

INDIAN TARIFF BOARD

Cotton Textile Industry

Volume III

**The representations submitted
to the Indian Tariff Board by
the Chamber of Commerce
and Individuals, and other
Miscellaneous Statements**



CG(M7);53.2
G23
11676

DELHI: MANAGER OF PUBLICATIONS
1934

Price Rs. 5-12 or 9s. 6d.

11676

SERVANTS OF INDIA SOCIETY'S LIBRARY,
POONA 4.
FOR INTERNAL CIRCULATION

To be returned on or before the last date stamped below

17 AUG 1967	
17 APR 2006	
29 JUL 2010	

List of Agents from whom Government of India Publications are available.

ENGLAND.

THE HIGH COMMISSIONER FOR INDIA, INDIA HOUSE, ALDWYCH, LONDON, W.C. 2.

PALESTINE.

Steinmetzky, Jerusalem.

INDIA.

(a) PROVINCIAL GOVERNMENT BOOK DEPOTS.

- MADRAS** :—Superintendent, Government Press, Mount Road, Madras.
BOMBAY :—Superintendent, Government Printing and Stationery, Queen's Road, Bombay.
SIND :—Library attached to the Office of the Commissioner in Sind, Karachi.
UNITED PROVINCES OF AGRA AND OUDH :—Superintendent of Government Press, United Provinces of Agra and Oudh Allahabad.
PUNJAB :—Superintendent, Government Printing, Punjab, Lahore.
BURMA :—Superintendent, Government Printing, Burma, Rangoon.
CENTRAL PROVINCES AND BERAH :—Superintendent, Government Printing, Central Provinces, Nagpur.
ASSAM :—Superintendent, Assam Secretariat Press, Shillong.
BIHAR AND ORISSA :—Superintendent, Government Printing, Bihar and Orissa, P. O. Gularbagh, Patna.
NORTH-WEST FRONTIER PROVINCE :—Manager, Government Printing and Stationery, Peshawar.

(b) PRIVATE BOOK-SELLERS.

- Aero Stores, Karachi City.*
 Albert Library, Dacca.
 Association Press, Calcutta.
 Banerjee & Bros., Ranchi, Messrs. G.
 Bantliya & Co., Ltd., Kucheri Road, Ajmer.
 Bengal Flying Club, Dum Dum Cantt.*
 Bhawanani & Sons, New Delhi.
 Bombay Book Depot, Girgaon, Bombay.
 Book Company, Calcutta.
 Booklover's Resort, Talikad, Trivandrum, South India.
 Burma Book Club, Ltd., Rangoon.
 Butterworth & Co. (India), Ltd., Calcutta.
 Calcutta Book Agency, 14-1, Shama Charan Dey Street, Calcutta.
 Chatterjee & Co., 3, Bacharam Chatterjee Lane, Calcutta.
 Chakraverty, Chatterjee & Co., Ltd., 13, College Square, Calcutta.
 City Book Co., Madras.
 City Book House, Meston Road, Cawnpore.
 Commercial Book Co., Lahore.
 Das Gupta & Co., 54/3, College Street, Calcutta.
 Deccan Bookstall, Poona 4.
 Delhi and U. P. Flying Club, Ltd., Delhi.*
 English Book Depot, Ferozapore.
 English Book Depot, Taj Road, Agra, and Saddar Bazar, Jhansi.
 English Bookstall, Karachi.
 Fakir Chand Marwah, Peshawar Cantonment.
 Fone Book Agency, New Delhi and Simla.
 Gaya Prasad & Sons, Agra.
 Gopalakrishna Kone, Fudumandapam, Madras, Messrs. K. M.
 Grantha Mandir, Cuttack.
 Higginbotham, Madras.
 Hindu Library, 137/F, Balaram De Street, Calcutta.
 Hyderabad Book Depot, Chaderghat, Hyderabad (Deccan).
 Imperial Book Depot and Press, near Jama Masjid (Machhliwalan) Delhi.
 Indian Army Book Depot, Dayalbagh, Agra.
 Indian Army Book Depot, Jullundur City and Daryaganj, Delhi.
 Indian Book Shop, Benares City.
 Indian School Supply Depot, 309, Bow Bazar St., Calcutta.
 Insurance Publicity Co., Ltd., Lahore.
 International Book Service, Poona 4.
 Jaina & Bros., Mori Gate, Delhi, Messrs. J. M.
 James Murray & Co., 12, Govt. Place, Calcutta (for Meteorological publications only).
 Kail Charan & Co., Municipal Market, Calcutta.
 Kamala Book Depot, 15, College Square, Calcutta.
 Kamala Book Stores, Bankipore, Patna.
 Karnataka Publishing House, Bangalore City.
 Keale & Co., Karachi.
 Kothari, Raipura Road, Baroda, Messrs. M. C.
 Krishnaaswami & Co., Teppakulam P. O., Trichinopoly Fort, Messrs. S.
 Lahiri & Co., Calcutta, Messrs. S. K.
 Law Publishing Co., Mylapore, Madras.
 Lawrence and Mayo, Ltd., Bombay (for Meteorological publications only).
 Local Self-Govt. Institute, Bombay.
 London Book Co. (India), Arab Road, Peshawar, Murree, Nowshera, Rawalpindi.
 Malhotra & Co., Quetta, Messrs. U. P.
 Mohanlal Dossabhai Shah, Rajkot.
 Nandkishore & Bros., Chowk, Benares City.
 Nateson & Bros., Teppakulam P. O., Trichinopoly, S. India, Messrs. L. S.
 Nateson & Co., Publishers, George Town, Madras, Messrs. G. A.
 Newnan & Co., Ltd., Calcutta, Messrs. W.
 North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
 Oriental Book Supplying Agency, 15, Shukrawar, Poona City.
 Oxford Book and Stationery Company, Delhi, Lahore, Simla, Meerut and Calcutta.
 Pandia & Co., Bombay, Messrs. J. M.
 Parikh & Co., Baroda, Messrs. B.
 Pioneer Book Supply Co., 20, Shib Narayan Das Lane, Calcutta.
 Popular Book Depot, Grant Road, Bombay.
 Punjab Religious Book Society, Lahore.
 Punjab Sanskrit Book Depot, Saidimitha Street, Lahore.
 Raghunath Prasad & Sons, Patna City.
 Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.
 Ram Chandra & Sons, Ambala, Kasauli.
 Ram Krishna Bros., Opposite Biharambag, Poona City.
 Ram Narain Lal, Katra, Allahabad.
 Rama Krishna & Sons, Booksellers, Anarkali, Lahore.
 Ramesh Book Depot, Stationery Mart, Kashmir Gate, Delhi.
 Ray & Sons, 43, K. & L. Edwardes Road, Rawalpindi, Murree and Peshawar, Messrs. J.
 Ray Chowdhury & Co., 68/5, Ashutosh Mukherjee Road, Calcutta.
 Rochouse & Sons, Madras.
 Rose & Co., Karachi.
 Roy Chowdhury & Co., 11, College Square, Calcutta, Messrs. N. M.
 Sampson William & Co., 127-B, The Mall, Cawnpore.
 Sarcar & Sons, 15, College Square, Calcutta, Messrs. M. C.
 Sarkar & Co., 2, Shama Charan De Street, Calcutta, Messrs. P. C.
 Scientific Publishing Co., 9, Taltola Lane, Calcutta.
 Seshachalam & Co., Masulipatam, Messrs. M.
 Shivji & Co. P.O. Chauliganj, Cuttack.
 Shri Shankar Karnataka Pustaka Bhandara, Malamuddi, Dharwar.
 S. P. Bookstall, 21, Budhwar, Poona.
 Srivilliputtur Co-operative Trading Union, Ltd., Srivilliputtur (S. I. R.).
 Standard Book Depot, Lahore, Dalhousie and Delhi.
 Standard Bookstall, Karachi.
 Standard Bookstall, Quetta and Lahore.
 Standard Law Book Society, 5, Hastings Street, Calcutta.
 Standard Literature Company, Ltd., Calcutta.
 Students' Emporium, Patna.
 Students' Popular Depot, Kacheri Road, Lahore.
 Surat and District Trading Society, Surat.
 Taraporevala Sons & Co., Bombay, Messrs. D. B.
 Thacker & Co., Ltd., Bombay.
 Thacker, Spink & Co., Ltd., Calcutta and Simla.
 Tripathi & Co., Booksellers, Princess Street, Kalhadevi Road, Bombay, Messrs. N. M.
 University Book Agency, Kachari Road, Lahore.
 Upper India Publishing House, Ltd., Literature Palace, Ammuddaula Park, Lucknow.
 Varadachary & Co., Madras, Messrs. P.
 Visapur & Co., Visagapatam.
 Wheeler & Co., Allahabad, Calcutta and Bombay, Messrs. A. H.
 Young Man and Co., Ajmer.

* Agents for publications on Aviation only.

X9(M71):53.2
G2.3

1167 ~~6~~

Personnel of the Board.

President . . . Dr. J. Matthai.

Members . . . { Mr. Fazal Ibrahim Rahimtoola.
Mr. G. T. Boag, C.I.E., I.C.S.

TABLE OF CONTENTS.

	PAGE.
1. Government of India, Department of Commerce, Resolution No. 341-T. (150), dated the 9th April, 1932	1
2. Press Communiqué issued by the Tariff Board on the 11th April, 1932	3
3. Questionnaire issued by the Tariff Board relating to the Cotton Textile Industry	4
4. Questionnaire issued by the Tariff Board relating to the Hosiery Industry	13
5. Representations received from—	
(1) The Buyers' and Shippers' Chamber, Karachi— Letter dated the 2nd May, 1932	14
(2) Indian Chamber of Commerce, Calcutta—	
(i) Letter dated the 16th May, 1932	14
(ii) Letter dated the 28th May, 1932, intimating the names of the cotton mills in Bengal who support the Chamber's representation referred to above	32
(iii) Letter dated the 15th June, 1932, pointing out the serious handicap under which the cotton mills in India are subjected in regard to the purchase of raw cotton	33
(iv) Letter dated the 8th August, 1932, forwarding replies to the questionnaire	34
(3) Burma Chamber of Commerce, Rangoon—	
(i) Letter dated the 21st May, 1932	52
(ii) Letter dated the 18th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	53
(4) Karachi Chamber of Commerce, Karachi—	
(i) Letter dated the 1st June, 1932	54
(ii) Letter dated the 15th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	55
(5) Upper India Chamber of Commerce, Cawnpore— Letter dated the 4th June, 1932	59
(6) Bengal National Chamber of Commerce, Calcutta—	
(i) Letter dated the 8th June, 1932	62
(ii) Letter dated the 10th/12th August, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	69
(iii) Letter from the Dakeswari Cotton Mills, Ltd., Dacca, dated the 29th September, 1932, forwarding certain supplementary information	84
(7) Southern India Chamber of Commerce, Madras— Letter dated the 9th June, 1932	98
(8) The Punjab Chamber of Commerce, Delhi— Letter dated the 11th July, 1932	100

APPENDIX No. 1.

	1930-31.	1929-30.	1921-22.
	Yds.	Yds.	Yds.
"A."—Total production of mills (all-India)	2,418,981,049	2,561,133,035	2,989,891,101
"B."—Total imports of cotton and artificial silk piecegoods into British India—			
Cotton piecegoods	1,919,346,512	890,029,906	775,613,894
Artificial silk	56,599,974	51,494,545	84,639,261
"C."—Total imports of cotton piecegoods into British India from the United Kingdom—			
Cotton piecegoods	1,247,539,321	523,445,664	383,500,817
"D."—Total imports of cotton piecegoods into British India from Japan—			
Cotton piecegoods	561,965,625	320,775,991	339,704,396
"E."—Total imports of artificial silk goods and cotton and artificial silk mixtures from Japan and United Kingdom—			
Japan	25,038,036	38,207,243	74,548,909
United Kingdom	7,226,794	2,406,605	1,646,192

APPENDIX No. 2.

No. 1630/162 of 1932.

THE CHAMBER OF COMMERCE,

Bombay, 29th June, 1932.

The Secretary to the Government of India,

Department of Commerce,

Simla.

Sir,

PROTECTION OF COTTON TEXTILE INDUSTRY.

I have the honour to confirm despatch to-day of the underquoted telegram:

"Bombay Chamber has been favoured with copy of telegram dated twenty-eighth from Bombay Millowners' Association inviting Governments urgent attention to serious menace to textile industry owing depreciation Japanese yen. In supporting this representation in general terms this Chamber strongly urges question be referred for immediate consideration and report to Tariff Board who should be asked to confine their attention for present solely to this most important aspect of question."

2. My Committee trust that the Government of India will see their way to take action on the lines suggested and will urge on the Tariff Board the necessity for reporting at the earliest possible moment. My

Committee also trust that on receipt of the Tariff Board's Report the Government will take such emergency measures as may appear to be indicated.

3. My Committee suggest further that the Report of the Tariff Board might form the basis of an immediate enquiry into the general effect on Indian industries of depreciated currencies, with special reference to the marked decline in the yen.

4. I am to add that, in the opinion of my Committee, this matter is one of the greatest urgency.

I have the honour to be,
Sir,
Your most obedient servant,
R. SULIYAN,
Secretary.

APPENDIX No. 3.

White bleached.

	1929-30.	1930-31.	1931-32.	Two months 1st April to 31st May.		
				1930.	1931.	1932.
	Yds.	Yds.	Yds.	Yds.	Yds.	Yds.
United Kingdom .	435,947,709	229,959,908	207,045,989	77,450,452	85,898,628	45,049,915
Japan	13,880,458	28,105,352	59,820,081	4,570,951	8,644,858	14,214,559

APPENDIX No. 4.

Imports of coloured-dyed goods.

	1929-30.	1930-31.	1931-32.
	Yds.	Yds.	Yds.
Total coloured, printed or dyed	489,475,377	245,772,459	229,243,268
Total of coloured-woven goods	192,534,139	46,160,866	25,362,718

APPENDIX No. 5.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
PRICE OF GREYS.												
1929.												
Grey Shirtings No. 2000, 39/37½-38, 16 × 12, 30/30, 8 lbs. 5½ oz.	9 0 9	9 0 0	9 0 0	9 0 0	8 14 0	8 14 0	8 11 3	8 10 3	8 9 3	8 9 3	8 8 3	8 4 6
Grey Jaconets No. 18, 45/22, 16 × 15, 40/50, 3 lbs. 7½ oz.	5 8 9	5 7 6	5 6 5	5 6 5	5 6 5	5 6 5	5 5 6	5 5 6	5 5 6	5 5 6	5 5 6	5 4 6
Grey Mulls, Moongus 51/20, 22 × 22, 60E/60 A, 3 lbs. 7½ oz.	8 3 0	8 1 0	8 2 0	8 3 6	8 2 6	8 1 6	7 15 6	8 0 9	7 14 9	7 14 0	7 14 9	7 11 9
Japanese Grey Shirtings No. 3800, 44/38-38½, 10 lbs.	74 2 0	14 3 0	14 2 0	14 4 0	14 0 0	13 12 0	13 9 0	13 6 0	13 8 0	13 6 0	13 6 0	13 6 0
Japanese Grey Drill, Elephant, 30/40, 14½ lbs.	14 0 0	13 10 0	13 12 0	13 12 0	13 5 0	12 15 0	12 14 0	13 2 0	13 0 0	12 11 0	12 4 0	12 3 0
Japanese Grey Drills. 2 Ducks, 30/40, 13½ lbs.	No stocks	12 2 0	12 0 0	11 12 0	11 10 0	11 8 0	11 10 0	No stocks	No stocks	No stocks	No stocks	No stocks
American Grey Drill, Pepprell, 29/40, 14½ lbs.	17 6 0	17 8 0	17 6 0	17 8 0	17 4 0	17 5 0	17 6 0	17 4 0	17 4 0	17 0 0	17 0 0	17 2 0

1930.												
Grey Shirtings No. 2000, 39/37½-38, 16 × 12, 30/30, 8 lbs. 5½ oz.	8 6 3	8 5 6	8 5 6	8 6 3	8 6 3	8 6 3	8 6 3					
Grey Jaconets No 18, 45/22, 16 × 15, 40/50, 3 lbs. 7½ oz.	5 3 6	5 1 6	5 0 6	5 0 6	5 0 6	5 0 6	5 0 6					
Grey Mulls, Moonans, 51/20, 22 × 22, 60E/60A, 3 lbs. 7½ oz.	7 10 0	7 5 0	7 8 0	...	7 8 0	7 9 0	6 9 0					
Japanese Grey Shirtings No. 3800. 44/38-38½, 10 lbs.	13 8 0	13 6 0	13 8 0	No stocks	13 12 0	13 12 0	13 8 0	Mulji Jaitha Market closed owing to political agitation.				
Japanese Grey Drill, Elephant, 30/40, 14½ lbs.	11 10 0	11 2 0	11 8 0	11 12 0	11 14 0	12 0 0	12 0 0					
Japanese Grey Drill, 2 Ducks, 30/40, 13½ lbs.	No stocks	No stocks	No stocks	No stocks	No stocks	No stocks	No stocks					
American Grey Drills, Pepperel 29/40, 14½ lbs.	17 2 0	18 0 0	No stocks	17 12 0	17 14 0	17 12 0	17 12 0					
1931.												
Grey Shirtings No. 2000, 39/37½-38, 16 × 12, 30/30, 8 lbs. 5½ oz.	Mulji Jaitha Market closed owing to political agitation.			7 3 3	7 3 3	7 3 3	7 3 3	7 1 3	7 1 3	6 15 3	6 13 6	6 13 6
Grey Jaconets No 18, 45/22, 16 × 15, 40/50, 3 lbs. 7½ oz.				4 9 0	4 7 0	4 7 0	4 5 0	4 5 0	4 4 3	4 3 3	4 5 3	4 5 3

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
PRICE OF GREYS— contd.												
1931—contd.												
Grey Mulls. Moongus, 51/20, 22 x 22, 60E/ 60A, 3lbs. 7½ oz.				6 14 0	6 0 0	5 10 0	5 10 0	5 15 0	5 15 0	...	...	5 12 0
Japanese Grey Shir- tings No. 3800, 44/38- 38½, 10 lbs.				10 12 0	10 10 0	10 10 0	10 12 0	10 10 0	10 8 0	11 0 0	11 2 0	12 10 0
Japanese Grey Drill, Elephant, 80/40, 14½ lbs.		Mulji Jaitha Market closed owing to political agitation.		11 3 0	11 0 0	11 0 0	11 2 0	10 10 0	10 4 0	10 4 0	10 6 0	11 4 0
Japanese Grey Drill, 2 Ducks, 80/40, 13½ lbs.				No Stocks	No Stocks	No Stocks	No Stocks	No Stocks	No Stocks	No Stocks	No Stocks	No Stocks
American Grey Drills, Pepperell, 29/40, 14½ lbs.				16 8 0	16 2 0	15 10 0	16 0 0	15 4 0	14 12 0	15 0 0	15 0 0	15 2 0
1932:												
Grey Shirtings No. 2000, 39/37½-38, 16 x 12, 80/30, 8 lbs. 5½ oz.	6 13 6	Market closed.	Market closed.	Market closed.	No Stocks	...	...	...	...	...	...	...
Grey Jabonets No. 18, 45/22, 16 x 15, 40/50, 3 lbs. 7½ oz.	4 5 3	Do.	Do.	Do.	4 7 0	...	...	...	...	...	...	...

Grey Muls, Moongus, 51/20, 22 x 22, 60E/ 60A, 8 lbs. 7½ oz.	5 10 0	5 10 0	5 11 0	6 5 C	6 3 0	...	...	...	...	...	...	...
Japanese Grey Shir- tings No. 3800, 44/38-38½, 10 lbs.	No Stocks	Market closed.	Market closed.	Market closed.	10 4 0	..	...	...	...	...	...	...
Japanese Grey Drill, Elephant, 30/40, 14½ lbs.	10 14 0	Do.	Do.		No stocks.	..	...	...	...	...	...	...
Japanese Grey Drills 2 Ducks. 30/40, 13½ lbs.	No stocks.	No stocks.	No stocks.	No stocks.	No stocks	..	...	...	...	...	...	...
American Grey Drills, Pepperell, 29/40, 14½ lbs.	15 0 0	Market closed.	Market closed.	Market closed.	13 12 0	...	...	...	...	...	...	...
PRICE OF GREY DHUTIES.												
1929.												
Grey Dhuties No. 3322, 44"/8-9, 16 x 14, 44/46, 5/16 in. Dobby.	4 14 6	4 14 6	4 14 6	4 13 0	4 14 6	4 12 6	4 12 6	4 12 6	4 10 6	4 10 6	4 11 0	4 9 0
1930.												
Grey Dhuties No. 8322, 44"/8-9, 16 x 14, 44/46, 5/16 in. Dobby.	4 9 0	4 9 0	4 7 0	4 7 0	4 7 0	4 7 0	4 3 0 nom.	Mulji Jitha Market closed owing to political agitation.				
Japan Cotton Trading Co.'s No. 600, 4¼"/10, 5/8 in. Col.	3 9 0	2 7 6	2 6 6	2 7 0	2 6 6	2-3 0	2 4 6	2 4 6	2 4 6	2 1 0	1 15 0	1 15 0

	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
PRICE OF GREY DHUTIES—contd.												
1931.												
Grey Dhuties No. 3322, 44 ⁷ / ₈ -9, 16 × 14, 44/46, 5/16 in. Dobby.	Market closed owing to political agitation.			3 5 6 nom.	3 5 6 nom.	3 5 6 nom.	3 1 6 nom.	2 15 6 nom.	2 15 6 nom.	No Stocks.		
Japan Cotton Trading Co.'s No. 600, 44 ⁷ / ₈ 10, 5/8 in. Col.	1 14 6	1 14 9	1 14 9	1 15 0	1 15 0	1 14 0	1 13 6	1 13 3	1 11 9	1 14 6	1 14 6	1 14 6
1932.												
Grey Dhuties No. 3322, 44 ⁷ / ₈ -9, 16 × 14, 44/46, 5/16 in. Dobby.	Mulji Jaitha Market closed owing to political agitation.						No Stocks.					
Japan Cotton Trading Co.'s No. 600, 44 ⁷ / ₈ 10, 5/8 in. Col.	1 13 0	1 13 3	1 14 9	1 14 0	1 14 9	1 14 0	...	...	...	...	...	...
PRICE OF WHITE DHUTIES.												
1929.												
Whit Dhuties No. 1535, 42 ⁷ / ₈ -9, 16 × 13, 38/44, 1/4 in. Dobby.	5 2 0	5 3 0	5 3 0	5 3 0	5 0 0	4 14 0	4 12 0	4 12 0	4 12 0	4 12 0	4 12 6	4 12

1930.													
White Dhuties No. 1535, 42"/8-9, 16 x 13, 88/44, 1/4 in. Dobby.	4 12 6	4 12 6	4 10 6	4 10 6	4 10 6	4 10 6	4 8 6 nom.	Mulji Jaitha Market closed owing to political agitation					
1931.													
White Dhuties No. 1535, 42"/8 9, 16 x 13, 88/44, 1/4 in. Dobby.	Mulji Jaitha Market closed owing to political agitation.			3 11 0 nom.	3 11 0 nom.	3 9 0 nom.	3 5 6 nom.	3 3 0 nom.	3 3 0 nom.	No Stocks.			
1932.													
White Dhuties No. 1535, 42"/8-9, 16 x 13, 88/44, 1/4 in. Dobby.	Ditto.						No Stocks.						
PRICE OF WHITES.													
1929.													
White Mulls No. 88, 58"/20, 15 x 12, 60/80.	5 9 6	5 11 8	5 14 0	5 12 0	5 11 8	5 10 3	5 10 3	5 10 3	5 10 3	5 10 3	5 10 3	5 9 3	5 5 6
White Mulls No. 166, 59"/20, 20 x 17, 80/100.	5 11 3	5 13 3	5 14 0	5 13 0	5 13 0	5 12 0	5 12 0	5 10 3	5 10 3	5 10 3	5 10 3	5 8 3	5 8 3
Leigh's White Mulls No. 1703, 58"/20.	13 0 0	12 12 0	12 5 0	12 2 0	12 1 0	12 3 0	12 2 0	12 0 0	12 0 0	12 0 0	12 0 0	12 0 0	12 0 0
1930.													
White Mulls, No. 88, 58"/20, 15 x 12, 60/80.	5 5 6	4 12 9	4 12 9	5 0 0	5 0 0	5 0 0	4 13 6 nom.	Mulji Jaitha Market closed owing to political agitation.					

	January.	February.	March.	April.	May.	June.	July.	August	Septem-ber.	October.	Novem-ber.	Decem-ber.
PRICES OF WHITES-- <i>contd.</i>	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1930-- <i>contd.</i>												
White Mulls No. 166, 39"/20, 20 x 17, 80/ 100.	5 8 3	5 7 6	5 7 6	5 8 6	5 8 6	5 8 6	5 6 3 nom.	} Mulji Jaitha Market closed owing to political agitation.				
Leigh's White Mulls No. 1703; 53"/20.	11 14 0	11 8 0	11 4 0	11 4 0	11 4 0	11 4 0	10 10 0 nom.					
1931.												
White Mulls No. 86, 58"/20, 15 x 12, 60/80.	} Mulji Jaitha Market closed owing to political agitation.			4 9 0	4 9 0	4 9 0	4 8 0	4 8 0	4 6 0	4 4 0	4 4 0	4 4 0
White Mulls No. 163, 39"/20, 20 x 17, 80/ 100.				5 4 3	5 0 0	5 1 0	4 12 0	4 11 0	4 10 0	4 10 0	4 8 0	4 8 0
Leigh's White Mulls No. 1703, 53"/20.				9 10 0 nom.	9 10 0 nom.	9 10 0 nom.	9 10 0 nom.	9 10 0 nom.	No stocks	9 6 0	9 6 0	9 8 0
Japanese White Shir- tings No. 6000, 34"/ 42.				11 14 0	12 1 0	11 19 0	11 10 0	11 9 0	11 6 0	11 14 0	11 12 0	No stocks.
1932.												
White Mulls No. 88, 58"/20, 15 x 12, 60/80.	4 6 0	Mulji Jaitha Market again closed.		4 8 0	4 8 0 nom.	...	...	...	...	...	...	...

White Mulls No. 166. 89"/20, 20x17, 80/ 100.	4 7 0	Mulji Jaitha Market again closed.	4 8 0	4 8 0	...	...	...	...	...	...	...	...
Leigh's White Mulls No. 1703, 33"/20.	9 8 0	Mulji Jaitha Market again closed.	9 8 0	9 8 0	...	...	...	...	...	...	...	...
Japanese White Shirt- ings No. 6000 34"/ 42.	No stocks	Mulji Jaitha Market again closed.	No stocks.	No stocks.	...	...	...	...	...	...	...	...
PRICE OF PRINTS.												
1929.												
Claret & Blue Blotch Jeans G. D. 4, 27"/ 52.	0 6 4	0 6 4	0 6 4	0 6 4	0 6 4	0 6 1	0 6 1	0 6 0	0 6 0	0 6 0	0 6 0	0 6 0
Dyed Rough Shirtings Splits No. 9550, 24"/ 39.	6 6 0	6 6 0	6 6 0	6 4 6	6 4 6	6 2 6	6 2 0	6 1 0	6 1 0	6 0 0	6 0 0	6 0 0
1930.												
Claret Blue Blotch Jeans G. D. 4, 27"/ 52.	0 6 0	0 6 0	0 6 0	0 6 1	0 6 1	0 6 1 nom.	0 6 1 nom.	} Mulji Jaitha Market closed owing to political agitation.				
Dyed Rough Shirtings Splits No. 9550, 24"/ 39.	6 0 0	5 14 0	5 14 0	5 12 0	5 12 0	5 12 0 nom.	5 12 0 nom.					
Black Ground Dis- charges Splits, 25"/ 32. Lancashire.	...	...	8 2 0	8 2 0	8 2 0	8 2 0 nom.	8 2 0 nom.					
Japanese Discharges, 26"/41.	...	...	8 8 0	8 8 0	8 8 0	8 8 0 nom.	8 8 0 nom.					

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
PRICE OF PINTS— <i>contd.</i>	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1931.												
Claret & Blue Blotch Jeans G. D.-4, 27"/ 52.				0 5 7½	0 5 7½	0 5 6	0 5 3	0 5 3	0 5 0	0 5 1	0 5 1	0 5 3
Dyed Rough Shirtings Splits No. 9950, 24"/ 39.				5 10 0	5 10 0	5 8 0	5 4 0	5 4 0	5 4 0	5 2 0	5 2 0	5 3 0
Black Ground Dis- charges Splits, 25"/ 52. <i>Lancashire.</i>			Mulji Jaitha Market closed owing to political agitation.				No Stocks.					
Japanese Discharges, 26"/41.				8 0 0	8 0 0	7 4 0	6 14 0	6 8 0	6 4 0	6 8 0	6 9 0	6 12 0
1932.												
Claret & Blue Blotch Jeans G. D. 4, 27"/ 52.	0 5 5		Market closed.		0 5 1	...	...	...	...	...	...	...
Dyed Rough Shirtings Split No. 9550, 24"/39.	5 3 0		Do. do.		5 3 0	...	...	...	...	...	...	...
Black Ground Di- charges Splits, 25"/ 52. <i>Lancashire.</i>			No Stocks.			...	...	...	...	...	...	...
Japanese Discharges, 26"/41.	6 14 0		Market closed.		6 6 0	..	...	...	...	...	...	...

PRICE OF
JAPANESE FANCIES.

1929.

Dyed Artificial Silk Brocades (Taffetas), 26 ⁷ / ₃₀ yards.	...	...	..	...	...	0 10 3	0 10 3	0 10 3	0 10 3	0 9 3	0 9 0	0 8 9
Woven Striped Twills, No. 505, 26 ⁷ / ₃₀ yards.	...	...	...	7 6 0	7 4 0	7 2 0	6 15 0	6 13 6	6 11 6	6 10 0	0 8 0	6 4 0

1930.

Dyed Artificial Silk Brocades (Taffetas), 26 ⁷ / ₃₀ yards.	0 8 6	0 8 3	0 8 3	0 8 6	0 7 9	0 7 0	0 6 9	Mulji Jaitha Market closed owing to political agitation.				
Woven Striped Twills, No. 505, 26 ⁷ / ₃₀ yards	6 0 0	5 13 6	5 12 0	5 10 0	5 8 0	5 6 0	5 2 0	Do.				

1931.

Dyed Artificial Silk Brocades (Taffetas), 26 ⁷ / ₃₀ yards.	Market closed			0 6 3	0 5 6	0 5 3	0 4 9	0 4 9	0 5 6	0 5 9	0 5 6	0 5 4
Woven Striped Twills No. 505, 26 ⁷ / ₃₀ yards.	Do.			5 10 3	5 7 3	5 6 3	5 1 3	5 0 9	5 0 8	5 5 6	5 12 0	5 13 0

1932.

Dyed Artificial Silk Brocades (Taffetas), 26 ⁷ / ₃₀ yards.	0 5 3	0 5 1	0 4 10	0 5 0	0 4 9	0 4 6
--	-------	-------	--------	-------	-------	-------	-----	-----	-----	-----	-----	-----

	January.	February	March.	April.	May	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.
PRICE OF JAPANESE FANCIES —contd.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1932—contd.												
Woven Striped Twills, No. 505, 28 ⁷ / ₈₀ yards.	5 10 0	5 6 0	5 4 0	5 3 0	5 2 0	5 0 0	...	...	...	...	...	...

GREYS.

44⁷/₃₂ yards Light Weight Shirtings, 6¹/₂ lbs. (Balli Brothers quality No. 8535 and Japan Cotton Trading Com-
pany's No. 4181), 4 000 to 5,000 B/S imported annually into Bombay :—

Rs. A. P.

Present price 6 4 0 Bombay godown.
(specific duty 3¹/₂ as. + 25% p. lb. = about Rs. 1-18 0),
Local mills 6 8 0 Bombay godown.

29⁷/₃₂ yards Drills, 14¹/₂ lbs. ("Elephant" Bombay and "3 Dogs" Karachi), about 1,000 B/S imported annu-
ally into Bombay :—

Rs. A. P.

Present price 6 12 0 c.i.f.
Local mills 8 12 0

PRICE OF WHITES.

Rs. A. P.

Japanese No. 800, 34⁷/₄₂ y-rds, White Shirtings 10 6 0 Bombay godown.
Lancashire No. 1500 do., do. 14 0 0 do.
Japanese No. 6001, 33⁷/₂₀ yards, do. 4 0 0 do.
Lancashire No. 351, 35⁷/₂₀ do., do. 5 14 0 do.
Japanese No. 388, 35⁷/₄₀ do., do. (3 Elephants) 9 8 0 do.
Lancashire R. 800, 33⁷/₄₀ do., do. 10 9 0 do.
Japanese No. 2405, 28⁷/₁₈ do., White Nainsooks 2 0 0 do.
Lancashire No. 21021, 27⁷/₁₈ do., do. 2 8 0 do.

APPENDIX No. 6.

i) *The Railway freight on raw cotton from the principal centres of cultivation in India Basis Indian Cotton (per candy of 784 lbs.).*

To Bombay.						
From		From		From		
	Rs. A.		Rs. A.		Rs. A.	
Ahmedabad	10 10	Ellichpur	22 12	Nadiad	9 11.	
Akola	18 11	Gulbarga	18 3	Nanded	17 14	
Aligarh	25 8	Gokak Road	9 8	Fulgaon	19 12	
Aurangabad	11 11	Gwalior	24 8	Petlad	9 13	
Baroda	8 11	Hinghanghat	19 9	Padra Road	9 7	
Broach	7 4	Indore	13 12	Poona	6 5	
Barsi Town	13 7	Jalgaon	13 9	Rajkot	11 6	
Bandera	20 8	Jubbulpore	21 5	Sholapur	14 10	
Beawar	16 12	Kadi	11 8	Secunderabad	24 10	
Billimora	5 2	Kalol	11 2	Surat	6 1	
Burhanpur	16 0	Kishengarh	18 7	Sidhpur	12 10	
Calcutta	10 15	Kolhapur	10 8	Ujjain	15 7	
Chalisgaon	10 10	Mahuva	13 15	Viramgaum	11 14	
Cambay	10 7	Newsari	5 8	Wadhwan	8 5	
Dhulia	12 7	Nagpur	16 11	...	...

From.	To Bombay.	To Calcutta.	To Karachi.
	Rs. A.	Rs. A.	Rs. A.
Agra	24 8	24 13	24 13
Amritsar	28 8	32 6	25 2
Benares	21 14	13 14	29 5
Cawnpore	21 11	20 4	23 0
Delhi	24 13	25 1	24 13
Hathras	24 13	25 2	25 2
Lucknow	23 3	19 12	24 13
Moradabad	27 11	26 2	28 0
Ujhani	26 2	25 11	26 2

From	To Bombay.	To Madras.	To Mamugao.	To Tuticorin.	To Calicut.	To Cochin.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
Bangalore	19 8	7 13	16 0	...	...	...
Mysore	20 10	10 10	16 0	...	...	...
Hubli	11 9	...	6 13	...	...	...
Koilpati . . . . .	...	12 4	...	2 1	...	...
Madura . . . . .	...	10 8	...	3 11	...	...
Coimbatore . . . . .	...	...	...	...	4 4	5 4
Trichur . . . . .	...	...	...	...	3 1	2 13
Kallayi (Malabar). . . . .	...	...	...	...	1 1	4 15

N.B.—For Egyptian Cotton increase the above rates by Re. 0-2 per candy.

For American Cotton increase the above rates by 4 per cent.

Example : Bombay/Ahmedabad Rs. A. 10 10
 Plus 4 per cent. 0 7

For American Cotton 11 1

*(ii) and (iii) The Railway freight on cotton piecegoods.**Goods train owner's risk.*

	Rs. as. p.
From Bombay to Calcutta	1 10 0 per maund.
" " to Cawnpore	2 4 2 " "
" " to Delhi	2 10 0 " "
" " to Amritsar	2 14 10 " "
From Ahmedabad to Amritsar	2 9 2 " "
" " to Cawnpore	1 14 0 " "
" " to Delhi	1 13 2 " "
" " to Calcutta	2 4 0 " "
From Karachi to Amritsar	2 9 3 " "
" " to Delhi	2 9 3 " "
" " to Lahore	2 7 6 " "

(iv) and (v) Steamer freight on cotton piecegoods.

FROM BOMBAY.

	Rs. as. p.
Calcutta	7 8 0 per ton of 40 c. ft. less 10 per cent.
Karachi	6 7 0 per maund of 82 $\frac{1}{2}$ lbs. less 15 per cent.
Madras	10 0 0 per ton of 40 c. ft. less 10 per cent.

FROM UNITED KINGDOM.

	Glasgow.	Manchester.
	s. d.	s. d.
Bombay	*40 6	42 6 per ton of 40 c. ft.
Calcutta	*46 0	*18 6 " " " 40 "
Karachi	*40 6	42 6 " " " 40 "
Madras	*47 0	*52 0 " " " 40 "

*Approximate.

FROM JAPAN.

Bombay	13.50 yen per ton of 40 c. ft.
Calcutta	13.50 " " " " 40 "
Karachi	*15.00 " " " " 40 "
Madras	25.00 " " " " 40 "

*Approximate.

APPENDIX No. 7.

Question 25.

Count.	Country of Origin.	Price.	
		C.i.f. per bale of 400 lbs.	Wholesale market rate per lb.
		Rs. as. p.	Rs. as. p.
32's single	China and Japan	180 0 0	No stock.
40's single	Ditto	200 0 0	0 10 9
2/4's	Ditto	215 0 0	0 12 0

(2) Letter No. 2342/162, dated the 21st September, 1932, from the Chamber of Commerce, Bombay.

When the representatives of the Chamber appeared before the Tariff Board on the 25th ultimo to give oral evidence the President of the Board asked whether the Chamber could assist by giving advice on 4 points which are referred to under the relevant question in the questionnaire issued by the Tariff Board. My Committee have given further consideration to these points and they now instruct me to submit the following additional information in amplification of the views expressed in their letter No. 1937/162 of the 3rd August, 1932:

No. (1) *Comparable qualities of British and Japanese piecegoods.*

Question No. 2.—At the end of Appendix 5 the Chamber quoted ex-godown prices of a few qualities of Lancashire and Japanese White Shirtings and White Nainsooks and the President took the qualities named as similar. He pointed out that the Japanese were 25 per cent. or so cheaper than the British, and argued that a 5 or 10 per cent. preference to British would merely be "thrown away" and would not serve the purpose of enabling Lancashire to compete (apart from the question of yen depreciation).

In response to the President's request for further information concerning the prices of Lancashire piecegoods which are similar in texture to Japanese make a member of the Chamber furnishes the following particulars:—

"On the 15th of July last we sent Home a sample marked N/S. 3249, showing a cutting of a piece of 44" x 20 yds. White Mull imported from Japan and the following is the report which we have received on this sample from our Manchester Office:—

This is practically the same cloth as our No. 6960 and our price to-day for N/S. 3249, would be 5s. 10d. c.i.f.i.c. Bombay but we could effect a distinct saving in cost if you would take stamped headings as the Japanese sample you have sent us instead of the usual Gold and Blue Woven headings which you demand on our goods.

The price of 5s. 10d. per piece c.i.f.i.c. works out to about Rs. 4-14 per piece ex-Bombay godown and the Japanese quality is selling at Rs. 4-6 per piece in the bazaar. We would further state that our Manchester Office's price was merely a quotation and we have no doubt that we could have bought the goods at some reduction if actual

business had been offered apart from the saving which could be effected if stamped headings were taken as supplied on the Japanese goods."

Cuttings of both qualities are being forwarded under separate cover in order that the Tariff Board may see for themselves that the qualities are very similar.

In Appendix (A) will be found a list of other somewhat similar qualities of Japanese and British piecegoods.

No. (2) Comparative Freights.

Question No. 7.—In Appendix 6 the Chamber quoted steamer freights from Glasgow, Manchester and Japan to various Indian ports per ton of 40 cubic feet and the Board asked if it would be possible to calculate what these freights would come to per lb. or per maund of cloth in respect of a few representative classes of piecegoods.

In Appendix B will be found 3 tables of comparative freights, also weights and measurements.

No. (3) Specific Duties.

Question No. 39 (1).—During the hearing of oral evidence the President of the Tariff Board suggested that the most certain method of ensuring to the Mill Industry the protection intended, particularly on a falling market, was by specific duties rather than by *ad valorem* duties. The Chamber's representatives agreed that this was so. The President then said that one great difficulty with which the Board was faced, if it were decided to recommend any specific duties, was to fix the basis on which they should be levied, *viz.*, whether per lb. or on apparent counts, etc.

