessop and Company. c.i.f.	Mr. Trivedi. c.i.f.	Mr. Trivedi. Bombay market prices.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs.	£ s. d.	£ s. d.	Rs.
1924.											
October . .	5 11 2	6 8 6	6 15 6	6 10 0	6 15 9	6 9 0	6 6 0	130	6 5 0	6 10 0	...
November .	5 14 8	6 17 6	6 16 6	6 5 0	6 16 3	6 12 3	6 7 6	130	6 12 0	6 14 0	135
December .	5 18 7	6 14 6	6 17 6	6 10 0	6 17 6	6 10 6	6 12 6	134	6 10 0	6 10 0	135
1925.											
January . .	5 19 2	6 19 0	7 0 0	6 10 0	7 0 0	6 12 9	6 17 6	134	6 15 0	6 17 6	130
February . .	5 18 1	6 17 6	7 5 0	6 17 6	7 5 0	6 13 3	6 17 6	134	6 15 0	6 11 6	130
March . .	5 14 10	6 16 6	7 2 0	6 15 0	7 1 6	6 9 3	6 15 0	139	6 12 0	6 12 6	125
April .	5 14 3	6 15 6	7 1 3	6 15 0	7 1 3	6 10 0	6 15 0	140	6 12 0	6 12 6	130
May . .	5 12 8	6 15 0	7 1 3	6 15 0	7 0 6	6 7 6	6 15 0	145	6 15 0	6 15 0	135

APPENDIX 11.

TABLE G.—BRITISH PLATES.

Month.	Iron and Coal Trades Review. f.o.b.	Balmer, Lawrie & Company. c.i.f.	Richardson and Cruddas. c.i.f.	BURN & COMPANY.		Jessop & Company. c.i.f.
				Ship plates. c.i.f.	Plates, $\frac{1}{8}$". c.i.f.	
	£ s. d.	£ s. d.	£ s. d	£ s. d.	£ s. d.	£ s. d.
1924.						
October	9 7 6	10 2 6	10 8 0	10 5 0	12 4 3	10 2 6
November	9 7 6	10 2 6	10 7 6	10 2 0	12 2 3	10 0 0
December	9 7 6	10 0 0	10 7 6	10 2 0	12 2 3	10 0 0
1925.						
January	9 7 0	10 0 0	10 7 6	10 2 0	12 2 3	10 0 0
February	9 5 0	9 15 0	10 4 6	9 18 6	12 2 3	10 0 0
March	8 19 4	9 15 0	10 2 6	9 16 6	12 1 0	10 0 0
April	8 16 0	9 15 0	9 19 6	9 14 0	11 17 3	9 10 0
May	8 13 1	9 12 6	9 13 9	9 12 0	11 12 3	9 10 0

APPENDIX II.

TABLE II.—CONTINENTAL PLATES.

Month.	Iron and Coal Trades Review.	Tata Iron and Steel Company.	Geo. Service and Company.	Balmer, Lawrie & Company.	Richardson and Cruddas.	BURN & COMPANY.		ANANDJI HARIDAS & Co.		ANANDJI HARIDAS & COMPANY.		Jessop & Company.	MR. TRIVEDI.		MR. TRIVEDI.	
						Ship-plates.	Plates, ½".	Plates.	5/16" and up.	Calcutta market prices.			½".	5/16" and up.	Bombay market prices.	
		5/16" and up.								½".	5/16" and up.				½".	5/16" and up.
	c. i. f.	c. i. f.	c. i. f.	c. i. f.	c. i. f.	c. i. f.	c. i. f.	c. i. f.	c. i. f.			c. i. f.	c. i. f.	c. i. f.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs.	Rs.	£ s. d.	£ s. d.	£ s. d.	Rs.	Rs
1924.																
October .	6 10 11	7 15 0	7 17 6	7 12 6	7 18 6	7 19 0	8 3 0	7 17 6	7 12 6	159	152	7 8 0	8 5 0	7 15 0	...	...
November	6 16 2	8 0 0	7 18 6	7 12 6	7 18 9	8 1 0	8 5 6	7 17 6	7 12 6	155	150	7 15 0	8 10 0	8 0 0	170	155
December.	6 19 5	7 17 6	8 0 0	7 15 0	8 0 0	8 3 0	8 3 9	8 5 0	7 15 0	148	151	7 15 0	8 5 0	7 15 0	165	155
1925.																
January .	7 0 9	8 1 6	8 2 6	7 15 0	8 2 3	8 4 0	8 6 0	8 7 6	7 15 0	147	148	8 0 0	8 10 0	8 2 6	160	145
February .	7 3 1	8 4 6	8 6 3	9 15 0	8 6 3	8 1 6	8 8 6	8 12 6	8 2 6	148	147	8 0 0	8 10 0	8 0 0	150	145
March .	6 19 7	8 0 0	8 5 0	8 0 0	8 5 3	8 3 0	8 5 3	8 12 6	8 0 0	147	145	7 18 0	8 7 6	7 15 0	145	140
April .	7 0 0	8 0 0	8 5 0	8 0 0	8 5 0	8 4 0	8 5 9	8 10 0	8 0 0	148	146	7 15 0	8 7 6	8 2 0	155	145
May .	6 16 11	8 0 0	8 5 0	8 0 0	8 5 0	7 19 6	8 1 3	8 10 0	8 0 0	151	150	7 15 0	8 5 0	8 2 0	160	150

