

**SERVANTS OF INDIA SOCIETY'S LIBRARY,
POONA 4.**

FOR INTERNAL CIRCULATION

To be returned on or before the last date stamped below

APR 1967		
----------	--	--

Shanajayrao Gadgil Library



GIPE-PUNE-011722

**Application of the Indian Mining
Federation for the imposition
of protective duties on Coal
together with the Tariff Board's
Communiqué and Questionnaire.**



CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1925

Price 2 annas.

**Application of the Indian Mining
Federation for the imposition
of protective duties on Coal
together with the Tariff Board's
Communiqué and Questionnaire.**



**CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1925**

Price 2 annas.

Government of India Publications are obtainable from
the Government of India Central Publication Branch,
8, Hastings Street Calcutta, and from the following Agents :—

EUROPE.

OFFICE OF THE HIGH COMMISSIONER FOR INDIA,

42, GROSVENOR GARDENS, LONDON, S.W. 1.

And at all Booksellers.

INDIA AND CEYLON.

Provincial Book Depots :

MADRAS :—Office of the Superintendent, Government Press, Mount Road, Madras.
BOMBAY :—Office of the Superintendent of Government Printing and Stationery, Poona.
SIND :—Library attached to the Office of the Commissioner in Sind, Karachi.
BENGAL :—Office of the Bengal Secretariat Book Depot, Writers' Buildings, Room No. 1, Ground Floor, Calcutta.
UNITED PROVINCES OF AGRA AND OUDH :—Office of the Superintendent of Government Press, United Provinces of Agra and Oudh, Allahabad.
PUNJAB :—Office of the Superintendent Government Printing, Punjab, Lahore.
BURMA :—Office of the Superintendent, Government Printing, Burma, Rangoon.
CENTRAL PROVINCES AND BEHAR :—Office of the Central Provinces Secretariat, Nagpur.
ASSAM :—Office of the Superintendent, Assam Secretariat Press.
BIHAR AND ORISSA :—Office of the Superintendent, Government Printing, Bihar and Orissa, P. O. Gulsarbagh, Patna.
COORG :—Office of the Chief Commissioner of Coorg, Bangalore.
NORTH-WEST FRONTIER PROVINCE :—Office of the Manager, Government Printing and Stationery, Peshawar.

Thacker, Spink & Co., Calcutta and Simla.
W. Newman & Co., Ltd., Calcutta.
R. Cambray & Co., Calcutta.
S. K. Lahiri & Co., Calcutta.
The Indian School Supply Depot, 309, Bow
Basar Street, Calcutta, and 226, Nawab-
pur, Dacca.
Butterworth & Co. (India), Ltd., Calcutta.
Rai M. C. Sarcar Bahadur & Sons, 90-2A,
Harrison Road, Calcutta.
The Weldon Library, 17, Park Street,
Calcutta.
Standard Literature Company, Limited,
Calcutta.
Association Press, Calcutta.
Chukerverty, Chatterjee & Co., Ltd., 13,
College Square, Calcutta.
The Book Company, Calcutta.
Higginbotham & Co., Madras.
V. Kalvanarama Iyer & Co., Madras.
P. R. Rama Iyer & Co., Madras.
Rochouse and Sons, Madras.
Bright & Co., Trivandrum.
V. S. Swaminathan, Bookseller, West
Tower Street, Madras.
Thacker & Co., Ltd., Bombay.
D. B. Taraporevala, Sons & Co., Bombay.
Sunder Pandurang, Bombay.
Ram Chandra Govind & Sons, Kalbadevi,
Bombay.
N. M. Tripathi & Co., Booksellers, Princess
Street, Kalbadevi Road, Bombay.
Proprietor, New Kitabhana, Poona.
The Manager, Oriental Book Supplying
Agency, 15, Shukrawar, Poona City.
R. S. Gondhalekar's Book Depot, Publisher
and Bookseller, Budhwar Chawk,
Poona City.
Managing Director, Co-operative Bookstall,
Booksellers and Publishers, Poona City.
The Standard Bookstall, Karachi, Rawal-
pindi, Murree, Lahore, Peshawar and
Jhelma.
Karnandas Narandas & Sons, Surat.
Mongaldas & Sons, Booksellers and Pub-
lishers, Bhaga Talao, Surat.

A. H. Wheeler & Co., Allahabad, Calcutta
and Bombay.
N. B. Mathur, Supdt., Nazir Kanun Hind
Press, Allahabad.
The North India Christian Tract and Book
Society, 18, Clive Road, Allahabad.
Ram Dayal Agarwala, 184, Katra, Allah-
abad.
Manager, Newal Kishore Press, Lucknow.
The Upper India Publishing House, Ltd.,
41, Aminabad Park, Lucknow.
Munshi Seeta Ram, Managing Proprietor,
Indian Army Book Depot, Juhri, Cawn-
pore.
Rai Sahib M. Gulab Singh & Sons, Mufid-i-
Am Press, Lahore and Allahabad.
Rama Krishna & Sons, Booksellers, Anar-
i, Bahi, Lahore.
Fuzi Brothers, Booksellers and Publishers,
Katcheri Road, Lahore.
The Tilak School Book-shop, Lahore.
Manager of the Imperial Book Depot, 63,
Chandni Chawk Street, Delhi.
Oxford Book and Stationery Company,
Delhi.
Supdt., American Baptist Mission Press,
Rangoon.
Proprietor, Rangoon Times Press, Rangoon.
The Modern Publishing House, Ltd., 20,
Phayre Street, Rangoon.
The International Buddhist Book Depot,
Post Box No. 571, Rangoon.
Burma Book Club, Ltd., Rangoon.
Manager, the "Hitavada," Nagpur.
S. C. Talukdar, Proprietor, Students & Co.,
Cooch Behar.
Times of Ceylon Co., Ltd.
The Manager, Ceylon Observer, Colombo.
The Manager, The Indian Book Shop,
Bencoolen City.
B. C. Basak, Esq., Proprietor, Albert
Library, Dacca.
The Srivilliputtur Co-operative Trading
Union Ltd., Srivilliputtur (Satur
S. I. R.)
Banwari Lal, Esq., Fakariya Street, Pilibhit,
United Provinces.

TABLE OF CONTENTS.

	PAGE.
Application of the Indian Mining Federation	1
Press Communiqué	19
Questionnaire	21

Witness No.

INDIAN MINING FEDERATION, CALCUTTA.

WRITTEN.

Statement I.—Letter dated the 28th October 1925, from Indian Mining Federation, Calcutta.

In compliance with the request contained in your letter No. 550, dated the 7th October 1925, I am directed to forward herewith a statement by the Committee of the Indian Mining Federation regarding the claim of protection to the Indian coal industry.

2. I am now to enquire what will be programme of the Board's enquiry and particularly, when would they desire the representatives of the Committee to appear before them to support their written statement.

3. Six additional copies of the statement together with the enclosures are also forwarded herewith, as desired. It is understood that the statement submitted will be printed by you in extenso in which case, the Federation shall be obliged to be furnished with 300 copies thereof, if necessary on payment.