My Committee have considered the possibility of devising suitable classifications for specific duties and they are of opinion that there are two possible bases (i) area, and (ii) weight. They consider that of the two the former is preferable because it provides the Customs authorities with more reliable data on which to assess the duty, inasmuch as it may reasonably be assumed that the quantity charged for in the invoice is the quantity actually supplied. Moreover the area, as defined by the dimensions stated in invoices, must be accurate, otherwise there is an infringement of the Indian Merchandise Marks Act.

My Committee are still of the opinion that a scientific tariff of specific duties with numerous sub-classifications would be so complicated and would give rise to so many border-line cases as to make such a tariff unworkable without a very costly appraising staff. If therefore specific duties are considered desirable my Committee think that they must be based on a broad classification and they suggest for consideration the following:—

- (a) Plain Greys (details as per serial No. 120 of the Import Tariff).
- (b) Grey Dhooties, Scarves and Sarries, that is to say, not bleached or dyed in the piece and which do *not* contain any length of more than nine yards without transverse woven headings.
- (c) White goods, bleached in the piece.
- (d) Dyed goods, dyed in the piece.
- (e) Printed goods.
- (f) Artificial silk goods.
- (g) Cotton and artificial silk mixtures containing more than 15 per cent. artificial silk.

No. (4) Tariff on Yarns.

Question No. 41.—The President asked that the Chamber should reconsider its answer to this question in which was recommended a reduction in duty on yarn of 50s. and over to one anna per lb. or 5 per cent. *ad valorem* whichever is the greater.

My Committee have given this question further consideration and they are of the opinion that a protective duty on low count yarns is necessary in the interest of the Indian Mill Industry. They see no reason to alter their recommendation unless it can be shown that the millowners are charging excessive prices on low count yarns.

APPENDIX A.

Date. (about)	Description.	Dimensions.	Sq. Yds. per piece.	Price per piece c.i.f.		Price per sq. yard c.i.f.		
				Rs.	A. P.	A. P.		
White Shirtings—								
15-9-32	Japanese No. 388 (3 Elephants)	35/40 yds.	38-89	7	0	0	2	11
15-9-32	Ralli's Shield (inferior to above)								34/40 „	37-78	8	8	0	3	7
15-9-32	Japanese No. 800 (inferior to Liepmann)	34/42 „	39-66	7	5	4	3	0
15-9-32	Liepmann's No. 1500	34/42 „	39-66	11	6	5	4	7
15-9-32	Japanese No. 18000	36/42 „	42-00	7	3	4	2	9
15-9-32	Ralli's No. 351	35/20 „	19-45	5	1	7	4	2
White Mulls—								
15-9-32	Ralli's 5 Kettles	49/20 „	27-22	4	7	2	2	7
15-9-32	Japanese Cat and Hat, 3 threads less	44/20 „	24-44	2	8	8	1	8
15-9-32	Ralli's No. 3720	36/20 „	20-00	2	9	7	2	1
15-9-32	Japanese KSO (slightly inferior to above)	36/20 „	20-00	1	14	0	1	6
Chocolate Jeans—								
15-8-32	Japanese	28/30 „	23-33	4	6	1	3	0
11-8-32	Lancashire (superior to above) about 1 anna per yard	27/52 „	39-00	10	12	9	4	5
Printed Disch. Shirtings—								
13-9-32	Japanese	26/40 „	28-88	4	13	10	2	8
17-9-32	Lancashire	26/40 „	28-88	6	9	5	3	8
Grey Finished Shirtings—								
30-7-32	Lancashire No. 5003—7 lbs.	44/38 „	46-44	6	9	4	2	3
30-7-32	Japanese No. 5151—7 lbs.	44/38 „	46-44	5	1	4	1	9
Grey Shirtings—								
2-9-32	Lancashire No. 1001½— 10 lbs.	38/ ³⁸ / _{38½} „	40-38	8	4	3	3	3
2-9-32	Japanese "Peach"—12 lbs.								36/40 „	40-00	6	7	0	2	7

Explanatory Note.—The quantities bracketed for comparison are not exactly the same but they bear a close resemblance and would compete against each other in this market. In any case the disparity shown in the last column (*viz.*, price per sq. yard) in favour of Japanese qualities is far from being justified by any slight inferiority in the intrinsic value of the Japanese cloths.

APPENDIX B.

Table of comparative freight.

No. 1.

	From Manchester. As. per lb.	From Glasgow. As. per lb.	From Japan. As. per lb.
Greys (packed in Bales) . . . . .	.272	...	.126
White Mulls (packed in Bales) . . . . .	.283	...	...
White Shirtings (packed in Bales) . . . . .	.214	...	...
Chocolate Jeans (packed in Bales) . . . . .	...	.389	...
White Mulls (packed in Cases) . . . . .	.384	...	...
White Shirtings (packed in Cases) . . . . .	.246	...	...
Printed Sarries (packed in Cases) . . . . .	.370	...	...
Para Red and 3 Col. Splits (packed in Cases) . . . . .	...	.570	...
Turkey 2 Red and 3 Col. Gargas (packed in Cases) . . . . .	...	.699	...
Turkey 2 Red and 2 Col. Sarries (packed in Cases) . . . . .	...	.398	...
Glazed Jean Gargas (packed in Cases) . . . . .	.373	...	...

No. 2.

Approximate 40 c. ft.

	Lbs.
White Mulls, 38" x 20 yds.	791.7
White Mulls, 52" x 20 yds.	1,017.6
White Mulls, 44" x 20 yds.	1,238.0
White Mulls, 48" x 20 yds.	1,221.0
White Shirtings, 35/6" x 40 yds.	1,022.0
White Shirtings, Liepmann's 1500, 32/33"	1,080.0
Khaki Cotton Drill in bales, 27/28"	2,945.0
White Bordered Nainsooks, 32" x 4/22 yds.	1,197.0
Sarries—split, 27"	1,068.0
Para Red Shirtings, 16" split	992.5
White Satin Drills, 27/28"	1,124.0

		No. 3.		Gross Weight.		Nett Weight.	
Sample.	Dimensions of packages.	Contents.		Lbs.	Lbs.		
		Pcs.	Yds.			Cases.	Bales.
A.	2'11" x 2'2" x 2'2"	50	42	530	456	Cases.	
B.	3'2" x 1'2" x 2'6"	50	40	422	366		"
C.	2'2" x 1'8" x 2'3"	150	20	216	168		"
D.	2'7" x 1'8" x 2'2"	75	40	388	289		"
E.	2'5" x 1'3" x 1'11"	25	42	359	338	Bales.	
F.	2'5" x 1'8" x 2'4"	25	42	399	380		"
G.	2'9" x 1'5" x 2'1"	17	99	289	272		"

Samples of the qualities mentioned in this table are being forwarded under separate cover.

United Provinces Chamber of Commerce, Cawnpore.

Letter No. 9214, dated the 12th August, 1932.

With reference to your Press Communiqué dated the 11th April, 1932, I am directed by the Committee of the Chamber to address you on the subject of granting further protection to the Cotton Textile Industry.

My Committee have carefully gone through each of the terms of reference on which the Board proposes to institute an inquiry into the question. While they fully realise and also appreciate the keen interest which the Government of India have been for sometime past showing in this connection, they have serious exceptions to take to term No. 3 (a), viz., "whether the same rate of protection is required against the competition of goods manufactured in the United Kingdom as against the competition of goods manufactured elsewhere", which is a clear suggestion for "Imperial Preference" and has, on this very ground, the entire disapproval of my Committee.

As you are aware, the need for protection to the cotton textile industry has been continually emphasised both through the press and representations by the important commercial bodies of the country since the year 1926. It was only in 1930 that the Government appeared to have seriously tried to grasp the situation and come forward with the Cotton Industry Protection Bill. Since the bill contained in it the element of Imperial Preference, it was strongly opposed in the Assembly by non-officials. Experience has now revealed that the protection given under the above act has been inadequate and but for the national movement for the boycott of foreign goods and for the use of swadeshi goods only, the industry would never have developed to its present size. The production of cotton piecegoods as well as yarn has increased to a considerable extent; but all this improvement is observed in the manufacture of finer goods. In spite of inadequacy of the protection, the results achieved by the Indian millowners have been very hopeful and thus protection has been fully justified by events.

In the terms of reference, the first point raised is "whether the claim of the Indian Cotton Textile Industry to protection has been established". It simply sounds ridiculous for the Government to have put this term, for nobody knows better than the Government themselves that there is no other industry in the country which provides a stronger *prima facie* case for protection than the cotton textile industry. It has become still stronger now in consequence of the collapse of yen and the exchange and cotton operations of Japan, which is obviously our most formidable competitor in cotton piecegoods besides other commodities. It would thus appear to you that the Indian manufacturers of cotton piecegoods and hosiery, who used to export their products to other countries only till recently, now find that they are being ousted from their own markets. In view of this, the Committee do not consider the existing duties to be adequate enough to encounter this foreign menace and would, therefore, strongly urge for ade-

quate protection so as to enable the industry to stand on its own leg after a few years.

In making the above recommendation, the Committee have not lost sight of the interest of the consumers. They are strongly of opinion that the protection, which may be given to the said industry, would lead to the starting of a number of mills which would naturally compete with one another and keep the price down. The Committee, in the better interest of the country, would not even mind a slight rise in the prices provided they know that by so doing a certain industry of the country could be saved from destruction. For the time being, a uniform duty of 50 per cent. to remain in force for at least 10 years would satisfy the Committee.

In this connection I would, also, draw the pointed attention of your Board to a letter No. 9197, dated June 22, 1932, on the subject of protection to hosiery industry which this Chamber addressed to the Secretary to the Government of India in the Commerce Department and a copy of which is sent herewith for ready reference. As you will find therein I have attempted clearly to show how this industry, which obviously promises a prosperous future, has been all throughout neglected by the Government. Since Japan has quitted gold standard, the value of yen in terms of rupee has very much fallen down with the result that the rupee value of Japanese goods, too, has considerably reduced. My Committee would, therefore, like to revise their previous opinion in this regard as communicated in their above letter and recommend that a duty of 60 per cent. be, in the minimum imposed on all imported hosiery goods.

Enclosure.

Copy of a letter No. 9197, dated June 22, 1932, addressed by the Chamber to the Secretary to the Government of India, Commerce Department, Simla, on the subject of granting protection to the Hosiery Industry.

I am directed by the Committee of the Chamber to address you on the subject of granting protection to the "Indian Hosiery Industry". The question of further protection to the above industry has been since long engaging the serious attention of my Committee. They hope that the Government are fully aware of the large quantities of cotton hosiery imported in India from foreign countries, especially Japan which, in fact, has a partial monopoly of the Indian markets and is by far the most formidable competitor of the Indian manufacturers. As far as the Committee know Japan's hold in the hosiery market is due to the cheap price at which it sells its products to India. What surprises one is how Japan, which imports its requirement of raw material, i.e., raw cotton from India, is able to manufacture the hosiery goods so cheap. Reasons for this are obvious. A glance at the history of the industrial development of Japan would show the extent to which State has been always contributing towards it. Unfortunately however, to the great regret of the Committee, the attitude of the Government of India has been generally found unsympathetic in this regard. As my Committee understand the cost of production of hosiery in India is even now nearly 15 per cent. higher than the wholesale rate at which Japanese sell their products in the Indian markets. Thus it will be found that it is the low cost of production due to which Japan has been able to dump unrestricted its hosiery in this country and oust the Indian manufacturers from their own markets. Not only this, but the industry has been so hard hit that it is apprehended that most of the Indian hosiery factories, particularly those of these provinces about which this Chamber can speak with better authority, may have to be closed down before long.

Further, my Committee strongly hold that the hosiery industry provides a clearly sound *prima facie* case for protection and satisfies all the conditions recommended by the Fiscal Commission to be essential for granting protection. The Tariff Board has been busy for some weeks past in enquiring into the desirability of affording protection to the cotton piecegoods.

My Committee would strongly urge upon the Government to ask the said Board to add in the "terms of reference" the question of further protection to hosiery industry and institute a proper inquiry into the matter.

As for the revenue of the Government derived as Customs duty on hosiery, the Committee do not think that an increase of 15 to 20 per cent. in the existing duty would affect it in any way; while, on the other hand, they feel sure that it would give considerable relief to the hosiery industry and ultimately result in a very great national benefit.

My Committee would, for the reasons stated above, unhesitatingly recommend that the existing duty on hosiery be raised at least to 40 per cent., although they would prefer 45 per cent. which only in their opinion, could be adequate to protect this infant but growing industry of India from destruction."

Messrs. Corn Products Company (India), Limited, Bombay.

(1) Letter dated the 20th September, 1932.

In referring to the recent memorandum of the Calcutta Flour Mills Association to the Tariff Board urging the imposition of an *ad valorem* duty of 20 per cent. on imported starching materials, we desire to lodge with you—our formal objection to the suggestion of the Flour Mills Association.

We understand that the memorandum attributes the decline in sales of wheat flour for mill sizing to competition from imported starching materials, which include potato starch, maize starch, rice starch, sago, etc. This, however, is not the case. Imported farinaceous products for the last few years have been 30 per cent. and upwards higher in "delivered mill prices" than wheat flour—with the possible exception of sago, which during the months of June and July, 1932, competed in price with wheat flour.

The use of potato starch, maize starch, etc., by the mill industry does not affect the demand for wheat flour—these imported starches being in demand due to their giving very definite and characteristic qualities in sizing and finishing not obtainable with wheat flour.

We attribute the drop in demand not only for wheat flour but also for imported starches to the increased production of finer cloth by Indian mills, with a corresponding reduction in the production of coarse heavily sized cloth, where appreciable weighting by starching and other fillers is employed.

The imposition of 20 per cent. *ad valorem* import duty would not only adversely affect the trade of ourselves and other firms trading on the same lines, but the imposition of such a duty would tend to increase the cost to the mill industry of affected starch products which are essential in the manufacture of fine and higher quality cotton goods.

(2) Letter No. C./4099, dated September, 21st, 1932, from the Corn Products Co., (India), Ltd., Calcutta.

We have the honour to address you with regard to Memorandum placed before you in Calcutta on Thursday, September 15th, 1932, by the Calcutta Flour Mills' Association in connection with imported starching materials.

May we, as the largest importers of corn starch for industrial use, be permitted to lay before you the following for your consideration, with the request that—in view of the serious consequences the tariff desired by the Calcutta Flour Mills' Association would have on jute and cotton mills—corn starch, as heretofore, be allowed duty free entry under item 162 of the Indian Custom House Tariff. We have to advise that the starch imported by us into India as a sizing material for the textile industry, is a straight corn (maize) starch; it is not chemically prepared.

With reference to the statement of the Calcutta Flour Mills' Association that the removal of the duty on starch in 1927 had resulted in a large influx of imported starching materials to the detriment of the local flour milling industry, it is our contention that this alleged falling off in business, is attributable to the general trade depression—with the consequent shorter working hours of jute and cotton mills—and not to any change over by the latter industries to imported starching materials. On the contrary, we desire to state that several large jute mills—who were formerly using imported corn starch in their size mixing—have changed over to locally produced wheat flour in consequence of the latter commodity being offered at a lower rate than imported corn starch.

In substantiation of our contention, we beg to attach hereto for your consideration, comparative statement shewing the working hours of mills, importations of corn starch by this Company and the relative prices of locally-produced wheat flour as against imported corn starch.

The imposition of a tariff on starching materials would result in a very considerable increase in production costs to the jute and cotton industries and would undoubtedly be a severe handicap to these industries under present adverse trading conditions.

We have to express the hope that you will give favourable consideration to the above.

Enclosure.

Statistics regarding Wheat Flour and Corn Starch prices, etc.

Working time of Jute Mills.	Importations of Corn Starch by Corn Products Co. (India), Ltd.			Wheat Flour Prices. per 112 lbs. Rs. A.	Corn Starch Prices. per 112 lbs. Rs. A.
	Calcutta.	Bombay.	Total.		
	Tons.	Tons.	Tons.		
1927—54 hours per week . . .	2,460	2,295	4,755	10 8	12 10
1928—54 hours per week . . .	1,576	1,031	2,607	10 9	11 8
1929—Up to June, 30th—54 hrs. per week					
From July 1st—60 hrs. per week	1,346	1,721	3,067	10 5	11 13
1930—Up to June 30th—60 hrs. per week					
From July 1st—54 hrs. per week, with mills closed down for one week per month from July to December . . .	1,636	1,505	3,141	8 0	11 4
1931—Up to February 28th—54 hrs. per week				5 12	*8 8
From March 1st—40 hrs. per week, with the seal- ing of 15 per cent. of the total complement of looms	1,062	2,042	3,104		†10 14
Ditto	715	944	1,659	7 2	8 10
1932— (eight months)					

* Prior to September 21st.

† Subsequent to sterling being divorced from gold.

Mr. C. L. Patel, Karamsad.

Letter No. nil, dated the 7th May, 1932.

With reference to your letter No. 203 of 24th instant I have much pleasure, in enclosing my views in connection with Cotton Textile Industry Protection Bill. I shall be glad to give any further particulars for which, I may not be clear here or you may require in addition.

1. Looking to the figures of imports both of value and quality; capacity of production of Indian mills, on double-shift workings and what they produce now and still the heavy stock they have to hold due to high prices, balance-sheets of various mills; the sacrifice given by the shareholders and the managing agents in the past; the interest of British Indians and British Empire, it seems that the industry in question is in badly need of better protection than what it is given now. Protection can be given by various direct and indirect ways, but the following are the main avenues:—

- (a) By removing import duties on the industrial and agricultural machineries spare parts and beltings.
- (b) By imposing highest possible duties on all sorts of cloths and yarns, viz., cotton, silk, artificial silk and woollen.

The following example of the world's wisest rulers will give the most perfect idea as to what extent the protection should be given. Taken from History of India, by H. H. Wilson (Vol. 1, page 385 footnote): "It was stated in evidence that Indian goods could be sold for a profit at a price from fifty to sixty per cent. lower than those fabricated in England. It consequently became necessary to protect the latter by duties of seventy to eighty per cent. on their value or by positive prohibition. Had not such prohibitory duties and decrees existed the mills of Paisley and Manchester would have been stopped at the outset and could scarcely have been set in motion by power of steam. They were created by the sacrifice of Indian manufacture.

(c) Begging must be prevented by laws. At present in India there are over 52 lacs of people of this type. Maintaining this class is heavier burden than any Government tax, on the industrial and agricultural people. This point requires best attention both of Government and public. By employing this class in labour, the cost of living, labour and production would be cheaper and the Government will also be able to increase her income to some extent. Millions of acres of land are still undeveloped in India.

3. (a) The protection in question is required against all the foreign goods of all quality but in case, if United Kingdom (U. K.) requires special terms on account of having her first connection with India, the question must be dealt with separately.

As it is too wide a question, and on no account must only be dealt with this commodity and countries. If it be required, I shall put forward a scheme, by which I think the business people of both the countries will be satisfied.

3. (b) I am of the strong opinion, that no such goods although not produced in India must on any account be given preference under robbing classified headings by imposing lesser import duty as the Indian mills and handlooms produced many kind of goods, which can be replaced for the required goods, but not produced in India. If India wants to live in this most critical times, she must only use what she produces.

This is not quite a new idea but the same has been done in the past by the European countries including United Kingdom. One day England was unable to produce goods like India but still to get rid of the best Indian goods from that market, Government of England imposed extraordinary heavy duties against the voice of her subject who were very much pleased and attracted by the best quality of Indian goods and its low value with the difference of 50 to 60 per cent. Not only that but also the wearer had to pay very heavy fines for this penalty.

3. (b) According as they are manufactured:—

(a) & (b) Please see 3 (a).

4. The recommendation will benefit to great extent to the handloom industry as the fine and special quality goods which the mills are unable to produce will be handled by them. Mills and handlooms on not a single way are the competitors of each others but are fast friends. Each has its own line to manufacture. Moreover the handlooms use mills spun yarn.

GENERAL.

Japan is the first country under the heading "other countries" which is increasing its trade most rapidly with India at the sacrifice of England and besides, it bids fair to be most dangerous to England not only in the matter of business but also her supremacy in India. It is not too much to expect Japan to be against the Government of India that is of England by declaring *War* for the Commercial supremacy, as she recently did in case of China.

Remember her attitude towards the league of nation; watch she is getting stronger and stronger both in trade all over the world, and power. And the most notable thing is the national spirit amongst her subject.

So it is most advisable to cut this dangerous increasing trade which would surely be the instrument for war between two great nations involving thousands of lives. Still there is time to do it. We are not too late yet.

Consul General for the Netherlands, Calcutta.

Letter No. 1091, dated the 19th May, 1932.

From a press communiqué I have learnt that your Board is engaged in conducting an enquiry into the question of protection for the Indian Textile Industry, after the expiration of the existing duties in March, 1933. As the Textile Industry in my country is greatly interested in this matter, I have advised the manufacturers in the Netherlands through my Government of this enquiry, but I am afraid the time-limit fixed will not allow them to submit to you their views in this connection in time.

With the present I would therefore submit to you what I hold to be in general the views of Netherlands interests on the subject whom, however, I have not yet been in a position to consult. I would request that if—beyond the observations which I have the honour to make in this letter—interested parties in the Netherlands hold views which they would like to bring to your notice, you would be good enough to place the same on record, if possible, even if the time-limit has meanwhile elapsed. I am already in communication with these interests in order to learn whether they wish to make any additional remarks on the subject; if so, these will be communicated to you with the shortest possible delay.

For the present I would, as stated, confine myself to the general aspect of the matter as it presents itself to me.

There are now in existence protective import duties which apply uniformly to all countries of origin, the United Kingdom excepted. Although I am aware that the Indian Industry, before the institution of these duties, in certain quarters claimed protection with a view to the promotion of greater diversification, I believe it can be stated without fear of contradiction that protection was primarily adopted on account of *unfair* foreign competition. Whilst at least *one* case of such unfair foreign competition was definitely made out in the Report of your Board (Cotton Textile Enquiry, 1927), the measures to counteract this unfair competition were extended to

all countries importing textiles into British India, and applied to the same extent, excepting the United Kingdom. As you are aware it was not the Netherlands Textile Industry against which the case of unfair competition was made out, as appears from the Report just mentioned, where it is stated (Vol. I, pages 71-72), that it could not be said in regard to imports from any country other than Japan, that there has been any change to the disadvantage of India as compared with the prewar position. That statement as far as my country is concerned holds good to-day as it did in 1927. Now as in 1927 the definition of unfair competition, moreover, as laid down in the Report (page 69), does not apply. Neither has it to my knowledge ever since this Report appeared been contended that either the volume or the selling price of textiles imported from the Netherlands have in any way been a contributory cause of the depression of the Indian industry.

It is felt as a hardship not justified by circumstances that such measures as may have been necessitated by conditions prevailing in one country, were directed against all countries, amongst which the Netherlands, where healthy labour-conditions, according to international standards prevail, and where the industry is conducted along the soundest lines generally.

I am aware that your Board considered at the time the levy of an additional duty exclusively on imports from the country where the unfair competition existed (Vol. I, page 175), but that such a differential duty was deemed undesirable when the object aimed at could be secured in other ways. The method of protection subsequently adopted—an *ad valorem* duty on all cotton manufactures had the advantage, according to the Report afore-quoted, of avoiding complications arising from discrimination against particular countries. It was considered that such discrimination might lead to retaliatory measures against exports from India, which largely exceeded in value the imports into British India, in the case of the country involved. Against this the view is held, however, that it was exactly the uniform, or almost uniform, application of this duty to all importing countries, which constitutes a form of discrimination, hindering as it does the free importation of goods from a number of countries, in order to be effective towards the one or two countries against which the measures were conceived and directed. In other words, in order to avoid one possibility of retaliation, many new possibilities of retaliation might be said to have been created in respect of a number of other countries.

The main object of the present is to request that your Board, when drawing up new recommendations for the protection of the Indian Textile Industry against unfair competition, may give due consideration to such measures as will not involve countries where no such unfair competition exists. It might be added that the principle of a uniform application of the tariff to all countries was already partially abandoned in the initial stage, where a lower percentage was fixed for goods from the United Kingdom as compared with the percentage for other countries.

In this connection it might not be out of place, although your Board will be fully familiar with the position, to point out the brisk trade relations which have ever existed between your and my country. Also in the case of the Netherlands exports from India largely exceed in value imports, exports in the last calendar year having amounted to 52 million rupees against imports totalling 24 millions. Together with Netherlands India, the Netherlands are the fourth biggest customer (not included the British Empire) for British Indian produce, and much of the cotton required by the Netherlands Textile Industry is obtained from India. Netherlands India is a market for British Indian cotton piecegoods, more especially those manufactured in the Madras Presidency. If it is a sound principle that if a country desires to sell to another country it should be willing to buy from that country, I feel confident that also for that reason the views expressed above will meet with your careful consideration.

[Mr. S. B. Tachakra, Amritsar.

Letter dated the 13th June, 1932.

Having read in the papers that the Tariff Board is having its sessions at Bombay to inquire into the affairs of the Indian mill industry and that suggestions are invited with a view to help this industry, I beg herewith to submit the following few points for the consideration of your committee.

Till recent years Indian mills cared very little to improve their productions and kept on turning out cloth in a stereotyped way, irrespective of there being a demand or not for that style of production. But due to the impetus given by the Swadeshi movement, the management of mills opened their eyes and are now trying to cater for the tastes and styles now in vogue amongst consumers. Thanks to the Ahmedabad millowners that they with their enterprise made a start in this connection and now many of the Bombay mills are producing such styles as nobody expected them about a couple of years back.

Although much has been done to improve the production according to the latest standard of tastes, yet a lot remains to be done for the organisation of sales in up-country. At present most of the mills work in up-country in the following two ways:—One is that they have got their own agents in up-country, who open shops on behalf of the mills and they get a small remuneration towards the expenses of the shop and a certain percentage of commission on sales. It should be borne in mind here that those shops deal more in retail business rather than the wholesale. The other way is that some of the leading dealers of this place have their own shops at Bombay and Ahmedabad, who purchase goods direct from the mill premises and send them at Amritsar to be sold to the local dealers. The latter way goes against the local dealers who purchase mill goods from the local agents of the respective mills. The dealers' representative at Bombay or Ahmedabad regularly visits mills and sees for himself the latest style under production and if same appeals to him as suitable for Amritsar market, he readily puts an order with the mill. This advantage is not open to the dealers who buy from the mills' local agents.

During the last boycott movement of the year 1921 some of the leading Indian importers took up agencies of the Indian mills for the Punjab. Orders were booked for forward delivery and at the time of delivery if the Bombay or Ahmedabad market gave better prices for the stuff for which the orders were already booked, many of the mills yielded to the temptation of better prices and sold the stuff in question to Bombay or Ahmedabad dealers thus leaving the Amritsar importers in a most awkward position. I put here the word awkward because the importers in their turn had entered into contracts with the local dealers so far as the forward sale was concerned. No allowances were made for the inability of the mills to supply the stuff, for which they had already received and confirmed orders. The result was that a reaction set in and this was followed by a brisk demand for foreign goods, which continued till the launching of the boycott movement of 1930. Now that the movement is getting strong we find that nearly eight annas in a rupee of the sale are of Indian mill made goods.

But as said above, a lot remains to be done to organise sales in the Punjab. First and the foremost is that each and every mill of importance must have their own cloth branch in this market, controlled by an efficient and experienced man knowing the local conditions. The man in charge would make it his primary duty to ascertain the styles that are in demand and recommend his employers to produce these styles in consignment lots for up-country. Once a thing is placed in the market it will bring repeat orders as a matter of course. He will also make arrangements to secure orders from the wholesale dealers and pass them in to

his employers for execution. This means an identical working as is done by European importing houses who till late had been importing an enormous quantity of foreign piecegoods.

One can compare this with the working system at present in existence with the mills. An agent with the shop is content with what amount of commission he gets through retail and a little bit of wholesale sales. He little worries himself for introducing new styles.

Yet another suggestion for increasing sales will not be out of place here. Though it is an elaborate one, it is quite workable. The mills having their own branches here must appoint distributors in the various districts of the Punjab and North-West Frontier Province (one in each district). These distributors will furnish securities if they want the goods on credit. If not, they can purchase goods as right-off sales, delivery against cash. The writer, with his association till late with an institution which had adopted this system of working, is quite confident of its success. There are many in the districts who want to have connections direct with mills.

Then again, the terms on which the mills work at present require alterations. They are intended to safeguard the interests of the mills while the buyers are exposed to the mercy of the millowners. The dealers have stopped buying from the mills pending the drafting their own terms on which they will be prepared to work with the mills. This is quite a welcome step. Their demands in principal are two:—The first is that the survey for any dispute arising out of the supply of goods of inferior quality than the basis sample on which order is secured should be held in Amritsar.

As regards late shipments, the millowners should make proportionate allowances in consideration of late shipments or the millowners should furnish the dealers with "Force majeure" certificate. These demands of the local dealers are quite justified in view of the fact that they enjoy identical facilities from European importers.

The above has been written with the full knowledge of the local conditions during the writer's association of about ten years in the market, for the major portion of which he was in charge of a leading European importing house. And as such the above should have a full consideration by the members of your Committee with a view to recommendations.

Mr. V. R. Kokatnur, Bombay.

(1) *Letter dated the 14th July, 1932.*

I am making bold to send this communication although unknown to you as I am interested in the well-being of the Indian Textile Industry. My qualifications to speak on the subject are that I am a Consulting Industrial Chemist practising in New York, U. S. A., and somewhat of a specialist in Textiles.

While I heartily endorse protection I realise at the same time the responsibilities of such procedure. Protection is a remedy to be applied specifically to specific industrial ills and not a panacea. A remedy by itself cures no disease but aids nature in curing it. Protection likewise is only intended to help the industry to stand on its own legs. I would like to diagnose the case of the Indian Textile Industry and see if the disease the industry suffers from is at all curable by protection alone.

To be in good health, an industry must have its vital parts in sound condition. It is only then that a remedy can at all be effective. The raw materials, the machinery, the power, the labour, the technical skill, etc., are the vital parts of an industry. A little examination will show that none of these vital parts of the textile industry are in a sound condition. The Indian cottons, speaking as a whole, is neither cheap nor

good in quality. That is why a considerable amount of foreign cotton is imported into India. Furthermore the Indian industry is more interested in foreign business than business at home. This leaves the home business unprotected, and makes it an easy prey to foreign attacks. Among the other raw materials may be mentioned caustic soda, soda-ash, bleaching materials, dyes, sizing materials and other accessories all together worth many crores of rupees. Perhaps not one of these is manufactured in India, and their cost to the home industry is 50 to 100 per cent. higher than in the case of a foreign textile industry. From bolt to a nut all the machinery used in the industry is manufactured abroad and is not fitted to Indian conditions from the standpoint of efficiency. Machinery cost to India not to speak of its lesser efficiency is also much higher than to a foreign country. The cost of producing power in textile India is also much higher. The labour is only apparently cheap as it is very inefficient and figured from the standpoint of outturn is quite expensive. The technical skill however good is foreign to the conditions of the Indian industry as it has been nurtured in foreign institutions which know little of Indian conditions. Textile technologist like a surgeon who has studied anatomy from a wax-model finds himself at sea when face to face with a real operation. Add to this the problems of modern management and merchandizing to see the hopeless situation of the textile industry.

The Indian Textile Industry is like a man whose heart does not pump, whose lungs do not heave, whose liver does not function and whose vital glands cease to secrete. Woe unto the doctor who is confident of treating such a case. The industry during its career of about a century does not seem to have developed even one line of advantage over the foreign industry. On the contrary, it is showing signs of senility. The manufacturing cost of textiles in India is probably the highest in the world and is bound to remain relatively high as long as Indian industry lives and moves with borrowed vital organs. If cotton costs 4 annas a pound, to manufacture it costs between 6 to 8 annas. Thus manufacturing cost is fully 100 per cent. higher than the raw material cost. Labour may account for 25 per cent. to 30 per cent., power 5 per cent. to 8 per cent., stores and chemicals 20 per cent. to 25 per cent., management 2 per cent. to 5 per cent., capital charges and depreciation the rest. Every one of these items can be reduced to some extent at least. There is no problem that cannot be solved sooner or later. Leaving aside the increased number of spindles, looms, and mills, it may be asked what cost the industry has reduced and what problems it has solved. If it is not, what guarantee is there that it will do better this time when protection is given.

What I would like to call your attention to, is that protection proves futile if the industry does not realise its responsibility towards protection and fulfil its part in attempting to stand on its own legs.

While I have tried to indicate the hopeless situation of the industry, I am equally confident that lines of advantage over foreign industries could be evolved and the manufacturing cost considerably reduced. I am reasonably sure that Japan has a low cost of manufacture and is not merely dumping its goods. It is a sad commentary on Indian industry that Japan in such a short time should occupy such a position in textile industry as to threaten the very life of the Indian industry that is four or five times older.

If the line of argument of this letter interests you at all, I will be glad to appear before you and show you the ways and means of developing lines of advantage for the industry and reducing its manufacturing cost.

(2) *Letter dated the 26th September, 1932, from Mr. V. R. Kokatnur.*

While protection is good and necessary to avoid any more economic upheaval, it is not believed to be beneficial to industry as such.

To talk of competition to Indian industry is absurd. Competition like equality can only exist between members of the same species. We do not

compare a dead horse with a live horse nor a horse with an elephant. Except in name Indian Textile Industry has no counterpart anywhere else in the world. If at all, it is an extinct species. If Indian industry is textile, anything that wears a dress and walks will have to be called a human being.

Regarding many questions and particularly 39, 40, 41, etc., prescription depends upon diagnosis. It is claimed that the disease cannot be properly diagnosed simply by trying various remedies at random in a wasteful process.

We can only be expected to answer questions of technological nature where our experience can be brought to bear on them.

Question 6.—Can be answered by stating that perhaps a large part of Bombay's Industry may be shifted to Ahmedabad. Bombay's Industry has set itself a higher standard of living and not efficiency. It is in the hands of people who appear absolutely modern and up-to-date in their habits and living, whatever may be their true under-dress. Everything in Bombay costs more than in Ahmedabad. Land, labour, fuel, supervision, office and storage, all account for the higher cost. While Bombay millowners may perhaps feel conceited and probably believe that their modern appearance is really true because, they ride in better and more expensive motors, attend expensive clubs, employ so-called foreign or foreign trained technologists and buy the expensive and what is told to them as the most modern and up-to-date machinery and specialize in wearing clothes not made in their own mills. The Ahmedabad millowners while not any more modern than their Bombay colleagues, at least make no pretence to it, and can be called more efficient so far as unit cost is concerned. Their office, supervision, technical labour expense, are much less than in Bombay, and they seem to understand their market much better. We are stating these things not as facts, but what probably may be and perhaps is true.

Question 11.—No. Japan is already buying our cotton. The supply of the Indian demand in short staple cotton goods is real, and either India or some one else must and will have to supply it. So the cultivator will not suffer.

Would be interested to know the figures tabulated in questions 15 and 16 for criticism. We however believe that it would be difficult to find true unit cost figures in Indian mills. First very few mill heads or departmental heads know what unit process cost is and how to compute it, and when they do know, they find it unnecessary and probably convenient to group the various costs under one broad heading. The actual bleaching, dyeing or mercerizing costs or power costs in these various operations are probably unknown.

Would be interested to know the answers for questions 20, 21, 22, 24 and 32.

Question 35.—(A) This should not only be answered by the Mill but the Mill should state what effort it has put in these directions, no system or organization can prove effective if they are the results of deliberations from external interference. To be effective the system or organization must have genuine interest in it and develop lines of attack from within.

It can be asserted that some reduction can be made in each one of the things mentioned. I may be willing to throw a gauntlet that I can substantially reduce the cost of manufacture of any one or two mills if given in my charge for a period of 5 years provided no unforeseen emergencies arise to vitiate such reduction.

(B) No experience to give such details but approximately no less than 20 per cent. reduction in each one of the items can be made and probably no less than 50 per cent. reduction in total manufacturing costs. (1 and 11 and a, b, c, d, etc.) Most of these sub-questions cannot prove as panacea to all mills under all conditions on mere theoretical considerations. Each case has to be studied by itself and a separate remedy applied to fit each case. What seems to be necessary is to blow life into the management and insist

that it show progress periodically to an examining committee of a group of exports recommended by the Tariff Board.

(x) Millowners Association being a voluntary association cannot be expected to have executive power. Voluntary progress will only take place where there is ambition, desire, will and honesty to self.

Much interested in answers given to sub-questions xii and xiii.

Not in a position to answer question 36.

Question 37.—It would be difficult to believe that in any other civilized country, labour conditions would be found to be worse than in India.

Would be interested in the answer to question 33.

Question 44.—Either you must eat the pie or have it. It is not possible to do both even partially. National interests are bound to clash with foreign interests, be they 100 per cent. foreign or empire foreign.

Question 45.—No.

Mr. R. S. Sethna, Bombay.

Letter dated the 19th July, 1932.

I have the honour to send you as requested seven copies of the answers to your questionnaire.

Enclosure.

Answers to Questionnaire of Tariff Board (1932).

5. If Bombay mills reduce their prices of cloth the up-country mills do likewise to keep their hold on the market. They are usually in a position to produce cheaper cloths for various reasons, hence they will not mind a corresponding decrease in their selling price.

6. Yes. In spite of existing duties foreign piecegoods are dumped in our markets. Should the duties be withdrawn, foreign goods would get a tremendous impetus to the detriment of indigenous goods, causing cessation of many additional mills and increasing the number of unemployed.

11. (A) Yes. Japan will flood the market with her piecegoods. It is a very well-known fact that Japan mixes foreign cotton with Indian cotton for the manufacture of her cloth. Thus, a part of the cotton in all Japanese cloths will not be bought from India, whereas, Indian made cloths are exclusively from Indian cotton, except finer sorts.

(B) Indian mills have made a marked advance in finer sorts during a very short period. They were encouraged partly by the present duties. Should duties be enhanced we consider that it would mean more production of indigenous cloths which would create a demand for long staple cotton produced in India.

13. (A) Shirtings, Sheetings, Longcloths, Drills and Twills, Dhuties, besides this, Printed and Art Silk goods from Japan adversely affect our markets.

27. A mill should have 30,000 spindles and 1,000 looms or in such proportion to consume practically all the yarn produced. The average counts to be spun should be 20s to 24s for Shirtings, Chadars, etc. The annual yarn production would be about 35 lakh pounds, whereas, the cloth annual production will be about 44 lakh pounds. (35 lakhs is got on 6 oz. per spindle \times 26 days \times 12 months. 44 lakhs is got by 14 lbs. \times 26 \times 12).

29. 2½ per cent. on buildings and 5 per cent. on machinery. (1) These rates are fair, (2) 3 per cent. and 10 per cent. for double-shift seems fair.

31. Banks in India do not give the facilities as desired and that Banks in other countries offer better terms. The rate is about 7½ per cent.

33. Costs are not given but several mill Agents are connected with mill stores and machinery as well as cotton firms. Rates are unknown.

35. (A) Labour should be unchanging; this can be achieved by offering a bonus at the end of every year of their work for regular attendance and good behaviour. Monthly prizes in all departments must be offered for highest efficiency. Legitimate grievances of workmen must receive sympathetic consideration. Substantial reductions in cost would accrue by discarding antique machinery. As far as possible one or at most two makes of machinery should exist in each department. Particular attention is drawn to the latest types of machinery such as Casablanca. Four Roller or High Draft System in Spinning and High Speed Waring and Winding as also Automatic looms in Weaving. The first lot does away with a whole process, without any deterioration in the quality of the yarn. In fact the yarn is more uniform and has better test. The latter group produces a better quality of cloth. The most important factor is the cotton. This must be of the right quality for the counts. The practice in many mills is to go as fine as possible on all classes of cotton which results in bad yarn, bad cloth, low production with maximum of exertion of the worker.

(A) (i) It is most improper and unjust to "standardize" the muster roll or the rates. The following reasons will support this statement. Firstly, the layout, machinery and working conditions vary in all mills. Then again the cotton consumed and the quantity of stores purchased in all mills vary considerably. It is quite natural that where the layout, machinery and conditions are good, and where a better class of cotton and stores are used, one will get more production than another who has not the same advantages. In fact, it would be quite possible for an indifferent worker to get as much production or even more as the efficient worker labouring under the other group, i.e., bad cotton and stores coupled with bad outlay, machinery and uncongenial conditions.

(A) (ii) It would be better if spinners were paid on production. But this can only be fair when a better class of cotton is used. Otherwise spinners should be paid per doff, irrespective of short weights due to breakages. If the cotton is not of a better type, additional spindles to spinners will not pay.