APPENDIX II.

TABLE I.—BRITISH BLACK SHEET.

Month.	Iron and Coal Trades Review. f.o.b.	Tata Iron and Steel Company.* c.i.f.	Balmer Lawrie and Company. c.i.f.	Jessop and Company. c.i.f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1924.				
October	12 15 0	14 11 3	13 17 6	14 0 0
November	12 15 0	14 10 0	13 16 8	...
December	12 15 0	13 17 6	13 17 6	...
1925.				
January	12 10 6	13 10 0	13 17 6	...
February	12 7 6	13 5 7	12 17 6	...
March	12 4 4	13 0 6	12 17 6	...
April	11 15 0	13 0 0	12 17 6	...
May	11 15 0	13 0 0	12 17 6	...

* 6′, 7′, 8′×3′×24′ gauge.

APPENDIX II.

TABLE J.—CONTINENTAL BLACK SHEET.

Month.	Tata Iron and Steel Company.* c.i.f.	Balmer Lawrie and Company. c.i.f.	ANANDJI HARIDASS AND COMPANY.		MR. TRIVEDI.				
			c.i.f.	Calcutta market prices.	c.i.f.	c.i.f.	Bombay market price.		
	£ s. d.	£ s. d.	£ s. d.	Rs.	£ s. d.	£ s. d.	Rs.	Rs.	Rs.
1924.									
October . .	—	13 10 0	11 7 6	196	9 17 6	11 2 6	—	--	—
November . .	12 1 3	13 10 0	11 10 0	188	10 10 0	11 15 0	160	200	190
December . .	12 15 0	13 2 6	10 15 0	180	10 5 0	11 10 0	160	195	185
1925.									
January . .	12 3 9	13 2 6	10 15 0	180	10 5 0	11 10 0	155	195	170
February . .	11 15 7	11 10 0	11 10 0	182	9 17 6	11 12 6	150	195	175
March . .	11 12 6	13 17 6	11 10 0	180	9 15 0	11 10 0	150	120	165
April . .	11 12 6	13 17 6	11 10 0	180	9 12 6	11 6 0	150	120	160
May . .	11 10 0	11 15 0	11 7 6	180	9 10 0	11 0 0	150	130	180

* Size of sheets :—

6×2×19 to 20 gauge×112 lbs.
6×2×14 to 18 gauge×122 lbs.

APPENDIX II.

TABLE K.—BRITISH GALVANISED SHEET.