Statement by the Indian Mining Federation before the Tariff Board regarding the claims for a protective duty on imported coal in India.

I.—Extent of Import of Foreign Coal.

A necessary prelude to an attempt at economic and partial justification of the Indian coal industry for the imposition of a protective duty on imported coal in India is a correct appreciation of the extent of import of foreign coal into India and generally a correct understanding of the coal trade situation to-day. In Statement I, appended to this memorandum are set out the statistics showing the production of Indian coal (including output of Native States) and the quantity of foreign coal imported into this country in the recent years. It will have been observed on a reference to this statement that while the average quantity of foreign coal imported each year during the five years 1906-10 was 3·4 lakhs and during the five years 1911-16 4·42 lakhs, it rose to 1 million and 1·1 million during the years 1921 and 1922 respectively. There has been a decline in import since but the quantity imported during the first 8 months of 1925 is 3·2 lakhs or in other words, the import continues even at the present moment roughly at the rate of 5 lakhs tons a year. The actual import, however, of the remaining months of this year may falsify this estimate but in that case it would be easy to understand why the import of the later months did not keep pace with those of the earlier months. At all events, but for the disturbing factor of the serious and protracted mill strike at Bombay, an annual import of 5 lakhs of tons would be a reasonable and accurate estimate of the extent of the import of foreign coal into India at the present moment.

2. A quantity of 5 lakhs of tons represents doubtless a comparatively small fraction of the total Indian output. Assuming 19½ million tons as the average output of Indian coal, the present import may be regarded to represent no higher than 2·5 per cent. of the total output. This percentage worked out on the figure of total output is, however, grossly misleading. A correct appreciation of the influence of the foreign coal in the Indian market

can be obtained not by its comparison with the total output of Indian coal but with reference to the total quantity of commercially available Indian coal which finds effective market. In Statement II, will be found statistics of production of coal within British India in different provinces. It will at once appear that in certain provinces as well as in some of the Native States coal is raised in insignificantly small quantity and cater almost entirely to rigidly restricted and local markets. In any computation of the quantity of coal commercially available for the entire Indian market these small local outputs do not enter. Assuming these local outputs at 1 million tons, the gross average total production of the important Indian coalfields stands at 18.5 millions; of this another allowance of 2.5 millions may be taken as representing wastage and colliery consumption, thus leaving a net average production of the important coalfields at 16 million tons a year. This figure again includes the output of the railway-owned collieries averaging annually about 1.5 million tons. Deducting this quantity, the total average commercially available Indian coal in the Indian market is 14.5 million tons a year. The imported coal estimated at 5 lakhs of tons a year thus represents 3.45 per cent of this annual quantity.

3. In this connection, it is necessary to refer here to another fact. Coal is not the only foreign fuel competing with Indian coal at the home market—there is also the imported oil fuel. It is remarkable how the import of oil fuel has been fast increasing in the recent years. From 35 million gallons in 1919, it has risen to 90 million gallons in 1924, as it would appear from Statement III attached to this memorandum. The import of 90 million gallons of oil fuel means a displacement of more than 6 lakhs tons of Indian coal from the home market representing roughly 4.15 per cent. of the total Indian commercially available coal. The Committee of the Federation desire to impress on the Board the gravity of the competition of the oil fuel more so as they have later on in this memorandum formulated proposals bearing this fact in view. It is, in effect, the suggestion of the Indian Mining Federation that so far as protective measures are concerned, the imported oil fuel must be regarded *on principle* in the same category as imported coal.

II.—Effect of import of foreign coal.

4. From the position indicated in the previous paragraph it may appear that the claim of the Indian coal industry for protection is open to the criticism that the amount of competing foreign coal in the Indian market is not very large in proportion to the total commercially available output of the country. The Committee of the Indian Mining Federation can have no hesitation in accepting the data of this criticism as a statement of fact but they would at the same time point out that any conclusion which might be drawn from this fact regarding the effect of foreign coal on the Indian market must take full cognizance of the two following considerations:—

- (1) The imported coal is not marketed throughout the country but compete intensively at important centres with Indian coal. From the Statement IV attached to this memorandum, it will have been observed that full 60 per cent. of the foreign coal representing roughly 3 lakhs of tons is imported into Bombay against a total market there of not more than 4.5 lakh tons a year. Another 23 or 24 per cent. is imported in Karachi representing 120 thousand tons a year against a total estimated market there of not more than 1,80 thousand tons a year. The question of 5 lakhs of tons of foreign coal competing in the Indian market is not a question of foreign competition with 3.45 per cent. of Indian output but assumes a much more serious importance inasmuch as it imperils the market of Indian coal in two important centres, namely, Bombay and Karachi.
- (2) There is, however, a still more important and graver aspect of the question. In appraising the claim of the Indian coal industry for protection, the fact must be clearly recognised that the Indian coal trade to-day is in a serious slump. For reasons

which will presently be briefly described, the coal trade at the present moment is passing through an unusual depression. The import of foreign coal is merely one of the elements in the depression but the question how far this depression can be attributed to the influx of foreign coal is no measure of the necessity of protection required for rehabilitation of the Indian coal trade. Had the other depressing factors been absent, probably there would have been no need for protection. With these, however, in full operation, the import of foreign coal is aggravating the depression and, as such, requires to be guarded against. A general depression is the dominating factor in the coal trade situation to-day and in fact it is the extent of depression which justifies the protective measures.

5. As the Indian Fiscal Commission clearly recognised, the coal trade in India has never been in a profitable position. Leaving aside absolutely temporary improvements, the only period of steady and fair prosperity which the coal trade knew was between the years 1918 and 1921. Almost following the armistice there was an industrial boom in the country which stimulated a great demand for coal. This hectic demand is writ large on the figures of consumption of coal by the small industries in the year 1919. This unusual demand of the small industries (for the industrial activities only gave rise to small industrial concerns) synchronised happily with an increase of demand for Indian coal in the overseas market. The closing months of 1919 marked the high water mark of this temporary prosperity of the coal trade for though throughout the whole of 1920 the export demand for Indian coal continued firm, the demand of the small industries sharply declined next year. By the January 1921, the foreign ports closed for the Indian coal but the unprecedented bunkering demand owing to a large volume of tonnage having entered the Indian ports, the strength of the market yet remained unabated. By the year 1922, economic dislocation in Europe and restriction on purchasing power led to the sharp decline of India's foreign trade with the result that the bunkering demand most markedly fell and with it the last support of an improved coal market was removed. The statistics bearing on the position of these years are indicated in the Statement V attached to this memorandum. The menacing development in the Indian coal market in the shape of the import of foreign coal was evidenced as early as May 1921. But its effect was obscured for a time owing to the general demand in the country, particularly the bunkering demand. But by the end of the year 1922, after the Indian market had been dumped by more than 2 millions of tons of foreign coal, the effects were clearly traceable in the steadily falling prices, by which time the only surviving factor of strength in the market, namely, the bunkering demand had also most sharply reacted.