(B) Yes, subject to the following conditions:—(1) Automatic looms be introduced. (2) Conditions in the shed should be improved by artificial means (i.e., foul air should be expelled and the Temperature and Humidity should be proper). (3) By employing a certain number of spare jobbers and boys to assist weavers in "going up" beams, repairing smashes and doing minor jobs. The boys to bring weft to the weavers and return their empty pirns. (4) The Weavers' Beams must be perfect or at least good as it affects labour and efficiency. It may be stated that one of the causes of bad beams is due to shortage of slashers or sizing machines in some mills.

(C) Improvement in the condition of machinery, consumption of best materials and discipline where there is low efficiency due to supervision will create good economy in the preparatory departments.

(D) Competent weavers be paid a fixed monthly wage for a couple of months to get used to these looms. Intelligent line jobbers and Fancy Jobbers be given special training for a short period under expert supervision in an institute opened for the express purpose of training labour. This class of labour should get 50 per cent. more wages than the ordinary sort.

(iii) Schools of the type above mentioned should be increased in mill centres.

(iv) If the mill specialised in certain sorts, the men would be more efficient, the wastages would be less in yarn and cloth due to bad weaving, dyeing and finishing. A smaller staff can manage the work efficiently. Besides the quality of cloth can be standardized. There are not many difficulties which have to be met before specialization takes place. Special or drastic changes are necessary in a few sorts only. Manchester mill furnishes one such case.

(v) The existing organisation of mills in general is far from being satisfactory in many cases. Some of the reasons are (1) Indifference of Agents

towards the technical side, (2) Wanting in proper supervision, (3) Engaging clerks and accountants in managerial posts.

By amalgamation or grouping of mills there will be no improvement unless and until heads of various departments are persons of impeachable character and highly qualified technically. These men should be selected irrespective of colour, caste or creed.

(vii) The "Personal touch" is wanting. Agents should not have too many irons in the fire. They should have their head office at the mills and not in Fort.

(vi) They should make it a point to know something on the Technical side. They should at times check costings. They should know their stocks of cotton, yarn and cloths lying in their godowns as sold or otherwise. They must at times go to the market to make personal investigations about his cloth quality and prices.

(vii) Yes.

(ix) Yes, it is absolutely necessary. Strong reserves must be created for paying dividend in lean years and for replacing old machinery as well for extension. Agents prefer to give higher dividends for more than one reason.

(x) (a) The Japanese system should be followed.

(b) They should have at all important centres something like a small "India House" in England. They should have guarantee brokers at all these centres. The Agents themselves should visit these places at least once a year to learn on the spot why their goods are not preferred. They should advertise their goods by Cinemas, etc.

(xi) Conciliation Committees should exist in the mills. All Broad questions should be discussed prior to any changes. This Committee must not be "packed". All Registered Trade Unions should be asked to co-operate with the Agents. The Agents must persuade their technical staff to join Trade Unions. Trade Unions must be given donations to win their sympathy as it is an important factor in the decision of strikers. Agents must lend money to the extent of 75 per cent. of the mill hands' earnings at a nominal rate of interest, say 9 per cent. per annum. They should also undertake to provide rations at cost price; a fortnight's privilege leave on full pay must be given to all after one year's regular attendance and good conduct in the mills. Provident Funds, Old Age Funds and Unemployment Funds must be registered in all mills at an early date.

36. Yes. Much "Window dressing" is practised in the Balance Sheets. The form of Balance Sheet must be standardized to allow comparisons with other mills. The voting power of the Agents must be curbed. The abuse of "proxies" must be mended. There should be a sliding scale for voting. The scale suggested is as follows:—

1 share—1 vote; 2 to 3 shares—2 votes; 4 to 10 shares—4 votes;
11 to 100 shares—10 votes; over 100 shares—50 votes.

There must be a Government expert to see if the depression and other funds are rightly utilised. Provident funds must exist in all mills and they must be registered. Cotton contracts made by the Agents must be in the name of the Company and not in his own name. All Cotton contracts must be registered the same day in a Government Office kept in the Cotton Bazar. All auditors must thoroughly examine the list of contracts before certifying the Report. It should be made criminal for Agents and Directors to give their shares to members of their staff or friends, in name only, to create votes under their control. A hundred or more shareholders may apply to the High Court through any one of them at the cost and risk of the representative, to get removed any Agent or Director who is found to be involved in any illegal transaction. The Agent or Director shall defend the same at his own risk and cost, without any recourse to the Company's fund.

Directors and Auditors must be the real representatives of the Shareholders and not in a theoretical sense. Articles of Association of the mills

must be amended to prevent the Agents from doing any business foreign to or not directly connected with the mills.

37. Yes, Japan is benefited by inferior labour conditions.

38. The present fall of the Yen is playing havoc. Should the artificial manipulation succeed in stabilising the Yen at present, then the Cotton Industry is doomed, unless Government step in and give adequate protection by way of increased Import Duty in proportion to the advantage of the Yen taken by Japan.

39. Yes. The protection should certainly continue. (ii) The Duty be raised by an additional 30 per cent. (iii) For five years provided the Yen works against India but as soon as the Yen stabilizes at its proper level, the Duty should be decreased correspondingly.

Mr. A. H. Manek, Bombay.

(1) *Letter dated the 20th July, 1932.*

I have the honour to submit hereby my written statement containing the answers to your questionnaire. If necessary, I shall be glad to give oral evidence when requested to do so.

Being an investor according to my capacity, and having had long experience in the handling of textile goods, I think, my efforts to help you may serve some useful purpose.

Enclosure.

1. (xix) It has always been the rule in the textile trade that the movement of prices in any particular range of cloth is apt to react on the price of other cloths of similar or entirely different nature. The buyer substitutes close ranges one for another for inducement of prices, qualities, etc.

(xxi) The imports of artificial silk cloth and of mixed cotton and artificial silk fabrics are certainly in competition with real silk goods to a certain extent, but now-a-days they are in extremely keen competition with cotton goods also. If the cost is 2 annas 9 pies c.i.f., it makes other goods less saleable as women prefer artificial silk goods of same or slightly higher value to cotton goods although the latter wear better, and this competition the millowners naturally dread so much.

5. If prices were reduced at Bombay and/or Ahmedabad which are the principal manufacturing centres of the cotton industry, prices prevailing at important centres of production would certainly be affected to a greater or smaller extent. Consuming centres very often send telegrams right round before they buy any quantity in bulk.

6. This question relates to an hypothetical circumstance. If the protective duties were withdrawn in 1933. I should think the other manufacturing centres in India could not take the place of the mills in Bombay and Ahmedabad in supplying the requirements of India in cloth which these mills have catered for so long, because the railway freights from and to centres in the interior are so high that in my judgment the very large portion of the business would be taken up by imports from other countries. It has been reckoned that the railway freight from Sholapur to Bombay for a short distance of 233 miles is about the same as the transport both ways from Bombay to Kobe with raw cotton and of piecegoods from Kobe to Bombay (page 596, Vol. IV, Tariff Board Report, 1927). This would enable Japan to capture the trade to a greater degree than all other importers combined. The Japanese Government is always a ready and prompt helper wherever their industries could be helped, and we may depend upon it

that they will do their level best to capture trade under such circumstances, which however could not be thought of, as no disaster would be greater in the interests of the life of the country.

8. I am afraid, the easy-going Bombay Millowners have taken few, if any, steps to develop the export market for Indian yarn and piecegoods actively. They wait for orders to come to them, and they apparently do not actively cater for the trade of Mesopotamia, East Africa and the Near East places. A sum of Rs. 50 per month per mill *plus* a commission of about 2 per cent. would secure for them a competent and experienced traveller who could cover not only these places, but also Java, Sumatra, Siam, Philippine and Australia. Unless there is a tremendous fall of consumption in the Indian market, I am afraid the millowners will not stir themselves in this matter.

10. (vii) The handloom weavers who use artificial silk yarn are complaining bitterly that their trade is gone as the Government of India are levying duty on artificial silk yarn, and the Japanese artificial silk piecegoods are dumped at such cheap prices that they could not possibly compete with the imported artificial silk fabrics. In my opinion, the Government of India should entirely repeal the duty on artificial silk yarn, as it will be helping both the handloom weavers and the cotton industry in India.

11. (a) A decline in the output of Indian mills which use indigenous cotton very largely will certainly affect the cultivator as so much less Indian cotton will be used.

(b) The Indian cultivator will only grow long staple cotton if he has sufficient encouragement by scientific help in agricultural matters. All possible facilities, financial and other, should be given so that there may be direct encouragement for growing long staple cotton. But the mere imposition of duty on long staple cotton against the mills will not by itself be such an inducement for the cultivator to grow long staple cotton. Japan at present is the largest foreign purchaser of Indian cotton, because its cheapness suits her. Already she has been trying to grow short staple cotton in Korea and elsewhere, and price is so much a consideration to her that she has dropped the Indian cotton readily when she could buy American cotton cheaply at slightly increased price compared with Indian parity, and because she was longer on the gold standard after England and India gave it up facilitated this for her. The moment Japan is able to draw her supplies of cotton from elsewhere, there is nothing to prevent her from doing so. With regard to the break in the price of Indian cotton, I agree with you that the Indian cultivator may get a lower price for cotton sold for export, because the export merchants and the Japanese are very keen buyers and the price they pay affects more or less the price of cotton bought for internal consumption by millowners. In my humble judgment it will be a long long time before the cultivator grows sufficient long staple cotton to meet the increasing requirements of Indian mills and the demand of exporters before it becomes a glut on the Indian market.

12. The present import duty of half an anna per lb. on foreign cotton imported does not help the Indian cultivator in the present circumstances. If such a long staple cotton is grown in larger quantities, it can readily be absorbed by the Indian mills in preference to importing it from Africa and America. In any case the new duty has not stopped such imports of foreign cotton. It is difficult to believe that the duty has been imposed at present for purposes other than those of revenue. It would have been more advisable not to have imposed it in the present difficult situation of the Indian mills.

16. N.B. (2).—If the object of this question is to ascertain correctly the manufacturing costs of the products of Indian mills, I submit the Board is wrong in excluding depreciation, interest on working capital, and the selling agents' commission from same. These items must be taken into the cost of manufacture and in fixing selling prices. If these are not realised in the selling prices, they cannot be recovered in any other way.

These items are a part of manufacturing costs and they must come out of the selling prices. If they are excluded, the profits looms fictitiously large (if any). Depreciation really should be treated as a charge for hiring out the mill factory and its machinery for production purposes. If that was done, those that work the mill would have to pay the charge in producing the goods. And any method that does not include these items in the cost of production is not the correct one to ascertain manufacturing costs. The same remarks apply for interest on funds necessary to buy raw cotton and to pay labour's wages and to defray the expenses of consumable stores, such as sizing, dyes, etc. If the mills make no profit owing to depression of the market, and if no depreciation reserve is provided for it is an additional loss all the same for the wear and tear of the building and machinery. It is all very well to make depreciation as a first charge on profits for steadily prospering industries. Whatever losses the mills may be making in the present depression the want of provision for depreciation is so much extra loss. Very few industries have reserves in cash which they can draw upon in the present times of acute depression without having to pay the bank interest on funds borrowed which is now-a-days an unavoidable necessity.

23. Being not actively engaged in the manufacture of cloth in a mill, my estimate cannot absolutely be accurate, but it seems to me that on a rough calculation the present cost of manufacture is bound to be higher by at least 10 per cent. Reckoning the landed cost of American cotton at 5 annas, $\frac{1}{2}$ an anna duty alone increases it by 10 per cent. The evidence given before the last Tariff Board was that about 5 to 6 per cent. is the cost of consumable stores used, *plus* about 1 per cent. more or less on this item, not to speak of an increased charge in the replacement of machinery parts which wear out by ordinary usage. Thus these new duties would probably increase production costs by about 8 per cent.

31. Whenever the bank rate in England is reduced manufacturers there rejoice as cheap money facilitates industries. It is not unreasonable for us to hope that an all-round 5 per cent. rate is most desirable, throughout the year.

33. As a shareholder I have always regarded the managing agents as our executive agents. As such, they ought to be and are the servants of the shareholders with power granted to act for them and on their behalf for a consideration which is about 10 per cent. on the net profits, which is very reasonable. In return for that remuneration, and they are supposed in the ordinary course of business to do their level best for the industry. Ability, business acumen and a certain amount of experience are expected of their as a matter of course. In my humble judgment if they act honestly and diligently, this system of managing agents is indispensable. But if they make secret commissions on the purchases of cotton used in the mills it is nothing short of dishonesty.

Machinery, Stores and Coal.—Unless they are special agents for the sale of these for everybody in common and not exclusively for the mills for which they are agents, they have no right to charge a commission on such purchases. They are supposed to buy these at the best obtainable cheapest market price. Any deviation from this ordinary business honesty is a dereliction of duty.

Insurance.—Similarly if insurance is one of the spheres of activities of the firm to which they belong not specifically for effecting insurance of the mills under their charge but for outsiders as well, they are then entitled to retain a sort of agency commission which is paid to insurance sub-agents and to nothing more. The Shareholders' Association is taking up this matter, and I therefore do not wish to enlarge on these answers at the present juncture.

35. (A) & (B) are comprehensive, and I propose to answer same in the respective subject headings as specified by the Board and the rest under different headings of mine.

35. (A) (i) I understand the millowners had formulated a scheme of standardisation in respect of wages, etc. But labour leaders of the militant type prevented the consummation thereof which is indeed a great pity. As regards the general behaviour of labour leaders of the Trade Union, I am dealing with this subject extensively under the heading of Trade Unionism.

(ii) I answer these questions also under Trade Unionism.

(iv) As to whether the idea of specialisation of particular mills in the manufacture of particular kinds of cloth can be carried through depends upon the concerted action of the millowners themselves. The discussion of the Merger Scheme shows that there is no complete concord amongst them and this matter must be regarded at the present moment as resting on the laps of the Gods.

(vi) All I can say with regard to this matter is keener supervision and economy in the foot-steps of Ahmedabad millowners is most desirable. I am an admirer of the Ahmedabad millowners for their economy, keenness and efficiency of the management of mills to which they devote great deal of exclusive attention. Because the managing agents have many fingers in other pies, that is no reason why slackness of supervision which would ensure as much efficiency as the Ahmedabad and the Madras Millowners are capable of ensuring, should result.

(vii) My answer to this is in the negative. Please see my answer to question 16 (N.B.) (2).

(viii) Indians are stated to be gullible fools, myself included. Unfortunately, there has been a great deal of writing down of capital already. In the case of those mills which have watered their capital, there is no help to avoid it.

(ix) It is certainly desirable that the mills in the ordinary course of business expediency should limit dividends till depreciations have been fully provided for. It is desirable, but unfortunately not always practised.

(x) (a) Co-operation in the purchases of raw cotton like the Japanese is desirable and practicable to a certain extent, but I do not think the millowners will combine for this purpose. From the shareholders' point of view, we must wait till this consummation is brought about. Let us hope we may not have to wait too long.

(b) Having been a salesman practically all my life I lay very great emphasis that a responsible working man who controls sales should be in much closer touch with the dealers and the selling system and the market tendencies of the different consuming centres in the interior of India like Delhi, Amritsar, Cawnpore, Calcutta, Madras, Rangoon, Colombo, Secunderabad, Rawalpindi, Quetta, etc. At each of these places they should have not a clerk merely, but a competent agent with long experience of salesmanship. Anything *less than that is false economy if not neglect of duty*. How many are the millowners who have such an arrangement? Very few of them can call themselves practical salesmen in the real sense of the term, and that is unfortunately the curse of this industry. Everywhere else industries are capably represented in this matter. Closer touch with consumers and dealers is an unavoidable necessity. But excuses are made from time to time and until the present selling system is abolished, we will have to put up with this deficiency on the part of the managing agents.

(c) Having previously travelled in most of the consuming centres of the textile trade, I often receive requests to make arrangements for representation in this matter, but the vested interests and the selling agents and the easy-going tendencies of the mill agents in this matter have met with no success to the detriment of the mills themselves and of capable merchants and dealers there. A friend of mine in Calcutta who is financially well placed and who has 25 years' experience in the handling of Indian mills goods made a feasible and a very practical suggestion to represent a group of mills which would give him a large selection of fabrics so that he could establish himself in the heart of the market places (native bazaar) and serve about

900 retail dealers that are *only too anxious* to buy mills' manufactures if offered without the parasitical profits which the unnecessary middlemen swallow without giving any efficient service in the disposal of the goods. Often they have stated that there is a demand always for mills' manufactures if only unnecessary middlemen's profit is obviated. I have given up in disgust the attempt to bring these two parties together for their mutual benefit on account of the vested interests. I have also come to the belief that the decreasing purchasing power of the people especially the agriculturist, and the force of circumstances will compel the mills to change their methods of sale in course of time, and anybody that can bring about this desirable consummation will be a great benefactor of the Bombay Textile Industry. Ahmedabad does it. Northern India mills do it. Madras does it. Why not Bombay? The retail dealers are the real outlet, and they are precluded by these parasites from earning their legitimate profits by rendering real service in the disposal of the goods. These remarks of mine are disagreeable to interested parties, and they consider that it is a fetish of mine. Before the war Manchester supplied 3 times more of what they do now, and the mills only a third. Now the position is reversed through the Swadeshi Movement, and I certainly think that if this wretched selling agency monopoly system had been dropped, the mills would have done much better. In this matter also there is nothing left for the shareholders to do "but to wait and see".

(d) See my answer to your question No. 8.

(xi) See my remarks under Trade Unionism.

(xii) The answer to this question has been included in your other questions.

(xiii) Apparently none. If any improvement has been made, it is a matter of congratulations for the shareholders.

36. See my answers to your question 33. The jute industry in India is very efficiently managed. So are many of the Ahmedabad Mills and the Madras and Madura Mills. In this connection, I beg to refer the Board to my answer to the last Board's question 41, page 152, Vol. IV, of the Tariff Board's Report. I do not believe in running down unnecessarily the managing agents or the managing agency system. I am aware of the fact that many of them have acquired long experience and at the present time to remove them would be a difficult matter. It is easy to criticise, but we cannot replace the officials that are at the head of the mill agents' business actively engaged in carrying on the work, but at the same time it could not be denied that the present "Indian Companies Act" needs revision without delay. All of them have not outlived their usefulness. It is a case of *mending* and not of *ending* them, because they were at one time "entrepreneurs" in initiating the industries and also in financing them up to the present time. But that can surely be no reason to continue them if they are not efficient to meet the requirements of the present day. It is a question of the battle of the brains and the survival of the fittest. Those that are not competent or energetic enough ought to give way to those that are, rather than kill the industry by slow annihilation. The Articles of Association made by them is in the way. It is the Government's duty to see that any industry that takes money from the public is honestly, efficiently and capably managed. If there are any clauses in the Articles of Association that prevent this being done, they should be considered void by the amendment of the Companies Act. Above all, no new companies should be allowed unless their Articles of Association are previously examined by a competent Committee of the Shareholders' Association or by any other properly organized body. In any case no agency arrangements can be allowed to last longer than 5 or at the most 7 years. Furthermore, accounts at the yearly meetings should be clear and exhaustive in regard to the particulars that would give a clear account of their trusteeship for a year. No blind imitation of the present amended British Act is desirable, but clauses to suit present Indian circumstances should be incorporated in the proposed amend-

ment of the Indian Companies Act. The Shareholders' Association are taking up this matter, and I hope they will deal with it patiently and in no stricter manner than the circumstances of the case call for.

37. The conditions of labour in China are said to be inferior as compared with those of India. China has been shipping yarn to India, and careful attention should be given to the Millowners' representation in this matter.

38. *Bounties, Subsidies, Exchange Depreciation.*—I am answering these under the heading of Dumping, Exchange, etc.

39. Protection, Rates, Period, etc., have been answered by me under the special heading of Protection and Dumping.

42. *Definition of "Plain Grey" piecegoods.*—In commercial and technical language "Plain Grey" goods are really those in the construction of which grey yarns form the predominant part. Coloured borders, headings, stripes, runs, etc., should not exceed as a limit 20 per cent. minimum or 30 per cent. maximum. The mere fact of the amended Tariff Act having defined "Plain Greys" contrary to the usual custom of the trade cannot make other goods "Plain Greys" which are not plain greys. Some dyed woven goods have been classified by the Customs authorities as plain greys which are neither bleached or dyed in the piece, and which do not fulfil certain other conditions as to headings, etc. I think a limit should be placed as regards the maximum quantity of colour used in embellishing grey goods. Mr. Hardy on page 47 of his Report states that "if any colour or other foreign material or mixture is used, the grey series will be 'assessed' 11 per cent. as cotton piecegoods if the widths covered by the extraneous material is less than $\frac{1}{2}$ of the width of the cloth." I do not think the Sea Customs Act anywhere authorises any Collector of Customs to do so, and I think a distinct and authoritative ruling on this matter should desirably be made. I also support Mr. Hardy fully in the suggestions made by him as to define clearly the different classes of cloth not only for the purposes of assessment of duty, but also for statistical purposes, so that correct comparisons may be made between cloth manufactured in Indian mills, those imported and those exported. Now when duties have been so much higher than $3\frac{1}{2}$ per cent. of pre-war times, clear definitions and distinctions are absolutely necessary, but in defining them the Chambers of Commerce and the Millowners should be consulted, so that a uniformity throughout may be established in the Indian Trade, in accordance with the practice of traders, and not ignoring trade-custom. That is the most desirable way to avoid confusion by designating same goods by different names.

43 & 45. *Protection.*—I submit that unless the significance that you attach to the word "Protection" approximates that which I attach to it, it is obvious that we cannot gauge its importance sufficiently. It also goes without saying that neither the Government of India nor the Tariff Board can give it a significance different from that which is given by commercial, financial, industrial and economic people to it. Unfortunately, "Protection" is viewed from different angles and different points of view some of which are entirely untenable. In my humble judgment "Protection" has two principal fundamental constituents:

(a) For purposes of revenue.

(b) For purposes purely and simply to protecting or safeguarding the domestic industries of a country.

The two purposes must be judged separately and independently. Government must have revenue to carry on the administration, and if once a rate of duty and the basis of assessment-value have been defined, they must be properly carried out, otherwise Government might lose heavily in the revenues. The considerations of revenue do not also govern the considerations of safeguards. In my opinion, if an industry has to be safeguarded, its efficiency or inefficiency or its other attributes do not make the necessity of protection any the less. People think that if a certain amount of "Protection" is given or increased from time to time, Labour should be

similarly compensated. Others think that if the mill management is inefficient that circumstance precludes it from its right to protection. All these considerations are beside the question of the merits of the policy of protection. The Fiscal Commission having recommended protection to all Indian industries after careful deliberations, and the Legislature having approved of same, protection must be recognised as the commercial policy of the Government of India. It is independent of the exigencies of revenues for Government or the misdeeds of the officials of the mill agents or others. This policy of protection adopted by all civilised nations embodies an economic doctrine of establishing, developing and preserving a country's manufactures or industries with a view to give continuous employment to Labour confining same mostly to the sons of the soil. Protection can therefore be taken to be a policy independent of any other considerations than those of safeguarding. It helps to create the nation's purchasing power by developing most of its resources. The means adopted for this purpose are discriminating tariffs, bounties, premium, rebates, drawbacks, etc., so that the commerce and industry of a country may be fostered. Its outlook cannot merely be provincial, but national, and for the good of the whole country. All civilised governments recognise that their duty does not merely consist in policing or preserving law and order, but primarily in creating a national dividend so that the citizens of a country may have permanent employment thus creating the wherewithal from which administration charges, etc., may come out. The way all civilised countries have conceived and operated the policy of protection shows that efficiency is not a condition precedent to the granting of protection, but a condition subsequent which naturally and gradually results from the policy of protection being carefully and effectively operated. The present acute trade depression operating throughout the world has necessitated all nations more or less to invade one another's territories to "dump" goods. Therefore, it is a matter of extreme difficulty for each nation to guard to the best of its abilities the country's diminishing trade both internal and international. Having defined these preliminary considerations, it remains for us to deliberate as to the proper method of administering it by common consent. Importing duties are considered to be their best remedy. But import duties will be circumvented by depreciation of exchanges or separate bounties or subsidies, etc. We have found by actual experience that discriminating tariffs alone are not sufficient to safeguard industries, as such duties can be circumvented by the depreciation of the exchange as is now the case with Japan. Therefore an Exchange Compensation Act is found to be necessary to prevent this nullifying or minimising of the import duties.

Bounties.—Bounties have been found to be useful for an industry to secure foreign markets. Bounties are an item of expenditure to be defrayed out of the revenues of a country, and therefore a burden on the taxpayers and not as good a deterrent as the safeguarding duties. On the contrary, it helps the foreign aggressor to dump the goods to suit his convenience at the expense of the taxpayers of the country where such goods are dumped. We have no need to consider the other means if we can make the import duties and the Exchange Compensation Act together effective against all subterfuges and circumventing tactics of the foreign aggressor.

Proposed Duties—

Cotton goods	50 per cent.
Artificial silk yarns	Free.
Artificial silk fabrics	100 per cent.

Bleached goods to be divided into a few prominent classes that will comprise the usual importations, especially those from Japan and elsewhere, that come into direct competition with Indian mills. As Mr. Hardy states, there will be a few border line grades. If we omit the lowest two grades, the difficulties will be avoided. The rest could have a minimum and a maximum tariff valuation fixed in accordance with the relative prices of representative mills, or of representative grades of same or nearly similar

goods imported from European countries in normal trading excluding those imported for dumping purposes. The average prices of these in normal trading will be a fair guide. If once the difficulty of the initial fixing of tariff values is got over, subsequent revisions will take care of all complaints in the beginning which can be altered to suit the new circumstance that may arise. There is no other way of getting over the difficulties of assessing values for purposes of duty. Mr. Findley Shirras in his evidence (page 377, Vol. IV) before the last Tariff Board supports my suggestion of Tariff valuations in answer to a question as to what rate of duty you propose to impose to meet Japanese competition. His concise reply is: "It would be a duty which would be at least equal to the difference between the import price, c.i.f. price, and the price of your representative mills in Bombay".

If an import duty is put on you, you would measure it in the light of the cost of production and the price of the imported article? He also suggested to take the average price for 6 months or for a year for various articles. He suggested the same rates for depreciation as the income-tax authorities allowed, and 6 to 8 per cent. as a reasonable return on capital. His idea was quite correct to take the selling costs of representative concerns which must necessarily be well regulated mills. If his suggestions had been followed out by the Government of India the last Tariff Board would have come to levy a rate of duty which is considered reasonable by United States and Japan herself, and which would have been quite in conformity with the findings of the Tariff Board of 1927 (see pages 175 and 221 of the Tariff Board's Report). According to the findings of the Tariff Board, the rate of duty should have been—

	Per cent.
(a) Actual and unfair advantage to Japan in manufacturing cost	4
(b) Reasonable return of capital on cloth (page 175)	8
(c) Depreciation claimed and allowed by income-tax calculations	4½
(d) 18d. exchange disability admitted to be 4 to 6 per cent. (page 221), say, a mean of 5	5
(e) Japanese exchange depreciation being less than 153 to 100 Yen normal	8
	<hr/> 29½
Contingencies for slight errors and calculations	1½
	<hr/> 31
Total	<hr/> 31

This amount should have been allowed by the Government of India in 1927 which for some reason or other, the Government of India did not see fit to grant, and which subsequent events have found to be indispensable. It is inevitable that to save our industries a 50 per cent. duty is now essential provided with an Exchange Compensation Duty of 35 per cent. maximum if the exchange is at the present level. This Exchange Compensation Allowance should be decreased if the Japanese Rupee exchange rises above the present level of Rs. 100 for 100 yen and decreased as it approaches the normal level of Rs. 150 to 100 yen. I will discuss this more fully under the heading of Rupee-Yen Exchange.

Dumping.—The Japanese Cotton Shippers' Association in Bombay have denied that there is any dumping on the part of Japan by taking their stand on the definition of dumping given by the Fiscal Commission. It is tantamount to being wise after the event for us to say that the Fiscal Commission and the British Safeguarding of Industries Act erred in defining what dumping really is. In the light of subsequent experience both the

definitions are found ineffectual and unequal to cope with the devices adopted by Japan in circumventing them. The Fiscal Commission could not have anticipated that Japan would be manufacturing Dhooties in 1926 and dump them at cut-throat prices in Bombay and Calcutta. Dhooties have no sale in Japan, and therefore Japanese and Indian prices could not be compared as a test as to whether they constitute dumping or not. Neither could they have anticipated that taffeta can be sold at a c.i.f. Rupee price of 2 annas 9 pies per yard. Neither did the British Safeguarding of Industries Act which had the German Kartell on their brains anticipate that Germany would be able to land such goods at a price below their sale price in Germany. All these circumstances have actually happened, and extra safeguarding duties had to be imposed to cope with the circumvention. In this connection Professor Viner in a memorandum prepared for the economic and financial section of the League of Nations states "dumping" is likely to prevail if:—

- (a) the exploiting industry is trustified or syndicated; or
- (b) the industry, though not organised into a single unit for production for export is dominated by one or two large concerns, each of which controls a sufficient proportion of the total output to warrant its assumption of a disproportionate part of the burden accepting export orders at less than the prevailing domestic rates; or
- (c) the product is not standardised as between different producers so that each producer can individualize his product or trade mark, brand, pattern, type of container or otherwise and so escape the full pressure of price competition; or
- (d) an export bounty is granted by some agency external to the industry such as the State or another industry supplying the materials which the industry under consideration works up into a more finished product.

Professor Viner also holds that protective import duties in the exporting country facilitate dumping. According to the final report of the Committee on commercial and industrial policy after the War, 1918, the recommendations of which led to the Act of 1921, "the view is strongly held that frequent dumping of any particular class of foreign goods produces a feeling of an insecurity in the corresponding industry of this country which diminishes the incentive of development and that in certain cases dumping by foreign combinations has been the expression of a persistent policy aiming at the depression of some British industries and the prevention of the establishment of others. It is, of course, impossible in every case to prove this latter suggestion. We see no reason to doubt that there is at least a *prima facie* ground in support of this. The value of dumping to the dumping industry is held to be in the fact that it enables it to maintain a high level of output, thus keeping works at or near full production and reducing the incidence of overhead charges". It practically amounts to supplanting our Labour by Japanese Labour.

Mr. A. P. Gordon in his "Problems of Trust and Monopoly Control" (pages 41 to 43) states "dumping may be designed to secure monopolistic control of a foreign market, prices being subsequently raised, or to afford an emergency outlet for goods under the stress of pending unemployment. A policy of this kind is by no means peculiar to Germany where a slump in employment is immediately probable. Dumping or exporting at cheap prices may be the lesser of two evils. It is an evil none the less from the standpoint of world economy as well as that of national economy inasmuch as cheap dumping prices of the product benefits foreign consumers. It is a form of competition which forces victory to the best organized Kartell than to the most efficient producer". The Japanese low exchange is facilitating this dumping. It is strange that we have no Act to prevent the possibility of dumping in India. Article V of the Japanese Tariff Law teaches us a good lesson. This article protects Japan's own industries against foreign aggression:—"When important industries in Japan are threatening by the

importations of unreasonably cheap articles, or by the sale of imported articles at unreasonably low prices, the Government may, under regulations provided by the Imperial ordinance, specify such articles after submitting the matter to investigation by the 'Anti-Dumping Committee' and impose upon them during a certain fixed period of time, duties not exceeding any amounts of their proper prices in addition to the duties provided in the annexed tariff". Mr. Findley Shirras had perhaps this article in view when he suggested to the last Tariff Report to equalise import tariff assessment in conformity with the production and sale-cost of Indian representative mills in the same manner as this section defends Japanese domestic industries. In my opinion, there is no other remedy that can get over this dumping tactics. In spite of and in addition to this protection which Japanese tariff law gives to its own industries, Japan on the 16th June, 1932, imposed a special Exchange Compensation Duty Act by which she imposes an extra duty of 35 per cent. on goods coming from England, etc., which have depreciated their exchanges, so that her own country may not be flooded with goods from such countries in the same way as she floods her goods into India when her exchange is about Rs. 100 for 100 yen.

Section XXX—Sea Customs Act.—This section provides that duties in India are to be levied on the "real" value of imported goods in India. The real value must necessarily be a relatively correct value compared with the same costs of representative Indian mills or with imported goods of the same or similar kind. If such an amendment is made, the difficulties stated by Mr. Hardy in Chapter VI of his Report would be minimised, and if tariff valuations are devised under this Act as suggested by Mr. Findley Shirras in combination with the Exchange Compensation Act as the Japanese Government has imposed they will obviate all our present difficulties, and our industry may be enabled to withstand this unfair competition.

Exchange.—I think the Bombay Millowners are in error in thinking that the normal exchange is about Rs. 137 to Yens 100. In my view, comparison can only be made with the gold value of the rupee in pre-war times, and the gold value of the Japanese Yens during the same period, namely from 1893 to 1914-15. The Rupee then was 1s. 4d. gold and the Japanese Yen 2s. 0½d. This makes Rupees 150=100 Yens. That this 1s. 4d. Rupee was the natural rate of exchange for India cannot be gainsaid because then the internal trade was brisk. Importers were also doing well, and the exporters were doing the same. And above all, this rate suited the economic conditions of the country as there were no complaints of unemployment or depression during this period, and I consider that (1s. 4d.) as the normal rate of exchange. This was the opinion of the millowners as expressed in their statement to the last Tariff Board. It has been my considered opinion that India being mostly an agriculturist country, its purchasing power is at its highest when she receives more rupees as net returns for her produce exported when the exchange is 1s. 4d. So long as this exchange remained at 16d. to the Rupee, she had sufficient purchasing power to absorb Manchester piecegoods. When this rate began to rise above 16d. her capacity to absorb imported goods decreased. Even when Manchester's sale prices were 264 and 368 per cent. higher after the war with this rate of exchange, she bought more goods than she now does with 1s. 6d. exchange, which deprived her of her gross earnings by 12½ per cent. This loss is the surplus margin from which she had always made her purchases of other goods than food-stuffs. The following figures demonstrate my idea quite fully:—

Price July, 1914=100.

Year.	Average price limit.	Sterling Exchange.	Imports in million yds.
1916	. 125	1916-17 @ 1s. 4d. to 1s. 4½d.	1,786
1917	. 264	1917-18 @ 1s. 4½d. to 1s. 5d.	1,429½
1918	. 368		
1925	. 161	1925-26 @ 1s. 6d.	1,294

I enclose a copy of the percentage list of the prices prevailing in England of raw cotton, yarn and piecegoods for your information.

The Japanese rate of exchange throughout the same period was 2s. 0½d. which was also normal so far as her trade with India was concerned. Therefore, in my opinion, the normal rate of exchange for the trade between these two countries was healthier at Rs. 150 to 100 yens. This continued till the earthquake of 1922 when Japan had to take loans from gold currency countries, and other misfortunes made her go off gold which brought down her exchange to 1s. 7d. The rupee was also inflated in 1927 at 1s. 6d. and any comparison made with the rate of that exchange cannot be called normal.

My view, therefore, is that the present Japanese exchange is abnormal, and considerably depreciated because it was Rs. 90 on 29th and 30th June, and it had varied from 117 to about 102, and the rupee is now about equal to a yen. Therefore, when she buys cotton from us worth Rs. 150 for which she would have paid in normal times 100 yen, she now pays 150 yen. Therefore, the present exchange is 33¼ per cent. against her in India.

When she exports her piecegoods to us for every 100 yen she used to get from us Rs. 150 but now gets only Rs. 100. Therefore, her yen has fallen by 50 per cent. so far as her export trade is concerned. Dollar-yen rate was 49½ cents on September 20th when India and England were both on the gold standard. Since Japan went off gold, the dollar value of her yen has been continually falling so that on June 30th her rate was 27½ cents, a depreciation of about 54 per cent. Japan is therefore wise in protecting herself with 35 per cent. exchange compensation duty, and that appears to me to be a secret bounty or depreciation she is providing for in her export trade. It is a question for us as to whether we should not impose a duty of full 50 per cent., the amount of her depreciation in exchange instead of 35 per cent. as she must be further depreciating it in future, and we are fully entitled to an equalization exchange allowance of 50 per cent. on the value of all her imports into India, and vary it as her exchange rises above Rs. 100 for 100 yen. But the trouble is that she is selling cleverly all her goods into India at an inclusive Bombay c.i.f. rupee price to hide this indirect bounty of 50 per cent. in exchange value depreciation.

Trade Unionism.—The Indian Trade Union Act appears to have been copied from the British Act without regard to the conditions prevailing in India. We have incorporated into our Act the deficiencies of the British Act with the result that, as in Great Britain, Trade Unionism is a militant organisation. They take advantage of demanding high wages when our industry is active and cannot afford to allow our labour to go on strike. Similarly, when our industry is slack, the mill agents have no other recourse but to endeavour to reduce wages if they can without causing strikes. This is a most undesirable situation. An industry is a common enterprise for the benefit of both Labour and Capital. As previously explained, the mill agents are in reality the servants or agents of the shareholders. The shareholders have taken the risk of investing their capital in industrial concerns which give Labour its livelihood, and it is only fair that both sides should work harmoniously to the benefit of all the interests that co-ordinate their efforts in making the venture successful. Those enterprisers that have risked their capital deserve, as the Tariff Board has found, an industrial profit of at least 8 per cent. Considering the fact that from Government and other guilt-edged securities investors can get 6 per cent., a composite profit of 8 per cent. is by no means too large, because it gives only 2 per cent. extra for industrial risks which are necessarily inseparable from industrial ventures of any kind. Unfortunately, Trade Unionism has always been a militant organisation with some portion of it having communistic tendencies which have been the course of the welfare of Indian industries as a whole. I am speaking at the moment of Industrial concerns only, not of railways, canals, or any other public utility concerns, which must be treated quite differently from Industrial concerns in which the incentive is always of a reasonable profit. It is, therefore, essential that Government should see that the Trade Union Act is so framed that harmoni-

ous relations should prevail between Labour and Capital, and that these militant organisations should have no power through the Act to cause mischief with impunity. I have been carefully studying labour conditions and the speeches of labour leaders from 1925 onwards, and find that none of the leaders have ever said that wages depend upon selling prices and upon the economic law of supply and demand which fixes more or less the wages that they can earn. After the war wages had increased by 100 per cent. over 1913-14 standard without a corresponding increased output in production. When the industry was hard pressed by Japanese competition in 1925, these labour leaders did not do their duty of advising labour correctly or wisely. Ever since that time, there have been repeated strikes. The Tariff Board recommended certain improvements which the millowners were ready to accomplish if the labour leaders had not obstructed. The proposal of more looms per weaver was very unjustifiably opposed by the communist labour leaders, and it seems to me that the future of the mill industry will continue to be gloomy unless these mischief mongers who have nothing to lose are prevented from continuing to obstruct it with all sorts of empty slogans and platitudes. In this connection, I beg to refer you to my remarks under the heading of Labour on page 154, Vol. IV. I have also enclosed for your information my article in Commerce about the "Tyranny of Trade Unionism", which sets forth fully my views.

Imperial Preference.—In my humble judgment, we Indian businessmen, Government and everybody else should view this matter dispassionately and without prejudice, bias or political sentiments. And I am against anticipating at the present moment what the Ottawa Conference is about to propose until we have those proposals fully described to us. Great Britain and each of the Dominions should separately and independently make their proposals stating what they are prepared to offer in exchange for what they want from us. At best Imperial preference implies barter through the medium of money or fair exchange, which means no robbery. And, therefore, Imperial preference has the characteristics of a commodity, and it must therefore be judged on its intrinsic merits. On the other hand, it seems to me that the Indian Textile Industry which itself needs protection cannot afford to give preference. Preference and protection are antagonistic and cannot mix together so far as they relate to one and the same industry. Besides, we have already given Great Britain's textile interests a bounty of 5 per cent. in import duty, and a 12½ per cent. preference in 1s. 6d. Sterling exchange. Similarly we have already given the British Steel Manufactures a degree of preference over Continental steel goods, not to speak of other goods that our public works and public utility concerns buy from her. Therefore in the case of Indian textile industries, protection and preference are contradiction in terms. If England gives 2d. per lb. preference to our Indian Tea we are giving her much more than a "quid pro quo" in various ways. However, the matter could be judged carefully at Ottawa. In my view, there are several other British articles in their most finished form as machinery, hardware, iron and steel manufactures, dyes, motor vehicles, railway materials, aircrafts, mill stores, etc., on which we should be prepared on careful consideration to give her preference wherever we can for an equivalent "quid pro quo". and I am sure, our mercantile associations, chambers of commerce and Legislature will give very careful consideration not only to Great Britain, but also to each of the British Dominions. There may be openings for mutually beneficial reciprocal trade, and avenues for such must be very carefully scrutinised.

In this connection Lord Inchcape's opinion expressed in the House of Lords is worth noting and consideration on its merits.

Enclosure.

Labour Unrest: The Tyranny of Trade-Unionism.