Month.	Iron & Coal Trades Review.	Tata Iron & Steel Company.		Balmer Lawrie & Company.	Richardson & Cruddas.	Burn & Company.	Anandji Haridas & Company.		Jessop & Company.
	(Corrugated.) f.o.b.	(Corrugated.) c. i. f.	(Plain.) c. i. f.	(Corrugated.) c. i. f.	(Corrugated.) c. i. f.	(Corrugated.) c. i. f.	(Corrugated.) c. i. f.	Calcutta market price.	(Corrugated.) c. i. f.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Rs.	£ s. d.
1924.									
October	17 19 0	19 2 6	20 3 1	19 2 6	19 2 6	19 8 9	19 7 6	309	18 15 0
November	17 11 3	18 15 0	19 5 0	18 7 6	18 13 9	18 13 9	18 10 0	315	18 5 0
December	17 10 7	18 15 0	19 5 0	18 7 6	18 12 6	18 16 3	18 7 0	310	18 5 0
1925.									
January	17 7 6	18 11 3	19 2 6	18 7 6	18 12 6	18 15 6	18 10 0	306	18 0 0
February	17 0 0	18 6 3	18 18 9	17 17 6	18 7 6	18 10 0	18 5 0	302	17 5 0
March	16 8 1	17 12 6	18 5 0	17 7 6	17 15 0	18 5 0	17 12 6	295	17 5 0
April	16 10 0	17 15 0	18 5 0	17 12 6	17 13 6	17 17 6	17 10 0	292	17 5 0
May	16 9 4	17 15 0	18 5 0	17 12 6	17 12 6	17 12 6	17 12 0	299	17 5 0

APPENDIX III.

TABLE A.—STEEL BARS.

Imports into India during the latter half of the years 1922-23, 1923-24 and 1924-25.

(Quantities in tons.)

Month.	From United Kingdom.			From Belgium.			Total, all countries.			Protected.	Not protected.
	1922-23.	1923-24	1924-25.	1922-23.	1923-24.	1924-25.	1922-23.	1923-24.	1924-25.	1924-25.	1924-25.
October	2,518	903	1,121	10,762	9,759	12,200	16,393	13,554	16,771	16,556	215
November	1,847	1,193	1,281	8,163	11,627	12,325	12,015	16,373	16,538	16,037	501
December	1,854	1,213	1,392	8,027	11,660	10,781	12,336	18,457	14,354	13,913	441
January	1,352	1,452	466	15,929	13,006	11,253	22,414	20,017	14,205	13,478	727
February	1,064	1,535	631	12,166	10,662	8,026	20,441	16,024	9,655	8,610	1,045
March	1,033	1,633	1,692	8,494	12,626	5,103	14,916	20,495	7,937	7,030	907
TOTAL	9,668	7,929	6,583	63,541	69,540	59,688	98,515	104,920	79,460	75,624	3,836
TOTAL FIRST HALF OF THE YEAR	9,547	7,496	7,999	49,327	40,550	67,850	89,489	61,484	104,007	41,094	1,757
GRAND TOTAL FOR THE YEAR	19,215	15,425	14,582	112,868	110,090	127,538	188,004	166,404	183,467	116,718	5,593

TABLE B.—STEEL ANGLES AND TEES.

Imports into India during the latter half of the years 1922-23, 1923-24 and 1924-25

(Quantities in tons.)

Month.	Total, all countries.			Protected.	Not protected.
	1922-23.	1923-24.	1924-25.	1924-25.	1924-25.
October	1,952	1,977	3,603	3,603	..
November	1,584	2,507	3,826	3,823	3
December	1,832	1,648	3,804	3,796	8
January	2,484	3,722	4,126	4,126	..
February	2,032	2,972	1,374	1,374	..
March	2,567	2,717	1,662	1,655	7
TOTAL	12,451	15,543	18,395	18,377	18
TOTAL FIRST HALF OF THE YEAR	9,355	10,784	19,087	9,805	20
GRAND TOTAL FOR THE YEAR	21,806	26,327	37,482	28,182	38

APPENDIX III.

TABLE C.—BEAMS, CHANNELS, PILLARS, GIRDERS AND BRIDGEWORK (IRON AND STEEL).

Imports into India during the latter half of the years 1922-23, 1923-24 and 1924-25.

(Quantities in tons.)