6. To sum up, the import of foreign coal at the present moment is only one of the elements in the present depression, the other factors operative being the lack of industrial and bunkering demand and the complete loss of the overseas market.

III.—Economic justification of protection for coal trade.

7. An attempt has hitherto been made to determine the extent to which the import of foreign coal is re-acting unfavourably on the Indian coal trade generally. Such an attempt, however, must be regarded to have been made absolutely without prejudice to arguments which would presently follow in support of protection for the Indian coal trade. As the Committee of the Federation view it, the effect of the imported coal on the Indian coal trade generally is an immaterial issue for their present purpose to study. So long as a protective policy has been justified on theoretical grounds and the position of competition with foreign coal has been proved to be against the Indian coal, the case of the Federation may be regarded as completely made out.

8. In paragraph 97 of their Report the Indian Fiscal Commission laid down three conditions which must be fulfilled by an industry in order to

justify its claim for protection. Briefly stated these conditions are: (1) the industry must be one possessing natural advantages; (2) the industry must be one which without the help of protection is not likely to develop as rapidly as desirable in the interest of the country; (3) the industry must be one which will eventually be able to face foreign competition without protection.

9. As regards natural advantages, the most important question relating to the coal industry is of course the potential resources of India. In this connection it would be sufficient to state that the resources of India are abundant. In Statement VI attached to this memorandum would be found a comparative statement, showing the coal resources of India and other principal countries of the world. Another question relevant to the coal resources is their quality. In this connection a statement is enclosed (No. VII) which would show the composition of the various grades of Indian coal and coal of the other countries. It would appear that while the qualities of Indian coal remarkably vary, even the marginal grades are likely to meet all ordinary industrial purposes. As regards other factors of production, such as, labour supply and a large market, the Indian industry is distinctly in an advantageous position. The only desideratum of the industry hitherto was the defective transport system on which the Indian Fiscal Commission laid much stress but the Committee of the Indian Mining Federation are glad to be able to report that the position has since then very remarkably improved.

10. As regards the second condition laid down by the Fiscal Commission, it is the view of the Indian Mining Federation that a protective tariff is one of the three measures which should effectually rehabilitate the Indian coal trade. It is difficult to state with precision what the effect of a tariff unaided by other measures would be on the trade. But the Committee are generally certain that even singly the effect would be great. With regard to this condition again, it is clear from paragraph 100 of the Report that the Commission did not intend it to be applied except in the case of comparatively young industries. The case of an industry temporarily depressed or atrophied was also distinctly contemplated by the Commission and with regard to this class of industry the condition (2) can be less applied than in the case of other industries.

11. Turning to the third condition laid down by the Commission, it would no doubt be possible, other factors of depression being absent, to remove the protective duty on foreign coal, once the Indian industry has been rehabilitated. But here again, the condition need not be taken very seriously, as the Commission distinctly holds in paragraph 98 that "another class of industry which should be regarded with a favourable eye is that in which there is a possibility that in course of time the whole of the country can be supplied by the home production. In the case of such an industry the burden on the consumers determines automatically. As soon as the foreign import ceases to come in, the price ceases to be regulated by the foreign price *plus* the import duty. It is regulated by the internal competition." Price is fixed at a figure forced down by internal competition and it is under such circumstances immaterial whether the duty is removed or not.

12. It is not probably necessary to labour at length the fact that the ordinary conditions of protection are fulfilled by the Indian coal industry. For the industry is one which falls both under the category of those essential for national defence as also of the basic industries. In paragraph 108 of their Report, the Indian Fiscal Commission states "that they have no hesitation in affirming the principle that any industry which is essential for the purpose of national defence and for which the conditions in India are not unfavourable should, if necessary, be adequately protected," irrespective of the general conditions which they have laid down for the industries. Again, in paragraph 108 of their Report, the Commission thus place the case of the basic industry; the "decision whether protection should be given to basic industries should rest rather on considerations of national economics than on the economics of the particular industry." Further in paragraph 105 the

Commission recommends for consideration the case of the industry which may be at such a distance from certain part of the country adjoining the sea-board that it is unable to compete in those parts with goods imported by sea. It would appear and will be still more clear after the position of competition has been stated that this observation exactly covers the case of the coal industry in its present application for protection against foreign coal.

13. Much has been said to establish that the Indian coal industry satisfies almost all the theoretic tests which the Indian Fiscal Commission laid down to entitle an industry to a protective tariff. Attention might, however, be drawn to paragraph 114 of the Report of the Indian Fiscal Commission in which the Commissioners discuss specifically the proposition for protection of the Indian coal industry put forward before them by the Indian Mining Federation. The Commission records their opinion that the Indian coal industry is "one of those cases in which we are convinced that the protection of the basic industry or raw material would not be to the advantage of the country as a whole." Unfortunate as the conclusion of the Commission was, it was based largely on the view that the coal industry was suffering in the early part of 1922 from a special and temporary disability, namely, that arising from a defective railway transportation. The present severe depression which was evidenced in the closing months of 1922 could not, however, be foreseen either by the coal trade or by the Fiscal Commission towards the close of 1921 or in the early part of 1922. After a careful study of the Commission's observations in paragraph 114, it is difficult to escape from the conclusion that the refusal of the Commission to recommend a protective measure for the coal trade was not of a categorical character but was based almost entirely on the view that the problem of the coal trade was unconnected with the problem of foreign competition. As the Commission clearly remarks that till the unfavourable transportation conditions are removed, "no measure of protection would bring prosperity and when they are removed, the industry will need no protection." The Commission, however, in no uncertain terms recognised the importance of the coal industry and expressed the desire that the coal resources of India should be sufficiently developed. It was, therefore, distinctly the view of the Commission that it is necessary that the industry should be placed on a more profitable basis. Having regard to this general attitude to the coal industry and the fact that the coal trade to-day is not suffering, as the Commission conceived, from any special difficulty but from a general depression in which the foreign competition plays a definite part, it may be assumed that the observations of the Commission do not weaken the present case of the Indian coal industry for protection.

IV.—Position of competition.

14. It is now proposed to examine the actual position of competition which has in the previous paragraph assumed to be unfavourable for Indian coal.