Public opinion admits the right of collective bargaining by labour with its employers. Liberty being the birthright of every person the underlying

principle of collective bargaining is to remove as far as possible the disability a worker would be put to, if his powerful and rich employer were to beat him down in wages by putting workers in unfair competition with one another. The idea is thereby to promote *fair-dealing* between capital and labour. Collective bargaining is not unsound in principle if properly exercised for the benefit of labour and of the industry as a whole, because labour can only prosper through the success of the industry and not against it. It should aim at ensuring in as large a measure as possible, equality and freedom of contract between employers and labour. It is not meant to give to labour any undue or unfair advantage over the employer, or to curtail the latter's freedom to hire, by all fair means the labour he needs, in a free and open labour market. But collective bargaining presupposes a desire or tendency on the part of employers to exploit the workers, and the Trade Union Act is meant to legalise collective bargaining as a *safeguard* to labour against such a probable tendency on the part of employers.

What is Trade-Unionism.—The basis of trade-unionism is a combination of workers for their benefit brought about by peaceful persuasion and not by force. A union may benefit by collective bargaining or through some other means of co-operative action, but because of such combination it cannot acquire the right to deprive employers or non-members of their liberty or to terrorise or intimidate them or inflict any wilful damage on them. The impunity given to them under the Trade Union Act does not protect them against the consequences of such violence because no law can legalise wrongful acts or torts. The fundamental basis of all laws is liberty, Justice and Equity and their aim is to encompass human welfare and progress. But trade-union leaders in Calcutta, Bombay and Jamshedpur, seem to think differently. They and their colleagues seem to have an erroneous notion that the Trade-Union Act is meant to give them alone a liberty of action which is denied to the employers and to non-members and that the Act gives them legal impunity which absolves them from the consequences of *whatever* action they may take to attain the object of their collective bargaining.

Peaceful Picketing.—In a country like India where workers are illiterate and capable of being easily misled, peaceful picketing is inconceivable. Past experience and the present Bombay strike have shown that when passions are aroused, peaceful picketing or moral persuasion has been found to be impracticable and in 99 cases out of 100 violence, stone-throwing, intimidation, terrorisation, spying and besetting have been freely indulged in, giving considerable work to the police to preserve order. Workers have been actually prevented from entering mills to earn a livelihood. This effectually condemns our notion of peaceful picketing as nothing less than trifling with human nature. In general public interest and for peace in industry it is far better to stop such peaceful picketing altogether. It is not wisdom to allow picketing and when bloodshed and rowdyism follow to attempt to cope with such disorders with an insufficient police, which cannot be at all mills at the same time and very often can only come on the scene after the wrong-doers have in most cases escaped. Then follow complications of shooting, which usually draw public sympathy towards the rowdy element. The supposed legal impunity which the Act gives to the trade-unions is tantamount to giving a sort of an indirect premium to terrorism, intimidation and rowdyism. It must be done away with and some steps should be taken to arrest the irresponsibility of mischiefmongers, in the interests of thousands of small investors who have sunk their savings in cotton mills and in Jamshedpur Steel Works, as also in the interests of the workers themselves. Besides, no civilised Government can tolerate communists and agitators holding important industries to ransom in the way they are now doing all over India. It is all very well to talk of workers' rights but that should not mean that they should be allowed to satisfy or rectify their imaginary grievances at the expense of other law-abiding citizens. Nor should it mean that till they attain their object all other citizens should suspend their civil rights or in any way suffer, so that labour may gain its object. These communist agitators, with no knowledge of the technics of

industry and without business experience want our industrial experts and our business magnates to act up to their suggestions; but the responsibility is to be borne by our industrialists and the dictation to be that of the communists, that is, "the dictation of the proletariat" which in plain English means "mob rule." It is very discreditable to Government that agitators should be able to paralyse the industrial activity of a nation, and to us for allowing Government to frame such laws and for not agitating for their repeal.

Real Labour Leaders.—Organisation and discipline are the life-blood of all industries and we cannot allow these agitators to coolly arrogate to themselves the duty of disciplining our workers or rather misdisciplining them, whilst we are left with the privilege and responsibility of only paying them what they consider to be the proper wage, or what the proper output should be. I have respect and esteem for only one trade-union in India, which is run on more or less correct lines at Ahmedabad in the interests of labour's own betterment by Miss Ansuya Behn and Mr. Gandhi, who have always discarded communist overtures and who unostentatiously work in such a way that they have the workers' confidence and though they never work against the industry to please the workers in their weaknesses or foibles, they exact obedience from the workers whom they correctly and wisely guide. If the workers are kept from the deleterious influence of the communists who are no real friends of labour, our workmen, illiterate though they may be, know *when* they have a real grievance against their employers. In my opinion leaders of the type of those working at Ahmedabad are real patriots, because they work for the greatest good of the greatest number without considerations of self or pelf, or of rank or swank. On the other hand, the credentials of our so-called self-appointed leaders appear to consist in getting the ear of a few disgruntled and dismissed employees and in threatening us with their capacity of doing harm to the industry in which our money is invested. In my opinion it is a mistake to countenance these makers of mischief. Investors are tired of their heavy losses. We shall have to put a stop to the kind of irresponsible meddlesomeness which the agitators practice, and we may as well settle the matter once and for all. Labour has a short memory and it has learnt no lessons from previous strikes. Neither at Jamshedpur nor in Bombay the workers have any real grievance, and the time has come for investors to tell all agitators that the wage question is, after all, an economic matter which must be settled between employers and employees and if these unnecessary strikes recur we must ignore all trade-unions rather than be coerced by outside agitators, nor can we allow loyal workers to be coerced away from their freedom to work for whom they please.

Ballotting for Strikes.—The tyranny of trade-unionism that oppresses even the workers can only be curbed, if not entirely stopped, by making strikes less easy than they now are. Do not let the laws run slack. If they are capable of lax interpretation they are worse than no laws at all. What we must needs now do, if we do not want to see all public utility concerns, as well as private industries paralysed, is to curtail at once the mischievous privileges and impunities granted by a too indulgent Trade Union Act, and amend it in such a way that workers may, if they want to, indulge in strikes only after collective and mature consideration and by ballot, which would safeguard them from becoming easy victims of the hanky-panky methods adopted at communist meetings. The question for Government and for industrialists, and for the investing public, and for consumers to decide, is how to prevent willing and sensible workers from being made victims by thoughtless agitators. We should regulate industrial ballot-taking in the same way as we do in our elections to the legislative councils; there should be some kind of official supervision. It is only fair to investors and the public that those who meddle in industrial affairs and cause heavy losses thoughtlessly, because they have nothing to lose themselves must be made responsible for the consequences of their thoughtless actions. Industrial disputes courts or councils are no doubt desirable, but in creating them we have to bear in mind that they should more be in the

nature of conciliatory councils in England with recommendatory but not mandatory powers,—because no power on earth can compel recalcitrant work-people to work if they do not want to. To the industrialists it should be open to carry out or not the recommendations of the conciliatory boards as the economic exigencies of their business permit, so far as private industries are concerned, because the continuation of private industries depends upon their ability to earn a reasonable profit. Any mandate that runs counter to this fundamental economic maxim is neither justice nor equity. Industrialists should be as free as are the workers themselves to decide as to what wages their industry can afford to pay and also as to how and in what manner they should conduct their business as practical and experienced businessmen. The usefulness of such industrial courts or councils will lie in the moral effect their decisions will produce on public opinion as to which side among the disputants is wrong. The present trouble in my opinion is mostly due to the inexperience and incapacity of the agitators of the cotton mill industry to grasp the details as to what pay or wage is reasonable and what is not. Even in the present confabulation with the millowners how many of the eight Unionists know and appreciate the inner workings of a mill as to what wage or rate is really to the benefit of the workers. I do not like to attribute to them the trite saying about somebody rushing where others fear to tread, but the fact remains that all such councils or dispute boards or courts should be, as occasions demand, composed entirely of people belonging to the particular trade, having long or expert experience of same, super-imposed by a Government official or by one or two experienced businessmen to a small number made up equally of management and of experienced and practical workers who must be familiar with the handling of the subject in dispute. In this particular the Americans teach us a lesson, especially Mr. Ford, that outsiders should have absolutely no say in the internal workings of a factory. They are right and wise in having an advisory board of equal number of workers and of management to smooth away industrial difficulties, and unless the millowners of Bombay have a similar council for each mill, I am of opinion that they will never have real industrial peace.

Since our present industrial plight has shown that control of our industries, instead of being in the hands of the management is, thanks to a slack and loosely conceived Trade Union Act, usurped by agitators and communists, we need curtail rather than enlarge the privileges of the unions. The power of the unions after the revision of the Act should be confined to responsible registered unions only, and should give no scope to unregistered unions nor to individual irresponsibles. Long-sighted views are necessary in framing industrial legislation. One thing we all have to remember is that India requires many more industries, because agriculture does not pay now-a-days. Indian capital is shy, and these constant industrial troubles put investors and shareholders to heavy and avoidable losses. We must on that account be careful in industrial legislation.

(2) *Letter, dated the 29th August, 1932, from Mr. A. H. Manek, Bombay.*

Managing Agency System.—I was present at the public hearings in Bombay of "The Shareholders Association, of Bombay" with whose views as regards the doing away with of the Managing Agents and of substituting in their place—a Managing Director,—I do not agree, as in my view, India is not yet ripe in business capacity for the latter change, and it is probable that the remedy may be worse than the disease, and I think the complaints and deficiencies complained of by them can all or most of them be remedied by other means.

It is not certain, but probable that I may have to be out of Bombay from 6th to the 15th September both days inclusive, but if the Board at all desire to examine me orally, I shall be at the service of the Board in Bombay on other days, or even on the dates mentioned, if I succeed in having my departure postponed to a later period.

Mr. A. D. Addy, Calcutta.

Letter, dated the 26th. July, 1932.

I am very glad to learn that the Association for the development of Swadeshi Industries has submitted a Memorial to the Government of India for the imposition of an additional duty on the import of foreign cotton piecegoods, yarn and hosiery for a period of not less than 10 years, but I strongly oppose their suggestion to increase the duty to at least 100 per cent. I admit that for the protection of cotton industry in India it is advisable that there should be a heavy duty on the import of foreign piecegoods, yarn and hosiery and that it should be continued for at least 10 years without which the cotton industry in India cannot be expected to develop but the existing rate of such duty has already been increased to 31½ per cent. on foreign cotton goods not of British manufacture to meet the deficit in budget of the Government of India and if the said duty is further increased as suggested by the said Association it will tax heavily on the poor people of India. So far as the people of the Sunderban areas of Bengal, I may state that their condition is a pitiable one. After the expiry of the periods of lease of the Sunderban lands in the Districts of 24-Parganas, Khulna and Bakhergunge, the Government of Bengal has out of anxiety to meet the deficit in their Exchequer has increased the rates of land revenue by even 500 per cent. and has also increased the rates of rent under Section 104 of the Bengal Tenancy Act, on the plea of fairness and equity on the ground of high prices of paddy during the last 20 years, but owing to general depression of trade, commerce and industry, circumstances have materially altered. The price of paddy which is the only crop grown in the said Sunderban areas has materially come down. It is even less than the cost of cultivation thereof due to which the demand for agricultural lands has slackened and if the export of rice to foreign countries is not encouraged by the abolition of the export duty thereon as strongly recommended by the Burma Legislative Council, the Rice industry of India will continue to be seriously affected and the Sunderban areas will be converted into jungles as before. Though the prices of cotton piecegoods have come down, the cultivators cannot afford to buy them due to low prices of agricultural produce.

I admit that by further raising the duty on the imported cotton piecegoods and yarn the shareholders of Cotton Mills will be benefited, but it will be at the cost of the cultivators and labourers of Bengal. If the Managing Agents of Cotton Mills are not now able to declare good dividends to their shareholders, it is because some of them charge commission at heavy rates on sale of manufactured goods in addition to heavy allowances for their personal services. I would therefore suggest that such Managing Agents should reduce the rates of commission and be satisfied with allowances and reasonable share of the nett profits of the Companies entrusted to them.

The rates of duty on imported goods have already been increased to meet the deficit in the Budget of the Government of India and as the total actual yield of customs and excise revenue in the first quarter of the current financial year is more than the estimated yield thereof, the poor people of India may claim a reduction of the rates of duty on the import of foreign cotton goods instead of enhancement to more than 100 per cent. as suggested by the said Association.

If, however, it is decided that the rates of duty on foreign piecegoods and yarn should further be materially increased. I fail to understand as to why the goods of British manufacture should be exempted from further increment of duty. Though I am a loyal subject of our beloved Sovereign I must state that all foreign manufactures should be placed on the same footing and Indian industries should be developed provided the poor people of India do not suffer much thereby, as they are sure to do, if the rates of duty on foreign Cotton goods and yarn are further increased.

It appears that in the year 1930-31 22 crores of rupees worth of goods were exported from India to Japan and 14.5 crores of rupees worth of goods

imported from Japan to India. A substantial portion of goods exported to Japan is agricultural produce of India. If therefore the rate of duty on the import of Japanese goods is further increased, Japan may, as Ireland has done against England and Scotland, retaliate against India by imposing heavy duties on the import of agricultural produce of India and thus the cultivators of India shall have to suffer more thereby.

Mr. Chater Behari Lal Andley, Delhi.

Letter, dated the 27th July, 1932.

Referring to the Press Communiqué issued by the Indian Tariff Board I beg to submit herewith my views on the Textile Industry in India. My conclusive remarks on the subject is that in future, our clothing must be supplied in competition, i.e., Free Trade.

In 1914-15 when the price of our raw cotton was Rs. 300 per candy of 784 lbs. our mills export price of Grey cloth per yard was As. 2-7 or one pie cheaper than the imported cloth.

In 1931 when the price of our raw cotton gone down to Rs. 150 our export price of Grey cloth instead of As. 1-4 per yard, due to the protection gone up to As. 4-4 a yard. The fact, that in spite of 31½ per cent. in 1931 price of Grey Imported cloth was As. 2-8 is due to the Japanese Dumping is no ground for protection.

In 1931, we imported 74 crore yards cloth for Rs. 14 crores or say five yards for a rupee; while, for the much inferior quality of Indian made cloth, owing to the protective duty we had to pay an average rate of As. 5-7 or less than three yards for a rupee for 260 crore yards of cloth.

Since India is a poor country, her people cannot afford to spend so much money on their clothing and the best thing for India's interest is to get the clothing in competition.

Enclosure No. 1.

From Chater Behari Lal Andley.

Delhi, 16th July, 1932.

Dear Mr. Drake,

I believe my letter of 16th July, to the Hon'ble Sir C. P. Ramaswami Aiyar must have passed on to you along with others in connection with further protection to the Textile Industry.

Please realize that although our population has increased from 31 in 1914 to 35 crores in 1931, our net area sown is the same—with prices, of most of the commodities in 1931 much lower than in 1914.

I may explain in this way, our cotton cultivators in 1914 exported 800 of India 530,000 tons of raw cotton at Rs. 300 per candy of 784 lbs. and in return received cotton clothing 320 crore yards at an average rate of As. 3 per yard.

In 1931, although they again exported over 570,000 tons valued at Rs. 200 per candy but owing to prohibitive duty of 31½ per cent. on imported cloth, received only 74 crore yards of cloth at an average rate of As. 3-11 and just to meet their irreducible minimum requirement, they had to buy 257 crore yards of cloth from Indian mills at an average rate of As. 5-7 per yard. Thus, the poor producers, received much smaller the amount on their produce, which they sold in and outside India, and paid Rs. 7 to 8 crores in custom revenues to the Government and a sum of Rs. 28 crores, more than the imported price, to the mills in India in high prices.

I feel, the Government of India will soon redress our grievances by abolishing the whole of custom revenue on clothing in future.

My countrymen are extremely joyful, due to the blind faith in Mr. Gandhi, that the present impetus to the Lancashire industry is the direct

effect of Indian boycott and that unless Britishers would come to our knees, it is impossible for Lancashire to revive its trade. They do not realize that Britishers care a damn for Lancashire industry or that Lancashire care a bit for Indian business.

The highest achievement of the Britishers of the day, is, in my opinion due greatly to the restrictive production of cloth by Lancashire and Indian mills. This restrictive policy, not only saved the industry but the consumers at large for ever.

I may explain in this way. Lancashire industry just after the War was in the same trouble, as in the changes produced by the blockade of the American ports in 1860—63.

In 1860 United Kingdom imported cotton 12,419,096 cwts. valued £35,756,889; paid £11,500,000 wages to its operatives and exported manufactured goods worth £51,960,000. While, therefore, they made £4,703,111 ex-domestic consumption. In 1863, United Kingdom imported only 5,973,422 cwts. raw cotton valued £56,277,953 also paid the same amount of wages as in 1860, therefore, the total cost was £67,777,953 but in return get only £47 million for its exports. This increased cost of raw material gave a terrible blow to this industry.

Lancashire experiences the same trouble in 1918-19, before the Indian boycott, when price of Indian and American cotton gone up three times and export of cloth fell from 320 in 1914 to 112 crore yards in 1918-19.

Great Britain who was fully alive of this fact, at once put a stop on American cotton with the result that last year United States of America was prepared to destroy over 7 million bales of cotton rather than to sell them at ruinous prices. The price of cotton (American Middling) is now 5.70 cents per lb.

Enclosure No. 2.

Delhi, 16th July, 1932.

The Hon'ble Sir C. P. Ramaswami Aiyar,
Member, Commerce Department,
Simla.

Sir,

Referring to a Deputation of commercial and industrial representatives that waited on you and the Hon'ble Sir Alan Parsons, Finance Member, on the 11th July last—to make a representation on the situation supposed to be created by the depreciation in the Japanese Yen I beg to observe that some of the biggest fools in this world are my countrymen, who are leading the masses in a wrong direction and unfortunately, the Government of India instead of finding means for the betterment of the people losing its efficiency by supporting such class of people.

Our present trouble is, that the whole produce of the land and the industry of its people is divided into two most unequal proportions, the larger share is going to a small class, while the handful of rice to the cultivators.

This situation is not created within a couple of years or decades but within a couple of centuries.

Fifty years ago Mr. W. W. Hunter, who was specially deputed by the Parliament to enquire into the economic life of the people in India, pointed out by giving Famine Commissioners' figures:—

“That 176 out of 191 millions people cultivate 188 millions of acres grow £331 million sterling worth of produce, and now pay 18½ millions of land revenue. While, therefore, they raise over £1.15 worth of produce per acre, they pay to the Government under 2s. of land tax per acre.”

Mr. Hunter, in his report to his countrymen said "If we are to govern the Indian people efficiently and cheaply, we must govern them by means of themselves, and pay for the administration at the market rates for native labour. In a country where the people are poor, the Government ought to be poor; for it must be either poor or oppressive".

Now since the last two decades more than 80 per cent. out of 352 millions people cultivate about 225 million acres—grow £400 millions worth of produce and pay roughly about Rs. 15 more than a £ per head of population to the Government (including Railways, Central and Provincial).

May I know if it is desirable for the Government of India to kill a Goose who laid a golden egg?

We are told that the present situation is the result of Jewish Propaganda for a peaceful conquest of the whole universe by means of Gold.

We are further told that if Lord Reading had not betrayed England to America in 1917 by arranging loans which were specifically made repayable in Gold and which were to bear interest at not less than the highest rate on any United State's War Loan—we would not experience all such trouble.

We are also told that if Mr. Montagu would not make the "Pronouncement of the 20th August" we would not be a victim of men like Mr. Gandhi, the destroyer of order of things, and Mr. now (Sir P. C. Mitter), a staunch advocate of costly administration, in India.

It is true that the boycott of foreign goods and growing demand of excessive protection to various industries in India chiefly owned by foreigners has reduced the purchasing power of the masses in one direction and maintained the higher standard of living of the costly administration on the other hand, which drained out the hoarded wealth of India to the International financiers, who produce nothing but exploiting the labour of poor producers.

Beginning without protection.—Before the Mutiny custom duty on imported cloth was 3½ per cent. when the first mill was built in Bombay. In 1864 the rate was 5 per cent; eleven years later reductions were made and in 1882 the whole of the import duties were abolished and the import of goods into India was free until 1894.

Thriving against Odds.—In 1878, twenty-five years after the birth of the industry, there were 58 cotton mills in India. The industry was then in its infancy, and when compared with the cotton industry of England its proportion seem insignificant—but the Indian industry as it was by comparison with the well developed proportions of the English industry, had thriven well on the whole and was full of promise for the future. The favour with which the Bombay goods were regarded in the Calcutta market had been commented on in various papers, particularly in the circular of a Mercantile firm at Karachi, dated in February, 1878, shewing that in Sind as well as in Bombay and Bengal local manufactures are ousting imported goods of the same kind.

In those days an Indian mill cost more to set up than a mill in Lancashire, the comparison as regards essential points were as follows:—

- (1) Erection including the spindles and fittings up was about 3 times as great in India as in England;
- (2) Interest Charges on Capital (1st cost) 5 per cent., while in Indian Mills 9 per cent.
- (3) Interest on Working Capital 4 per cent.; in Indian mills 7½ per cent.;
- (4) Wear and Tear English mills may be set down at 20 per cent.; in the Indian mills it was at least double;
- (5) Fuel and stores, which were all imported were much more costly in Bombay than in the English mills.

Normal Time.—In normal times between 1896-1914 when consumer received the goods in competition, Indian mills showed the following result:—

	No. of mills.	Authorized Capital.	Production of yarns in lbs.	Piece-goods in yds.	Imported piece-goods in yards.
		Crores.	Crores.	Crores.	Crores.
1899-1900	—	13½	57	42	220
1899-1904	195	16½	64	68	203
1906-14	257	22	—	122	320
1916-25	333	45	71	200	182

In the above statement during the period 1899-1914 when custom duty on imported cloth, and Excise duty on Indian made cloth was 3½ per cent. Indian mills without any trouble continued to increase their production from 42 crore yards in 1899 to 122 crores yards an increase of 300 per cent. at the end of 1913 with a capital of between Rs. 13½ and 22 crores.

Revenue Duty.—During 1916-1925, when the country was at war with the Government and enjoying the Great War boom, Indian mills in spite of the so-called boycott movement on the one and of an advantage of 7½ per cent. custom duty on the other could not improve the output to even 200 per cent., although the Authorized Capital has been raised to more than double say from Rs. 22 crores to over 45 crores.

Similar Deputation.—Early in 1925, although the price of Grey cloth was cheaper than the imported, a similar deputation under discussion waited on the Hon'ble Mr. D. T. Chadwick, Secretary to the Government of India, Commerce Department to give relief to the Indian Textile industry by the imposition of a higher import duty on yarn and cloth below 30 counts, on the allegation that the Japanese competition has much aggravated the present depression in the cotton trade in Bombay and which competition would be checked by the above proposed duties.

Controversy.—Controversy arose against any further protection being given to an industry whose prices are still lower than the imported goods and that upto 1923, sixty out of ninety mills in India issued dividends amounting on the average to 31.87 per cent. on the paid-up Capital.

In reply to my letter, dated the 25th May, 1925, "Manchester Guardian" in its issue dated the 17th June in a lengthy criticism observed:—

"If the Japanese are large suppliers of cotton goods, they are also large buyers of India's products, and the goods they sell are at any rate cheap."

Further the Taxation Enquiry Committee which had not yet concluded its Report, on page 150 observes:—

"So far, however, as figures are at present available, they seem to indicate that the competition of Japan is chiefly with Lancashire and that in the case of goods produced in the Indian mills, there has so far been no large invasion of the market."

In 1913-14 when the Index number of raw cotton was 100 price of imported grey cloth per yard was As. 2-8, while that of export price of Indian made cloth was As. 2-7. In 1925 when the Index for raw cotton was 205, imported cloth price was As. 4-11 while that of Indian made export price As. 4-5 or six pies cheaper. With all such facts, and figures, the Government of India in 1926 removed the excise duty of 3½ per cent. and raised the tariff from 7½ per cent. to 11 per cent. on imported goods, thus giving a protection of 14½ per cent., over and above double the Commission and freight charges which Japan contribute in handling her trade.

In 1930, evil effect of excessive protest, against strenuous agitation on the part of the nationalists in the Assembly, Government of India, raised the tariff from 11 to 15 and finally in September, 1931, to 31½ per cent. The consequent effect of this prohibitive duty was that Japan who used to get large quantity of cotton from India began to buy American cotton

which was comparatively cheaper than the Indian cotton (when 100 yen equal to 200 Rs.) now began to flow the Indian market by As. 1-6 cheaper than the Indian mill made cloth.

Thus due to this folly on the part of the Government of India Indian producers of cotton lost Rs. 23 crores in the fall of cotton export, viz., 727,000 tons (Rs. 55 crores) in 1930 to 570,000 tons (Rs. 32 crores) in 1931 on the one hand and considerable increase in the cost of clothing to the poor classes on the other hand.

With these views I strongly condemn Government of India's judgment in the past and earnestly expect that instead of giving any consideration for the increase in the Tariff—the Government of India will soon remove the excessive tariff from the statute and thereby remove the unwanted burden from the poor people.

Mr. Ramsingh Dongarsingh, Bombay.

Letter, dated the 28th July, 1932.

Please find enclosed herewith six copies of my replies to the Cotton Textile Enquiry questionnaire which you were good enough to send me.

There has been a little delay in the despatch of the replies, which I trust the Board will kindly overlook.

If on perusing my replies, the Board consider that my oral examination will lead to further elucidation of any of the subjects touched in the replies, I shall be too willing to offer myself for such examination on any convenient date, the Board may propose.

Enclosure.

1. (i) This does not seem to be correct at least to-day. Bleach houses have increased since Mr. Hardy's report. Besides large quantities of goods are sent to Dhobis for washing, as that is found cheaper.

(ii) Calcutta is no doubt a good market for Grey dhutis but as far as the other grey sorts it is not the principal market.

(iii) The conclusion arrived at by Mr. Hardy was correct for the time. But there has since been a decrease in the supply of coloured goods to the Calcutta market due to foreign competition.

(iv) At present 75 per cent. of dhuties for Calcutta are woven in counts of 30s and 40s. Shirtings are also made from counts above 30s. Mr. Hardy's figures may have been correct when he wrote his report.

(v) In my opinion the statement that the United Kingdom trade and Indian production in dhuties over-lap to a small extent and that in the region of medium counts is not correct. The dhuti trade of United Kingdom comes in competition to a much greater extent.

(vi) Mr. Hardy's conclusions are correct.

(vii) Conclusions correct.

(viii) This has come to be correct since the imposition of import duties in 1930.

(ix) Since the Protection Act it is on the increase.

(x) This was correct before 1930 but since then Japan has captured certain lines and Indian mills also are trying to manufacture these goods from African cottons.

(xi) In my opinion Japan has ousted other nations and she rules in these sorts at present so much so that Indian mills are hard hit on account of that. Fancy prints and Chints from United Kingdom do displace certain Indian sorts, slightly different in quality and design.

(xii) Japan has been sending more dyed goods since after Mr. Hardy's report.

(xiii) It is too true.

(xiv) Mr. Hardy's statement in this respect was correct till about 1930 but since then competition is being severely felt and we are solely losing our trade in this line in Persia, South Africa and other Red Sea Coast ports.

(xv) I do not agree. The United Kingdom exports to India twills, plain cloths dyed in fast red and various fancy shades and Khakis which all come in direct competition with Indian goods.

(xvi) Apart from fluctuation in cotton prices, there are other factories working in Japan, viz., exchange and currency policy Freight advantages, exemption from domestic taxes, etc., which are responsible for fluctuations against the interests of India.

(xviii) This is so.

(xix) Yes.

(xx) Since 1930 most of the Indian mills have given up the use of artificial silk. United Kingdom and continent are interested more in the export of yarn into India while Japan is interested more in cloth.

(xxi) Artificial silk cloth is in a way a competitor of real silk fabrics but it has become a greater competitor of cotton fabrics on account of its very low price coupled with its tempting brilliancy.

3. The prices have not increased since the imposition of import duties because of internal competition which is as severe as foreign competition.

4. The prices given by the Millowners' Associations may not be exact to a decimal figure but they give correct general indications. They in a way indicate averages since cloths of different mills always vary to some extent in makes.

5. There are in all 4 important centres, Bombay, Ahmedabad, Sholapur and Indore. When there is perceptible increase or decrease at one centre it affects the other centres also.

6. If import duties are removed the conditions prevailing just before the levy of duties will recur and many mills shall have to be closed down. The deficiency may to a small extent be made up by Indian mills but it will mainly be made up by foreign competition because of the overwhelming advantages they enjoy.

7. (i) I have information regarding Railway freight on cotton between the following Stations:—

Adoni—Bombay Re. 1-3-7 per maund.

Akola—Bombay Re. 1-14-9 per maund.

Broach—Bombay Re. 0-11-5 per maund.

Dhulia—Bombay Re. 1-2-7 per maund.

Dharwar—Bombay Re. 1-2-7 per maund.

Nanded—Bombay Re. 1-13-5 per maund.

(ii) I can give railway freight on cotton piecegoods only between Bombay and the following Upper India Stations:—

Bombay—Cawnpore Rs. 2-4-2.

Bombay—Allahabad Rs. 2-0-4.

Bombay—Delhi Rs. 2-10-3.

Bombay—Amritsar Rs. 3-8-2.

Bombay—Peshawar Rs. 3-12-9.

(iii) Bombay—Howrah Rs. 1-9-9.

Calcutta Rs. 2-11-5 *vid* E. I. R.

Bombay—Shalimar Re. 1-8-0.

(iv) Bombay—Karachi Re. 0-7-0.

Bombay—Calcutta Re. 0-12-0.

Per ton. Rs. 7-8-0.

8. To put it bluntly the question of the present day for the Indian industry is to recapture her own lost domestic markets and retain them. Unless that is done it is no good running to capture foreign export fields which are already ruled by others.

9. (i) The handloom industry has been known to be the most important industry of India next to agriculture. It has survived the attacks of various factors of destruction. There are to-day 20,000,000 handlooms in India. It is estimated that about 60,000,000 men are engaged in the handloom industry. The maximum present production of handlooms is roughly over 1,500 million yards per year.

(ii) The principal cloth woven is saris with borders, coarse khadar, a small quantity of the fine cloth, silk and woolen fabrics and cloth in which gold thread is used, are woven in very elaborate design. All these classes of cloth except khadar are outside mill competition.

(v) All coarse cloth is woven in hand spun or Indian mill spun yarn. The mercerised yarns are partly Indian mill made and partly foreign: in the fine counts much of the yarn is foreign though many of the Indian mills have begun to supply this yarn also.

(vi) Protective duties on piecegoods will, if at all affect the handloom industry beneficially. As for protective duties on yarn it won't affect the handloom industry inasmuch as the product of that industry is almost the whole of it outside the pale of competition.

(vii) The artificial silk yarn and piecegoods prices are so low that the present protective duties do not have any appreciable effect on their imports. If the imports are to be stopped much higher duties even more than 100 per cent. shall have to be levied or the imports prohibited entirely.

10. (i) The output of handsome yarn in the year:—

	Lbs. yarn.	Yds. cloth.
Andhra	177,488	585,893
Bihar	176,114	542,367
Bengal	299,496	843,534
Delhi	133,825	298,296
Gujrat	16,010	52,253
Karnatic	44,871	147,492
Maharashtra	35,572	98,499
Punjab	141,988	320,824
Rajasthan	207,893	609,710
Tamilnadu	680,797	2,254,209
U. P.	160,602	438,327
Utkal	29,109	70,415
	<u>2,102,765</u>	<u>6,261,810</u>

These are figures for 1930 and the output has increased by 75 per cent. since, so that the total output of hand spun yarn is estimated to have reached lbs. 3,575,000 and of cloth to about 11,000,000. The above estimates are based on information gathered from the All-India Spinners Association.

(ii) The cotton used for the manufacture of this yarn is produced in the provinces stated above. The Khadar Association of each province supplies the cotton to the Spinners. The Associations store local cotton for the purpose.

(iii) The prices of hand spun yarn of average 20s count is said to be about As. 11 per lb. The price of similar mill yarn is annas seven per lb.

(iv) The cost per lb. of the above yarn is about annas ten.

(Present price of cotton As. 4, ginning and reeling As. 2, Spinning As. 4 per lb. Total cost per yarn As. 10).

(v) Hand spun yarn is used only by handlooms.

(vi) Protective duties on foreign cotton would not affect the hand spinning industry at all because those duties do not help to raise perceptibly the price of Indian cotton which is the only cotton it uses. Duty on foreign yarn and piecegoods would help it to some extent if at all, in as much as cloth made of imported yarn as well as imported piecegoods would become slightly dearer and would thus help to support the higher prices of Hand spuns. It is however the Swadeshi movement which supports the industry.

(vii) There is in fact no connection of hand spun yarn with artificial silk yarn. Duties on the latter can neither affect hand spun yarn one way nor the other.

11. Yes, most so in the case of lower counts which are mostly manufactured in Indian cottons. Even in counts of 30s the mixings contain a quantity of Indian cotton. Besides Indian mills are customers at the door and the biggest consumers.

(a) The small quantities of long staple cotton grown in India are most of them consumed by Indian mills only.

In both cases therefore the Indian cultivator is sure to be hit by a decrease in the production of Indian mills, which means diminished demand for Indian cotton.

There is no doubt Japan is the next best purchaser to India of Indian cotton but if the output of Indian mills is reduced and proportionate quantities of cotton accumulate in the market, Japan, being the only large purchaser, will dictate its own prices. Thus the cultivator's interest will be adversely affected.

12. At present cotton is imported into India from Egypt, South Africa and America. In the Indian varieties there is now none to equal Egyptian or South African cotton. Certain Indian varieties such as Surat, Cambodia and Kumbas equal certain graded American varieties but their supply is very limited. Any import duties therefore, on foreign cotton do not help the cultivator; it only taxes the manufacturer. If it is found that low graded foreign cotton is imported an import duty should be levied on that quality alone as such levy will really benefit the Indian cultivator.

26. As Indian mills are spinning all counts up to 80s all cotton yarns required by hosiery factories can be supplied by Indian mills. I am not in possession of actual figures.

27. Thirty thousand spindles and 1,000 looms for an average count of 20s will constitute an economical unit for Indian cottons. Annual output of cloth from such a unit will be about 4,200,000 lbs.

28. My approximate estimate for an economic unit of a mill of the above size will be Rs. 42,00,000 at the rate of Rs. 65 per spindle and Rs. 1,200 per loom. This estimate includes lands buildings power plant, gearing, all preparatory and finishing machinery required.

29. The rates of depreciation allowed by the income-tax authorities on single shift working mills are 2½ per cent. on building and 5 per cent. on machinery. For double shift working the rates may reasonably be higher in proportion to length of time worked over 10 hours.

31. Not only there are no facilities as such for borrowing working capital but the maneuvering of currencies and the launching of loans at high interest by the Indian Government from time to time has made money scarce in the market and thus made it extremely difficult for any industry to get money as working capital. The general rate of interest is one per cent. above bank rate.

35A. Reduction in cost of manufacture can mainly be achieved by increasing efficiency. This latter can be effected by introduction of up-to-date machinery, by use of standard qualities of raw material, by improving the hygienic condition and the humidification system in worksheds and by employ-

ment of trained supervisors. Of course prudent purchase of raw material and cheap and long term finance play an important part in reduction of costs.

(i) Before a scheme of standardisation in respect of muster rolls and wages could be introduced a standard of working conditions and efficiency must be reached by all the mills adopting a certain standard of wages or workers' number. Under present conditions this is not possible. The efficiency standards of different mills are different the reasons being the difference in the makes and the ages of the machines used in different mills. In the same way the cotton mixings for the same counts of yarn cannot therefore be uniform. Working efficiency thus differs and wages rates can not consequently be made uniform. It is for this that labour is so shy and touchy on the point of the introduction of any scheme of standardisation.

(ii) Steps can certainly be taken by slow degrees.

(a) The extension of piecework system has not been appreciably much, due to labour troubles. The increase in number of spindles allotted to each spinner is being gradually introduced.

(b) Not possible at present due to stern opposition and inefficiency of labour.

(c) The reduction in wage costs in these departments is being effected by increase of efficiency.

(d) The adoption of automatic looms and other improved type of machinery would no doubt lead to increased efficiency but the present financial position of the industry in general is quite unsuited to such a proposition.

(iii) There should be a few primary schools opened in the Mill area with a technical bias, they should teach the three R's as well as give instructions both practical and theoretical in spinning and weaving. Successful students from such schools should receive preference in the employment in mills. The expenses of such schools should be shared by the Municipality the Mill-owners and the Government.

(iv) The Mill industry in India has developed in such a way that each mill is constituted to manufacture a number of sorts generally consumed in the local market. Of course a few mills may have their own specialities for which they are well known but for all that, they manufacture all other sorts. Each mill possesses plant and machinery to make it as complete a unit as possible doing its spinning for its own requirements (and surplus for the market) and its weaving in various sorts and sizes. Specialisation would mean a complete reshuffling, necessitating a great change of hands in machinery, the launching of a large amount of fresh capital, and a deal of reorganization and rearrangement. This is possible if a sort of federation is effected of a number of mills, the present assets and liabilities of each mill being valued and sweeping changes being effected all round. I do not believe any reshuffling of the kind will appear either to the millowners or to the shareholders. Moreover, the present is not the time to make an attempt in the direction. As far as I know every Indian mill is engrossed to-day with the one proposition "how to survive the present difficult times".

(v) Grouping and amalgamation will no doubt serve to some extent in bringing about cutting of costs and reducing overhead charges but whether it is a practical proposition to-day or for a number of years to come is a great question for reasons stated in para. iv above.

(vi) In the present system of management I do not see there is any drawback, which increases cost or hampers efficiency.

(vii) It is desirable under all circumstances to treat depreciation as the first charge on profits. It is a sound policy. It is solely in the hands of the shareholders to make it practicable.

(viii) Writing down of capital wherever and whenever necessary is like amputating a diseased part and it generally conduces to a healthiness of the organism. It has however to be done where it is necessary. Every concern should always try to represent its true and real situation.

(ix) It would do much good to the industry if shareholders would make the sacrifice, but there has been a long no dividend period and capital is receding from the industry and hampering development and advance. From this point of view it will not be in the interests of the industry to put a very stringent limit on dividends for a very long period.

(xi) My experience with regard to this question is "give the worker better working conditions and comfort and there will always be better relations between him and the management".

(xii) Regarding para. 58. As far as my experience goes Managing Agents are much alert in the matter of purchase of stores being properly supervised. Regarding Para. 79 the practice referred to is almost obsolete and will disappear entirely in course of time from where it exists, as the shareholders are gradually awakening to their own interest and that of the concerns which are theirs.

Regarding paragraph 83 the practice is not at all general, but all the same it is to be deplored both in the interest of the industry and the interest of the consumer. But this sort of abuse comes under the Mercantile Law and it is for consumers to make use of the law to eradicate the evil.

36. The present company Law does not exactly hamper the working of the industry. But the law as it exists is no doubt become too old and requires revision and modification. I would suggest as typical instances, the following few points of amendment.

(1) In case of joint stock companies, which have Managing Agents, the aggregate number of shares held by the partners of the Managing agents shall, at no time during the term of the Agency, fall below 25 per cent. of the total subscribed capital of the Company, which shall always remain unencumbered during the said period.

(2) The aggregate amount of dividend payable in respect of one year shall not exceed 33 per cent. of the nett profits of the company.

(3) Every joint stock company shall publish its Balance sheet and Profit and Loss Account within two months of the close of the year and shall call the Annual General Meeting of its Shareholders within three months of the close of the year.

(4) The aggregate value of the fixed assets of a joint stock company shall not exceed the total of its paid-up capital and half of its reserve fund. There can be pointed out other modifications such as the mode of Stock valuation, where the law may prove more helpful to the development of the industry of certain changes and modifications.

37. In Japan which is our chief competitor there is really no difference in working conditions prevailing in 1927 and to-day though apparently a clause has been introduced in the Factory Act to hoodwink critics. Women and children are not said to work at night, but their night begins as late as 11 P.M. and ends as early as 5 P.M. thus leaving room for two shifts working for women and children as formerly.

38. Actual payment of bounties and subsidies are difficult to prove. But there has been no change, such as I know of in conditions since the time of the Tariff Board's report in 1927.

In addition, the changes in the Indian and Japanese currency and the consequent sudden fluctuations in exchange rates have made matters so critical for India that the industry has had to approach Government for help to get out of the present plight.

39. The form of protection should be fourfold; viz. :—

- (1) Protective duties high enough to equalize advantages enjoyed by competing countries.
- (2) Reduction of transport charges both in case of raw materials and of finished products of Indian Mills.
- (3) Annulment of certain taxes and import duties.
- (4) and making long term capital available to the industry on easy workable terms.