Month.	From United Kingdom.			From Belgium.			Total, all countries.			Protected.	Not protected.
	1922-23.	1923-24.	1924-25.	1922-23.	1923-24.	1924-25.	1922-23.	1923-24.	1924-25.	1924-25.	1924-25.
October	1,589	3,749	2,176	1,895	3,470	3,560	3,716	7,336	6,332	6,052	280
November	1,946	3,623	2,819	2,703	3,872	4,018	5,070	7,685	7,343	7,343	..
December	2,384	3,975	3,912	2,752	4,365	4,500	5,413	8,652	9,001	9,001	..
January	2,951	3,597	3,056	4,511	6,336	3,192	7,741	10,288	6,940	6,940	..
February	3,042	3,451	1,404	2,952	3,926	1,771	6,214	8,187	3,747	3,747	..
March	4,236	2,526	1,735	3,951	3,707	2,985	8,450	6,703	5,719	5,719	..
TOTAL	16,148	20,921	15,102	18,764	25,676	19,996	36,604	48,851	39,082	38,802	280
TOTAL FIRST HALF OF THE YEAR	18,253	17,843	17,635	11,972	13,174	18,547	33,671	32,630	41,943	16,728	264
GRAND TOTAL FOR THE YEAR	34,401	38,764	32,737	30,736	38,850	38,543	70,275	81,481	81,025	55,530	544

APPENDIX III.

TABLE D.—PLATES AND SHEETS NOT GALVANISED OR TINNED (IRON AND STEEL).

Imports into India during the latter half of the years 1922-23, 1923-24 and 1924-25.

(Quantities in tons.)

Month.	From United Kingdom.			From Belgium.			Total, all countries.			1924-25.			
	1922-23.	1923-24.	1924-25.	1922-23.	1923-24.	1924-25.	1922-23.	1923-24.	1924-25.	Plates.	Sheets.	Protected.	Not protected.
October . .	2,926	8,997	14,858	4,540	1,782	2,179	9,396	11,148	20,774	15,394	3,882	17,222	3,552
November . .	5,015	7,129	8,304	2,295	2,469	2,293	9,382	10,896	15,148	8,491	5,438	12,707	2,441
December . .	4,043	3,870	2,397	2,742	1,942	2,725	8,899	6,609	8,122	2,517	4,328	7,522	600
January . .	3,794	5,458	5,970	3,016	2,884	3,540	9,510	10,369	11,654	5,234	4,782	7,915	3,739
February . .	2,399	3,897	2,253	2,355	2,404	3,213	7,853	9,294	6,737	2,249	3,486	5,801	936
March . . .	2,460	6,071	2,361	2,506	2,773	3,202	7,400	11,430	6,216	1,733	3,269	5,174	1,042
TOTAL .	20,637	34,922	36,143	17,454	14,254	17,152	52,390	59,746	68,651	35,618	25,185	56,341	12,310
TOTAL FIRST HALF OF THE YEAR.	18,850	32,918	16,301	12,051	8,710	20,493	44,232	48,396	49,294	19,206	27,552	23,524	1,943
GRAND TOTAL OF THE YEAR.	39,487	67,835	52,444	29,505	22,964	37,645	96,622	108,142	117,945	54,824	52,737	79,865	14,253

APPENDIX III.

TABLE E—GALVANISED SHEETS AND PLATES.

Imports into India during the years 1922-23, 1923-24 and 1924-25.

(Quantities in tons.)

	1922-23.				1923-24.				1924-25.				
										PLAIN.			
	Corrugated.	Plain.	Total.	From U. K.	Corrugated.	Plain.	Total.	From U. K.	Corrugated.	Protected.	Not protected.	Total.	From U. K.
	1	2	3	4	5	6	7	8	9	10	11	12	13
April	17,922	1,066	18,988	18,259	19,463	2,026	21,489	19,474	21,181	..	..	22,875	22,672
May	14,555	1,112	15,667	14,335	13,681	2,502	16,183	13,999	22,465	..	..	24,736	24,658
June	4,454	639	5,093	4,655	10,008	1,025	11,033	10,177	10,208	..	..	11,822	11,778
July	3,918	541	4,459	3,566	4,741	566	5,307	5,243	10,111	1,587	12	11,710	11,313
August	3,428	1,284	4,712	4,079	5,141	676	5,817	5,762	9,409	1,408	212	11,029	10,828
September	5,011	1 002	6,013	5,958	10,948	730	11,678	11,656	12,073	1,666	96	13,835	13,527
October	8,185	1,392	9,577	9,483	14,928	1,171	16,099	16,018	12,678	2,459	20	15,157	14,697
November	7,443	916	8,359	8,119	11,044	1,869	12,913	12,795	13,419	1,561	37	15,017	14,440
December	8,077	1,381	9,458	8,868	10,693	1,065	11,758	11,715	10,127	1,343	46	11,516	11,279
January	11,398	1,227	12,625	12,253	15,352	1,635	16,987	16,818	18,879	1,853	16	20,748	19,764
February	12,019	1,353	13,372	12,228	16,190	1,978	18,168	18,032	18,490	1,642	31	20,163	19,934
March	12,463	1,687	14,150	12,714	16,210	1,390	17,606	17,445	28,467	2,057	6	30,530	30,408
TOTAL	108,873	13,600	122,473	114,517	148,405	16,633	165,038	159,134	187,507	15,576	476	209,138	205,298