15. The case for a protective duty on imported coal in India was pithily but effectually summed up by the Indian Coal Committee in paragraph 36 of the Report in which they state that Indian coal can only hope to compete in Bombay and Karachi if the pit-head price is not higher than Rs. 5. This finding read together with the conclusion of the Committee recorded in paragraphs 39 and 41 of their Report that the average raising cost in the Jharia and Raneegunj fields are Rs. 5 and Rs. 6 a ton respectively and that this scale of the cost of production does not admit of any reduction, would seem to establish beyond any doubt that Indian coal is in need of protection against foreign coal in the centres of competition. The cases of Bombay and Karachi have been specially mentioned, for as already pointed out in Statement IV, between these two places no less than 85 per cent. of the foreign coal is landed. It has, moreover, to be taken into consideration

that the case against Indian coal in the competition with foreign coal in various centres has been under-estimated to the extent of annas 8 per ton, as pointed out by Mr. Banerjee in paragraph 7 of his minute of dissent as a member of the Coal Committee. To sum up, on the data disclosed before and accepted by the Coal Committee, Indian coal is being under-sold to the extent of Re. 1-8 per ton, assuming the collieries' profit at Re. 1 per ton and taking into account the extent of under-estimation referred to by Mr. Banerjee. The position no doubt has changed since the Coal Committee examined it. The Committee recommended a direct assistance to the Indian coal to the extent of 12 annas (this rate in the case of Jharia and 10 annas in the case of RaneeGUNJ coal roughly) and though definite announcement has not yet been made, it is certain for all practical purposes that the Government have accepted this recommendation. It may, therefore, be argued that with this additional assistance successful competition of Indian coal with foreign coal in Bombay and Karachi has been rendered possible within a very narrow margin of doubt, if not, entirely. To meet such criticisms, it will be of advantage to review the position of competition afresh in the light of the latest development.

16. To start with let the c.i.f. price of Indian coal be calculated for Bombay and Karachi. As the steamer freights to both the places are identical, the quotation too would be the same. The various items making up the c.i.f. price are indicated and added up below :—

Cost of coal at pit-head . . .	Rs. 5 (Jharia).
Railway freight . . .	Rs. 2-12 (Jharia coal).
Port Commissioners' charges . . .	Re. 1-2 (including grading fee and cost of supervision).
Insurance	Annas 3.
Allowance for shortage . . .	Annas 5 (being 4 per cent. of f.o.b cost).
Finance	Annas 4.
Agency charges at destination	Annas 4.
Steamer freight	Rs. 8-4.
TOTAL	Rs. 18-2.

These figures of c.i.f. price exclude any allowance for profits of the undertaking. Assuming this at Re. 1 per ton, the c.i.f. price at which Indian coal can be quoted at Bombay and Karachi is Rs. 19-2. It is, however, to be carefully remembered that quality taken into consideration throughout the calculation is of the best grade.

17. As against this c.i.f. price at which the best grade Indian coal can be quoted at Bombay and Karachi, some of the most important competing foreign coals are being quoted at a markedly lower figure. The Statement VIII enclosed with this memorandum exhibits the position of competition of Indian and foreign coal at Bombay at present and in the recent months. This statement is compiled from the reports published in "Commerce" and though not free from inaccuracies can be generally regarded as of a dependable character. The Committee, however, reserve the right of correcting any of these figures in a supplementary statement, should they find it necessary. It would appear that Transvaal (Witbank) coal has been sold in Bombay at Rs. 19-4 ex-scales, which mean a c.i.f. quotation of Rs. 17 per ton. This would disclose so far as this coal is concerned an under-quotation below the price at which Indian coal can be quoted to the extent of Rs. 2-2 per ton. It is true that intrinsically the best grade of Jharia coal is most decidedly superior to the Transvaal coal but in the present state of competition quality

for quality Bengal coal will have to quote below the South African coal or in other words, which is the same thing, price for price Bengal will have to supply coal of a quality superior to what is supplied by South Africa. Assuming this line of argument, it can be held that Transvaal and Natal coal are each selling at Bombay at a price Rs. 2 per ton lower than the figure at which they should sell in order that the best grade of Indian coal may find market there at a profit. For the purpose of this conclusion the price of Transvaal and Natal coal has been taken at Rs. 19-4 and Rs. 21-4 respectively ex-scales or Rs. 17 and Rs. 19 per ton c.i.f. Bombay.

18. The calculation given above relates to South African coal. The only other coal imported in appreciable quantity at Bombay is British coal. A shipment of first class Japanese coal is also reported to have recently arrived at Bombay but the Committee of the Federation possess at present no precise information with regard to this coal. Regarding the British coal, the quality is so markedly superior to that of Indian coal that it is difficult to estimate the exact position of competition between the two. Generally speaking, the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal. Recently, however, some North County low-priced British coal has also been landed at Bombay and offered as low as Rs. 19 a ton c.i.f. The impression of the Committee of the Federation is that if the price of the British coal can be increased by Rs. 7 per ton, the best grade of Indian coal will have a fair chance of competing successfully with it.

19. In paragraphs 17 and 18, only the position of competition at Bombay has been described. The position in other centres, particularly at Karachi is identical. The market at Bombay is, therefore, intended to be regarded as typical of the state of competition throughout the country.

20. Hitherto in estimating the position of competition between the Indian and foreign coal, it has been assumed that only the best grade of coal would be exported and it is on that assumption that it has been held that South African coal should sell Rs. 2 and British coal Rs. 7 a ton higher in price respectively than the rate at which they have been selling now. But the very important question arises what would be the effect on the coal trade generally if the very best grades of Indian coal can find a market at a price which would just leave it a modest profit on the undertaking. It has been already stressed at great length that the problem at the present moment of the coal trade is the problem of depression and so long as the best grades of Indian coal are unable to command a price higher than what would leave it a bare profit, the depression in the coal trade will continue. It is to be very carefully remembered that the qualities of Indian coal remarkably vary. While the raising cost of production of practically all grades of coal is more or less the same, there is an intrinsic difference in quality which must under normal conditions lead to differential rates of prices. In order that the lowest grade of coal must earn a modest profit, it is necessary that the highest grade should earn a price several rupees over its cost of production. The disparity in price between the different grades of Indian coal is a marked feature of the coal trade and there cannot be any disputing this very familiar fact. There is, moreover, nothing striking about it, as this is merely the application of the economic doctrine of the marginal theory of value. It would, therefore, follow that the rate of pit-head price of best grade of Indian coal, which has been assumed in the computation of c.i.f. price at Rs. 6, should really be Rs. 9 or thereabout in order that the lower grades of coal may earn a profit fairly over their raising cost. In such circumstances, the margin of under-quotation of Indian coal by South African and British coal taking quality into account, should be regarded at a figure Rs. 3 higher, namely, Rs. 5 and Rs. 10 respectively.

21. There is one more question in connection with an estimate of the competitive position of Indian and foreign coal which is to be carefully considered. It is not known if the present prices of foreign coal particularly of South African, can be regarded as their lowest possible quotation or

whether there is margin left to admit of further reduction in order to meet Indian competition. Reliable information on this point is not forthcoming but the fact remains that South Africa has reduced price considerably since 1922 and 1923. The enclosed Statement IX would show that in the years 1922 and 1923 the South African coal was offered at 31 or 32s. c.i.f. Bombay but at the present moment cargoes of Natal coal are being freely offered at 28s. and of Transvaal at 26s. c.i.f. Bombay. The reduction of price is proportionately heavier in rupee owing to the higher rate of exchange at present.

22. The question of exchange just mentioned is again another complicating factor in estimating the position of competition. In 1921-1922, the exchange was at 1s. 4d. or in the neighbourhood thereof. To-day it stands at 1s. 6 $\frac{1}{4}$ d. It is obvious that the higher the rate of exchange, the more difficult it becomes for the Indian coal to meet foreign competition. The rise of a penny per rupee in exchange brings down the South African quotation by 6 $\frac{1}{2}$ per cent. or practically at a little over Re. 1 per ton. Despite the statement of the Hon'ble Finance Member suspicion is not entirely absent that the rates may go up still further. But even without a further advance the Indian coal trade is even now entitled to claim a protective duty of 12 $\frac{1}{2}$ per cent. *ad valorem* on the ground of higher exchange alone.