41. It is not only inferior labour conditions that give an advantage to Japan and China. It is also the depreciated currency and a favourable exchange that give those countries an advantage over India. There are other, no less important advantages such as national shippings and credits from Government and Banks in the countries, which cannot be left out of consideration. All these factors must be taken into account when fixing the basis of protective duties on yarn and piecegoods. In the case of Lancashire the advantages the industry enjoys in the matter of cheap and readily available money, cheaper machinery and stores, efficient and well trained labour etc., ought to be carefully taken into account.

43. I do consider that protection is necessary against imported piecegoods made both wholly and partly of artificial silk.

(1) Considering the present prices at which artificial silk goods are sold I should think 100 per cent. duty on such goods would not be too high. But I would leave the matter to be discussed by the Board with the Millowners Association which represents the whole body of Millowners.

(2) The grounds are the competition of these goods with indigenous cotton goods such as shirtings.

(3) No. It is anomalous. Artificial silk should be treated separately.

44. I am wholly against any preference being shown to Lancashire. The first reason is that the Indian Textile industry is so badly situated that it is not in a position to make concession to any nation. Secondly, India is commercially connected with other countries in the matter of its export trade even to a larger extent than it is to the United Kingdom. It must therefore grant no favoured treatment to one nation over all others because in that case the other nations would be justified in making a grievance of it and retaliating. Thirdly, the general consumer or tax-payer does not suffer to such an extent from the levy of protection duties as to feel it a burden as many of the five varieties imported from the United Kingdom are more or less of the nature of luxury goods. As for the small quantities of goods of lower counts imported, there is no fear of the ordinary consumer being hit. There is enough local competition to keep the prices on a reasonable level. Fourthly the present times are such that countries like the United Kingdom, who always advocated a free trade policy and have been the most efficient manufacturers for more than a century have had to become the staunchest protectionists. Why then should poor India not limit all its charity to the home industry in spite of all other considerations?

45. I have replied to this in reply to a previous question. I may, however, once more lay special stress on the assistance which may very much benefit the industry to-day, is a measure for a long term and continuing credit arrangement. Such an arrangement will create confidence in the investing public, will steady and even increase the margin of profit by making other measures of protection more effective.

Messrs. M. S. Bhumgara and Son, Bombay.

Letter dated July 30th, 1932.

I have the honour to submit herein my statement (7 copies) with reference to the Tariff Board Enquiry into the Cotton Textile Industry.

Enclosure.

Statement submitted by M. S. Bhumgara before the Tariff Board Enquiry into the Cotton Textile Industry.

With reference to the questionnaire published by the Tariff Board appointed to inquire into the Cotton Textile Industry, I beg to submit my views as follows:—

1. In my opinion, as a mill manager, question No. 35 of the Tariff Board questionnaire is the most important question. To my mind, it is

perhaps the only question in the satisfactory reply of which may be found the real salvation of the Industry in Bombay, if that reply were eventually to be applied in a wise, honest and practical manner to the correction of the present wasteful methods in the internal administration of the Bombay cotton mills.

2. If this only one question No. 35 were, therefore, to be answered well and satisfactorily, and if the Tariff Board were to be placed in a position to draw its own inferences wisely, honestly and independently, then, naturally the Board should have a fair opportunity for a thoroughly detailed investigation.

3. A thoroughly detailed investigation is possible only in two ways. Either the Board should have compulsory powers, or the Millowners' Association should be ready and willing to produce before the Board men and materials necessary for the investigation. If the detailed investigation was not possible in one of the two ways I have indicated above, then, in my opinion, there was no sense in any person coming forward to give detailed evidence as the Board had desired.

4. I had some correspondence on the subject both with the Tariff Board and the Millowners' Association, Bombay (enclosures A to K herein).*

5. From this correspondence, it would appear that while, on the one hand, the Board had no compulsory powers, on the other, the Millowners' Association had no intention of securing from its members even that minimum co-operation necessary to entitle them to protection.

6. As an organised body, the Millowners' efforts to secure for the Industry a measure of protection necessary for its present existence and future growth are no doubt highly admirable, but the mere fact of a foreign country dumping its goods in India does not and cannot entitle the Bombay Millowners to run a great national industry on highly wasteful, irrational and unnational lines.

7. I feel quite sure that everyone who cares to think honestly and impartially and who is free from every kind of bias or stupidity will wish to realise the truth of the above statement which in the very best interests of the Industry itself, cannot be ignored.

8. Japanese dumping may have frightened the Bombay Millowners to-day of the dire consequences it would have on the local industry, but if one cares to study the whole of the past history of the Bombay cotton mill industry, critically and dispassionately, one will find that in the writing of that history, pen always seems to have been dipped plentifully in the mournful tears the Millowners have shed in public without the slightest possible regard to what they themselves had done or were doing in private.

9. In an impartial consideration of this important question, one cannot afford to forget that the present dumping by Japan of its cotton manufacture in India is due generally to the short-sighted policy of the Bombay Millowners who showed their readiness to accept, three years ago, an unwise principle of discriminatory tariff against Japan. When this question was being discussed at that time, I had begged the Bombay Millowners to study very carefully the very serious consequences they would have to face in future in return for their desire to penalise Japan for their own sins at home. In my article in Capital (December 12, 1929), I had then warned the Bombay Millowners and had asked them to remember that Japan would resent and retaliate the shabby, unwise and unnatural treatment the Bombay Millowners had shown their readiness to give it.

10. But the Bombay Millowners seemed to be concerned only with a momentary gain and did not care to study the future effects of their own action on the whole Industry. Mr. H. P. Mody, Chairman of the Bombay Millowners' Association, lost not a single opportunity to damn and disgrace

Japan, when more honourable and more rational means of re-constructing the whole Industry at home were near at hand. In his painful anxiety to do something very clever. Mr. Mody tried to catch the shadow, but little did he care to see that he was thus losing the substance altogether and leading the Industry on a thorny path strewn with great difficulties for the future.

11. To-day, unfortunately, the Bombay Millowners see themselves placed in a situation which is generally of their own creation. But that situation causes grave anxiety for the future of the great Indian Industry. I am a Free Trader, but I do not believe that by Free Trade is meant a free fight between a lion and a lamb. And I, as an Indian Free Trader, would not wish to see the poor Indian lamb devoured mercilessly by the mighty Japanese lion.

12. The necessity, therefore, for an immediate and a sufficiently large measure of protection against Japanese inroads in India has certainly arisen and cannot be denied. But, such protection, I beg to submit, should not be unconditional nor for an unrestricted period. An unconditional and long-continued protection will be little in the interests of the people of this country, and less still in the genuine and permanent interests of the Industry itself which, emboldened by the success its unscrupulous propaganda against Japan had achieved in the past, has unwisely preferred for itself the path of self-destruction.

13. If the Tariff Board decided to extend a measure of protection to the local industry, as it would necessarily have to do in the present circumstances, then, that protection, to be effective, must be twofold. If the hapless and helpless Indian consumer has meekly to provide protection *from without* for a wretchedly managed industry, he has most certainly an elementary right to expect that that industry shall be sufficiently protected *from within* as well. I, therefore, beg to submit without the slightest hesitation that as the past and present internal administration in general of the Bombay cotton mill industry has been in a state of horrid mismanagement, chaos and disorder, and, as in that state, while it has been rotting from within, in the present emergency, it needs to be protected from without on certain conditions and with certain safeguards. For, in its present rotting state from within, the industry which calls itself "national," and wishes to be recognised as "national," has cared little for the interests of the people of this country, less for those of its shareholders and depositors, and least for those of its workpeople. Its first and last care, as I can see it, is to seek self-aggrandizement of those who may be at the helm of affairs and of their "nephews," who expect to thrive under a system of nepotism as wretched as it is intolerable.

14. In trying, however, to make out a case for themselves, the Bombay Millowners' Association have submitted a Representation to the Tariff Board, and they trust that "it will help the Board to form a proper picture of the position and difficulties of the Industry." It is not possible in a memorandum like this to examine critically the various statements in the said representation submitted by the Millowners' Association, Bombay. There are many which I find to be either erroneous, unfounded or far from common sense. But if the Millowners' said statements did really enable the Board "to form a proper picture" of the Industry's position in Bombay, then, the Board itself should be found guilty of accepting the unacceptable.

Dr. L. Nemenyi, Calcutta.

Letter dated the 21st August, 1932.

The perusal of the Statement of Evidence forwarded by the Bombay Shareholders' Association to your Board has induced me to venture to

submit a short note containing an analysis of the Managing Agency System in India.

After five years of intensive study of Indian industrial finance I feel that the attitude usually taken up towards the Managing Agency System is rather one-sided and that an impartial examination of facts and a careful comparison with foreign systems of industrial finance are necessary in order to deliver sound judgment on the much discussed problems of the Managing Agency System. May I mention in this connection that I have been one of the witnesses of the Central Banking Enquiry Committee and that my Statement of Evidence may be found in Volume II, Written Evidence, pages 284-334. My views regarding industrial finance and the Managing Agency System in India are described on pages 303-304. I have been orally examined by the Central Banking Enquiry Committee in Poona on the 24th and 25th September, 1930, see pages 818-865, Volume II, Oral Evidence. Page 818 will furnish you with various personal details.

At present I am a resident of Calcutta, and should your Board be interested in further details regarding the questions mentioned in the enclosed note, I should be glad to be examined orally during the forthcoming stay of your Board in Calcutta.

Enclosure.

Introduction.—The Managing Agency System in India has been the target of violent attacks for many years. This institution has been accused of doing more harm to Indian industries than good, and it is generally held that industrial undertakings should gradually emancipate themselves from their respective Managing Agencies and that they should be financed in future through commercial and industrial banks.

The task of this note is to describe the various necessary activities connected with the establishment and management of industrial undertakings and to try to elucidate the position of managing agency houses and banks connected with industries. Finally it will be discussed whether it would be advantageous to have isolated industrial units directly financed by various types of banks without being connected with Managing Agencies.

The present stage of the world economic depression, and the possibility of its worsening will be duly taken into consideration. It will be assumed, on the other hand, that for the near future the present economic structure of the world will remain unaltered, although it is most likely that certain fields of economic life will only be able to carry on, if local or international organisations will be successfully established in order to eliminate unsystematical production and distribution, and that state aid in certain cases will be necessary.

Systems of industrial finance.—During the last century, when manufacturing on a large scale was gradually introduced the factories usually belonged to private individuals. The functions of proprietor and manager, as a rule, were combined in one and the same person or persons and the industrial undertakings were developed from modest beginnings to large concerns in the course of a slow and organic evolution.

The present system of limited companies, where a big number of ever changing shareholders are the proprietors of the companies and the managers are their paid servants only, is a relatively recent stage in the history of industrial production. Such companies are often established from the beginning on a large scale, though not without sometimes any dangerous consequences. Speaking about the establishment and management of industrial undertakings, limited companies only will be the subject matter of this discussion and large sized industries only.

At present there are three decidedly different systems in existence for the establishment and management of industries:—

(a) The British system—let it be called—“isolated industries”.

(b) The “Continental system” where industrial undertakings are established and managed with the help of big banks of the “mixed type”, and

(c) The Indian institution of the “Managing Agency System”.

(a) *The British system.*—It is not the task of this note to go into the details of the British system. Only the main characteristics will be summed up. A most lucid and elaborate description of the British system may be found in “British Banks and the Finance of Industry,” by S. Evelyn Thomas, a work which may be strongly recommended to students of industrial finance.

British industries—as is well known—were developed relatively earlier than the industries of other countries. A wide field was open at that time with very little competition and the undertakings made their way gradually and had the chance to make substantial profits. Not much outside finance was required in the earlier period. Later on, as the joint stock system developed, it was relatively easy to secure capital, by sale of shares or debentures to the wealthy investing public which naturally looked with confidence upon the successful British industries. The issuing of shares and debenture bonds was usually done by issuing houses and company promoters, both in the case of new undertakings, as well as by transferring existing private industries into limited companies or by acquiring additional capital for already existing institutions.

The chief point, however, in the British system was that the management of industrial undertakings practically without exception remained independent. Neither the issue houses nor company promoters nor the commercial banks, which supplied short term finance, had any control over the management.

(b) *The Continental system.*—Industrial development on the continent started somewhat later than in Great Britain, and the lack of capital as well as international inter relations have made the way of evolution fairly difficult.

A very instructive description of the German system may be found in P. Barrett Whale’s “Joint stock banking in Germany” and the main characteristics of the continental “mixed” banking system in general have been summed up by the writer of this Note in his Statement of Evidence submitted to the Central Banking Enquiry Committee.

The essential features of the Continental system consist in the intimate relationship of banks and industries, which comprises the *participation* of banks, or syndicates of banks, in the floating of limited companies or new issues of shares or debentures, the *actual possession* of shares of industrial undertakings held by banks and on the basis of such holdings the *direct control* of banks over the management of industries and the nomination of their directors on the board of industrial companies, etc. The supply of short term finance by these banks usually takes the form of current account credits.

(c) *The Indian managing agency system.*—In India, where banking has developed on the lines of British commercial banking, which does not specially provide for industrial finance, industrial development would never have gone even as far as its present stage, if the managing agency system had not come into being. This system has fostered Indian industries in a way very similar to the industrial activities of the Continental banks.

It is outside the scope of this Note to describe the origin of the managing agency system. The main problem is the present method of its functioning, and the future of this institution in connection with the

desired growth of Indian industries. Furthermore it will have to be investigated whether the so-often mentioned disadvantages outweigh the advantages or not.

The managing agency system in its present form may be described by stating, that in India there are firms that specialise in floating, financing and managing industrial undertakings. Their actual shareholding is just the same as that of the Continental banks. Up to now no complete monograph has been written dealing with all questions relating to the Indian managing agency system.

The following lines are an experiment in drafting some of the main problems and in throwing some light on the probable and desirable future.

Supposed disadvantages of the managing agency system.—Before entering into an analysis of the management of industries it seems to be advisable to discuss the supposed disadvantages of the managing agency system and to try to ascertain whether the disadvantages are really inherent in the system.

The disadvantages usually mentioned are the following:—

- (1) The managing agencies in many cases draw large sums in the form of fees and fixed charges on production, sales, purchases, etc., thus lowering the reward of the shareholder.
- (2) The managing agency sometimes passes into the hand of a firm of a standing lower than that of the original firm upon whose good reputation the shareholder has purchased his shares. In other cases prominent partners of a managing agency firm die and the management passes into the hands of mediocre men.
- (3) It is alleged that managing agencies make immoral profits on the stock exchange by arranging for unreasonably high or low dividends and by buying or alternatively selling shares beforehand, etc.
- (4) Cases are supposed to be known where partners of managing agencies have accepted considerable commission for instance in connection with extension schemes of their industrial undertakings and have made personal profits in connection with the purchase of raw material and the sale of manufactured goods.

In view of the above accusations it has to be pointed out, that all the above charges have been constantly made in Europe against the directors and managers of banks financing and controlling industries as well as against directors and managers of such industrial undertakings as were not connected with banks.

Human institutions, whether Government bodies or private undertakings are exactly as good and as bad as human beings are. Whatever the future political and economic development of the world may be, there will always be men in leading and responsible positions, who will take unfair advantage of the power entrusted to their hands.

After all, practically every existing large and successful industrial undertaking in India has been created, developed and managed in India by managing agents and it seems rather exaggerated to push such vices in the foreground, which are common to human beings in every possible leading position and to try and prove, that therefore these vices are inherent in the system.

It is a fortunate fact, that there is in India an agency which inspite of a fairly undeveloped banking system and money market has succeeded in fostering industries to a certain extent. The most important factor in a sound future development is to bring the existing system into harmonious co-operation with commercial banking, which, it may be hoped, will expand and will be able to give more credit facilities to industries than up to now. Furthermore it has been recommended, that apart from a stronger parti-

icipation of commercial banks in financing industries, state-aided industrial banks or corporations should be the leading agencies of supplying credit to industrial undertakings, but it may be remembered, that such banks have not even been established as yet and that it seems therefore necessary to stress the importance of the existing managing agency system as the only sound basis upon which to build in the future. The constant attacks on this system might lead to a weakening of this institution and cause further damage to the shareholders by lowering the prestige of the managing agency firms. A further decrease of confidence might easily result in lower quotations of shares, etc.

Management of industries.—Before a forecast of the future of industrial finance can be given it appears to be necessary to examine the details of industrial management. The activities connected with the management of industries may be divided into two more or less watertight compartments. One group is strictly connected with the industrial plant, its technical and administrative organisation, with the purchase of raw material, with the actual process of manufacturing and finally with the sale of the produced, respectively manufactured goods. The other group comprises activities of a higher nature: determining the business policy of an undertaking, financial matters of using and granting credits, addition of new shares capital or the issue of debentures, judging the future trend of interest rates, foreign exchanges, foreign tariffs, production and consumption in general, labour problems, and trying to influence the legislation of the country to foster certain industrial interests. In addition participation in combines regulation of production and prices, questions of rationalisation, etc., etc.

It is not necessary to go into further details as the functions, enumerated above, may indicate clearly the contents of the second compartment. The complicated political and economic situation caused by the war, which has never settled down since and which seems to be moving again towards greater fluctuation and instability requires far more intelligence, knowledge and experience in the management of large sized industrial undertakings than in prewar days. In Europe and America not only banks but also large industries have organised recently special departments for economic intelligence service, to collect the statistical facts and all other informations so necessarily required now-a-days in making important decisions. This side of the problem, growing daily in importance, is also one of the moving factors in the tendency to manage industries in large groups under the intelligent leadership of a managing agency firm. An example might elucidate this matter more clearly. A statement on page 643 of the Report of the Central Banking Enquiry Committee (Appendix I) shows that in Calcutta 37 firms of managing agents have been in charge of 385 companies, the shares of which are quoted on the Calcutta Stock Exchange. In fact they are in charge of many more companies the shares of which are not quoted on the Stock Exchange. Considering the above two figures it may be described as very fortunate if all the 37 firms of managing agents have partners with the required qualifications to manage successfully industrial undertakings as described above, but it would be most unlikely that all the 385 important jute, tea, coal, transport, etc., companies, in case they dispensed with managing agency firms, could find the necessary number of managing directors equipped with the required qualifications.

Before proceeding further the results, of this superficial examination have to be summed up by stating that apart from the difficulties of floating new companies and financing the existing ones the complicated and highly specialised task of managing large industries would be greatly hampered if the industrial undertakings in India had to manage themselves.

Floating new companies.—Under present circumstances the floating of new companies would offer a practically unsurmountable task without the

help of well-known managing agencies. It is scarcely likely, that unknown and inexperienced new-comers could succeed in selling shares, organise a new factory and have the necessary knowledge to manage a company in face of enormous competition and all the difficulties resulting from the world economic depression.

Is it likely that such a company could easily obtain the necessary credits to carry on the business even if commercial banks would expand their industrial credit activities and the state-aided industrial banks already were established?

These various banks would have great difficulties in judging the business prospects of a newly established undertaking, apart from the far more important fact, that it is the personal standing and reputation of the management, which alone can induce the banks to grant new credits.

This point of view is also of great importance when considering the future necessity of the managing agency system.

The future of industrial finance in India.—A reasonable solution for the future seems to be the maintenance of the managing agency system combined with the commercial banks taking a stronger interest in supplying short term loans to industries and the proposed state-aided industrial corporations providing for long term finance in certain cases.

The lack of confidence, which is the most disastrous consequence of the world economic depression (as strongly emphasised by the Memorandum on the "Course and phases of the world economic depression" issued by the Finance Section of the Secretariat of the League of Nations), will make the sale of shares and debentures daily more and more difficult. Considering the pace of the world economic crisis it seems that state-aided industrial corporations will be necessary in India to attract private capital which may be thus directed into the channels of long term industrial investment.

Summing up our investigation, very little doubt is left that commercial banks and industrial corporations will grant loans with much more confidence to industries which are controlled by firms of managing agents of first class reputation, than otherwise.

Concluding, it has to be remembered that now-a-days practically all industrial undertakings are shareholders concerns, *i.e.*, the proprietors and the management are not one and the same persons. As the management of such companies unavoidably has to be entrusted to the hands of paid servants the *possible disadvantages* in connection with *human vices* are practically the same whether Managing Agencies or Managing Directors control a limited company. It seems however to be far more practicable to entrust the shareholders' money to well-known managing agencies of sound reputation and experience than to unknown new managing directors. The objection that a managing agency firm of good standing may gradually pass into the hand of unfit partners applies also to the management of every company whether industrial undertaking or bank and whether or not it is aided and directed as a state concern.

Messrs. H. M. Mehta & Co., Bombay.

Letter dated the 25th August, 1932.

During the period of evidence given by the Millowners' Association, Mr. Fazal Ibrahim Rahimtullah stated while examining Mr. Mody, Chairman of the Millowners' Association, that he had information from the Japanese Association that the total average crop of cotton in India was about 60 lacs bales a year, out of which the textile mills all over India consumed something like 22 lacs of bales and the remainder about 38 lacs bales were shipped out of the country to Japan and other Continental ports.

If that be a correct statement of the Japanese Association, then it means that not a single bale of cotton is used in India other than for textile industry.

It is a well-known fact that since Gandhi movement a tremendous amount of hand spinning is done in the villages and that the yarn produced by hand spinning and charkha spinning is used for making Khaddar Cloth for the agriculturists and other labouring classes and also for those who are great believers in Gandhi movement, such as the use of Gandhi Caps, Khaddar Dhoties, Khaddar Shirts, Khaddar Coats, etc. Besides the use of the above-mentioned in clothing I have to place before you the following facts in which Indian cotton is used in large quantities in home industry:—

- (1) Lamp wicks made of loose cotton on bamboo thin sticks on cup lamps either with cocoanut or castor oil.
- (2) Pure cotton wicks made by rolled cotton used by Marwadias and other Hindu commercial communities.
- (3) Loose woven lamp wicks for kerosene lamps.
- (4) 2½" Putties, woven on handlooms for soldiers, sepoy, puggies and syces use.
- (5) Bandages, surgical cotton lints, packing cotton in medicine bottles, etc., etc., for medical purposes.
- (6) 2½" and 3" putties for bedsteads, charpaies.
- (7) Cotton beds in which cotton is tremendously used by middle classes, rich classes and in some cases amongst the poor middle classes.
- (8) Naris for pyjamas and trousers used in large quantities by almost all the Mohamedan population, Parsees and Europeans.
- (9) Cotton Rajais for use in the cold weather by middle classes and poor classes mostly in north of India.
- (10) Cotton Rejai Clothing in which cotton is placed between two cloths and then the cloth is made for keeping away the cold in the Northern parts of India.
- (11) Hand made cotton dusters, towels, rugs and satranjis made in jails as well as in private handloom factories, mostly in Amritsar.
- (12) Cotton is used in large quantities in packing cases for packing silverware, ivories, sandal wood work, precious stones, etc., etc.
- (13) Cotton is also used for making country ropes for drawing water from the wells, making bandings for fishing nets, for tennis courts nets, cricket nets and for many other purposes.

All these items enumerated above take up a tremendous quantity of Indian cotton and the Government estimate it to be somewhere in the neighbourhood of 10 lacs bales, but those who are well in with the Home Industry Movement, especially the Congressmen, vouch that something like 15 lacs bales of cotton are used in home industry and they maintain that it is daily increasing.

From the shipments made during the last five years of cotton to foreign ports the amount comes in the neighbourhood of 24 lacs bales instead of 39 lacs bales as the figures given to Mr. Fazal Ibrahim. Therefore, it follows without doubt, that taking the average crop of 60 lacs, 22 lacs is consumed by cotton mill industry for textile purposes, 24 lacs for shipment to foreign countries and about 15 lacs for other uses such as I have enumerated above.

I hope you will place this letter before the Chairman and trust that he will find the figures interesting.

Mr. Manilal Maganlal Shah, Ahmedabad.

Letter dated the 26th August, 1932.

We, the undersigned shareholders of the Ahmedabad Cotton Mills, beg to most respectfully submit the following for your kind consideration:—

In Ahmedabad there is a Millowners' (Mill Agents'?) Association, while there is no association or body representing the shareholders. Under the circumstances, we consider it necessary to lay before you the shareholders' point of view. We, therefore, take this opportunity to make this representation to you, encouraged by the fair consideration the petition of shareholders—as reported in the "Nav Bharat" of the 24th instant—has been given by you.

We believe the undue expenditures and the system of management in Textile Mills as it now exists, are no less responsible for the current depression in the textile trade than the keen competition of Japan. We, therefore, consider it most important that the system of management should be radically changed and a better and more efficient system introduced for the real and lasting interest of trade.

We trust that before considering the question of levying additional import duty on Japanese piecegoods, the question of the system of management may be duly considered and necessary recommendations be made to the Government to amend the Companies' Act in such a way as to eliminate all the undesirable elements now existing.

We now lay before you the disorder in the management of the textile mills for your information and consideration:—

(1) In the Memorandum of Association of almost all the local Companies, there is an article giving to Managing Agents hereditary rights of management as well as of charging commission. This evil system based on the assumption that the son of an Agent possesses the same managing ability as his father, deserves to be stopped as early as possible. The system of charging the commission on the value of sales—irrespective of the profits of a Company—is equally harmful, and the sooner it is stopped the better. The agent's remuneration may be reasonably allowed, after full provision has been made for depreciation and for dividends. In short, the agent's commission must bear proportion not to sales but to the net profit of a Company.

(2) In the interest of the Trade, it is imperatively necessary that the appointment of Managing Agents should be subject to the system of election or selection for a period of from 3 to 5 years; and that they should receive regular monthly salaries according to their ability and powers of management and financing.

(3) The shareholders must have a right to inquire into all the serious interests of the mill, and to give effect to this at least five or more shareholders must have free access to and the inspection of the books of expenditure, sales and purchases, etc., of the Company along with vouchers supporting the figures.

(4) Only such persons who are not liable to be influenced by the managing agent, and who can independently work in the best interests of a Company should have a right to be appointed as directors.

(5) The surplus of working capital should not be deposited with any firm of which the managing agent is a proprietor or a partner, but should be deposited with recognised Banks. There should also be a limit to the powers of lending.

(6) The purchase of cotton, yarn, stores and coal, etc., should be by public notice and after comparing the competitive rates and samples.

(7) No orders or indents for new machinery should be placed or no extensions to building made without the sanction of the General Meeting of Shareholders.

(8) The system of sales requires to be improved; and we believe a system can be evolved wherein it is feasible to sell all the goods from a common store room on a standard basis.

(9) The appointment of all responsible officers of the Company such as a Manager, Secretary, Cashier, Salesman or Engineer, should be made by election or selection at a General Meeting of Shareholders and their remuneration must be in proportion to their ability and not their influence with the Agent.

(10) The Balance Sheets of all Companies should be out at least within three months succeeding the end of the year and the General Meeting should be held not later than 4 or 5 months.

(11) The Balance Sheets (with the Profit and Loss Accounts) must be in a uniform prescribed form to enable the investing public to make a comparative study of the positions of the respective Companies and to try to improve any mismanagement that may exist.

(12) Some of the Managing Agents have taken advantage of a convenient opportunity, and with the aid of able and experienced advocates of law got inserted such articles in the Memorandum of Association as are best calculated to be in their interest and to get deleted such as were considered to be a check on their powers. This system must go; and no revision in the articles of Association should be permitted unless at least 50 per cent. of the members of a Company give their consent in writing to the change.

(13) The subscription for membership of the Millowners' (Mill Agents') Association is being charged to the Company, while as a matter of fairness and equity this charge should be borne by the Agents personally, who enjoy the membership. It is not the constituted representative of the Company who is the member of the Association, but the self-appointed agents. If this charge is to be borne by the Company, an independent representative of the Shareholders duly elected may represent them at the association.

(14) No mortgage of the Company's property—specially buildings and machinery—should be made by the agents or directors without the previous consent of the Shareholders at a regular meeting.

(15) The Managing Agent must resign if three successive years of his administration of the Company show a clear loss.

(16) If under any circumstances, the Company's annual loss exceeds 1/3rd of the subscribed capital, the shareholders must be at liberty to consider at a General Meeting why the Company should not be dissolved.

(17) The Company's debt should under no circumstances exceed the authorised capital of the Company.

(18) The relations and friends of the Managing Agent should not be appointed to responsible posts.

(19) No office allowance should be given to Managing Agents when they get commission on net profit or a regular monthly salary.

We have, as above, honestly and conscientiously put forth the evils now existing in the management of the local Companies—the textile mills—suggesting improvements according to our light and ability, and request you to strongly recommend the Government to so amend the Companies' Act as to give effect to the changes desired in the interest of not only the shareholders and the investing public, but in the general interest of the Trade also.

Mr. M. P. Gandhi, Calcutta.

(1) *Letter dated the 26th July, 1932.*

With reference to the resolution of the Government of India, dated the 9th April, 1932, directing the Tariff Board to hold an enquiry into the question of protection to the Cotton Textile Industry, I beg to forward to you herewith my views on the import of raw cotton in India.

I would also recommend to the Board a perusal of my two books on "How to compete with Foreign Cloth" and "Indian Cotton Textile Industry" which sets out in detail my views on several problems pertaining to the Indian Cotton Textile Industry.

Enclosure.

Why the Import of Raw Cotton should not be discouraged.

Since the last year we are witnessing a very keen controversy in the country in regard to the advisability or otherwise of the import of raw cotton from foreign countries for use in the mills situated in India for the purpose of manufacture of cloth. The present Swadeshi movement is a great help to the cotton mill industry of India and but for the Swadeshi propaganda the cotton mill industry would have been in a languishing state at the present time. This being so, a certain section of the people put forward the argument that in appreciation of the several benefits that the propaganda for Swadeshi and Khaddar has brought to the mill industry, the millowners should not betray the interests of the country by importing cotton from other countries when there is enough cotton available inside the country. The reasons that are put forward against the importation of raw cotton from foreign countries are that the price of Indian cotton undergoes a considerable fall, that the demand for Indian cotton is reduced, and it is urged that the goods manufactured from such imported cotton cannot be called purely Swadeshi and should not therefore receive the patronage of the people.

On a little consideration it will be found that these arguments are not very cogent and convincing. In the first place, it ought to be remembered that a great bulk of the cotton grown in India is suitable only for coarse spinning, whereas the cotton imported from Kenya, Egypt and the United States of America is of long staple suited for spinning high counts of yarn for the manufacture of fine fabrics. The quality of the raw cotton imported from abroad being thus different from the cotton produced in the country (except perhaps in the case of American cotton which is of a little shorter staple than that imported from Egypt, etc.), it is hardly correct to say that the consumption of Indian cotton in India is reduced by such imports. I am not unaware that in reply to this it would be urged that to the extent that foreign cotton is imported the use of Indian cotton is reduced because if foreign cotton was not imported, Indian cotton would have been used in its place, even though it was of inferior quality and suitable for only coarse spinning. This, however, cannot convince anyone because the foreign cotton does not in any sense replace Indian cotton. The importation of foreign cotton being of long-stapled quality, the like of which is not produced in the country, it is not true to say that it substitutes Indian cotton; it only supplements it.

Cotton Consumption Statistic.—Let us now see the statistics of the production, consumption and export and import of cotton in India. The total Indian crop for the season 1928-29 was 57 lakhs of bales and the estimated crop for the season 1929-30 was 52 lakhs of bales. The estimated yield of cotton for the season 1930-31 is according to the supplementary official memorandum of Indian crop issued on the 23rd April, 1931, 48 lakhs of bales. Out of this the mill consumption of Indian cotton in the year 1928-29 was 17 lakhs of bales and in the year 1929-30, 22 lakhs of bales. During the year 1930-31 the mills are consuming about 2 lakhs of bales per

month. It also appears that the Indian mills will continue to take at least this quantity of raw cotton in the future, if not more, to comply with the increasing demand of cloth made inside the country. The consumption of Indian cotton on the handspinning wheels is also decidedly on the increase, and shows signs of increasing still more. The export of Indian cotton during the year 1928-29 was 37 lakhs of bales, during the year 1929-30, 40 lakhs of bales, and during the year 1930-31, 39 lakhs of bales. The export of Indian cotton during the six months ended 30th September, 1931, amounted to 14 lakhs of bales as compared with 18 lakhs of bales for a similar period during the year 1930. The import of raw cotton from outside India in 1928-29 was 162,000 bales, in 1929-30, 134,000 bales and in 1930-31 370,000 bales (approximately). The import of raw cotton during the six months ended 30th September, 1931, amounted to 311,000 bales as compared with 140,000 bales for a similar period during the year 1930, i.e., roughly double the quantity. The value of imports of raw cotton during 1928-29, 1929-30 and 1930-31 amounted to Rs. 390 lakhs, Rs. 342 lakhs and Rs. 638 lakhs respectively. The value of the imports of raw cotton during the six months ended 30th September, 1931, amounted to Rs. 467 lakhs as compared with Rs. 281 lakhs for a similar period during the year 1930. The value of the exports of raw cotton from India during the years 1928-29, 1929-30 and 1930-31 amounted to Rs. 66 crores, Rs. 65 crores and Rs. 46 crores. The value of the export of Indian cotton during the six months ended 30th September, 1931, amounted to Rs. 14 crores as compared with Rs. 24 crores for a similar period during the year 1930. The reduction in the value of the exports is due to the low price of cotton consequent on the prevalent trade depression all over the world. It is a very encouraging feature that the quantity of the cotton exported from India has now undergone any appreciable fall in spite of the fact that there is a diminished consumption of cotton throughout the whole world. This is due to the fact that many manufacturers especially, in Lancashire, are adapting their spindles to the use of Indian cotton in substitution of American cotton, due largely to the cheapness of Indian cotton as compared with American cotton. Japan has similarly increased its consumption of Indian cotton, and although the mill activities in Japan and Lancashire were restricted during the past several months due to the boycott movement in India and the prevalent trade depression all the world over, the consumption of Indian cotton has been considerable in both the countries.

From the figures given above, it is easy to see that the quantity of cotton imported during the last three years varies between 3 per cent. to 6 per cent. of the total Indian crop, and amounts to only about 7 per cent. to 14 per cent. of the total consumption of Indian cotton by the Indian mills. It would therefore be hardly correct to say that the consumption of foreign cotton in India by the mills appreciably affects the price of Indian cotton which depends largely on the price of American cotton. A large part of the Indian crop of cotton is exported to foreign countries and the price which the entire cotton crop can secure is the price which the Indian cotton can realise in the world's market for its exportable surplus. The argument that the importation of foreign cotton reduces to a considerable extent the price of the Indian crop of cotton is hardly tenable, particularly because the cotton that is imported, does not directly compete with Indian cotton. While the best Indian cotton like Navsari and Cambodia can be made use of for spinning up to 30's only, much of the raw cotton imported from abroad is used for spinning counts from 40's and upwards. The price of Indian cotton as pointed out above is determined by the world factor and can hardly be said to be affected to any appreciable extent by the importation of foreign cotton in India.

The Indian National Congress has been approached recently with a request that the goods manufactured by mills from foreign raw cotton should not receive the patronage of the people as they cannot be called purely Swadeshi. This contention is so absurd that it has to be mentioned only to be rejected. There would be some point in a contention of this character, if it could be proved that imported cotton is of a quality similar to the

quality of cotton available from inside the country and is such as can substitute Indian cotton, thereby decreasing the internal demand of such cotton inside the country. That, however, is not the case.

It may then be enquired why it is necessary for India to import long-stapled foreign cotton and why the mills cannot consume all Indian cotton in preference to foreign imported cotton, even though long-stapled cotton is not available inside the country. India can have two goals before her, viz., either (1) to consume Indian cotton inside the country by manufacturing cloth out of it and exporting the surplus manufactured cloth outside India, or (2) to manufacture the quality and quantity of cloth required by her from such raw cotton as is produced inside the country, and to import the balance of the desired quality of raw cotton from foreign countries. It is too well-known that we do not produce enough long-stapled cotton for meeting the requirements of the country for fine cloth. Further, it will be conceded by every one that at the present time at any rate, it is not possible for India to consume all the raw cotton produced by her and to export manufactured cotton goods to other countries, due largely to the fact that we cannot stand competition with advanced countries like Lancashire, Japan, etc.; we are, therefore left to producing the necessary cloth required by the country from cotton produced inside the country, and cotton imported from outside for special purposes. The most cogent argument against banning the import of long-stapled cotton from other countries is furnished by the necessity and the desirability of manufacturing fine fabrics in India in order to replace similar fabrics imported at present from Lancashire, Japan, Italy and other countries. The Indian cotton is of too short a staple to produce yarn of very high counts necessary for the weaving of fine and delicate fabrics. The imported long-stapled cotton is meant only for spinning high counts and it is too expensive to be used for the manufacture of coarse goods (it cannot thus in any way be said to compete with Indian short-stapled cotton). If the object of the nation in undertaking the propaganda of Swadeshi is to be fully achieved, that is, if the requirements of cloth in India are to be produced internally by the mills as well as the handlooms no ban should be imposed on the importation of long-stapled cotton from foreign countries, it should not be banned or discouraged in any way, till such time as sufficient long-stapled cotton is available inside the country, for turning out fine yarn necessary for manufacturing goods of a quality similar to that of imported ones with a view to replace them, or till such time as the taste of the people is revolutionised as a result of the propaganda for Khaddar and the necessity of producing fine yarn and fine fabrics is completely obviated. We are all aware that it is not possible to induce all the people in the country to give up the use of finer varieties of cloth all of a sudden and to accept coarse cloth woven from, say, 20's. We have not been able to induce all the people even to wear Khaddar in preference to mill-cloth, because the former is a little coarser than the latter. It is, therefore, too much to expect the whole nation to turn suddenly to the use of such garments as can be made from the short-stapled cotton that is grown inside the country. If we are to depend on this sudden change coming and, with that end in view, if we put a ban on the importation of raw cotton from abroad, this object of making India independent of foreign sources for the supply of the cloth needed by her, will be delayed or made impossible of achievement and we will thus be doing a great disservice to the country. In order to enable us to reach our goal as quickly as possible, we ought to encourage the use of imported raw long-stapled cotton so that the demands of the people who cannot give us at once the use of fine cloth can be met by the cloth manufactured inside the country from such raw long-stapled cotton. If we ban the use of imported cotton, its effect will be that the Indian demand for finer fabrics will have to be met by imports from foreign countries. If we increase the cost of imported raw cotton by imposing a duty on it, we will be virtually increasing the cost of raw materials for spinning 40s and upwards and the effect of this will be that our mills will be handicapped in competing with foreign countries in their finer goods. Thus while not discouraging the import of long-stapled raw

cotton from foreign countries, on the one hand, we must make an endeavour, on the other hand, to produce more and more long-stapled cotton in substitution for the present short-stapled cotton inside the country. The Indian Central Cotton Committee informed the Tariff Board in the year 1927, that of the total Indian crop of 60 lakhs of bales, there would be about 20 lakhs of bales of long-stapled cotton of which 320,000 bales or 16 per cent. may be taken as suitable for warp yarn of 30/36 counts and an additional 50,000 or 3 per cent. for weft yarn of 30/36 counts (*vide* page 259 of the Tariff Board's Report). I may state, however, that these figures are not reliable according to several authorities intimately connected with the Indian Cotton Textile Industry. It is likely that the experiments in spinning may have been carried out in the Matunga Library of the Indian Central Cotton Committee under ideal conditions. But ordinarily it is not possible to manufacture such high counts of yarn from Indian cotton. Several persons connected with the Indian cotton industry are of the opinion that the quantity of Indian cotton producing above 18's would be roughly about 10 lakhs of bales. Be this as it may, there is no doubt, that India is capable of growing a larger quantity of long-stapled cotton in order to supply the requirements of the Indian mills and handlooms for such cotton. But it is doubtful whether the premium paid to the grower of long-stapled cotton would be sufficient to compensate him for the loss in out-turn, and ginning percentage which he is bound to suffer. As far as the mills are concerned, they would find it is their interest to obtain such long-stapled cotton in India at their doors rather than have to import the same. The Indian Central Cotton Committee and the Agriculture Departments of the Provincial Governments, should render all help to the cultivators in the problem of growth of long-stapled cotton in India, by providing necessary facilities, *e.g.*, seeds, irrigation, research, specific investigation, etc., and should make it worth the while for the cultivators to grow long-stapled cotton for the requirements of the Indian Cotton Industry.

Competition with Lancashire.—Until, however, we can produce inside the country an adequate supply of long-stapled raw cotton, there ought not to be any objection to importing such cotton from foreign countries, because it is the desire of the nation that we should exclude foreign cloth as quickly and as much as possible, and as observed above, this cannot be done to a great extent if we put a ban on the import of long-stapled cotton from abroad for the purpose of manufacturing cloth of a fine quality. Further, there ought not to be ordinarily any objection in purchasing raw materials from other countries of the world for the purpose of manufacturing goods from them, and thus ousting the imports of cloth manufactured from the same material by other countries. Besides, we ought not to forget that raw cotton is not a manufactured or even a semi-manufactured product like yarn, and therefore there ought to be no objection or hesitation in importing raw cotton, which is only a raw material, till such time, at any rate, as similar long-stapled cotton can be had inside the country, and till such time as the requirements of fine cloth which can only be manufactured from such cotton exist inside the country.