APPENDIX IV.

Sale and production of steel at Jamshedpur and reduction of stocks.

(Quantities in tons.)

Class of steel.	Orders booked.		Production.		Stocks.		
	October 1924 to May 1925.	Monthly rate.	October 1924 to May 1925.	Monthly rate.	30th September 1924	31st May 1925.	Increase + or Decrease —
Heavy rails, 1st class	105,630	13,204	94,120	11,765	1,985	1,852	—133
Heavy rails, 2nd class	10,436	1,304	15,191	1,899	12,914	15,866	+2,952
Heavy structurals	19,546	2,443	14,454	1,807	7,642	4,699	—2,943
Light structurals	12,247	1,531	7,998	1,000	3,709	1,979	—1,730
Bars	33,661	4,208	24,747	3,093	10,233	7,607	—2,626
Plates	11,815	1,479	10,920	1,365	3,765	2,556	—1,209
Fish plates	3,771	471	4,290	536	1,382	1,158	—224
Light rails	2,356	294	2,788	348	238	713	+475
Tinplate bars	25,348	3,168	25,348	3,168	2,331	1,033	—1,298
Black sheet	5,892	736	10,810	1,351	82	2,027	+1,945
Galvanized sheet	5,843*	835	3,919*	560	...	499	+499
Total	236,545	29,673	214,585	26,892	44,281	39,989	—4,292

* Galvanised sheet 7 months only.

APPENDIX V.

Average prices realised by the Tata Iron and Steel Company for certain classes of steel during the eight months October 1924 to May 1925.

MONTH.	BARS.		LIGHT STRUCTURALS.		HEAVY STRUCTURALS.		RECTANGULAR PLATES.		CIRCULAR PLATES.				LIGHT RAILS.		BLACK SHEET.		GALVANISED SHEET.	
									LARGE.		SMALL.							
	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.	Quantity.	Average price.
1924	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.	Tons.	Rs.
October	2,645	150·15	503	151·18	1,053	158·83	656	157·75	51	175·49	85	202·82	212	147·72	46	177·45	—	—
November	2,643	148·51	992	149·14	2,032	151·16	672	153·46	—	—	54	201·48	245	146·74	205	174·74	223	305·96
December	4,007	141·44	1,442	138·69	1,097	153·21	868	154·33	—	—	204	200·04	69	133·22	321	177·81	294	294·00
1925																		
January	2,877	141·27	947	146·44	1,985	151·16	1,877	146·48	—	—	49	200·00	116	130·60	1,243	189·00	565	308·95
February	3,003	142·84	1,298	138·48	1,629	147·01	1,327	142·67	—	—	34	204·08	664	131·81	770	181·27	549	312·41
March	4,642	147·88	2,391	149·99	3,912	141·92	1,890	146·15	18	135·00	—	—	223	131·09	1,283	200·90	1,081	300·10
April	8,669	148·44	2,471	137·48	6,322	140·60	2,704	144·37	29	135·00	—	—	279	130·74	948	178·99	1,259	294·59
May	5,175	141·59	2,203	130·59	1,516	141·78	935	141·83	362	135·00	—	—	548	130·24	1,076	176·75	1,872	289·69
Total for the eight months	33,661	145·50	12,247	141·03	19,546	145·08	10,929	146·77	460	139·49	426	201·23	2,356	134·22	5,892	186·59	5,843	297·45

APPENDIX VI.