23. It is not at all necessary to study wherein the secret lies of the foreign coal which enables them to compete successfully at the distant markets of Karachi and Bombay, it may still, however, be instructive to refer here to a few salient facts.

24. The cost of production of Indian coal is indicated in Statement X enclosed with this memorandum. The Committee venture to say this represents the irreducible minimum cost per ton in the Bengal coalfields. It will be granted that this compares very favourably with the British cost and probably not very unfavourably with the South African cost. No definite statement can be made with regard to the South African position, as it is difficult to ascertain what the cost of production there is. Seeing that South Africa is able to quote at Bombay at 26s. c.i.f. and assuming the steamer freight from Durban to Bombay at about 12s. and railway freight from Natal collieries to Durban on an average at 7s. it would appear that the pit-head price including the profits of the undertaking is not higher than 6s. Presuming even that the cost is a penny or two higher, it seems an absurdly low figure to accept for the raising cost; it is possible that South Africa charges differential rates for export, bunker and internal industrial consumption. In the matter of bunkering, the South African coal has a particularly strong position of advantage, Durban being an important bunkering port for all vessels plying between Europe and eastern waters. In fact, figures were obtained by the Indian Coal Committee which went to prove this hypothesis.

25. Apart from the cost of production South Africa would also seem to have had some advantage in the matter of railway transport charges. There is at the present moment a rebate of railway freight amounting to 7s. 9d. per ton but as the Coal Committee point out, the net freight payable by the Natal mine is practically the same as paid at present by the Indian coal from the coalfields to the docks. It has, therefore, been argued that the fact that a rebate is granted by South African railways on export coal should be made no ground for a special protection to be sought by Indian coal. Those who offer this criticism do not seem to have full appreciation of the point of view of those who ask for a countervailing duty on the South African coal owing to the operation of this rebate. The question is not whether the net freight payable by South Africa is equal to, more, or less than the net rail freight paid by the Indian coal but whether any special privilege is not granted in order that the South African coal may be in a better position to face competition in the Indian market. It can certainly be asserted that South Africa enjoys such special privilege. That the rebate granted to the South African coal is intended to operate and does as a matter of fact operate as a bounty, can be easily ascertained from the fact that there are differential

rates of price of coal for bunker, internal consumption and export, the price for the first two purposes being progressively higher than the price charged for export coal. A further fact also confirms this view. The endeavour of the South African authorities to ship cheap coal was so strenuous that in 1921, the rate of rebate was 18s. 4d. from which it was reduced to 9s. 9d. per ton and thence to the present figure. Lastly, there is the question of uneconomical steamer freights, the full advantage of which are obtained by both the British and the South African coal export trade. In Chapter VIII of their report, the Indian Coal Committee have fully gone into this question and in paragraph 98 they record their view that "comparatively low freights for competing countries must be accepted as unavoidable by the Calcutta coal export trade." The Indian coal export trade is prepared to accept this position, as it is well aware that there is no remedy against it; at the same time they certainly think they are entitled to special protection against the disability which they have to labour under.

V.—Proposals formulated.

26. It now remains for the Committee to formulate their definite proposals for the consideration of the Board. They are afraid, in this connection, it would not be possible for them to confine their suggestions to merely an imposition of a protective duty on imported coal in India. As already indicated, coal is not the only foreign fuel competing with Indian coal. Any proposal for protection of the Indian coal industry must, therefore, embrace measures calculated not only to arrest the import of foreign coal into India but also the import of oil fuel in the country or at least to financially exploit the imported oil fuel for the benefit of the Indian coal trade. How far the Board may have any technical difficulty in considering the protective proposal in this wider aspect, the Committee of the Federation made no attempt to ascertain. It is their suggestion that should such technical difficulties be found to exist, steps might be taken by the Board to have them removed. The proposals of the Federation are:—

- (1) that a protective duty of Rs. 5 a ton be imposed on Natal and Transvaal coal imported into India, the duty to increase correspondingly with additional indirect bounty granted to the South African export coal,
- (2) that a protective duty of Rs. 10 a ton be imposed on all other coal imported into India,
- (3) that these duties be in force for a period of five years at the end of which the question of their repeal or continuance be exclaimed in the light of the position then confronted by the Indian coal trade,
- (4) that an additional duty be imposed on the mineral oil imported into India and generally used as fuel for industrial purpose at the rate of half anna per gallon, the proceeds of the duty being ear-marked for the purpose indicated below,
- (5) that the Board do record a further recommendation for grant of a bounty at the rate of Rs. 3 per ton on Indian coal exported to any foreign port, the funds for the payment of the bounty being found from the proceeds of the duty suggested under proposal (4) above,
- (6) that the proposed bounty be paid for a period of four years.

27. The proposals formulated in the previous paragraph are on the basis of the present selling prices of foreign coal in India. Should these show a steadily downward tendency after the protective measures have been taken the whole question will have to be re-opened for fresh examination.

Enclosure I.

Statement I.—Showing the production of Indian Coal (including output of Native States) and the quantity of foreign Coal imported into India.

Years.	Output of Indian Coal.	Import of foreign Coal.
	Tons.	Tons.
1906-10 (Average)	11,523,000	344,000
1911-15 "	15,440,000	427,000
1916-20 "	19,356,000	44,000
1921	19,302,000	1,088,468
1922	19,010,000	1,147,695
1923	19,657,000	578,887
1924	21,176,000	402,888
1925 (a) . . . . .	...	328,657

(a) January to August.

Enclosure II.

Statement II.—Showing production of Coal in British India Province by Province between the years 1920 to 1924.

Name of the Province.	1920.	1921.	1922.	1923.	1924.
	Tons.	Tons.	Tons.	Tons.	Tons.
Assam	324,965	812,022	347,650	325,949	334,562
Baluchistan	27,872	42,155	40,632	31,626	29,947
Bengal	4,207,452	4,259,642	4,328,986	4,621,578	5,031,655
Bihar and Orissa	11,973,339	12,964,659	12,708,529	13,171,983	14,100,112
Burma . . . . .	...	300	172	1,271	255
Central Provinces	491,205	712,914	675,841	548,059	679,081
Punjab	58,078	67,242	67,180	63,501	80,422
GRAND TOTAL	17,082,711	18,358,934	18,168,988	18,763,967	20,256,034

Enclosure III.

Statement III.—Showing the import of Fuel Oils into India during the years 1919 to 1924.