In this connection, it would be of interest to note that in the year 1875, it was the Government of India that imposed a 5 per cent. duty at the behest of Lancashire, on the import of Egyptian and American cotton in India, in order to prevent India from importing such superior cotton and competing with Manchester in her fine goods (*vide* Landmarks of the Policy of the British Government in India or in Great Britain, in regard to the cotton industry of India, given in author's book on "How to Compete with Foreign Cloth"). The country and the Congress ought therefore to be careful and should reject this short-sighted policy of banning the import of raw cotton or of making it dearer by imposition of a duty, as by so doing we will be only helping Manchester to retain her position in the supply of cloth and yarn to this country, because it will not be possible for India to stop completely the import of fine varieties of cloth and higher counts of yarn till cloth of a similar superior quality can be manufactured inside the country. What is more, it should not be forgotten that having

accepted the goal of making India self-sufficient in regard to cloth, and of eliminating the foreign cloth, and yarn evil, we should not at all hesitate in importing long-stapled raw cotton from foreign countries in order to crown the efforts made by the Congress under the guidance of Mahatma Gandhi, with the success which it may deserve.

It is a matter of great regret that in order to meet the deficit caused in the Budget the Government of India have imposed in their Supplementary Budget a duty of half an anna per lb. on all imports of raw cotton from foreign countries with effect from September, 1931. The import duty of half anna per lb. works out to about Rs. 24-8 per candy. This will directly handicap the Indian textile industry particularly in competition with finer Lancashire goods for the manufacture of which such long-stapled raw cotton is imported by the cotton mills in India. The Indian Fiscal Commission also definitely laid down that the raw materials of an industry should not be taxed, but the Government of India have been totally indifferent to these observations of the Fiscal Commission, although they have generally accepted that principle. The imposition of this duty has also adversely affected cotton growing in Uganda where Indians have invested crores of rupees for the growing of cotton.

India should be made self-sufficient in the manufacture of Cloth.—I hope every unbiased person will agree with me when I say that the whole nation will not be prepared to turn at once to the use of coarse cloth that can be made from Indian cotton of short staple and that it is therefore necessary to initiate them into the use of finer cloth made inside the country (even after importing long-stapled cotton from foreign countries) by making the cloth as attractive and as similar in texture, fineness, etc., as possible to the imported cloth to the use of which the people may have been accustomed for a long time and which they may find it difficult to give up all of a sudden. I also trust that the short-sighted policy of banning the import of raw cotton or of increasing its cost by imposing a duty on it, will not be advocated from any reasonable quarter after consideration of all the various factors enumerated above, and I cherish the hope that such a policy will in no case be accepted by the Congress, especially because it is fraught with the danger of retarding the goal of self-sufficiency in the matter of supply of cloth from internal sources.

Mahatma Gandhi's Views.—In the end, I might state for the information of the reader that I have had an opportunity of consulting Mahatma Gandhi on this subject on two occasions only recently. He said that he personally believed that India can take the necessary raw cotton from other countries. While Mahatma Gandhi would desire the whole country to be clad in coarse hand spun and hand woven khaddar, he has taken this businesslike view of not banning the import of raw cotton in appreciation of the various circumstances enumerated above, e.g., (1) that cotton is only a raw material, and that there should be nothing wrong in importing raw material for the purpose of manufacturing cloth from it, particularly when it does not compete directly with Indian cotton which is of a shorter staple, (2) that it will not be possible for the whole nation to take to khaddar, or for the matter of that to even coarse mill made cloth all of a sudden, and (3) that if encouragement is not given for the manufacture of fine cloth from superior quality of cotton, and if the mills are thus handicapped in competing with foreign countries, it will virtually mean the postponement of the day when foreign cloth can be completely excluded from the country. A note may also be taken of the fact that of the import of raw cotton from foreign countries, nearly half the quantity is from Kenya Colony where the interest of Indians in growing cotton is predominant.

(2) *Letter dated the 12th September, 1932, from M. P. Gandhi.*

I beg to forward to you herewith six copies of a short memorandum on the future of hand spinning and hand weaving in India. I shall feel obliged if you will kindly place these before the members of the Board.

Enclosure.

The Future of Hand Spinning and Hand Weaving in India, by M. P. Gandhi, M.A. (Benares Hindu University).

There is no doubt, to my mind, that both hand spinning and hand weaving have a bright future before them in India, as long as the economic condition of the country remains as it is to-day. Some doubt is being expressed, however, by critics of the Khaddar movement in India that Khaddar is not an economically sound proposition. Some believe that hand spinning is a passing phase and that it cannot last after the sentimental feeling of the people of the country for Khaddar passes away. It is pointed out that *Charkha* cannot spin yarn more economically than the mills, and that therefore such a primitive and crude method of spinning yarn cannot last in competition with modern and up-to-date machine spinning.

No Comparison between a Charkha and a spinning mill.—These critics, however, fail to understand that it has never been claimed by the protagonists of the *Charkha* that it can spin yarn more economically than the mills. The *Charkha* has never been intended to compete with, and in order to displace, the mill industry. There need therefore be no comparison between the output of a *Charkha* and the output of a machine spindle. For understanding clearly what the *Charkha* movement means, it must be borne in mind that there is an enforced idleness of a large section of the population in India (depending for their living on the fields), for a period of nearly six months in a year owing to lack of a suitable supplementary occupation to agriculture. The other factor of great moment is the chronic and the gnawing poverty of the masses which has resulted from the lack of employment during the best part of a year. Knowing as we do, now, the almost incredible poverty of the Indian masses who are, it must be admitted, illiterate and unskilled owing to want of any education, the only means of ameliorating their condition is by giving them some sort of an occupation near about their homes, which they can adopt peacefully and without difficulty.

Best Occupation.—Hand spinning is an occupation which answers this purpose best. It is claimed that hand spinning alone offers an immediate practicable and permanent solution of that knotty problem, viz., of the enforced idleness of an overwhelming majority of India's population for over six months in a year. It is not intended that those people who can make a better living from elsewhere should spend their time on hand spinning. It provides a *supplementary occupation for those who cannot do anything better*. It has numerous social and economic advantages, which are well-known. It is a great consolation to find that believers in machine-age are slowly becoming converts to the Khaddar theory after seeing for themselves the advantages that have resulted to the people by the Khaddar movement.

Two Notable Opinions.—Only recently in his opening speech at the All-India Swadeshi Exhibition in Madras, Sir M. Vishweshwarayya made the following significant confession as regards the capabilities of the hand spun and hand woven *Khadi*:—

"I am one of those who not long ago thought that hand spinning and hand weaving of Khaddar, while machinery could do the work so cheap, might prove a waste of effort, and that the energy and time spent on it might be more profitably employed; but in the present circumstances of the country, when there is such redundant unemployed population, and there is no organisation at all to relieve unemployment, every sane person must admit that Khaddar propaganda is serving useful constructive purpose, and that the efforts of the Congress Party in popularizing khaddar under the all-inclusive generalship of our great countryman, Mahatma Gandhi, are fully justified."

Even Dr. Harold Mann opined that "whatever may be said of Mahatma Gandhi's plan and policies in other directions, *he had undoubtedly penetrated into the secret of the poverty of India when he advocated the spinning*

wheel, even though it added only one or two annas per day to the income of the people”.

A Wrong Notion—Spinning not a principal occupation.—I need hardly emphasize that it is a wrong notion to believe that spinning has ever been put forward as a principal occupation. Spinning has been offered only to those who would otherwise waste their time in idleness and thus cause a national waste of energy. Spinning is not meant for any person who has a more remunerative employment. No nation which has its population lying idle for a period of six months in a year can ever be prosperous. The only way therefore of bringing about the prosperity of the people of India is to find employment for the large section of the people who are at present unemployed, and under employed. Only thus will the labour of the millions of the people of this country be monetized, and only thus shall we be able to add to the purchasing power of the people, which it is the endeavour of everyone having the welfare of the country at heart to promote.

Handloom v. Powerlooms.—Hand spinning presupposes the existence of hand weaving, and hand spinning and hand weaving are mutually complimentary. It is not necessary for me to prove that handlooms can compete successfully with the powerlooms. The very fact that hand made goods are unsurpassed in excellence by the products of modern machinery, in an age in which mechanical inventions are the prime factors of economic progress, proves that there are some merits in handloom weaving which have kept it going. Apart from all questions of design, quality and variety, there is admittedly something in the very “feel” of handwoven cloth which has made an appeal to the public in all countries. The Indian handloom industry has always demonstrated this superiority over powerlooms and the only reason why popular recognition has been slow and difficult is the poverty of the average Indian which compels him to make the smallness of initial cost the paramount consideration of his purchases.

Sir Alfred Chatterton has appropriately pointed out: “That the Indian handloom weaver though hard-pressed still survives the competition of the powerloom indicates a surprising degree of tenacity on the part of the people of the country (India) to maintain their primitive methods and hereditary occupations in the face of militant western commercialism”.

Eye-opening figures of Handloom Production.—It is not generally known that even at the present time the handlooms are responsible for supplying about 38 per cent. of the total cloth produced in India, and about 25 per cent. of the total annual consumption of cloth in this country. Appended below are figures for the last 7 years of the total cloth consumption in India, of the total handloom production, of the percentage of total handloom production to total cloth consumption, of the total production of cloth in India (both mills and handlooms), and of the percentage of handloom production to total cloth production in India (on handlooms and mills).

Year.	Total cloth consumption.	Total handloom production.	Percentage of Col. 3 to Col. 2.	Total production in India of mills and handlooms.	Percentage of Col. 3 to Col. 5.
1	2	3	4	5	6
1924-25	4,706	1,256	26.6	3,226	38.9
1925-26	4,479	1,160	25.8	3,114	37.2
1926-27	5,115	1,296	25.3	3,554	36.4
1927-28	5,420	1,292	23.8	3,648	35.4
1928-29	4,772	1,116	23.4	3,009	37.0
1929-30	5,582	1,404	25.1	3,822	36.7
1930-31	4,725	1,388	29.3	3,949	35.1

N.B.—In this connection, I have to point out that the figures of the total production and consumption of cloth in India gives in the “Review of the Trade of India, 1930-31”, are likely to mislead the unwary public.

No account is taken there of handloom production at all. It has been ignored, and it gives no indication of the existence of handlooms which are responsible for supplying roughly 1,400 million yards of cloth per year. The figures published in the Review of Trade do not give a correct idea of the total production of cloth, and of our total and *per capita* consumption of cloth.

I must observe here, however, that the quantity of cloth produced since 1929-30 and 1930-31 by the handlooms must be appreciably greater than what is shown in the above statement because there is no doubt that the quantity of handspun yarn available to the handlooms must have increased due to the impetus the movement of handspinning has received during the last 2/3 years. In the above figures it has been assumed that (in the absence of any authoritative statistics) 10 per cent. of the total quantity of yarn available to the handlooms from the foreign countries and from the Indian mills, is handspun yarn, spun on the "Charkha".

Quantity of hand spun yarn increasing.—On the basis of 10 per cent. estimate, the quantity of hand spun yarn available to the handlooms has been roughly 35 million lbs. This figure is arrived at by assuming 4 yards of cloth per 1 lb. of yarn. It would, however, be more correct if we assume that the total supply of hand spun yarn available to the handloom since 1929 was 50 million lbs. I would therefore suggest that if any reliable estimate is to be made about the total quantity of handlooms production, for the years after 1929-30 an assumption must be made of 50 million lbs. of hand spun yarn instead of 35 million lbs. as has been done during the past. On this basis, the figure of handloom production for 1929-30 and 1930-31 would be 1,464 million yards and 1,450 million yards respectively.

Methods of helping handloom weavers.—There are many directions in which the handloom weavers need to be helped, *e.g.*, by better organisation, better facilities through the agency of co-operative Societies, by the elimination of middlemen, etc. I hold the view, however, that in order to give adequate encouragement and impetus to the handloom weaving industry, a prohibitive duty on import of foreign cloth and on yarn should be imposed in order to oust them completely and to make India self-sufficient in respect of the supply of cloth. The latest figures of cloth production in India warrant the belief that India can easily produce all the cloth she needs. This being so, on account of the presence of internal competition, the consumers will not suffer. But if a prohibitive duty is imposed, there is the danger that the mills alone may increase their production of cloth and the rate of the handloom weavers may not at all improve. In order to guard against this contingency, I would suggest the introduction of suitable legislation whereby the mills in India would be precluded from engaging themselves in the production of cloth from yarn, say, below 12 or 15 average counts (excepting twills, blankets, calendered cloth, Dobbie pattern, jacquard pattern, etc.) for the production of which the handlooms have special advantages. The enactment of such legislation will ensure a distinct market for the goods produced on the handlooms and they will thus be saved from a certain amount of competition of mill made goods. If the import of foreign cloth is totally eliminated measures could also be devised of giving greater assistance to the handlooms as compared with the mills. For a detailed discussion of this question I would suggest perusal of my books—"How to Compete with Foreign Cloth (1931)" and "Indian Cotton Textile Industry—Its past, present and future (1930)", where it has been treated in greater detail.

Necessity of Banning Foreign Yarn.—I would also suggest the imposition of a heavy duty on foreign yarn, artificial silk yarn and artificial silk cloth for the benefit of the Indian handlooms and mills. Most of the mills, under the direction of the Congress, have already given up the use of foreign yarn and artificial silk yarn. They have also begun to manufacture finer yarn, of counts above 40s and 60s by importing raw cotton from foreign countries and if they are given encouragement and assurance for protection,

they would be able to supply handlooms also with such finer yarn, before a long time. There is no need for artificial silk yarn or cloth in India and unless a ban is placed upon the imports of these by the country, such imports will mount up considerably in quantity and the menace of the import of cotton yarn and cotton piecegoods will be substituted by artificial silk yarn and piecegoods of artificial silk or of cotton mixed with artificial silk. During the last three years such a tendency is being witnessed. During the year 1931-32 when the total import of foreign piecegoods decreased from 890 million yards to 775 million yards, the import of artificial silk piecegoods went up from 51 million yards to 84 million yards, while the value increased from Rs. 2,11 lakhs to Rs. 2,51 lakhs. It is true that the ban on imports of artificial silk yarn and foreign yarn would bring about a dislocation to several weavers who depend on such yarn at present, but that will only be a temporary feature as they can adapt their looms to the working up of such yarn as is available in the country. As soon, however, as it becomes more generally known that handwoven goods are being made from only indigenous yarn to the exclusion of foreign cotton yarn, and artificial silk yarn, they will receive greater patronage at the hands of the people, due to their being completely "Swadeshi", to the use of which a large number of the people is practically pledged.

Khaddar by all means.—It only remains for me now to point out the greater advantages that would result to the country from the use of Khaddar in preference to even indigenous mill cloth. There is no doubt that at the present moment no one will help willingly to drain the money out of the country by purchasing foreign cloth, but the question which puzzles many is which should be preferred Indian mill made cloth or Khaddar? Having referred to the great poverty of the masses and the necessity of finding some employment for them during their idle period, there is no doubt that the nation must concentrate its efforts in finding some supplementary occupation for relieving this unemployment. Hand spinning and hand weaving it has been pointed out, are the illustrations of the most practical methods in which such employment can be given.

The Khadi Tax.—The question, however, is being raised that hand woven cloth is dearer than mill made cloth. It should not be forgotten, however, that the Indian peasant is in great distress at the present moment, and that the only relief that can be given to him on any large scale is through purchase of Khaddar, even though it may be a little dearer, which it is not in all cases, looking to its lasting quality, etc. This being so, it is unpatriotic and selfish to shirk the Khadi Tax if one may so choose to call it. There is no doubt that the purchase of Khaddar in preference to other cloth will keep the money in circulation amongst the agriculturists. By purchasing mill cloth we divert the flow of money from the village to the cities, and thereby obstruct the relief of distress of large numbers of our poor people living in villages. Sjt. C. Rajagopalachari pointed out in a recent article in the Young India: "Khaddar is not only economically unsound, but is based on a far sounder and stabler economics than the worn out pseudo-science of that name that has broken down in the West".

I trust that in appreciation of these various factors the Tariff Board will see their way to recommend suitable measures for the amelioration of the hand spinning and hand weaving industries in India in the development of which is bound up the prosperity of the millions of this poor land.

(3) Letter dated the 28th September, 1932, from M. P. Gandhi.

I have pleasure in forwarding to you herewith six copies of my memorandum on "Whether India should import artificial silk yarn and piecegoods". I shall feel obliged if you will kindly place it before the Tariff Board.

Enclosure.

Whether India should Import Artificial Silk Yarn and Piecegoods, by Mr. M. P. Gandhi, M.A., F.L.Econ.S., F.S.S., Secretary, Indian Chamber of Commerce, Calcutta.

The question of the desirability or otherwise of imposing a ban or a prohibitive import duty on the imports of artificial silk yarn from foreign countries has been engaging the attention of the public for some time and is also referred to the Tariff Board for examination.

I propose to set up in brief in course of this memorandum the reasons against the imports of such yarn and piecegoods in India.

A glance at the statistics of the imports of artificial silk yarn during the last six years reveals the fact that about 75 lakhs lbs. of artificial silk yarn were imported into India annually during all these years. The value, however, of the imports has been decreasing steadily. This shows that the price of artificial silk yarn has been falling. During the year 1927-28, the value of the import amounted to 149 lakhs of rupees as compared with 139 lakhs of rupees in 1928-29, 99 lakhs of rupees in 1929-30, 80 lakhs of rupees in 1930-31 and 82 lakhs of rupees in 1931-32.

The imports of piecegoods of cotton and artificial silk during the year 1929-30 amounted to 57 million yards valued at 315 lakhs of rupees as compared with 49 million yards valued at 330 lakhs of rupees in 1928-29. The import in 1930-31 and 1931-32 was 51 million yards and 84 million yards amounting in value to Rs. 211 lakhs and Rs. 257 lakhs. This also shows that the value of these goods has been falling. It would be of interest to observe that amongst the suppliers of piecegoods or artificial silk and of cotton the country supplying the largest quantity was Japan. Imports from Japan during the year 1929-30, 1930-31 and 1931-32 amounted to the enormous figure of 25 million yards, 38 million yards and 74 million yards respectively or nearly 88 per cent. of the total imports in 1931-32 valued at 208 lakhs of rupees as compared with 3 million yards only valued at 30 lakhs of rupees in the year 1928-29. Within the course of a year Japan increased her exports of these goods to India by 800 per cent. and within the course of four years by 2400 per cent. The increase in the import of artificial silk piecegoods is indeed remarkable and noteworthy. When it is realized that as a result of the strong boycott movement, depression, etc., the import of foreign cloth dwindled within the space of two years to 775 million yards valued at Rs. 14 crores in 1931-32 as compared with 1919 million yards valued at Rs. 50 crores in 1929-30. The figures of import of artificial silk piecegoods are therefore alarming and the problem of reducing these imports should receive our very close consideration.

Use of Artificial Silk Yarn by Handlooms.—We may now consider how these imports of artificial silk yarn are used in India. From the records compiled by several importing firms like Courtaulds, based on information received by them from the handloom weaving centres of India, it is estimated that the consumption of artificial silk yarn by the handlooms is varying from 60 per cent. to 80 per cent. of the total imports. An official in close touch with the Cotton Mill Industry of Bombay is of the belief that 60 per cent. of the quantity of artificial silk and mercerized cotton yarn imported in Bombay and 80 per cent. of the quantity imported in India is used by the handloom weaving industry. The Collector of Customs, Bombay, puts the figure of the consumption of these yarns by the handlooms as high as 95 per cent. While there may not be any agreement in regard to the exact percentage, it is certain that a very large proportion of the imported mercerized and artificial silk yarn is used by the handlooms in the production of finer fabrics. Artificial silk yarn has come into general use due largely to the fact that it is possible to impart attractiveness and gloss to the cloth by the use of such yarn, and to the fact that the cloth turned out looks just like silk. The mills also have been using the yarn for turning out cloth which would stand in competition with similar cloth imported from Japan, Italy and other countries.

COTTON TEXTILE

9

We may now consider here whether there is any necessity of the import of artificial silk yarn and piecegoods inside the country. That the tendency to use artificial silk yarn and piecegoods is increasing admits of no doubt. No one will maintain, however, that the use of such artificial silk yarn and cloth is necessary in India from the point of view of the climate, etc. It is also certain that if the use of imported silk yarn and of imported piecegoods of cotton and artificial silk is allowed to grow unchecked, it would offer in course of time a fresh obstacle in making India self-sufficient in regard to the requirements of cloth from within the country. The question of the possibility of producing artificial silk yarn in India had been examined once or twice during the last decade and it was found that it was not possible, at least in the near future, for India to produce artificial silk yarn. That being so and there being no artificial silk yarn industry to protect within the country, several persons do not agree with the Indian National Congress that a ban should be placed on the imports of such yarn. The argument is also advanced that it will be doing a great disservice to the handloom weavers in India if the import of artificial silk yarn is stopped as it will lead to a dislocation of several of the weavers, who are accustomed to use such yarn in the cloth produced by them. The argument cannot carry much weight, especially in view of the fact that the people in the country have pledged themselves to the use of Swadeshi articles and they will not therefore purchase cloth which is made from this artificial silk yarn which is imported from foreign countries, and particularly when there is the other alternative of the weavers taking to the use of fine yarn made in India. By Swadeshi cloth is meant such cloth as is woven inside the country from yarn produced inside the country. Unless, therefore, the cloth made from imported artificial silk yarn is to be exported out of India, the use of such yarn will have to be stopped absolutely in the near future both by the handlooms and by the Indian mills. A few mills in India have not yet accepted the condition of the Congress in regard to the abstention of the use of artificial silk yarn in their products, but a good many have done so. These former mills do not see any objection to the use of artificial silk yarn in India, on the ground mentioned above, namely, that the use of such yarn does not hinder the progress of a similar industry in India. Those who advocate this argument have evidently not considered the question of the Sericulture Industry of India. If the artificial silk yarn, or piecegoods of artificial silk or of cotton mixed up with artificial silk, are allowed to be imported and no ban placed upon them by the country, there is no doubt that such imports will mount up considerably in quantity, and in the event of this happening there is no doubt that the Indian Sericulture Industry will be hard hit. The cheapness of the imported artificial silk yarn has already affected the Sericulture Industry of India and there is the danger of the Indian Industry going almost out of existence if the import of artificial silk yarn is not completely checked. I am sure that several responsible persons who do not see any objection in importing artificial silk yarn in India for the production of beautiful cloth, will be converted to the view of the Indian National Congress if they were appointed as the members of a Tariff Board entrusted with the enquiry of considering whether the Sericulture Industry of India wanted protection. Looking at the problem aesthetically it can be argued that the imports of artificial silk yarn which is capable of producing more beautiful cloth, should not be banned. Considering from the point of view of protection to the Indian Sericulture Industry, there is no doubt that the import of artificial silk yarn and of piecegoods should be discouraged. Further it is but certain that the imports of artificial silk yarn and of piecegoods will greatly increase in quantity, and substitute the present imports of cotton yarn and piecegoods which deserve to be stopped. Unless, therefore the country is prepared to entertain, in course of time, the menace of the imported artificial silk yarn and piecegoods in place of the present menace of the cotton yarn and cotton piecegoods, it ought to beware, and endorse the action of the Indian National Congress in putting a ban on such imports. I would suggest that in addition to the voluntary resolve of the people not to use

cloth made in India from foreign artificial silk yarn and foreign artificial piecegoods, the Government should levy a high tariff duty on both of these in order to discourage their importation and thus to prevent injury to mills and handlooms. The persons interested in the Indian cotton industry approached the Government in 1930 with the suggestion that the duty on imported artificial silk piecegoods should be increased from 15 per cent. to 20 per cent. or a little more, but that was on another ground. Their contention was that the difference then existing between the duty on artificial silk yarn which was 7½ per cent. and the duty on artificial silk piecegoods which was 15 per cent. did not give sufficient protection to the Indian Industry. Since then, the Government in response to representations of several commercial and industrial bodies increased the duty on artificial silk piecegoods to 50 per cent. and on artificial silk yarn to 18½ per cent. last year. But in view of the great decline in the prices of artificial silk yarn and cloth coupled with the precipitous fall in the value of the Yen, the duty has had no effect, and artificial cloth has been imported, as we observed before, in large quantities. Owing to its cheapness, such cloth is not only competing with silk cloth as stated above, but is a very keen competitor with cotton piecegoods. It has displaced cotton piecegoods to a considerable extent, and threatens the Indian Cotton manufacturing industry with extinction if its import is not at once checked. In fact so great is its cheapness and so attractive it is to look at, that people are tempted to buy it, in preference to cotton cloth, although after washing it loses much of its gloss and is not so lasting as the cloth made out of cotton. Its initial cheapness and attractive colour ensure a great market, and this is detrimental to the Indian cotton manufactures. For the various reasons urged above, I would advocate that the duty on both the artificial silk yarn as well as piecegoods, should be increased at the earliest opportunity to a figure which would discourage their importation into India, for saving the Sericulture and Cotton Industries of India from extinction and averting the menace of the artificial silk yarn and piecegoods in place of the present cotton yarn and cotton piecegoods which the country is trying to eliminate as quickly as possible, by producing its requirements within the country.

I had the advantage of consulting Mahatma Gandhi, on this point last year when he was at the Yarrowada Central Prison, and Mahatmaji expressed the opinion that "Imports of artificial yarn and piecegoods deserve to be banned". I cherish the hope that in view of the several cogent reasons mentioned here, the people will give up the use of artificial silk yarn and cloth made out of artificial silk yarn either on the handlooms or in our mills and of imported piecegoods of artificial silk or of cotton mixed with it, and that the Government of the country will impose a prohibitive duty on them, for the protection of the twin Indian industries of cotton and silk.

For a detailed discussion of this question, I would suggest a perusal of my monograph on "How to Compete with Foreign Cloth—A study of the position of hand spinning, hand weaving, and cotton mills in the economics of cloth-production in India (1931)" with a foreword by Sir P. C. Ray and my Gujarati book entitled "Pardeshi Kapad Ni Same Harifai Kem Karavi" with a foreword by Mahatma Gandhi (1932).

I trust that in appreciation of all this, the Tariff Board will be pleased to recommend the imposition of a prohibitive duty in order to avert the menace to two of our textile industries.

(4) *Letter dated the 3rd October, 1932, from M. P. Gandhi.*

I beg to submit the accompanying memorandum in order to point out the various shortcomings and defects in the statistical materials available in India in regard to the details of production and importation of raw cotton, of production and importation of cotton manufactures, etc. If more detailed information on the lines indicated below would be available in regard to the cotton textile industry, I am sure it would be of great value to all concerned and I trust that the Tariff Board will give this matter

their very close consideration and recommend strongly to the Government to make suitable arrangements for the collection, compilation and publication of such information for the use of the textile trade and industry.

Enclosure.

A Memorandum on the Statistical Information regarding Cotton and Cotton Piecegoods and Yarn (their import, export and production).

1. Statistics should be made available in regard to the exact length of staple, etc., of imported raw cotton in order that it can be determined with exactitude how much of the imported raw cotton can be said to compete with Indian cotton.

2. Statistics should also be compiled in regard to the length of staple and other qualities of raw cotton grown in India for the use of textile manufacturers as a result of which they would be able to determine better how cotton of various varieties can be used with the greatest advantage in the manufacture of cloth and yarn.

3. No information is available in regard to the value of cloth and yarn production in the mills. From 1917-18 to 1925-26 till when the excise duty was levied, the figure of the value of production of cloth woven in the mills are available but since 1925-26 information regarding the value of the cotton manufactures is not available and it is not easy to estimate with any claim to correctness the value of cloth and yarn produced in the mills. This is a serious defect in the absence of which it is impossible to determine the total and *per capita* expenditure of the country on cloth. I have made an estimate of the *per capita* expenditure, by estimating the value of cloth produced in mills and handlooms but it cannot be so reliable as an estimate derived from actual figures. I am enclosing herewith for the information of the Tariff Board a copy of my Note on the subject.

4. Likewise it is not possible to ascertain with exactitude the quantity of handloom production, let alone the still more difficult question of the value of such production. Some method should be devised whereby the production of cloth on handlooms can be determined. This information is very essential in order to gauge the progress of the handloom weaving industry and to ascertain how much handloom cloth is produced and consumed in the country. It will also be useful if figures of the value of cloth woven on the handlooms, could be found. In my Note referred to above, I have tried to arrive at an estimate of handloom production.

5. No statistics whatever are available of the total quantity of yarn turned out by handspinning wheels (Charkhas). This information would be very useful. As you are doubtless aware, in the absence of any statistics it has been assumed all throughout since 1936 that the quantity of hand-spun yarn annually available to the handlooms is 10 per cent. of the total quantity of yarn (both imported and foreign) available to the handlooms. This is clearly unsatisfactory as it would be ridiculous to maintain that the same percentage holds true for all the years (with different vicissitudes) from 1896 to 1932. I have made a reference to this matter in my memorandum on "Future of hand-spinning and hand-weaving in India" submitted to you sometime ago, and have suggested in the course of my oral evidence as the representative of the Indian Chamber of Commerce, Calcutta, that it would be nearer the truth if we estimated the quantity of handspun yarn available to the handlooms, as 50 million lbs. for 1930-31 and 1931-32, instead of 30 or 35 million lbs.

6. The statistics of both production, and imports of yarn are recorded according to the counts but there appears to be no exact method of measuring the qualitative difference in piecegoods.

7. The statistics of the production, of import, and of export, of piecegoods are classified separately. Imported piecegoods are classified in the Annual Statement of Sea Borne Trade under more than 100 heads whilst the output of Indian mills is returned under 15 classifications in the

Monthly Statistics of Cotton Spinning and Weaving in India. The same name or term may have, and indeed has a very different significance in the two sets of figures. Comparisons therefore between the production and import of goods bearing the same name can seldom import be considered correct, and are often misleading. It is extremely difficult to compare what kind of cloth competes directly with cloth made in India, due to there being no similarity in compilation of statistics. A reference to this is made also in the Report of Mr. G. S. Hardy (1930) (pages 7-9) and the Report of the Indian Tariff Board (1927) (pages 165-167).

8. From 1900 to 1918-19 piecegoods were classified under three main heads—Grey (unbleached), White (bleached) and Coloured. A number of changes were introduced in 1918-19 whereby some goods have been subdivided into further divisions, e.g., grey goods have been sub-divided into plain and bordered and coloured goods have been sub-divided into printed, and dyed (in the piece), and woven. Certain imported goods have been transferred from white to grey. This vitiates comparisons.

9. In the statistics of production of Indian mills grey, and bleached goods are not shown separately and it is difficult to ascertain with precision the production of each of this kind of cloth. If, however, such information would be available, it would be of very great importance. There is no sub-division of coloured goods.

10. It is also difficult to make useful comparison of imported and locally produced piecegoods, due to the differences in classification. A revision of the classification should be made in order to enable all concerned to gauge the nature and extent of the competition of Indian piecegoods with imported ones, and to remove the complications that exist to-day in the enquiry on the subject.

11. Figures of the value of yarn produced in the mills are also not available. These are also essential.

12. It is not also known whether Indian mills as at present equipped, are in a position to produce the width of the bulk of the cloth, now imported from abroad. A large proportion of this is over 40" wide and there might be a dearth of wide-reed space looms (*vide* page 83, "How to compete with Foreign Cloth", by the author).

APPENDIX.

Estimate of the per capita expenditure on cotton piecegoods in India.

Total annual per capita expenditure on cloth.—I am not aware of any endeavour having been made so far to find out the total annual expenditure on cotton piecegoods in this country, by the people of the country. What I mean is that no attempt has yet been made of estimating the total value* of cotton piecegoods consumed in India per annum. I am fully aware of the fact that there are several difficulties in making such an estimate.

Method adopted for estimating total annual per capita expenditure.—It would still be useful and instructive inasmuch as it will give us a rough, and at the same time fairly correct, idea of the total annual expenditure of the people on clothing. I have adopted the following method for arriving at this estimate.

2. *Figures of value of imports, exports, etc., from 1909-10 onwards.*—The figures of the value of the nett imports, that is (imports minus re-exports) of piecegoods from foreign countries are available, since 1921 in rupees and before that year in pound sterling. Similarly the figures of the value of the export of cloth from India are also available. The figures for the years before 1920-21 which are given in pound sterling, have been converted by me, after ascertaining the rate of exchange at which they were converted

* An estimate has been made for the *per capita* consumption of cloth in yards. *Vide* Table No. 1.

from the rupee values recorded in the bills of entry for the various years, with the Department of Commercial Intelligence and Statistics, Calcutta. The rate of conversion of these figures into pound sterling for the years from 1909-10 upto the year 1918-19 was Rs. 15 for £1 and for the year 1919-20, Rs. 10 for £1. These statistics in pounds for the years previous to 1920-21 have not been converted into rupees in any official publication or other work on the subject by other authors within my knowledge, and I have tried and given these figures in rupees because, I believe that it would give a very suitable and convenient basis for comparison of the figures for the last 20 years.

3. *No figures available showing value of goods woven in Indian mills.*—The figures of the total value of the production of Indian mills are also not available directly as no such statistics were compiled during the years 1908-09 to 1916-17. It is possible, however, to estimate the value of the goods woven in mills from the amount of the total excise duty paid to the Government (at the rate of 3½ per cent.) on the production of cloth woven in the mills (and retained in the country), by multiplying the figures of the nett excise duty by $\frac{100}{37}$. The figures of the nett excise duty are available in the Brochure on the "Indian Cotton Excise Duty" published by the Bombay Millowners' Association. The excise duty is refunded on the value of goods exported, and the nett figures of the excise duty exclude the amount of the duty paid on these goods once and refunded later at the time of exporting. The value of the exports of cloth should therefore be added to the estimated value of the production of woven goods, because the value of the exported cloth is not included otherwise. This is based on the assumption that all goods exported are millmade. This assumption is made as it is convenient to do so, and not because it represents the correct position. Handloom products must have formed a part of the export trade of cloth, but our assumption does not make any difference, so far as the result is concerned, because we have also assumed, for reasons given below, the same price for hand woven goods as for mill made goods.

Calculated on the basis of the figures of the nett excise duty.—As we have estimated the value of mill woven cloth up to the year 1916-17 from the returns of the nett excise duty, we will add the value of exported cloth to the estimated value of mill made cloth, for those years in order to arrive at the total value of the cloth manufactured in the country. It must be stated clearly, however, that the figure of the total value arrived at in this manner is not too reliable, as the excise duty on certain kinds of cloth was paid on Tariff Valuation which varied from year to year. The value of cloth woven in the mills estimated from the returns of the excise duty may be perhaps lower than the actual value, because the mills may have declared lower values, for paying less duty, but the difference cannot be very great after all. The figures of the value, estimated on the above basis from the figures of the nett excise duty for the years 1917-18 to 1925-26, differed from the actual value of woven goods in Indian mills for the years 1917-18 to 1925-26, as given in the Statistical Abstract for British India. As these latter values for the years 1917-18 to 1925-26 were more reliable as they were directly arrived at from the returns of the value of woven goods made by the mills, I have made use of them for these years, instead of depending on the estimated values calculated from the figures of the excise duty.

4. *Selection of quinquenniums.*—I have adopted the quinquenniums 1917-18 to 1921-22, and 1921-22 to 1925-26 for estimating the total *per capita* expenditure on cloth of this country, as the figures given for these two quinquenniums of the total value of the cloth woven in mills are first-hand and more reliable. From the previous years, for the purpose of comparison, the latest previous quinquennium that is, 1912-13 to 1916-17, has been adopted, with all its defects with respect to the estimate of the value of the goods woven in the Indian Mills, on the basis of the excise duty, as the figures of the average price of Indian mill made cloth and imported cloth are available for these years in the blue brochure on the

Excise Duty published by the Bombay Millowners' Association and as this serves as some sort of a check to see that the estimate of the average price per yard of cloth is not very unreal. Besides, it must be remembered that this is the only, and most dependable basis for the calculation of the value of the woven goods in the Indian mills, upto 1917-18, and must be tentatively accepted.

5. *The difficulty of estimating the value of hand woven cloth.*—The difficulty still remains of finding out the value of hand woven cloth in absence of any data or statistics of their prices. The figures of the quantity of hand woven cloth, manufactured from foreign and mill made yarn, have been arrived at from the balance of yarn available for handloom consumption (*vide* Table No. 1). For estimating the value of the hand woven cloth for these several years, I consulted several authorities on the subject, and after a very careful consideration of this question I have come to the conclusion, that it will not be very wide of the mark either way, if the figure of the value of handloom cloth was arrived at from the figure of its quantity, on the assumption of the same average price per yard of hand woven cloth as the average price per yard of Indian mill made cloth, from year to year. The figures of the average price in India per yard of Indian mill made cloth have been arrived at by dividing the nett quantity of Indian mill made cloth retained inside the country, i.e., after deducting the quantity of exports of cloth from the total production of mill woven goods, by the nett value of the cloth retained inside the country, i.e., after deducting the value of exports of cloth from the total value of the production of mills. *It has been assumed here, for the sake of convenience, that the export of cloth from India was all of mill made cloth, as it was difficult to find out how much mill made and how much hand woven cloth was exported out of India.* It is necessary to explain here that in arriving at this conclusion of calculating the value of hand woven goods, on the same basis as the average price per yard of mill made cloth from year to year, a note was taken of the fact that a considerable portion of the production of handlooms consisted of fine fabrics, and was sold at a far higher price than the average mill made cloth. As against this, there was also the other consideration which has weighed, that a great bulk of the cloth produced on the handlooms was manufactured from yarn of low counts, and that such coarse cloth must have fetched comparatively low price per yard. *It will therefore, I hope, be generally agreed that it would be safe to convert the yardage figures of hand woven cloth into value on the same basis as the average price per yard of mill made cloth from year to year.*

6. *Five years average preferred.*—For estimating the value of the cotton piecegoods consumed in the country, it will be better for obvious reasons to take an average of the figures for five consecutive years rather than to take the figure every year as varying sizes of stocks of cloth are carried over, from year to year, and this may make a great difference in the result.

7. *No statistics of value of goods woven in mills available since 1926.*—It has not been possible to obtain the figures of the value of the Indian mill production for the years after 1926 as the excise duty was abolished in April 1926. Since that date the figures of production of woven goods published under the Cotton Industry (Statistics) Act XX of 1926, are only given in yards and lbs.

Necessity of such statistics.—It would indeed be very useful if the figures of the value of the production of mill made goods were also compiled by the Department of Commercial Intelligence and Statistics, Calcutta.

8. *Table giving statistics of per capita consumption, etc.*—The table below gives the value in millions of rupees of nett import of piecegoods, of mill production, of exports, of handloom production, the population and the *per capita* expenditure in rupees on cloth. It also shows the quantity of imported, mill made and hand woven goods.

TABLE No. 10.—*Estimate of per capita expenditure on cloth in India (1909-10 to 1925-26).*
 Value and quantity of nett imports of piecegoods, of mill production and handloom production of piecegoods, value of exports of piecegoods, and of per capita consumption of piecegoods from 1909 to 1925-26.