Table 1.—Calculation of the additional bounty required during the period from October 1925 to March 1926.

—	Estimated production.		Estimated average price.	Standard price as fixed by Tariff Board.	Difference between 3 and 4.	Amount of bounty required (2 multiplied by 5).
	1925-26.	October 1925 to March 1926 (52·67 % of 1).				
	1	2	3	4	5	6
	Tons.	Tons.	Rs.	Rs.	Rs.	Rs.
Heavy structurals	28,800	15,169	145	175	30	4,55,070
Light structurals	24,000	12,640	141	175	34	4,29,760
Bars	60,000	31,602	145	180	35	11,06,070
Plates	20,400	10,744	146	180	34	3,65,296
Black sheet	13,200	6,952	187	230	43	2,98,936
Galvanised sheet	13,200	6,952	297	345	48	3,33,696
Total	159,600	84,059	...	...	...	29,88,828
Rails (not sold under contract)	2,000	2,000	150	181	31	62,000
Grand Total	161,600	86,059	..	...	...	30,50,828

APPENDIX VI.

Table 2.—Calculation of the additional bounty required during 1926-27.

	Estimated production.	Estimated average price.	Standard price as fixed by Tariff Board.	Difference between 2 and 3.	Amount of bounty required (4 multiplied by 1).
	1	2	3	4	5
	Tons.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
Heavy Structurals	36,000	145 0 0	175 0 0	30 0 0	10,80,000 0 0
Light Structurals	24,000	141 0 0	175 0 0	34 0 0	8,16,000 0 0
Bars	71,000	145 0 0	180 0 0	35 0 0	24,85,000 0 0
Plates	20,400	146 0 0	180 0 0	34 0 0	6,93,600 0 0
Black sheet	18,000	187 0 0	230 0 0	43 0 0	7,74,000 0 0
Galvanised sheet	18,000	297 0 0	345 0 0	48 0 0	8,64,000 0 0
Total	187,400	...	...	...	67,12,600 0 0
Rails (not sold under contract)	49,000	144 0 0	175 0 0	31 0 0	15,19,000 0 0
GRAND TOTAL	236,400	...	...	...	82,31,600 0 0

APPENDIX VI.

Table 3.— Calculation of the additional bounty required per ton of finished steel.

	Estimated output of finished steel.	Total bounty required. (*See* Tables 1 and 2.)		Bounty required per ton of finished steel.	
		Without rails.	With rails.	Without rails.	With rails.
	Tons.	Rs.	Rs.	Rs.	Rs.
October 1925 to March 1926 . . .	168,123	29,88,828	30,50,828	17·77	18·14
1926-27	357,000	67,12,600	82,31,600	18·80	23·05
Total 18 months .	525,123	97,01,428	112,82,428	18·47	21·48

APPENDIX VI.

Table 4.—Estimate of the production of 'bounty' steel and 'other' steel for certain periods.

	Actual production. October 1924 to March 1925.	Estimated production. June to September 1925.	Total production. October 1924 to September 1925.	Estimated Production.		
				October 1925 to March 1926.	April 1926 to March 1927.	October 1925 to March 1927.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Heavy structural sections	14,454	9,010	23,464	15,169	36,000	51,169
Light structural sections	10,786	5,607	16,393	9,543	17,500	27,043
Bars	24,747	20,874	45,621	31,602	71,000	102,602
Plates	10,920	6,401	17,321	10,744	20,400	31,144
Sheet	10,810	8,620	19,430	13,904	36,000	49,904
Rails (not under contract)	7,494	...	7,494	2,000	49,000	51,000
Fishplates (not under contract)	..	...	...	100	2,450	2,550
Total 'bounty' steel	79,211	50,512	129,723	83,062	232,350	315,412
Rails (under contract)	86,626	40,358	126,984	59,940	81,000	140,940
Fishplates (under contract)	4,290	2,018	6,308	2,997	4,050	7,047
Tinplate bars	25,348	9,004	34,352	20,857	39,600	60,457
Total 'other' steel	116,264	51,380	167,644	83,794	124,650	208,444
Total finished steel	195,475	101,892	297,367	166,856	357,000	523,856

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