Countries whither imported.	1919.	1920.	1921.	1922.	1923.	1924.
	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.
Mesopotamia . . . . .	...	...	...	1,956,500	...	448
Persia	23,196,686	21,372,439	39,372,781	52,425,093	61,994,844	69,900,473
Straits Settlements (including Labuan)	2,376,551	3,445,639	5,433,714	5,920,626	2,470,674	2,136,538
Borneo	8,765,745	17,886,428	4,765,771	4,451,945	7,453,185	16,986,682
Other Countries	975,752	77,128	608,968	480,602	116,331	128,811
TOTAL .	85,814,734	42,781,627	50,181,234	65,295,866	71,35,034	89,152,952

Enclosure IV.

Statement IV.—Showing the percentage share of Foreign Coal and Coke imported by each Province during the first eight months of 1925.

Province.	January to August 1925.	Percentage of share.
	Tons.	
Bengal	995	·28
Bombay	208,570	59·72
Sind	80,469	23·04
Madras	14,250	4·07
Burma	45,018	12·89
TOTAL .	349,302	100

Enclosure V.

Statement V.—Showing the quantity of Indian Coal (1) Exported abroad, (2) Consumed for bunkering requirements and (3) Used in domestic consumption and miscellaneous industries other than organised industries between the years 1918 to 1923.

YEAR.	Bunker.	Domestic and Miscellaneous Industrial Consumption.	Export.
	Tons.	Tons.	Tons.
1918	1,180,900	4,960,000	74,466
1919	1,576,000	6,240,000	508,587
1920	1,967,000	775,000	1,224,758
1921	1,582,000	4,802,000	299,791
1922	796,000	4,521,000	77,118
1923	819,000	5,016,000	136,585

NOTE.—These figures are extracted from 'Production and consumption in India' published by the Commercial Intelligence Department.

Enclosure VI.

Statement VI.—Showing the coal resources of India and other countries.

	243	Million	Metric	Tons.
Italy				
Portugal	20	"	"	"
Spain	6,220	"	"	"
Belgium	11,000	"	"	"
India	70,000	"	"	"
Japan	7,971	"	"	"
Great Britain	140,000	"	"	"
France	4,500	"	"	"
Germany	94,865	"	"	"
United States	3,200,000	"	"	"

NOTE.—The figures quoted are those compiled by the International Geological Congress, Canada, 1923. The Paper on India resources was contributed to the Congress by Mr. H. H. Hayden, C.I.E., the then Director of Geological Survey, Government of India.

Enclosure VII.

Statement VII.—Showing the average analysis and calorific value of Indian and other coals.

Coal.	Calories.	Carbon.	Volatile.	Ash.	Moisture.
Dishergarh	7,085	53.16	34.15	9.36	3.33
Best Raniganj	6,920	56.06	32.44	9.10	4.26
Inferior Raniganj	6,880	49.13	33.38	11.04	6.45
First Class Jharia	7,200	63.68	17.68	12.75	1.08
10, 11, 13 Seam Jharia	6,950	64.35	19.45	15.14	1.06
Inferior Jharia	6,013	59.15	15.60	24.35	.9
Natal	6,950	66.8	18.3	13.4	1.5
Witbank	6,766	54.66	25.72	16.84	2.78
Japanese	7,040	53.69	35.21	7.5	3.60
Chinese . . . . .	...	71.09	21.18	3.12	4.60
Australian	6,975	52.57	34.84	9.9	2.60
British	7,600	58.84	34.73	2.43	4.00
Native States (Borneo)	7,200	67.53	20.92	3.	8.55

Enclosure VIII.

Statement VIII.—Showing the position of competition in Bdm bag.

NOTE :—The figures are compiled from the issues of 'Commerce' and the date quoted at the top of the column refers to the date of the issue of the paper from which the figures have been tabulated.

Description of Coal	4th July 1925.	11th July 1925.	25th July 1925.	1st August 1925.	8th August 1925.	15th August 1925.	5th September 1925.	REMARKS.
English	S. S. Neotsfield Durban Navigation. c.i.f. 28s.6d= Rs. 19.	Rs. 30 Ex Scales.	Rs. 30 Ex Scales.	West Hartley Rs. 22 Ex Scales.	...	...	...	...
Natal	...	Rs. 22 Ex Scales.	Rs. 22 Ex Scales.	Rs. 21-4 Ex Scales.	...	...	...	...
Transvaal (Witbank)	...	Rs. 21 Ex Scales.	Rs. 21 Ex Scales.	Rs. 19-4 Ex Scales.	...	...	...	...
Dishergarh	...	Macneil's Rs. 17-8 c.i.f. Yule's Rs. 18 c.i.f.	...	...	Rs. 22 loaded into wagons Rs. 23 delivered.	Rs. 17 c.i.f.	...	...
1st Class Rance- gunge.	...	Best Bengal Rs. 20 Ex Scales.	Best Bengal Rs. 20 Ex Scales.	...	...	...	Damaguria Rs. 18-12 Ex Scales.	...
1st Class Jharis	...	Smith's Bagdigi Rs. 18-8 c.i.f. Low's Rs. 17-8 c.i.f.	...	...	...	...	...	...
2nd Class	...	12 Seem at Rs. 18-8 c.i.f.	...	Rs. 20 delivered.	Rs. 20 delivered.	...	...	...

Enclosure IX.

Statement IX.--Showing c. i. f. Bombay price for South African Coal (Natal and Transvaal) from March 1922 to July 1923.

		s.		
March 1922	Witbank Coal (Transvaal) at	37/	c. i. f.	Bombay.
June 1922	St. Georges/Burnside Coal at	31/6	"	"
Sept. 1922	Witbank Coal at	30/6	"	"
Oct. 1922	" " at	31/6	"	"
Nov. 1922	Natal Coal at	31/	"	"
Dec. 1922	" " at	31/3	"	"
March 1923	" " at	32/	"	"
"	" " Witbank Coal at	29/6	"	"
April 1923	" " at	29/6	"	"
May 1923	" " at	29/6	"	"
June 1923	Natal Coal at	31/9	"	"
July 1923	" " at	31/6	"	"

1923 October	.	.	.	s. 30-6-0.
1924 April	.	.	.	s. 31-9-0.
1924 May	.	.	.	s. 31-9-0.
1924 July	.	.	.	s. 32-0-0.
1924 August	.	.	.	s. 30-6-0.
1924 September	.	.	.	s. 31-0-0 and 29-9-0.
1924 October	.	.	.	s. 30-0-0 and 29-0-0.
1924 November	.	.	.	s. 29-0-0 and 30-0-0.
1924 December	.	.	.	s. 29-6-0.
1925 January	.	.	.	s. 29-0-0, 29-3-0, 29-4-0, 29-6-0 and 33-0-0.
1925 February	.	.	.	s. 29-4-0.
1925 March	.	.	.	s. 29-4-0.
1925 May	.	.	.	s. 29-6-0 and 28-6-0.
1925 September	.	.	.	s. 28-3-0.
1925 October	.	.	.	s. 26-6-0.

Note.—These figures represent actual transactions of a Bombay firm.

Enclosure X.

Statement X.—Showing the average cost per ton of a colliery raising 2,000 tons a month working "Sireari."