YEAR.	Total value of nett imports of piecegoods.	Total quantity of imported piecegoods, (re-exports deducted).	Value in rupees of mill production of goods in India including Native States.	Value of exports of piecegoods.	Total value of Indian millmade cloth retained in the country (after deducting the value of exports).	Total quantity of Indian millmade goods (after deducting exports).	Value of Indian millmade cloth per yard.	Total quantity of handloom woven goods.	Estimated total value of handloom goods.	Total value of Indian millmade and handloom woven goods.	Total value of Indian piecegoods (both millmade and handloom woven) and exports of piecegoods. (Addition of columns 2 and 11).	Population.	Per capita expenditure in rupees on cloth being 20 per cent. more than the total value in column 12.	Quinquennial average of per capita expenditure on cloth.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	(Millions of rupees)	(Million yards)	(Millions of rupees)	(Millions of rupees)	(Millions of rupees)	(Million yards)	Rs. A. P.	(Million yards)	(Millions of rupees)	(Millions of rupees)	(Millions of rupees)	(Million)	Rs. A. P.	Rs. A. P.
1909-10	825	2,070	137	20	117	898	0 2 2 ¹ / ₂	806	110	219	547	311	2 1 8	
1910-11	875	2,162	147	22	125	949	0 2 2 ¹ / ₂	908	123	224	600	318	2 4 7	
1911-12	411	2,262	161	19	142	1,018	0 2 2 ¹ / ₂	1,044	141	261	672	315	2 8 11	
1912-13	517	2,847	185	20	165	1,095	0 2 4 ¹ / ₂	1,040	151	300	817	315	3 1 5	
1913-14	567	3,042	181	21	160	1,034	0 2 5	1,068	161	304	871	316	3 5 0	2 11 8
1914-15	421	2,327	162	15	147	1,026	0 2 5	1,184	166	295	716	316	2 11 6	(1912-13 to 1916-17)
1915-16	353	2,019	167	24	143	1,281	0 1 9	1,048	114	235	588	317	2 8 7	
1916-17	431	1,771	186	54	132	1,269	0 1 7 ¹ / ₂	816	80	177	608	317	2 4 9	
1917-18	414	1,405	270	55	215	1,380	0 2 5 ¹ / ₂	812	122	337	751	317	2 13 7	
1918-19	436	955	444	64	380	1,264	0 4 8 ¹ / ₂	1,048	308	688	1,124	318	4 8 9	4 10 8
1919-20	478	838	578	87	491	1,401	0 5 7	564	197	688	1,166	318	4 6 5	(1917-18 to 1921-22)
1920-21	802	1,405	629	75	559	1,411	0 6 4	1,148	454	1,613	1,815	319	6 13 2	
1921-22	985	980	607	74	533	1,545	0 5 6	1,190	409	942	1,837	319	5 0 5	
1922-23	552	1,467	593	70	523	1,539	0 5 5	1,341	454	877	1,629	319	5 12 1	
1923-24	543	1,374	528	66	462	1,591	0 4 10	1,005	303	765	1,303	320	4 14 1	5 2 8
1924-25	670	1,710	594	68	526	1,740	0 4 10	1,256	377	803	1,573	320	5 9 6	(1921-22 to 1925-26)
1925-26	530	1,529	472	61	411	1,790	0 8 8	1,160	265	676	1,206	320	4 9 9	

N.B.—Up to the year 1916-17, the value was estimated on the basis of the nett excise duty (i.e., the excise duty paid on Indian millmade goods minus the refund of excise duty, on the value of goods exported) and therefore the value of the export of cloth is added to the value of the millmade goods, on the assumption that all exports were of millmade goods. After 1916-17, the actual value figures of millmade goods were available, from the Statistical Abstract and therefore the value of the production of mill cloth for the years 1917-18 to 1925-26 has not been estimated on the basis of the figures of the nett excise duty by multiplying them by $\frac{200}{7}$. Therefore, the value of exports is not added to these figures for arriving at the figure of the total mill production.

For arriving at the total expenditure of the people on cloth, allowance must be made for the higher retail prices paid by the actual consumers of cloth. It would not be incorrect if we add 20 per cent. to the total value of the imported cloth and the millmade cloth. Accordingly 20 per cent. has been added in the calculation made in column 14.

* For the figures of the quantity of cloth consumption, and the per capita consumption of cloth, in yards, vide Table No. I.

9. *Average per capita expenditure on cotton piecegoods.*—The calculations in the above table* give a rough idea of the total expenditure incurred by the country annually for its requirements of cotton piecegoods. The average figure of the *per capita* expenditure on cloth in rupees per annum during the quinquennium 1912-13 to 1916-17 works out to Rs. 2-11-8 as compared to Rs. 4-10-8 for the quinquennium 1917-18 to 1921-22 and Rs. 5-2-6 for the quinquennium 1921-22 to 1925-26. The figures of the *per capita* consumption of cloth in yards are given in Table No. 1 of this Monograph. A comparison of these figures with that table will be instructive as it will indicate the steady rise in the price of cloth during these years.

10. *Great increase in expenditure during last few years.*—Between the year 1909-10 and 1924-25, the *per capita* expenditure on cloth went up by more than 250 per cent. or if I restrict myself to the use of the figure of quinquennial average, as suggested elsewhere, between quinquenniums 1912-13 to 1916-17 and 1921-22 to 1925-26, the *per capita* expenditure on cloth went up by nearly 160 per cent.

11. *Average expenditure on cloth about $\frac{1}{3}$ th of average annual income.*—The figure of the *per capita* expenditure for the last year, i.e., 1925-26 also makes one reflect that an individual in India has to spend on the average as much as Rs. 4-9 per annum for his clothing from his meagre average income of Rs. 50 per annum. It would confer a great benefit on the Indian industries if all the money now spent on purchasing foreign cloth were retained inside the country, by the manufacture of cloth at home.

Martin & Co., Calcutta.

Letter dated the 14th September, 1932.

As desired in your letter No. 414 of 29th August, addressed to my firm, Messrs. Martin & Co., I have the honour to send herewith six copies of a memorandum of notes on the general working of the Managing Agency system, particularly with reference to the questions raised by the Bombay Shareholders' Association.

I have no knowledge of the Cotton Textile Industry and, accordingly, am not in a position to offer any comments on the specific practices alleged to be in vogue in the Bombay industry.

Opinions expressed in the memorandum are my own but my firm approves generally the argument advanced.

As requested, I shall present myself before the Board on Thursday, 15th September, at 2-30 p.m.

Memorandum of Notes by Mr. K. C. Mahindra, dated the 14th September, 1932.

Question 32.—The amount annually charged by the Managing Agents for (i) Office Allowance and (ii) Commission vary in each industry and there is a further variation in respect of each Company. A statistical tabulation,

* Nobody is more aware than the author of the inaccuracies that there may be in the above method of estimation of the total expenditure of the country on cotton piecegoods especially for the years before 1917-18, but the estimate has been made and put forward in the hope that it will inspire some person intimately acquainted with the industry to think about the matter and to suggest a better and more reliable method, if any, of estimating with greater preciseness the *per capita* expenditure of the country on cloth. I shall be glad if any reader would inform me of any better method for such estimation.

industry by industry, of the remuneration received by the Managing Agents under these two heads will not yield any fruitful conclusions in as much as the conditions governing the respective industries are widely divergent and the circumstances attached to respective concerns even in the same industry are not uniform.

There is accordingly no specific test of "fairness" which can be applied uniformly to Managing Agents' remuneration. General considerations coupled with the circumstances attached to each concern are the only criterion by which opinion can be formed whether the Managing Agents charges are fair or otherwise.

(a) *Office Allowance.*—The Bombay Shareholders' Association has stated that this is a war-time creation. Such is not the case. The first flotation under the aegis of my firm was in the year 1897 and in the Managing Agents' agreement signed that year, a fixed allowance per month finds a place. In all subsequent flotations similar provision is made. The Bombay Shareholders' Association rightly state that office allowance should generally be understood to mean disbursements for office establishment. So it is and more. The office allowance is usually meant to cover head office accommodation, rent and taxes thereof, lighting, fans and Managing Agents' establishment (clerical), share of services of despatch, enquiry and cash departments in several instances, part time services of a Senior Accountant and the secretarial staff, and in several cases also all postages, stationery, telegrams and menial staff. Office allowance accordingly is a recovery by the Managing Agents of their estimated out of pocket expenditure on behalf of the Company. Managing Agents provide a centralised secretarial and clerical service which would cost each Company considerably more if they were to maintain individual self contained offices of their own. Office allowance is not a remuneration in the sense of being a profit to the Managing Agents.

(b) Commission received by the Managing Agents on the working of the Companies under their control forms their real remuneration for administrative services (in the broadest sense) rendered by them prior to flotation and subsequently during the "nursery" period and later for day-to-day management and conduct. Managing Agents' interests do not merely represent "promoters' charges or capitalised goodwill" as Mr. Mann, Subedar, has characterised them in his Minority Report to the Indian Central Banking Enquiry Committee (1931). The idea of the venture originates with the Managing Agents; they investigate and explore the practical possibilities of its exploitation; they spend considerable amount of money in experiments and ultimately when they are convinced of its commercial future they present it to the public. Limited tenure of office as Managing Agents and a reasonable commission is the return which they receive in the form of postponed payments for originating the idea, for the risks undertaken, experiments carried out, money spent and for day-to-day supervision and management.

The general practice in case of Companies under the control of Martin and Company is to grant to the Managing Agents commission on profits. It is asserted by the Bombay Shareholders' Association that the Clause in Managing Agency agreements relating to commission on profits is usually vague and permits the Managing Agents to earn commission on profits other than business or trading profits. It is not possible to judge the value of this assertion in the absence of the exact wording of the offending clause, but in our practice the commission clause is invariably stated in most clear language and the auditors invariably scrutinise at every audit whether the terms are being faithfully observed.

There are a few concerns in whose Managing Agency agreements commission on sales is provided. The Bombay Shareholders' Association considers this practice indefensible on the grounds stated in the Tariff Board Report of 1927. It is stated there that such a practice tends to concentrate attention on output rather than on quality and that it removes the incentive

to the disposal of production at the best possible price. Both objections are wrongly conceived. Managing Agents are allowed the commission on sales in cases where a specialised sales service is required. Managing Agents usually provide an expert salesman with office assistants for organising the service; they also place at the disposal of the Companies services of their own travellers and of their own sales organisation. For the additional expenses incurred on such an organisation the only adequate basis of remuneration is a small percentage on sales. The practice is usual in competitive industries and in concerns where technical proficiency is a prerequisite for purposes of selling. The percentage given to the Managing Agents is on the total value of sales and not on volume. Accordingly where quality brings better prices it is to the interest of the Managing Agents to see that quality output is maintained and further, that the products fetch the best possible price.

We have only one instance where Managing Agents are given a commission on output. This is a special industry where the maintenance of output is of primary importance and where prices are regulated by a combine between the manufacturers. Output and quality are the special concern of this industry and very naturally the Company expects the Managing Agents to concentrate on these two factors. Price at which the product is sold has become a matter of policy and not of the selling organisation. Remuneration of the Managing Agents is therefore based partly on output and partly on profits.

I repeat that it is the circumstances in each industry and the conditions under which a particular concern is operating which should rightly determine the basis of remuneration to the Managing Agents. There is nothing inherently objectionable in the practice of commission on sales or on output as long as the services demanded of the Managing Agents warrant such a basis of remuneration.

(c) No useful conclusion can be drawn by comparing the position of the Managing Agents with that of the fixed income earner as the Bombay Shareholders' Association has done. The Managing Agent does take the risk of fluctuating fortunes, when his emoluments in the shape of commission on profit or on sales or on output show a diminishing tendency with the contraction in business. In distressful days as we have witnessed during the past three years the Managing Agents have willingly foregone in many instances their remuneration in order that the Company may keep going.

(d) The Tariff Board in their 1927 Report have opined that over a series of years the system of commission on sales has proved the most expensive. This conclusion is based on calculations made by them in respect of the Textile Industry. It does not necessarily follow that the same would hold good of other industries, nor when a proper weightage is given to the differing rates of percentages on sales or on profits which rule in the different concerns. Unless it is assumed that a certain total remuneration is fair or reasonable (an assumption which cannot demonstrably be maintained) it is not profitable to compare the two practices. Managing Agents' remuneration does not provide the primary stimulus to efficient working; it is of secondary importance. It is principally the desire on the part of the Managing Agents to maintain the regular flow of fresh investments in their ventures through holding the confidence of the public which induces them to keep their concerns on the efficiency track, apart from other reasons both financial and administrative.

Question 33.—Exception is taken by the Bombay Shareholders' Association to the provision in the Articles of Association authorising the Managing Agents to contract with the Company on the ground that such authority provides the Managing Agents with loopholes for indirect sources of additional income, e.g., commission on purchases of materials, on sales, on insurance, on advertisements, etc. I consider that it is necessary that the Managing Agents should be given this authority to contract in order

to facilitate the conduct and economic management of the Company. As a general rule the Company is not floated before several years of preliminary work have been spent and the concerns are in many cases in full operation before public participation is invited. During these years Managing Agents provide from their own organisation services of construction, of supplies, of sales. They are the best people to know the needs of the new Company and how to provide them at the cheapest possible cost. Administratively it would be extremely imprudent for the new Company to ignore the facilities which are available within the house. I take the Bombay Shareholders' Association's allegation to mean that this authority has been abused by certain class of Managing Agents in Bombay. I submit that no such allegation has been made in respect of Managing Agencies in Calcutta.

In regard to purchases for the Company in actual practice there is strict provision made in the Managing Agency agreement that when supplies are made by Managing Agents these are to be charged at current market rates ruling for the time being when the same are supplied. In another instance it is specifically laid down that the supplies from Managing Agents should be charged "at the lowest prices at which they shall for the time being supply other Companies to which they are Managing Agents and the prices at which they shall sell to the Company shall in no case exceed the market prices of the day ruling for similar articles".

In the arrangement for purchases several Managing Agents maintain a central department which serves all the Agencies under their control. Being in constant touch with the market it is in a definitively better position to purchase at the best prices than the Company's officers acting independently. In several of the well regulated firms of Managing Agents a surcharge over the purchase rates is fixed for such supplies on behalf of the Companies to cover the costs of the central purchasing department and this surcharge in practice amounts to much less than the savings effected by the department in buying the best quality in the cheapest market. Moreover, such purchases through the Managing Agents, as also all other contracts which the Managing Agents make with the Company, are under the Company law subject to full disclosure at the Board meetings.

There is another instance where Managing Agents are authorised to charge a small overriding commission on supplies from outside. Here the circumstances were that a group of Companies used to employ an expensive firm of Consulting Engineers for advising on technical equipments and their purchase. The Managing Agents having strengthened their technical personnel offered to render this service in return for a small surcharge on purchases which cost the Companies considerably less than the fees they paid to Consulting Engineers. This example is cited as an illustration of the varying conditions in each industry and the danger of generalising from isolated instances.

It is stated that Managing Agents some times hold agencies of insurance companies and this practice does not result in securing the most advantageous terms for companies under their management. I do not know the practice in Bombay, where, it is stated, "intensive and acute competition prevails among insurance companies and that mills being good risk ought to secure substantial rebates". In Calcutta all Insurance Companies are in a combine and there is an Honour Agreement between them that "no rebate or returns of any kind whatsoever either direct or otherwise not sanctioned by the Tariffs will be made" by any of the members. The Managing Agents cannot pass on their commission to the respective companies under their control, for appointment of "own case" agencies is a breach of the rules under which insurance agencies are given. The companies, therefore, will not benefit pecuniarily from independent insurance; on the other hand, Managing Agents maintain a special officer to look into the insurance problems of each concern under their management and take utmost advantage of the Tariff variations between different classes of risks.

I do not know of any commissions being earned by Managing Agents on advertisements and retained by them. In my firm the same are passed on to the companies when received.

There is no instance in Calcutta within my knowledge where Managing Agents have formed Companies mainly for the purchase of materials to be supplied to the Companies under their management.

Question 35.—Before dealing with the issues raised on management reform the specific question of depreciation being regarded as a first charge on production may be disposed of. Generally our practice is to calculate the Managing Agents' commission on profits after providing for depreciation at the rates scheduled in the Income-tax Act. There are a few cases (chiefly public utility concerns) where such deduction is not made and the justification for departure from the usual practice lies in the peculiar nature of these industries. Public utility concerns do not in normal times yield the same gross return on paid up capital as do other industrials; for the Managing Agents to receive an adequate remuneration it would be necessary to increase the percentage on net profits if depreciation is to be deducted before calculating the commission. I have carefully compared the returns of these Companies and do not consider that the difference in practice in their case has led to increased receipts by the Managing Agents as compared to the remunerations they receive from other concerns.

In the "interests of economy, efficiency and purity of administration" the Bombay Shareholders' Association has urged several "reforms" in Company law and during the course of their argument pointed out several deficiencies from which the Managing Agency system suffers.

(a) It is stated that the mutual relations of directors and Managing Agents *vis-à-vis* the Company have not been defined under the Companies Act, and that the "so called control and supervision of the Board is not obligatory or effective".

In most of the Companies under the Managing Agency of my firm the respective duties and obligations of Managing Agents are very clearly defined in the Articles. In addition to the repeated use of the expression "subject to the control and supervision of Directors" in relation to the powers given to the Managing Agents there are several other provisions which define the mutual relationship. I give sample excerpts from the Articles and Managing Agency agreements below:—

- (i) All account books, vouchers, contracts and other documents relating to the business of the Company shall be at all times open to the inspection of the Directors and the Managing Agents shall keep the Directors fully informed of all business undertaken by the Company.
- (ii) The responsibility of the Managing Agents for the due and proper management of the Company's business shall not be lessened or abrogated by the existence of such Board of Directors, the functions of such Board being to advise with the Managing Agents without taking any active part in the management of the Company's business, but in the event of the said board differing from the view held by the Managing Agents on any particular question relating to the business of the Company, it shall be lawful for the Board to direct the Managing Agents not to act on the view held by them until the matter shall have been laid before the shareholders in General Meeting.
- (iii) Managing Agents during their time of office shall obey the orders from time to time of the Board and in all respects conform to and comply with the directions and regulations given and made by them and shall well and faithfully serve the Company and use their utmost endeavours to promote the interests thereof.

- (iv) In the Article of Association authorising the Managing Agents to contract with the Company it is definitely laid down that the nature of their interest in any contract "must be disclosed by them at the meeting of the Directors at which the contract or arrangement is determined on if the interest then exists or in any other case at the first meeting of the directors after the acquisition of the interest".

I know of no case where the Articles lay down that the Directors are to do such acts and to exercise such powers only as are not exclusively vested in the Managing Agents.

I know of no case where Managing Agents refused transfer of shares to a person on the ground that the said person happened to possess the reputation of being a critic of the Managing Agents.

(b) The right of Managing Agents to nominate a representative on the Board must continue for obvious reasons. In companies under the control of Martin & Co., this right is usually limited to one, occasionally two, directorates on a Board of six to eight. A complaint is made that the first board is chosen by Managing Agents and hence is packed. It must be so, even in case of flotation under so-called independent Company management. When a Prospectus is placed on the market it is sponsored either by a firm of Managing Agents or by a group of people well-known in industrial or financial circles. The first Board is usually nominated in the body of the prospectus and as long as these interests continue to exercise an effective control the Board must reflect their opinions to a very large extent. Loose talk about "independent" Boards of Directors should not blind one to the realities of Company management whether in India or abroad.

(c) It is not the usual practice for partners of my firm to accept outside directorships. Exceptions to this rule are made occasionally on grounds of personal friendship, never for profit. That constitution of Boards of Directors in general were considered defective by the Tariff Board in 1927 on the ground that few Directors take an active interest is a matter to be deplored but which cannot be rectified by changes in the law. It is the wider infusion of industrial knowledge alone which will provide a greater provision of commercial skill and an increased field from which active Directors can be drawn. Until then it is prudent that company management should remain in the hands of conservative Managing Agents with a reputation to sustain rather than that it should be made the pawn of clever but unscrupulous people.

(d) Deficiency of technical knowledge when prevalent among members of the Managing Agents' Firm is no doubt a handicap, but a legislative provision to amend the deficiency will, beside being ineffective (it is not possible to define what "technical training" means) militate against the development of multi-lateral industries such as are controlled by firms like Martin & Co. It is comparatively easier to engage technical skill and specialised knowledge than to build up a reputation for sound finance, clean business and high commercial integrity.

(e) It is alleged that the Managing Agents arrange a virtually perpetual tenure of office; their removal is hedged round with practically insuperable difficulties. This practice has led to inefficiency and incompetent management. Further it is said that the right to assign the Managing Agency agreement tends to foist undesirable parties.

The usual fixed minimum tenure in case of Companies under the control of Martin & Co., is 10 to 15 years.

There is possibly some justice in the allegation that occasional advantage has been taken by fraudulent company promoters to enrich themselves at the expense of ignorant investors. But as a matter of practical experience

and history the insinuation that Managing Agents' long tenure of office puts a premium on dishonest or incompetent management is baseless. Consider the successive stages in which a joint stock company is conceived, promoted and later floated for public subscriptions. A large amount of prospective work is necessary before the scheme can be matured to the stage when it can definitely be termed a workable proposition. A group of people, a syndicate of private persons or firms, or a firm of Managing Agents take this risk and spend money on investigations and report. It will not be far wrong to say that of ten schemes investigated barely three or four mature and the preliminary expenses on the remaining six or seven are waste. After it is proved to the satisfaction of the promoters that the proposition can be made profitable, very often an intermediate stage, that of a private company, intervenes before the public are asked to subscribe to the venture. Private companies carry on for a couple of years or more to prove the faith of the promoters and only after such proof is forthcoming the venture is offered to the public for two reasons. The promoters feel that they have reached a stage when the spadework is done, the routine established and the company can safely be launched on a profitable career; that beyond the usual careful scrutiny and supervision no further intricate matters of policy or procedure will arise to demand their attention. As a reward for their bearing the risk of uncertainty during the period of gestation of the company, for the patient investigation and careful balancing of both the technical and financial aspects, for the provision of necessary skill and talent for continuing the venture on the lines which they consider profitable, the promoters desire control for a number of years. They consider, and rightly, that they are the best people to nurse the new company during its initial stages. Another reason for public flotation is the release of the money they have put in, in order that the same may be utilised for other new schemes which they may have under consideration. It is not unreasonable under the circumstances that the promoters should ask for a fixed period of ten years or so in order that, firstly, they may recoup themselves for the money they have spent on investigation, secondly, garner the rewards of their enterprise, and thirdly, see the Company out of the wood and establish it on a sound stable basis. It happens occasionally that public flotation is a frost and the Managing Agents are left with a large number of shares on their hands. This does not mean the stoppage of the industry, for usually the Managing Agents have faith in their schemes and they set about to show to the public in a few years' time that the company has made good. For this purpose again a fixed tenure over a number of years is necessary. In regard to the charge of irremovability, it is usually the sound and conservative firms which carry on as Managing Agents. Dishonesty is in itself a rapid solvent of the problem. When inefficiency and corrupt practices characterise the management of a company, the exceptional powers under the Articles can be resorted to. While it may be said that it is difficult for shareholders to get together and act in concert yet no legislative enactment can arrest dishonesty before the deed is done. There is further the provision incorporated in several of the recent companies incorporated under the control of my firm that if Managing Agents fail to observe the terms of the agreement the Directors may at any time give notice to terminate the Managing Agency agreement. In any case fixity of tenure is no bar to bringing in a vote of no confidence against the management. To be able to do so may mean delay under the present Company law, but I do not see any change made under this head even in the revised English Company Act. The safeguards about extraordinary resolutions have been found in practice to be necessary. After all, removal of a management which has admittedly sponsored the enterprise and made good in the past is an extraordinary measure and full investigation should be made to prove the charges against them before evicting them. The remedy is there and I consider it is well that overwhelming proof is wanted for the purpose of transferring control. The relaxation of the law on

this point would mean its unscrupulous use by interested parties leading to break in a continuous policy which cannot but be to the detriment of the company. Continuity of policy and control in the management of a company are essential for success.

In regard to the allegation that the Managing Agency is sold to the highest bidder irrespective of his competency to manage the particular industry, so far as experience in Calcutta goes, transfer of Managing Agency has taken place in cases where either amalgamation of control over allied industries is considered desirable from the point of view of economy and efficiency or where the old firm of Managing Agents finds itself in difficulties and seeks to safeguard the shareholders' interest by transferring to a reputed firm which has already made good. That a large price is bid for such control speaks highly of this method of business organisation. Moreover, all such transfers are subject to shareholders' scrutiny and approval.

(f) The practice of mortgaging a part or whole of the commission by Managing Agents is not prevalent as far as I know in Calcutta.

(g) No compensation is payable to Managing Agents in the event of liquidation of any of the companies under the control of my firm.

(h) It is not the practice in my firm to lend the companies' monies either to the Managing Agents or to the companies under their control. This practice is very rigidly adhered to.

(i) It is not the practice of the partners of Martin & Co. to speculate or trade in shares of concerns under their management. Their purchases and sales of stocks are principally investment deals. The staff too is specially discouraged from speculative dealings in shares of these companies. It cannot be denied that Managing Agents if they so desire can operate on the Stock Exchange in shares of companies under their control with practically no risk of loss. But it is not a peculiar trait of the managing agency system alone; any other form of management will invest the men in charge with similar powers. There have been cases where Managing Agents have taken advantage of their position and speculated in their own companies' stocks, but it is submitted that perhaps more numerous and glaring instances of a similar nature may be cited from industrial and financial centres where the system of Managing Agency is unknown.

Generally.—In considering the specific issues raised by the Bombay Shareholders' Association, as was the direction of the Tariff Board to me, I may have unwittingly given an impression that the Managing Agency system is on the defensive. Such was not my intention, for in my opinion the system is too well entrenched and in Calcutta particularly it is recognised as exercising a beneficent influence on industrial development. Generally, the so-called deficiencies of the system on which the Bombay Shareholders' Association have laid stress would appear under any kind of dishonest management. If the suggestion is that by abolishing the Managing Agency system we will get rid of dishonest practices I do not agree; for conditions which tempt unscrupulous people to indulge in dishonesty would still be there, Managing Agents or no Managing Agents. The executives of a Joint Stock Company would always remain in a position of vantage as against the ordinary shareholders whatever the form of company management you may devise.

The Managing Agency system has rendered invaluable service to industries in India and in the words of the Industrial Commission Report of 1917 it is a "system well adapted to present conditions in India and has a far greater list of successes to its credit than can be shown by ordinary company management under individual managing directors." Its most valuable function has been described by Sir Victor Sassoon as that of arranging finance for the concerns they manage. True as this statement is, I consider a more beneficent characteristic of the system has been the role the Managing Agent has played as an enterpriser, as the originator of an idea. As an entrepreneur the Managing Agent has led the way for

a systematic industrial advance. A still more important service the Managing Agents have rendered is that of nourishing the growth of new enterprises and in difficult times carefully nursing young "weaklings". Many young Companies would go into liquidation unless financial aid in times of stress was forthcoming. We have several instances under the management of Martin & Co., where but for the continued financial assistance of Managing Agents the companies would have long since been wound up. Concerns floated under the auspices of a sound and conservative firm of Managing Agents start with the advantage that the Managing Agents have confidence in their future and that they are prepared to back up their confidence by rendering full financial assistance to the Companies during times of depression. The Tariff Board itself has recognised that Managing Agents are "more than a mere commercial concern that in bad times private fortunes have been devoted to the assistance of a business which would otherwise have collapsed." I do not see any other form of company management earning this handsome tribute. In addition to the specific service rendered in saving the "weaklings" Managing Agents create a feeling of confidence and trust when it is most needed. Yet Mr. Subedar in his Minority Report to the Indian Central Banking Enquiry Committee (1931) has not hesitated to make the allegation that the Managing Agency system "tends not to encourage but to check the flow of capital in industry". I not only emphatically deny this, but would say that the Managing Agency system has contributed more than any other single measure or method to remove the distrust and insecurity which has prevented Indian capital from participating in industrial ventures. Look at the register of ownership of Joint Stock Companies in Bengal. It reveals during the last decade or so a gradual, but overwhelming, change in the domicile of proprietary interests. "Indianisation" of capital stock has proceeded rapidly until to-day about 60 per cent. or perhaps more of the capital invested in jute mills is owned by Indians. The same story may be told about coal, engineering and railway industries. Tea concerns are still a monopoly of plantation families, but the dispersion of proprietary interests has commenced even there and Indian-owned gardens are on the increase. What was the stimulant which attracted Indian Money out of its shy hoards? Inherently, I do not believe Indian capital has any singular characteristics which European capital does not possess. For a regular flow of capital into profitable and productive channels two conditions are essential—one, a steady stream of income, that is, in other words, an increase or, at any rate, regular maintenance of the national dividend of the country—and secondly, the accumulation of trust and confidence in the stability of industry, which is the same thing as confidence in the men who control and manage business. Indian-owned capital admittedly began to participate in industrial ventures at the beginning of the century. Excepting cyclical fluctuations, the process has continued and India to-day is meeting an increasingly large proportion of her capital requirements internally. The instances of changes given above in respect of jute, coal and other industries may not prove an increase in the national dividend of the country, but they certainly indicate an increasing amount of faith and confidence in the men who control the industries. And these men represent as a general case firms of Managing Agents who have "made good". In India, in Bengal particularly, confidence has been established and I have no hesitation in attributing it to the steady and conservative control of industry by Managing Agents, who saw profit to their name in profits honestly earned, and so built up a reputation for integrity and sound business sense. It is a common experience in financial circles of the city that a venture promoted under the auspices of a firm of Managing Agents stands a better chance of attracting public money than does a company with an independent and whole-time executive; naturally because the Managing Agents affix to the prospectus of the company the seal of their approval and give to the new concern a promise of steady and sound control. The investor's risks are accordingly minimised and the

hall mark of a reputable firm is often sufficient inducement to him for investment. I do not say that the manner of such investments is a measure of progressive finance; but in the absence of a broad-based infusion of financial intelligence it is well that old and trusted firms sponsor new industrial ventures and afford protection to the investors.

Perhaps, the discussion will not be complete without reference to current industrial history and to the comparative significance of the reactions of this form of business organisation on the stability and growth of commerce in the two important business centres of India, Bombay and Calcutta respectively. I have already indicated my belief that Managing Agency system permits of no more dishonest practices than does any other form of management; in fact this system is an insurance against individual inclinations for dishonesty, which characteristic is more rampant than group-dishonesty. The plight of the cotton industry as compared to the prosperity of jute trade brings invidious reflections to the mind. But dispassionately, one may distinguish the differing elements in some such manner: (a) geographical, *e.g.*, position of Bengal as the only jute producing country in the world, (b) competition in production, *e.g.*, overwhelming preponderance of Jute Mills in Bengal over jute mills abroad, (c) consumers' market, *e.g.*, the extreme sensitiveness of cotton markets, (d) policies of management.

To apportion blame and praise after considering only one of these many equally important factors will be to accept a partial and distorted version. And accordingly when the statement is made (which I consider true as far as it goes) that the short sighted financial policy of Bombay Mills in not making enough provision during prosperous times for lean years weakened the resistance power of the cotton industry, I admit that the statement is not a complete exposition of the case. On the other hand, when it is put forward that the Managing Agency control is responsible for the deplorable conditions in industrial Bombay, this too is not a correct reading of the facts. It will be generally agreed, however, that conservative finance and absence of speculative habit amongst the executives would have provided the textile mills in Bombay with a strong bulwark against lean periods. And my point is that a healthy and sound control by Managing Agents does mean a policy of conservation of resources and steadiness of return to the investors.

**Rao Sahib C. S. Shirahatti, Managing Director, Co-operative
Cotton Sales Society, Limited, Hubli.**

Written statement dated the 22nd August, 1932.

I have been conducting the Co-operative Cotton Sales Society for the last 15 years. The object of our Society is to popularise improved strains of cotton seeds evolved by the Agricultural Department for which we are subsidised by the Indian Central Cotton Committee.

Recently there is a movement afoot by the millowners pressing the Government of India to increase import duties on the Japanese piecegoods. It is a mystery how it is possible for the Japanese dealers to carry cotton from India to Japan, turn the same into piecegoods and import it to India and sell in India at a dirt cheap rate as compared to the prices ruling in India for the piecegoods turned out from cotton grown in India and manufactured also in India. The millowners are represented on the Cotton Controlling Board of the East India Cotton Association. Have they ever got an investigation made as to whether Japan is getting cotton cheap or special facilities in procuring Indian cotton?

There is no doubt absolute necessity for some kind of substantial protection from the Government, which may stop this heavy dumping of Japanese piecegoods in India which is at the cause of ruin of the Indian

Textile Industry and that of the Industry of Agricultural in point of cotton production. Government also are keen to help to a certain extent in surmounting this difficulty which is also telling upon Government revenues in several ways. On the other hand Japan has threatened the boycott of Indian cotton if there is any further increase of duties by Government on the Japanese imports. In my opinion this is a mere bluff because Japan can't do without Indian cotton and secondly the control and facilities that Japan has on the Indian cotton market will not be available to them in any other cotton growing country.

The Indian mills no doubt require badly some kind of redress. There is no remedy but to increase the import duties on Japanese piecegoods but the mills should be compelled to put their house in order in this respect. I am of opinion that they should be asked not to think of importing American Cotton as these imports have reduced the income of Agriculturists as their cotton does not fetch adequate prices. The cultivators are the greatest patrons for the purchase of Indian mill made piecegoods but they are so much handicapped by the import of American Cottons that they have nothing left with them as surplus to think of buying the Indian mill made cloth.

India grows about 50 to 60 lacs bales of cotton of which one-third may be safely taken as staple cotton capable of spinning 20 to 30 weft as well as warp. This one-third growth of long staple cotton is not allowed to be preserved by the mills themselves who openly encourage malpractices of middlemen who are dealers in cotton. Severe measures are required to be taken by the Government to see to this mischief. If long staple is not allowed to be mixed with short staple cotton there will be no necessity for going in for American cotton. In the year when there is a crop deficit in India, in my opinion if this long staple growth is preserved, it is quite sufficient for serving the purposes of American cottons which are used for 20 to 30 counts. Long staple cotton should have its prices fixed which should always be high on its intrinsic value from 25 to 50 per cent. in comparison with short staple cotton. If short staple cotton is sold at Rs. 200 per candy long staple price should be fixed at Rs. 250 to 300 according to the qualities and spinning merits.

To meet with the boycott of our cotton by the Japanese the Indian mills should think it their bounden duty to consume all short staple cotton only in India without depending upon any other foreign source for its consumption.

I may emphatically impress upon this Board as well as on the mill-owners in India that whatever steps will be taken by them to remedy the evils brought upon them by foreign competitors in the form of import duty will be found to do good to them for some time only. The everlasting good will be done to both of them if they care to see that the lot of the cultivators is improved wholesale and their power of purchase is increased. At present he is impoverished more and more and this is a sure sign of ruin to the mills as well as to the Government.

I submit the following points for the serious consideration of the Board:—

1. We know that 90 per cent. of the Indian population is used to rough clothes, while 10 per cent. is used to finer clothes. Under these circumstances, would it not be a sin on the part of the mill owners to order fine machinery to produce fine cloth, making this an excuse for ordering American cotton. This clearly proves that the aim of these millowners is only their profits and not the well being and prosperity of India and its most valuable asset, namely the Indian cotton. If Swadeshi was their real cult they should have spent their energies and money in improving and consuming only the Indian grown cotton and supply to the fullest extent the requirement of the poorest Indian Cultivators.

2. The Indian millowners from Bombay and Ahmedabad have imported about four lacs of American cotton. The local production of the Presidency is about 9 to 10 lacs of bales. Due to this importation the local cotton could not find any buyers in the market and thus its prices were reduced

which meant great loss to cultivators. I propose therefore that the importers of American cotton in future should be levied an excise duty of 75 per cent. and the money thus realised should be distributed among the local cotton growers as bonus.

3. The millowners of Ahmedabad and Bombay, have, I am sorry to say, been producing cotton fabrics out of foreign cotton and palming them off as Swadeshi goods by taking undue advantage of the ignorance of the Indian consumers, viz., cultivators.

4. Lastly, I implore that it is the paramount duty of the Government and that of the millowners that the industry of Agriculture specially in connection with the production of raw cotton, should not be lost sight of, when trying to protect the textile industry.

Mr. A. Sattar Faruqi, Kamptee.

Letter dated the 24th July, 1932.

I beg leave to lay before you the following few lines relating to the decline of the textile industry.

Before dealing with the subject in hand, I take this opportunity to thank on behalf of my weaving community the Government of India which has decided to adopt such measures which will check the further decline of this long standing industry.

It is a fact that since the advent of the 18th century, the industry of textile has begun to decline and it has now reached to its lowest pitch. Hundreds of millions of weavers dependent on textile industry have now been compelled to give up this work and to take up other mean profession for the sake of maintenance and the rest who still stick to it are actually starving. I venture to say that if the present deplorable state of affairs is allowed to continue for some time, these remaining men will have to chuck this and prefer remaining unemployed. One shudders to imagine what will be the effect of such a mass unemployment—*anarchy, brutality and what not.*

If the weavers are protected from the menace of the Indian mills in general and Sholapur mills in particular which now produce the same kinds of cloth which were so far left for the weavers, it will improve the financial condition of the weavers to certain extent.

Since I am the resident of Central Provinces I have replied the questionnaire from point of view of this province. Should you decide to examine me in person, I am prepared to give evidence in person also.

Replies to the Questionnaire.

1. In this province Koshtis, Momins, Salewar, Dhangar, and some Mahars do the weaving work whose population might be much greater from the census report than 8 lakhs but this number is entirely dependent upon this industry and the number of looms is over 20 millions. Due to the decreased consumption 160 millions yards of cloth are daily produced and if the demand increases the daily production will be double of this quantity.

2. The following kinds of cloth are prepared on handlooms:—(a) Sarees of cotton and silk, (b) Silk and cotton dhoties, (c) Silk and cotton khan ghari, (d) Handkerchiefs of half yard and 2½ yards of cotton and silk, (e) Turbans of cotton, (f) Sonso, (g) Sutara and (h) Khadi. Their consumption in comparison to those of mills is:—(a) and (c) 1/10, (b), (d) and (f) 1/30; (e) and (g) 1/50, (h) about 1/8.

3. Production price of one yard of cotton sarees As. 3 of sonsi As. 2-6, Khan ghari ordinary As. 3 silk saree As. 4-6.

4. Mostly sarrees of different kinds are prepared on hand looms and they are used by peasants of all classes who form the bulk of the Indian population, I am so giving below the market rates of sarries only from which the price of other kinds of hand woven cloth can also be guessed.

In 1929, the average selling price of ordinary saree was Rs. 3-8, in 1930 Rs. 3-4 and in 1931 Rs. 2-8. The present selling price of sarrees is Rs. 2 while the cost price of the same is Re. 1-12. The sarrees of Sholapur mills are sold for Re. 1-12 in retail. If there is some demand of handloom sarries it is only due to its durability, otherwise there would have been no demand for them in view of the low price of sarries of mills. Yarns of mills are used by the weavers.

5 & 6. Hand spun yarns are used only for khadi and sutara, for the rest, yarns of Indian mills and Japan mills are used. Yarns Nos. 16 and 24 of Indian mills and also No. 30 to some extent and Nos. 24 and 32 of Japan mills are consumed. A levy of a good heavy tax on Japan yarns and on foreign cloth will check the import of these in this country which will give a good chance to Indian mills for producing more yarns and cloths. The Indian mills in view of this increased consumption should be prohibited from producing sarries of the pattern that are prepared on handlooms. This measure will no doubt revive the handloom textile industry and put a stop to the growing unemployment of the weavers.

Shaikh Abdul Aziz, Dhulia.

Letter dated 25th July, 1932.

In compliance with the Press Communiqué dated 11th April, 1932, inviting the representations from the firms and other persons interested in the protection of handloom industry, I beg to submit the following few points for your kind consideration and guidance to the enquiry in hand.

At the outset, I beg to be excused for being late in sending the replies to the questionnaire on account of unavoidable difficulties.

Instead of answering all the seven points separately I will give quotations from reports which will be useful and satisfy more than one point.

It is acknowledged on all hands that on account of mill competition the handloom industry is very hard hit. The protective tariff stopped the import of cheap yarn from foreign countries while the local mills raised the prices of their yarn and lowered those of the finished product. The weavers being unable to get their just adequate return for their work from their industry are leaving it and finding no other work to live upon, the unemployment and discontent is increasing day by day. This industry being the very important cottage industry in this Presidency some very urgent measure is necessary to stop this industry from dying out completely. In the end I beg to suggest that—

- (a) the protective duty should continue on this condition that the mills should not manufacture such articles as are manufactured by the handloom weavers in Bombay Presidency or
- (b) rate of tariff duty should be lowered or
- (c) the cloth below 40 counts manufactured in the mills as well as imported to compete with handlooms should be taxed.

Coming from weavers' class I know their hardship to some extent, I am willing to give evidence if called for.

N.B.—I know fully that I have not answered all the points and the information supplied is not to the mark. But I hope to throw some more light on those points if opportunity is given to me by calling me to give evidence.

Enclosures.

Extracts from Annual Report, 1930-31, Department of Industries, Bombay Presidency.

So far as this Presidency is concerned, hand weaving industry is its most important single cottage industry. There are something like 990 centres where this industry is carried on and it is estimated that there are some 100,000 handlooms in this Presidency. A rough estimate would place the value of production of cloth by handlooms in this Presidency at some 4·5 crores of rupees. . . . If anything like a majority of weavers were to be persuaded to adopt fly shuttle looms (or an improved machine) value of production would increase by more than a crore of rupees per annum. Apart, therefore, from the point of view of helping a very poor class of industrial worker—the weaver—the expenditure incurred on this section of the work of the Department can be more than justified by the larger interest of the country which will be served by the increased capacity of the industry to meet the local specialised demand.

Extract from Annual Report, 1929-30, Department of Industries, Bombay Presidency.

COTTAGE INDUSTRIES—INVESTIGATIONS—HAND WEAVING.

32. The import duty of 5 per cent. *ad valorem* on yarn was altered in 1927 to 5 per cent. *ad valorem* or 1½ annas per lb. whichever was higher. For the coarse and medium counts used by the handloom weavers this meant an increase in the duty up to about 12 per cent. *ad valorem*, the exact percentage depending on the counts of yarn used. At the request of Government an inquiry was made to see the effect of this increase in duty on handloom weavers. Investigations were carried out at the following places:—

Northern Division.—Broach, Surat and Chikhli.

Central Division.—Sholapur, Parola, Dharangaon, Chandor and Kharda.

Southern Division.—Hubli, Gajendragad and Belgaon.

Sind.—Hala and Tatta.

It was found that wages of weavers had gone down practically everywhere.

In centres like Belgaum, Gajendragad, Hubli and Tatta where cloths are produced which do not come in competition with mill produced cloths, while there has been in many cases a slight fall in the prices of cloths, the wages of weavers has remained practically unaltered. This applies to Surat also in the case of Muga saris and similar other cloths usually not made by mills.

In Sholapur, where hand weaving industry is organised on factory basis, although there is mill competition, yet because of the fairly good organisation of the handloom industry which has secured to it good selling facilities, the prices of hand made cloth have not declined to the same extent as in the centres mentioned below. Here the wages have also gone down, the reduction being from about 5 to 10 per cent. It may be noted that the wages dropped in 1928 and again in 1929. There can be little doubt that this is largely due to the mill competition and trade slump. The former has, no doubt, been made keener by the advantages enjoyed by mills in the form of increased duty on yarn.

In centres like Dharangaon, Parola, Kharda and Chikhli, weavers are suffering badly from the effect of mills coming in direct competition with them by sending to these centres mill made saris for sale. In these towns the handloom industry is not organised and the marketing facilities are poor. And on the top of it all there was during the year trade depression. The prices of handmade cloths have, therefore, in many cases gone down considerably. And the wages of the weavers have gone down by something

like 40 per cent. below what they were in 1927. Here also the wages came down in 1928 and again in 1929. This is largely due to the mills making and selling in these areas same type of saris and general trade depression.

Actually the weaver's wages per sari of 8 yards of 20s. counts in the case of Parola went down from Re. 1-12 in 1927 to Re. 1 at the end of 1929, in the same period in the case of Dharangaon for 32s. counts they went down from Re. 1 to As. 10 and in the case of Kharda for 20s. counts they went down from Re. 1-8 in 1927 to As. 10 at the end of 1929.

In Broach and Chikhli saris are 5 yards in length and the yarns used are 20s. and 32s. counts. The wages per sari in Broach went down in the former case from 14 annas to 6 annas and in the latter case from Re. 1-2 to As. 13 in the years 1927 and 1929 respectively. In Chikhli in the same period wages per sari of 20s. counts went down from As. 11-4 to As. 6-8 and for 32s counts from Re. 1-5-4 to As. 13-4.

The weaver takes on the average $1\frac{1}{2}$ days per sari of 8 yards of 20s counts and 32s counts and 1 day per sari of 5 yards of 20s counts and 32s counts. These figures relate to work on fly shuttle looms.

33. The importance of the handloom industry in the national economy may be gauged from the following figures of production of cloth on handlooms:—

Years.	Million yards.
1896-97	784
1905-06	1,084
1914-15	1,184
1924-25	1,256
1927-28	1,291

In 1927-28 the production on handlooms was about 26 per cent. of the total cloth consumed in India.

It will be noted that the production on handlooms has steadily increased which is on account of swadeshi movement. As regards Bombay Presidency, accurate figures are not available. But it is estimated that there are no less than about 8,000,000 people belonging to both the Hindu and Muhammadan communities in this Presidency who depend wholly or largely on handloom weaving and allied industries for subsistence.

Extracts from Annual Report, 1930-31, Department of Industries, Bombay Presidency.

INVESTIGATION INTO THE CONDITION OF HAND WEAVERS.

65. The investigation in connection with Hand Weaving Industry detailed on pages 29-32 of last year's report was carried out further in the following centres:—

Northern Division.—Surat, Broach and Chikhli.

Central Division.—Sholapur, Parola and Dharangaon, Dhulia, Chandor, Satana, Malegaon, Kharda and Bhangar.

Southern Division.—Dharwar, Hubli, Belgaum, Gajendragad and Lakkundi.

Sind.—Hala, Nasarpur, Lahori and Lakhi.

Last year it was mentioned that owing to severe mill competition and trade depression the wages of weavers had gone down in almost all the weaving centres. This year it was found that the wages of weavers had registered a further drop practically everywhere. There was a drop in wages of handloom weavers in 1928 and again in 1929. The wages decreased by 16 to 50 per cent. in 1930 as compared to the wages earned in 1927. Even the reduced wages could not be earned regularly and continuously because the merchants dealing in hand made articles were not placing orders as

in normal years. This state of things may be ascribed to the fact that the agriculturist who is the hand weaver's best customer was not buying as he did in normal years owing to the fall in commodity prices. The previous reductions in wages were chiefly ascribed to mill competition. The 1930 drop is also no doubt partly due to the continued severe competition from the mills, but the crippled purchasing power of the agriculturist is its chief cause.

Counts of yarn used, cloth produced and the number of handlooms at the 40 important weaving centres in the Bombay Presidency.

Name of weaving centre.	No. of throw shuttle looms.	No. of fly shuttle looms.	Counts of yarn used.	Kind of cloth produced.	Daily production in value.
					Rs.
1. Sangamner .	800	1,200	20s, 30s, 32s and 40s	Cotton silk bordered saris	6,000
2. Bhingar .	700	200	30s, 32s and 40s .	Saris with small silk borders.	4,000
3. Pathardi .	500	150	20s and 32s . .	Cotton and silk bordered saris.	2,800
4. Yeola . .	2,800	200	40s and 60s . . .	Pitambars, Khans silk saris interwoven with gold and silver thread.	10,000
5. Nagda . .	400	2	20s, 30s, 32s and 40s	Silk bordered saris .	700
6. Malegaon .	200	3,800	14s, 16s, 20s and 30s	Cotton bordered and mercerised yarn bordered saris.	10,000
7. Dhulia . .	100	1,500	14s, 16s, 20s and 24s	Cotton bordered saris .	1,800
8. Nasrabad .	550	150	10s, 30s, 32s and 40s	Cotton and silk bordered saris.	1,500
9. Erandol . .	500	45	20s, 30s and 40s .	Ditto	1,000
10. Dharangaon	2,000	200	30s, 32s and 40s .	Ditto	2,500
11. Parola . .	1,200	500	20s and 40s . . .	Ditto	2,400
12. Surat . . .	1,800	200	40s, 60s and 80s, 64s and 84s mercerised yarn.	Kinkhaws, silk shirting coatings, silk saris, lungis, pitambars.	15,000
13. Broach . .	430	10	10s and 20s . . .	Cotton bordered saris and sujnis.	1,000
14. Nadiad . .	45	25	10s, 20s and 64s mercerised yarn.	Khadi, lungis, dhotis, towels, silk coatings and shirtings.	200
15. Ahmedabad	750	10	40s, 60s and 80s .	Kinkhaws, fine silk cloth interwoven with gold thread saris (silk) and pitambars.	3,500
16. Dhoika . .	700	10	60s, 80s and 100s .	Silk bordered and pure silk saris.	7,500
17. Bulsar . .	300	18	2s, 6s, 10s and 20s .	Khadi, sail cloth and cotton saris.	800
18. Karkamb . .	50	450	20s, 32s and 40s .	Khadi and cotton bordered saris.	800
19. Sholapur .	200	6,000	20s, 30s, 32s, 40s and 64s mercerised yarn	Khadi, cotton and silk bordered saris.	10,000
20. Valsang . .	50	600	10s, 20s, 32s and 42s	Ditto	2,000
21. Bagalkot .	300	50	30s, 32s, 40s and 64 mercerised yarn.	Khans, saris fine dhotis .	2,500

Name of weaving centre.	No. of throw shuttle looms.	No. of fly shuttle looms.	Counts of yarn used.	Kind of cloth produced.	Daily production in value.
					Rs.
22. Kamatgi .	100	700	20s, 32s, 40s and 64s mercerised yarn.	Cotton and mercerised bordered khans.	5,000
23. Ilkal .	3,000	25	60s and 80s . . .	Silk saris with elaborate designs.	1,700
24. Guledgudd .	2,000	1,500	30s, 32s and 40s .	Cotton and silk khans and phetas.	10,000
25. Kerur .	600	500	Ditto	Ditto	1,500
26. Gadag .	3,200	50	20s, 32s, 40s, 60s and 64s mercerised yarn	Silk bordered saris pure silk saris and khans.	1,250
27. Gajendragad	2,000	50	20s, 30s, 32s, 40s and 60s.	Silk bordered saris and khans.	1,500
28. Hebsur .	250	12	2s, 4s, 6s, 8s, 10s, 20s and 30s.	Gudars, coarse dhotis and durries.	500
29. Banbennur	2,000	60	20s, 30s, 32s, 64s mercerised yarn.	Khans and cotton bordered saris.	1,250
30. Hubli .	3,500	12	20s, 30s, 40s, 60s and 64s, 84s, mercerised yarn.	Khans, pure silk, saris and dhotis searis and pitambaras.	2,000
31. Belgaum .	250	25	20s, 32s, 40s and 60s	Saris, khans and dhotis. .	800
32. Ballhongal .	400	6	20s and 30s . . .	Dhotis, cotton and silk bordered saris.	800
33. Pachhapur .	200	8	20s and 30s . . .	Plain cotton bordered saris and dhotis.	500
34. Gokak .	700	25	16s, 20s and 30s .	Cotton and silk figures saris.	1,000
35. Kankavli .	75	50	16s, 20s and 40s .	Cotton and silk bordered saris.	300
36. Kharepatan	30	5	20s to 32s	Ditto	75
37. Mhaswad .	160	40	6s, 10s, 20s and 40s .	Khadi, cotton bordered saris and woollen blankets.	375
38. Wai .	65	2	30s, 40s, and 60s .	Cotton and silk bordered saris.	300
39. Bhiwandi .	300	1,700	20s, 40s, 64s and 84s mercerised yarn.	Cotton and silk bordered saris and khans.	5,000
40. Poona .	500	300	6s, 20s, 40s and 64s and 84s mercerised yarn.	Khadi, durries shalukhans, saris, kinkhab and woollen blankets.	5,000

Messrs. Yoosuf Alimohammed, Bombay.

Letter dated the 15th July, 1932.

As directed in your letter No. 223, dated the 13th June, 1932, we have the pleasure in enclosing herewith our replies to the questionnaire with six spare copies thereof for the information of the Tariff Board.

Before entering the subject Mr. Ahmed Alimohammed requests to allow him to introduce himself in brief. Mr. Ahmed Alimohammed is a Joint Proprietor of the Firm of Messrs. Yoosuf Alimohammed situated at the above address dealing in wholesale and retail piecegoods of all kinds and make, viz., English, Japanese, other Foreign Countries and local. Mr. Ahmed is a founder of the Memon Moholla Piecegoods Association and is the present

Honorary Secretary. He is also a Member of the Peace Committee of the City of Bombay for "B" Ward and has rendered considerable efforts in restoring the lost confidence of the Hindu Merchants in their business.

Replies to the Questionnaire.

9 (i) There are 2,197,872 handlooms in India out of which about 100,000 are in Bombay Presidency, which engage about 800,000 people, according to which there should be about 17,200,000 people working on handlooms in India. Of all the cloth consumed in India including foreign, one-third is the production of the handlooms, one-third manufactured by local mills and one-third imported from foreign countries. Besides the handloom products being consumed in India, the re-products such as Indian Hand printed and dyed handspun goods are exported to Arabia, Africa and Siam, which goes to prove that the handloom weaver should be given every help possible for the encouragement of export rather than to give protection to the mill industry.

(ii) So far, there has been no cry raised by the handloom industry itself that they are affected in any way by the imports of Japanese cloth. I cannot understand why it should be raised by the mills. Are not the mills directly competing with the handloom products?

(v) The major production of cloth of handloom weavers is of yarns 40s to 80s. These counts of yarn of good quality from which good cloth can be woven are mostly imported from England and Japan. Hence, my point is to ask for the abolition of duties on imported yarns.

(vi) Protective duty on cotton yarn hampers the handloom industry, while the duty on piecegoods is not so helpful as supposed to be, because, the yarn is necessarily required for handloom industry, the cheaper the cost the more helpful to the producer of handwoven cloth. But the product has a particular group of customers, who give absolute choice to the handwoven cloth.

(vii) If the present duty on imported cotton and artificial yarns be abolished or even lowered it would be of a direct advantage to the handloom weavers who would be able thereby to produce their articles more cheaply and surely increase their sales since giving more and more employment to the people of India in the cottage industry.

11. Cotton is an international commodity of free movement among countries and price is determined by the economical principle of Demand and Supply. An increase or decrease of demand in a certain part of the globe will hardly result in visible effect on the price of cotton. On this reason a decline in the output in the Indian Mills in general will very little affect adversely the Indian cotton cultivators. It is a wellknown fact that the cotton prices are chiefly determined by the American cotton position. India produces more cotton than her requirement and in normal crop more than half is exported to various countries, among which Japan is the biggest customer. In any commercial commodity when there is surplus of supply in a certain country and there are ready buyers from outside, the commodity will fetch a fair price on the world market. But, if the outside demand is suspended by a certain reason or another, the price of the commodity will be depressed losing the balance price of the world market. The outside customers particularly and chiefly Japan are the guardians of the price of the Indian Cotton. In other words, Japan is in a position to protect the interests of the Indian Cotton cultivators, guaranteeing always a fair price to their products of labour.

One thing to be added in this connection is about the question put in N.B. of this question that "Does the Indian cultivator normally realise a lower net price for cotton exported than for cotton sold in India?" A positive reply to this question cannot even be supposed to be possible. Cotton is sold on open market in India like in other countries. When a

commodity is sold on open market, viz., in free competition, how can a buyer buy it simply on the reason that it is for export, for which no bounty or the kind is given.

(b) In recent years the agricultural departments and the Indian Central Cotton Committee are paying much attention and labouring practically to increase the cultivation of long staple cottons. But the increase of the same is so far meagre, while the mills demand for staple cotton is rapidly enhancing. As the Statistics show Indian Mill consumption of Indian Cotton is almost stationary for the last some years in spite of producing more yarns and piece-goods by the increase imported foreign cotton of long staple. India is much short of the self supply of long staple cotton. This fact is more than enough as encouragement for the growth of long staple cotton. On this reason decline to some extent in the output of Indian mills will hardly affect the growth of the cotton under discussion.

12. The quantity of imported foreign cotton as well as the percentage of cotton from different countries, widely differ by the year. Therefore, it is difficult to give a reply in general to this question. But, roughly speaking, you may consider that the major portion of cotton imported from America is nearly the same quality as Indian staple cotton. In this view-point you can easily find out the extent to which the imported cotton is the same quality as Indian long staple cotton. For the current season, 1931-1932 the total import of foreign cotton is roughly estimated to be something near 600,000 bales, out of which 300,000 is of American cotton. The material help to Indian cultivators by the present Import Duty on the raw cotton has been visualized by the high prices paid to the Indian long staple cotton. For example, I will take the prices of Punjab American in support of this statement. From the earlier part of the last cotton season, Punjab American quoted about Rs. 40-45 on Sutta Broach April/May from which it used to be ranging Rs. 2-3 to Rs. 19 on during the last five years. The benefitters are chiefly the cultivators of the Indian staple cotton, total yield of which is utmost 2 annas in a rupee. I admit that when the Indian long staple cotton is sold at good price, being influenced by it, the other cotton will also be sold with better prices. But this will be correct should India have short supply of cotton by herself. But the fact is to the contrary. So far as she is in a position to seek buyers outside for the surplus of her cotton she would not be able to maintain the whole benefit obtained by the levy of the Import Duty on raw cotton.

The excess of supply will eventually cause overstock in India and will ultimately lower down the whole price regardless of the duty on imported raw cotton. I agree with the opinion that the import duty on raw cotton will benefit the Indian cultivators, but I doubt it is to be such an extent as the public estimate.

39. I stand against the continuation of the protective duties for the following reasons:—

The conditions of the Indian mills widely vary from almost ruined to ever flourishing even under such a bad time like the present by artificial and geographical conditions. Generally speaking Bombay mills are in the worst plight in India and they have been clamouring for protection since 1926. Such not being the case with other mills naturally with the levy of additional duty they shall be drawing an enormous and unreasonable profit.

Further trying to levy an additional burden to the existing duties would in fact mean a great hardship to the very poor Indian ryots, who find Japanese products fully equal to their requirements and also to their purse. I cannot understand how the local industry with raw material at its doors, cheap labour and without the burden of any duties whatsoever cannot be able to meet Japanese competition without raising a yell from time to time for further more and more protection. As reported by Mr. Hardy in his Report of 1929, the Mill Industry of India must set its own house in order first. Reports are there by some of the mills referring to the various inaccuracies of the managements of the mills.

Before the mills therefore should get any further protection all efforts must be made to reduce all unnecessary charges, especially by the Bombay mills so as to fall in line with various up-country mills, who appear to be still doing well inspite of the foreign competition.

In case the Board comes to a conclusion that further protection is necessary, then they should be prohibited from raising the prices unjustifiably, as instances are there, when in 1914-18 the mills continued to advance prices to such a climax that the Government had to take steps to fix maximum rates. During the last Sino-Japanese trouble a few months ago when imports from China 40s were at a stop the mills here immediately raised their prices from As. 11-9 to As. 14-6 per lb. instead of increasing sales of their goods at low limits. Similarly, during boycott of Japanese and Chinese Yarns 42/2, the mills again had put up their prices by four annas a pound whereas the usual price was one anna per pound lower than Chinese and Japanese. In short mentality of the millowners here appear to be inclined more to profiteering than serving the Nation, as otherwise internal competition would have been stopped and some scheme would have been put through whereby distribution of various qualities could have been assigned to groups of mills for their own benefit.

In my opinion there should not be any increase in the existing duties. On the contrary, adjustment of present duties be made on such a line that all imported goods would pay the same rate of duty irrespective of Imperial preference.

Japan's artificial silk and Taffetas really deserve the support of all as they are upto the Indian requirement with price suitable to all. It is the blessing to the poor ryot of India and any additional duty on the same would be a burden on the poor. In respect of cotton goods too, had it not been for the heavy imports from Japan at cheaper prices, mills would have increased their prices and the poor ryots would have to pay more for the faults of the millowners. Why should then 35 millions of Indian ryot be made to pay more to benefit a few millowners who find themselves unable to manufacture goods, which a foreign nation can import at considerable cheap prices. Moreover, millowners had given an undertaking to the Indian National Congress not to use artificial silk yarn in their manufactures. Why should then they cry out for the imports of cloths of such silks. Further Japan's imports into India are less than her exports to Japan. So, what about the retaliatory action by Japan if difficulties are placed in her way to free trade?

In conclusion let us view a few silent facts:—

The mill cloths produced in India, leaving aside the course grey qualities are by no means within the reach of the millions of the poor ryots. Whereas the foreign countries are in a position to supply to these people the cloth which attractive in all respects, and yet within the buying capacity of the poor.

Another thing let us not forget. That the hundreds of thousands of Indians who make their living on the sale of foreign goods would by the falling of their sales not in any way help to the uplift of the general atmosphere of depression at present prevailing in India and the worldover.

Let the Indian Manufacturer exert himself independently and honestly in trying to improve the grade of his production by increasing the efficiency, studying modern methods of manufacture, etc., asking fat capitalists to establish textile technological institutes, governed by experts brought from foreign countries if necessary, rather than constantly raising the cry for protection, which practically does not in any way stimulate the mills to do any better work, but on the other hand tempt them to lie idle in the confident hope of receiving further protection from time to time on the false plea of encouraging Swadeshism. The policy of our millowners ever since the inception of the industry is one of defeatism.

M. Jaboo-Wal, Amritsar (Punjab).

Letter without date.

In the province of the Punjab, the profession of weaving is generally followed by Muslim weavers. They are poor, helpless and uneducated. Since they follow the old method of weaving they have to spend much energy and time and thus they have to face failure in comparison with mill made products. The people of India prefer Japanese and English cloth because they get these at a cheaper rate.

In this province the cloth is prepared in three ways. Firstly through machines in the mills. Secondly, through Japanese handlooms and thirdly through pit-looms. The first and second are not much used. The third which is the oldest and the slowest in production is worked by lacs of people. But it is now disappearing by hundreds on account of the keen competition by mills.

For remedying the present misfortune suffered by the handloom industry the following suggestions are submitted for consideration and recommendation to the Government:—

1. In the Punjab the handloom weavers generally live in the villages. They always receive their wages in cash for any work they do for the landowners and other members of the public. The connection that they have with the Zamindars is businesslike. According to the Land Transfer Act of the Punjab 1901, a weaver cannot purchase land. They cannot be considered to be the masters of the houses or quarters in which they live for years together. And thus they have unnecessarily to remain subordinate to the Zamindar class of people. When the weaver spreads his warp about 40 or 50 yards in the open ground, the Zamindar oppresses him by letting his (Zamindar's) animals loose and thus make them free to break the warp spread over there. Neither the Government of India has given any rights to the weavers to advance of the common land for the purpose of spreading his warp, etc., nor they can purchase land on account of the restriction imposed upon them by the Land Transfer Act of the Punjab of 1901. Hence the Tariff Board will be kind enough to recommend to the Government that a portion of the common land be allowed to be used by the weavers in connection with their industry or the weavers may be allowed to purchase land at the rate of 2 Kinals per head.

2. The Savkars of the Punjab also have got the weavers in their clutches. Hence to get rid of these, the Government may please be recommended to open a few industrial banks in various parts of the Punjab so that the weavers may be able to take necessary loans at a very nominal rate of interest. Co-operative banks in the Punjab are not so popular.

3. A final decision should be made by the Government. Of course in consultation with the leaders of the community from all over India, as to which method of weaving should be adopted. Weaving on power looms or handlooms. If it is decided that we should not fail to take advantage of the wonders of science and inventions by replacing old methods with new ones, i.e., by starting mills and thus helping capitalism, then it is very very obligatory on those who think of power looms to find out some ways and means for the lacs and lacs of poor helpless but self-respecting and independent weavers who earn their livelihood in an honourable way.

To achieve these objects it is very necessary that the Land Transfer Act of 1901 of the Punjab should be so amended as to allow those weavers who have been forced to close their work on account of very keen competition from mills to adopt Zamindari by purchasing land for cultivation, etc. Thus there would remain only those amongst the weavers who may be able to carry on the handloom industry efficiently. If it is argued that the class of the Zamindar would thus become very unwieldy, we may say that only those Zamindars be asked to sell their lands who hold more than ten acres. Thus not only equality would prevail amongst this class of people but those

deserted lands of big Zamindars which were not cultivated for years together will receive better attention at the hands of the petty and new Zamindars.

4. In this province, the weavers are looked down upon and the profession of weaving is so much hated as if it were one of the gravest sin. It is a fact that the handloom industry has become much worst and consequently the person following this profession have become poorer and more helpless. Had the weavers earned sufficiently to live a decent life and had enough facilities for the education of their children, the same society which are hating us now, would have had every regard for us. Amongst the necessities of life, only two things are very important—one is food and the other is clothes. In India enough cultivation is done but for clothing, India produces very little cloth. Hence this industry of weaving and particularly the one of handloom deserves the greatest attention of the authorities not only from this point of view but also from the point of view of the present unemployment and consequent starvation. In order that this profession and the person following it may not be hated and looked down upon, your Board would do well to make very strong recommendation to the Government to confer medals, certificates of proficiency and titles upon those who possess high efficiency and abilities in this line in recognition of their merits. Thus, people in general will begin to respect it and the lots of the weavers would improve.

5. The present course of studies is very far from being satisfactory. A B.A. or an M.A. of to-day cannot do any other work which may help him in passing his days of life in an honourable way, if he fails to find the post of a clerk in an Office for which alone he is qualified.

Hence nowadays the University produces nothing but clerks and the existing Government Industrial Schools are not so attractive. India now needs special institutions in which experts of weaving may be engaged to impart instructions—theoretical and practical. Every provincial Government should open a standard weaving institute in which all the methods of weaving be taught to the most promising and deserving youths of the country in order that the most despised weavers of to-day may shine out by making the weaving industry of this country takes its place in the rank of the international trade and bettering the financial position of the country.

6. A weaver of the Punjab generally uses the Indian made yarn but has found it rather inadequate as far as its quality, kind and the price are concerned. Hence whenever foreign yarn is made dearer by imposition of further duties, it becomes very difficult for him to manage. When the yarn becomes dearer he is forced to raise the price of his product too and thus he loses his customers who go for cheaper articles. Hence Board would do well to recommend the abolition or the reduction of the import duty on foreign yarn, and imposition of much heavier duties on foreign products. By abolition or reduction of duty on foreign yarn a few mills will be affected but in comparison with such few Indian mills crores of poor Indians will be benefited and the indigenous industry would be encouraged. By levying an enhanced duty on foreign products the millowners, the handloom weavers and the Government will be benefited and by allowing the import duty on foreign yarn to remain as it is or by enhancing it further the weavers would be very seriously affected although the Government and the millowners will be benefited. But in the interest of the indigenous industry and starving masses of India it is but necessary to allow the foreign yarn to remain as cheap as possible. And when once the indigenous industry is established and respected the Government may levy the duty if she pleases to do so. The Government and the spinning mills should better be advised to forego a part of their income if crores of starving Indians are benefited by the withdrawal of duty on foreign yarns.

Letter No. 315, dated the 15th July, 1933, from the Secretary, Tariff Board, to the Agents, East Indian and North Western Railways.

I am directed to say that the Tariff Board would be grateful if you would supply information regarding the freight on cotton piecegoods from Calcutta

and Karachi to the following stations:—(a) Delhi, (b) Amritsar, (c) Cawnpore, (d) Lucknow.

2. Your reply to this letter together with six spare copies may kindly be sent as early as possible.

East Indian Railway, Calcutta.

Letter No. T. B2/30/B. C., dated the 23rd/26th July, 1932.

Re rate for piecegoods.

Your letter No. 315 of 15th July, 1932.

I beg to enclose a statement showing rates for piecegoods from Howrah to the different stations mentioned in your letter quoted above.

Six spare copies of the statement are also sent herewith as requested.

Rates per maund.

Station to	From Howrah.			
	Piecegoods, cotton, woollen or artificial silk in bales, press-packed and bound with iron bands or packed in boxes or cases. P. 19.		Piecegoods, cotton, woollen or artificial silk not Press-packed or not packed in boxes or cases. P. 19.	
	Or.	Rr.	Or.	Rr.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Delhi . . .	2 9 3	3 6 11	3 6 11	4 4 7
Cawnpore Central Goods Shed . . .	2 1 3	2 12 4	2 12 4	3 7 4
Lucknow . . .	2 0 6	2 11 3	2 11 3	3 6 1
Amritsar . . .	<i>Via Saharanpur.</i> E. I. 2 10 5 N. W. 0 10 10	<i>Via Saharanpur.</i> E. I. 3 8 9 N. W. 0 14 5	<i>Via Saharanpur.</i> E. I. 3 8 9 N. W. 0 14 5	<i>Via Saharanpur.</i> E. I. 4 7 0 N. W. 1 2 0
	3 5 3	4 7 2	4 7 2	5 9 0

North Western Railway.

Letter No. 2089-R., dated the 27th July, 1932.

I send herewith seven copies of a statement showing the rates asked for as desired. The rates quoted are those in force at present and are liable to alteration at any time at the option of the railway.

2. Some of the quotations include rates over foreign railways and are believed to be correct. A copy of the statement has been sent to each of the foreign railways concerned who have been asked to advise you direct whether their proportions are correct or what modifications; if any, are called for.

Statement showing the rates for piecegoods, cotton, in bales, press-packed and bound with iron bands or packed in boxes or cases from Karachi to the undermentioned stations.

Station to.	Route.	Conditions.	Rate per maunds.
Delhi	..	At owner's risk under risk note Form B. or H.	2-9-3
Do.	..	At railway risk.	3-6-11
Amritsar	..	At owner's risk under risk note form B or H.	2-9-3
Do.	..	At railway risk.	3-7-0
Cawnpore Collec- torgunge.	Hyderabad (Sind) and Kachaman Road.	At owner's risk under risk note form B or H.	<i>N.W. J. Ry. BB&CI Total.</i> 0-4-5 1-1-7 1-0-4 2-6-4
Do.	Ditto	At railway risk.	0-5-8 1-6-8 1-5-1 3-1-5
Lucknow	Hyderabad (Sind) Kuchaman Road and Cawnpore Central Goods Shed.	At owner's risk under risk note form B or H.	<i>N.W. J. Ry. B.B. & C.I.</i> 0-4-5 1-1-7 1-0-1 <i>E. I. Total.</i> 0-3-0 2-9-1.
Do.	Ditto	At railway risk.	0-5-8 1-6-8 1-4-10 0-3-9 3-4-11.

The Director of Information and Labour Intelligence, Bombay.

Letter No. 182, dated the 30th April, 1932, from the Tariff Board.

With reference to the Tariff Board enquiry into the Indian Cotton Textile Industry, I am directed to ask if you will be good enough to supply the Board with full particulars regarding the progress made since 1926 in labour conditions in the Cotton Textile Industry. The points on which information is requested are those stated in paragraphs 59 to 71 of the Report of the Indian Tariff Board, 1927. It would help the Board greatly in the present enquiry if a *detailed* note on the subject could be prepared for their use.

2. I am also to ask whether you are in possession of information which will enable the Board to make a comparative estimate of labour conditions in the cotton industry in Bombay with conditions in other established industries in India. A great deal has been said in recent years in criticism of labour conditions in the cotton industry in Bombay. In estimating the value to be attached to these criticisms for the purpose of the present enquiry, it is essential to know how far such criticisms are of special application to the cotton industry in Bombay and how far they represent criticisms which are applicable to Indian industries generally. The Board realise that generalisations on a question of this nature are apt to be misleading, but they feel at the same time that it is important to give full consideration to such facts and figures as may help to throw light on the question, although they may not permit of definite conclusions being drawn.

3. It will be necessary for the Board to consider, in examining the claim of the Indian cotton industry to protection, whether countries which compete with India enjoy any advantages resulting from the prevalence of inferior labour conditions. The Indian Tariff (Cotton Yarn Amendment) Act, 1927, was based on the fact that labour conditions in the cotton textile industry in Japan were in some respects inferior to those in India, while the extension of that Act in 1930 was based on the prevalence of similar conditions in China from which considerable quantities of yarn are exported to India. The Board will be glad if you can supply them with information regarding the present position of these countries in respect of labour conditions in the cotton textile industry as compared with those in India.

4. Lastly, I am to request that you will kindly furnish the Board with particulars regarding the prevalence of strikes and industrial disputes in the cotton industry since 1926 and the steps which have been taken to meet them, in particular, the proposals made by Committees of Enquiry appointed in connection with this matter and the extent to which such proposals have been carried out and have been effective in settling or preventing disputes.

5. The Board would be glad if the reply to this letter, with six spare copies, could be sent as early as convenient, if possible not later than the 15th of June.

(2) *Letter No. 1456, dated the 12th May, 1932, from the Director of Information and Labour Intelligence (Labour Office), Bombay.*

With reference to your letter No. 82, dated the 30th April, 1932, I have the honour to enclose herewith six copies each of three summary statements regarding (1) industrial disputes in the cotton mill industry in Bombay, Ahmedabad and Sholapur since 1926, (2) absenteeism amongst cotton mill workers in these three centres during the same period and (3) the details of night shift working in the Bombay and Ahmedabad cotton mills. Detailed information on these points will be found in the "Labour Gazette" which is published by this office every month.

2. Up to date information on the various points dealt with in paragraphs 59 to 71 of the Report of the Indian Tariff Board, 1927, is available in the Report of the Royal Commission on Indian Labour and in the Memorandum submitted by the Local Government to the Commission. As regards the statistics of wages in the cotton mill industry, I would refer you to the third Cotton Wage Census Report published by this office in 1930 which contains the latest information available on the subject. The Report on Deductions from Wages and Payments in respect of Fines published by this office in 1928 will also be found useful particularly with regard to the question of fines in the textile industry. The question of standardisation of wages has been discussed in the Report of the Strike Enquiry Committee, 1928, which also contains very useful information in regard to the textile labour conditions in Bombay. The Annual Reports of the Chief Inspector of Factories and a pamphlet on "Creches in Factories" issued by the Factory Inspection Department give information regarding the welfare work done by several factories. The Annual Reports of the Director of Industries for recent years contain information with regard to technical education.

3. Besides these, the Annual Reports of the Bombay and Ahmedabad Millowners' Associations, the Administration Report of the Bombay Municipal Commissioner for 1930-31, the Financial and Economic Annual of Japan, 1931, the United States of America Bulletin No. 558—Labour Conditions of Women and Children in Japan, a study of the "Industrial Conditions and Labour Legislation in Japan" by Iwao F. Ayusawa, published by the International Labour Office, "Labour Conditions in Japan" by S. Harada, and Arno S. Pearse's books on the Cotton Industry of Japan and China and on the Indian Cotton Industry, may also serve as useful books of reference in order to bring the information contained in the paragraphs referred to up-to-date.

4. I shall be glad to supply the Board with additional information if available, on any specific points that they might refer to this office.

Enclosure.

Statistics of Absenteeism in the Cotton Textile Industry.

Month.	1927.	1928.	1929.	1930.	1931.	1932.
<i>Bombay City.</i>						
January	8.11	8.53	6.67	7.02	10.57	8.45
February	7.72	9.28	13.71	8.17	9.68	9.72
March	9.05	8.92	10.89	11.69.	9.24	10.04
April	8.91	9.31	10.25	10.19	9.53	...
May	8.84	(Strike period.)	(Strike period.)	9.51	9.38	...
June	7.85			8.10	8.98	...
July	8.36			8.67	8.79.	...
August	7.68			8.85	8.88	...
September	9.40		10.37	10.18	9.33	...
October	9.40		10.37	11.11	10.05	...
November	9.19	9.37	8.58	9.21	8.91	...
December	7.91	6.88	8.03	8.34	8.40	...
<i>Ahmedabad.</i>						
January	1.85	3.72	3.65	2.70	4.01	3.70
February	1.68	3.86	3.45	3.03	4.30	3.54
March	1.83	4.53	3.76	3.83	4.76	3.86
April	2.47	4.63	3.92	3.22	4.39	...
May	2.18	4.62	4.15	3.53	4.63	...
June	2.23	3.81	3.48	3.03	3.97	...
July	2.99	3.49	3.45	3.03	3.84	...
August	2.56	3.66	3.32	2.94	4.32	...
September	4.20	3.68	3.45	3.34	4.40	...
October	5.00	3.86	3.59	4.66	4.19	...
November	5.13	3.88	3.24	4.90	3.83	...
December	4.30	3.84	2.93	4.11	3.77	...
<i>Sholapur.</i>						
January	11.72	13.84	15.79	13.27	15.89	15.24
February	13.23	14.66	14.80	13.79	16.38	15.82
March	12.91	14.93	15.34	17.65	18.39	16.29
April	14.73	12.67	16.30	16.99	17.66	...
May	15.53	13.53	14.76	(Strike)	18.91	...
June	13.74	10.44	18.89	16.72	15.12	...
July	12.58	(Strike)	13.70	13.29	13.61	...
August	12.39	14.37	13.55	14.56	20.69	...
September	12.07	15.88	13.24	15.58	15.00	...
October	12.39	15.80	13.61	15.87	14.26	...
November	12.59	14.63	13.76	16.12	14.82	...
December	12.97	15.44	13.76	15.59	14.34	...

CHECKED
2003-04

	Page
(9) The Gwalior Chamber of Commerce, Lashkar— Letter dated the 13th July, 1932	103
(10) Marwari Chamber of Commerce, Calcutta— (i) Letter dated the 13th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	104
(ii) Letter dated the 14th September, 1932, forwarding statement of market prices for different qualities of cotton goods during June and September, 1932	105
(11) Madras Chamber of Commerce, Madras— Letter dated the 15th July, 1932	108
(12) Bengal Chamber of Commerce, Calcutta— (i) Memo. dated the 25th May, 1932	109
(ii) Letter dated the 20th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	111
(iii) Letter dated the 29th July, 1932, intimating that the views expressed in the above letter should be taken as those of the Chamber	118
(iv) Letter dated the 5th October, 1932, forwarding certain supplementary information	119
(13) Maharashtra Chamber of Commerce, Bombay— Letter dated the 21st July, 1932	126
(14) The Indian Merchants' Chamber, Bombay— Letter dated the 1st August, 1932	128
(15) Bombay Chamber of Commerce, Bombay— (i) Letter dated the 3rd August, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	148
(ii) Letter dated the 21st September, 1932, forwarding certain supplementary information	169
(16) United Provinces Chamber of Commerce, Cawnpore— Letter dated the 12th August, 1932	173
(17) Messrs. Corn Products Company (India), Ltd., Bombay— (i) Letter dated the 20th September, 1932, protesting against the proposal for the imposition of an <i>ad valorem</i> duty of 20 per cent. on imported starching materials	175
(ii) Letter dated the 21st September, 1932, forwarding statement showing the prices of wheat flour and corn starch	175
(18) Mr. C. L. Patel, Karāmsad— Letter dated the 7th May, 1932	177
(19) Consul General for the Netherlands, Calcutta— Letter dated the 19th May, 1932	178
(20) Mr. S. B. Tachakra, Amritsar— Letter dated the 13th June, 1932	180

	Page.
(21) Mr. V. R. Kokatnur, Bombay—	
(i) Letter dated the 14th July, 1932	181
(ii) Letter dated the 26th September, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	182
(22) Mr. R. S. Sethna, Bombay—	
Letter dated the 19th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	184
(23) Mr. A. H. Manek, Bombay—	
(i) Letter dated the 20th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	187
(ii) Letter dated the 29th August, 1932	201
(24) Mr. A. D. Addy, Calcutta—	
Letter dated the 26th July, 1932	202
(25) Mr. Chater Bihari Lal Audley, Delhi—	
Letter dated the 27th July, 1932	203
(26) Mr. Ramsing Dongarsing, Bombay—	
Letter dated the 28th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	207
(27) Messrs. M. S. Bhungara and Son, Bombay—	
Letter dated the 30th July, 1932	213
(28) Dr. L. Nemenyi, Calcutta—	
Letter dated the 21st August, 1932, forwarding his views regarding managing agency system in India	215
(29) Messrs. H. M. Mehta and Company, Bombay—	
Letter dated the 25th August, 1932, regarding consump- tion of Indian cotton in home industry	220
(30) Mr. Mani Lal Maganlal Shah, Ahmedabad—	
Letter dated the 26th August, 1932	222
(31) Mr. M. P. Gandhi, Calcutta—	
(1) Letter dated 26th July, 1932, forwarding his views on the import of raw cotton	224
(2) Letter dated 12th September, 1932, forwarding memo- randum on the future of hand spinning and hand weaving in India	228
(3) Letter dated 28th September, 1932, forwarding memo- randum on "whether India should import artificial silk yarn and piecegoods"	232
(4) Letter dated 3rd October, 1932, forwarding a memo- randum on the Statistical information regarding Cotton and Cotton piecegoods and yarn	235
(32) Messrs. Martin and Company, Calcutta—	
Letter dated the 14th September, 1932, forwarding memo- randum of notes by Mr. K. C. Mahindra on the general working of the Managing Agency system	241
(33) Rao Saheb C. S. Shirahatti, Hubli—	
Letter dated the 22nd August, 1932	250

	Page.
(34) Mr. A. Satter Faruqui, Kamptee— Letter dated the 24th July, 1932	252
(35) Shaikh Abdul Aziz, Dhulia— Letter dated the 25th July, 1932	253
(36) Messrs. Yoosuf Alimohammed, Bombay— Letter dated the 15th July, 1932, forwarding replies to the questionnaire relating to the Cotton Textile Industry	257
(37) Mr. Jaboo-Wal, Amritsar— Letter without date	261
6. Letter from the Tariff Board No. 315, dated the 15th July, 1932, asking for information about railway freight rate for piecegoods.	262
7. Replies to the above letter received from—	
(1) East Indian Railway, Calcutta— Letter dated the 23rd July, 1932	263
(2) North Western Railway— Letter dated the 27th July, 1932	263
8. Director of Information and Labour Intelligence, Bombay—	
(i) Letter from the Tariff Board No. 182, dated the 30th April, 1932, asking for information regarding the progress made since 1926 in labour conditions with Cotton Textile Industry	264
(ii) Letter dated the 12th May in reply to the above letter.	265