	Rs. A.
1. Coal getting	1 0
(Wages on an average being 10 annas per tub of 13 cwt.)	
2. Coal Raising	0 4
Tramming underground 1 anna	
Banksman and onsetter 2 annas	
Timbering 1 anna	
3. Main driving	0 3
(Average rate payable being Ra. 2 per each 2 feet.)	
4. Machinery, plant and tranway maintenance	0 1
5. Pumping (including wages of boilers)	0 1
6. Boiler Consumption	0 5
7. Tramming and loading	0 4
8. Stacking	0 2
9. Establishment	0 12
10. Stores	0 3
11. Recruiting	0 2
12. Machinery, hut and road repairs	0 1
13. Sale charges or Calcutta establishment	0 6
14. Royalty	0 6
15. Taxes and cesses	0 4
Chowkidari, 2 pies	
Water Board, 7 pies	
Mines Board, 3 pies	
Workmen's Insurance 1 anna	
Road Cess 1 anna	
Income-Tax 1 anna	
16. Depreciation	0 3
17. Miscellaneous	0 1
TOTAL . 4 14	

Press Communiqué.

In the Resolution of the Government of India in the Commerce Department, No. 47-T. (49), dated 30th September 1925, the Tariff Board were directed to enquire into the question whether a protective duty should be imposed on imported coal generally, or on coal imported from any particular country or countries, and, if so, at what rates. The Board have now received from the Indian Mining Federation a representation in which the following proposals are made:—

- (1) The imposition of protective duties at the following rates:—
 - (a) Rs. 5 a ton on coal imported from South Africa;
 - (b) Rs. 10 a ton on coal imported from any other country;
 - (c) Half an anna a gallon on imported fuel oil.
- (2) The grant of a bounty of Rs. 3 a ton on coal exported to foreign countries.

The grant of a bounty on exported coal is beyond the scope of the reference made to the Board and this proposal will not be considered by them. The proposal that a protective duty should be imposed on fuel oil is also beyond the terms of reference, and raises issues different in their nature from those connected with coal and more far-reaching in their scope. The Board are prepared to admit evidence tending to show that a protective duty might be wholly or partially ineffective unless it were accompanied by a duty on fuel oil and evidence bearing on the comparative cost to industries of using fuel oil or coal, especially in Bombay and Sind. It would have been necessary to examine these aspects of the case even if no proposal for a protective duty on fuel oil had been made. But the Board will not in this enquiry consider the question whether a duty on fuel oil should be imposed, and will confine themselves to the single issue whether a duty should be imposed on coal and, if so, at what rates.

2. The Board will be glad to receive representations from those public bodies, firms and persons who are likely to be affected by the proposed duty on coal and desire to express their views. The Memorandum of the Indian Mining Federation and the Board's questionnaire have been printed and copies can be obtained from the Manager, Government of India, Central Publication Branch, Calcutta, or all Provincial Government Book Depôts and authorised Booksellers, price 2 annas per copy.

The questions in the latter sections of the questionnaire are intended for the Indian Mining Federation and the Indian Mining Association, the two organized bodies who represent Indian coal producers. The questions in the first section are general and deal with matters on which the evidence not only of producers but also of consumers and other persons interested in the coal trade is neces-

sary. Some of those who desire to be heard may find it convenient to submit detailed answers to the questionnaire, while those who prefer to express their views in a more general form may find the questions useful as indicating points on which the Board desire to be informed. Some of the questions cannot be answered without local knowledge, and answers by firms and others who possess such knowledge will be of special value.

3. Representations should be addressed to the Board's office at No. 1, Council House Street, Calcutta, and should be sent in so as to reach the Board not later than the 30th November 1925. Representations received after that date cannot be considered. Those firms or persons who desire to give oral as well as written evidence should inform the Board not later than the 20th November. The oral evidence of the representatives of the Indian Mining Federation and the Indian Mining Association will be heard in Calcutta in November, and the Board's subsequent programme will be settled when it is known who desire to give oral evidence.

C. B. B. CLEE,
Secretary, Tariff Board.

CALCUTTA,
The November 1925.

QUESTIONNAIRE.

SECTION I.

GENERAL QUESTIONS.

1. What are the chief causes of the fall in the price of coal in India since 1923? If the areas to which foreign coal penetrates (*i.e.*, for practical purposes the areas dependent on the ports of Rangoon, Madras, Bombay and Karachi) are excluded, how far is it correct to say that the present low level of prices is due mainly to internal competition between the Indian mines, and to an increase in their productive capacity unaccompanied by an equivalent increase in the demand?

2. In paragraph 9 of their memorandum the Mining Federation express the view that, in the matter of Railway transport, "the position has very remarkably improved" since the Fiscal Commission reported. Do you accept this view?

3. If the answer to question 2 is in the affirmative, do you consider that the improvement in transport conditions has contributed to the fall in price by increasing the quantity of coal effectively on the market?

4. What are the approximate c.i.f. prices at Rangoon, Madras, Bombay and Karachi of—

(a) Natal coal,

(b) Transvaal coal,

(c) British coal,

(d) Any other imported coal which competes, seriously with Indian coal at these ports.

If the imports from any country consist of coal of different classes and qualities, the lowest and highest prices should be given.

5. Is it the case that Natal coal is on the whole superior in quality to Transvaal coal and commands in general a higher price?

6. In paragraph 18 of their Memorandum the Mining Federation express the view that in Bombay "generally speaking the British coal is sold Rs. 5 to Rs. 10 a ton higher than best Indian coal." Do you accept this view, and if so what classes of British coal command prices exceeding the prices of the best Indian coal by Rs. 10 and Rs. 5, respectively?

7. In the same paragraph the Federation say:—

"Recently, however, some North Country low-priced British coal has also been landed at Bombay and offered as low as Rs. 19 a ton c.i.f."

Has any considerable quantity of this class of coal been imported into Bombay in the past, and is it possible to determine by what amount the price obtainable for such coal would ordinarily exceed the price of the best Indian coal?

8. The steamer freight on coal from South Africa to Bombay in January 1925 is given on page 102 of the Coal Committee's Report as 12 shillings a ton which is equivalent to Rs. 8 a ton with the exchange at 1s. 6d. May this figure still be taken as correct?

9. What is the steamer freight on coal from British ports to Bombay at present?

10. The Coal Committee in paragraph 33 of their Report expressed the view that Indian coal would sell in Bombay at a price about 8 annas a ton cheaper than the cheapest Transvaal coal. Do you accept this view as true of the best grade of Jharia coal? If not, how would the price of the best Jharia compare with the price of the cheapest Transvaal coal?

11. In the same paragraph the Committee ascribe the lower price of Indian coal in Bombay to "a prejudice not against Indian coal as such but against the exporters of it; so the Bombay importer has to be convinced not that there are good Indian coals, but that he can be certain of getting them." Do you agree that the prejudice exists?

12. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to operates to reduce the price of the best Indian coal in Bombay, and if so by what amount?

13. If your answer to question 11 is in the affirmative, do you consider that the prejudice referred to is justified by the condition and quality of the Indian coal actually sent to Bombay in recent years?

14. In paragraph 34 of their Report the Coal Committee say that at Karachi "witnesses stated generally that South African Coal at the same price is much better value than Indian." Do you agree that this is in fact the view of consumers at Karachi?

15. In paragraph 17 of their Memorandum the Federation say that "intrinsically the best grade of Jharia coal is most decidedly superior to the Transvaal coal." Do you accept this view?

16. The Mining Federation have proposed the imposition of protective duties on coal at the following rates:—

(a) South African coal—Rs. 5 a ton.

(b) All coal other than South African—Rs. 10 a ton.

Do you favour the imposition of these duties?

17. Do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase of the price of Indian coal in—

(a) Bombay,

(b) Sind,

(c) Madras,

(d) Burma, and

(e) the rest of India?

Would internal competition between the Indian mines operate to restrict the increase in price in each of these areas? By what

amount (if any) do you consider that the price of the best Jharia coal would be increased in each area?

18. Do you consider that the increases in price indicated in your answer to question 17 would be effective as regards bunker coal, or is it probable that shipping companies would be able to avoid the increase in price either by direct transshipment of coal from one vessel to another in Indian ports, or by bunkering in foreign ports?

19. The imports of coal into Bombay (Indian and foreign) were 491,000 tons in 1924-25 against an average of 1,155,000 tons in the four years 1910-11 to 1913-14. The decrease in consumption is apparently due in part to the larger use of oil and hydro-electric power. Is it probable that an increase in the price at Bombay to the extent indicated in your answer to question 17 would result in consumers, who use coal at present, resorting to the alternative sources of power, and consequently in a further restriction of the market for coal?

20. Do you consider that an increase of the price of coal at Karachi to the extent indicated in your answer to question 17 would result in a larger use of oil in place of coal?

21. Having regard to the existence of alternative sources of power, do you consider that the imposition of the protective duties on coal proposed by the Federation would result in an increase in the sales of Indian coal in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and, if so, by what amount?

22. Do you consider that the Coal industry satisfies the second condition laid down by the Fiscal Commission, *viz.*, that without protection it will not develop at all, or will not develop so rapidly as is desirable in the national interest?

23. The nett imports of coal into India in 1924 amounted to less than 2 per cent. of the Indian production. The Fiscal Commission expressed the view that "it would not be right to endeavour to procure for an industry such protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for its success in the greater part of the country." Do you accept this view, and, if so, do you consider it applicable to the Coal industry?

24. Do you consider that an increase in the price of Indian coal to the extent indicated in your answer to question 17 would be a serious addition to industrial costs in—

- (a) Bombay,
- (b) Sind,
- (c) Madras, and
- (d) Burma,

and would it be likely to retard the development of industries in these provinces?

SECTION II.

QUESTIONS FOR THE INDIAN MINING FEDERATION AND THE INDIAN MINING ASSOCIATION.

25. How many coal mines are affiliated to the Indian Mining Federation Indian Mining Association at present?

26. What was the aggregate output in 1924 of the mines referred to in the answer to question 25?

27. The mines affiliated to the Federation Association may be roughly classified according to their annual output as follows:—

- (a) Less than 5,000 tons.
- (b) Not less than 5,000, but less than 10,000 tons.
- (c) Not less than 10,000, but less than 20,000 tons.
- (d) Not less than 20,000, but less than 50,000 tons.
- (e) Not less than 50,000 tons.

How many mines belong to each class according to their output in 1924, and what was the aggregate output of each class?

28. How many of the mines referred to in the answer to question 25 began to produce coal:—

- (a) before 1901,
- (b) from 1901 to 1913,
- (c) from 1914 to 1919,
- (d) from 1920 to 1925?

What was the aggregate output of the mines in each class in 1924?

29. How many mines affiliated to the Federation Association have been shut down during the last two years, and how many new mines affiliated to the Federation Association have been opened?

30. What was the aggregate output of the mines shut down, taking for each mine its output for the last calendar year before the year in which it was shut down?

31. How many of the mines shut down belonged to each of the classes enumerated in question 27?

32. How many of the mines shut down belonged to each of the classes enumerated in question 28?

33. In paragraph 38 of the Coal Committee's Report the average cost of raising coal is taken as Rs. 5 a ton in the Jharia field and

Rs. 6 a ton in the Raniganj field. Do the Federation Association accept these figures as reasonable estimates?

34. What are the prices at the pithead at present, and what were they in November 1923, of Deshargarh, selected Jharia, first class Jharia, first class Raniganj, second class Jharia and any other class of coal which is commonly shipped by sea from Calcutta to other Indian ports?

35. Do the Federation Association regard the present pithead prices as unremunerative in the sense that a large number of producers realize no profits on their sales or sell at an actual loss?

36. Do the Federation Association anticipate that the continuance of the present level of prices will result in the closing of mines now working, and, if so, to what extent?

37. When the prices of coal fall continuously they are likely to reach a point when, by the shutting down of those mines in which costs are highest, the curtailment of the supply prevents prices from falling further. Do the Federation Association think that this point has been reached, or is it possible that prices may go still lower?

38. How do the stocks of coal at the mines at present compare with the stocks held in November 1924 and November 1923?

39. Is any marked improvement in the condition of the coal industry possible until the market for Indian coal has widened substantially, either by the growth of internal consumption or by the development of the export trade?

40. Can Indian coal be sold to-day in Rangoon, Madras, Bombay and Karachi at prices which, after deducting the cost of transport, leave the producer a price at the pithead not less than the price he receives for other sales? If not, to what extent is the price lower?

N.B.—A separate answer should be given for each port.

41. Do the Federation Association consider that the imposition of the protective duties on coal proposed by them the Federation would result in an increase in the sales of Indian coal, and, if so, by what amount?

42. Would the increased sales of Indian coal which the Federation Association consider probable result in the re-opening of mines at present shut down, or is it more probable that the demand would be met by the opening of new mines in areas where costs are lower?

43. Do the Federation Association consider that the imposition of the protective duties proposed by them the Federation would increase appreciably the average pithead price of coal, and, if so, to what extent, or would the benefit to the industry be confined to such increase in sales as might result from the displacement of imported coal?

44. It appears from page 58 of the Coal Commission's Report that in the early months of 1923 the rebate granted by the South African Railways on export coal amounted to 7s. 9d. per ton of 2,000 lbs. which with the exchange at 1s. 6d. is equivalent to Rs. 5-9-7 per ton of 2,240 lbs. According to the information in possession of the Federation Association is the amount of the rebate still the same, or has any change been made?

45. The Federation have asked for a certain scale of protection on the basis that the Indian producer ought to receive a price of about Rs. 9 a ton at the pit-head for the best Jharia coal. Do the Federation Association believe that, if the duties are imposed, it will in fact be possible to realize this price for coal sold in Bombay or Karachi, or would internal competition keep the price lower?

SECTION III.

QUESTIONS FOR THE INDIAN MINING FEDERATION.

46. In paragraph 2 of their Memorandum the Federation exclude from consideration the output of certain coal fields on the ground that they are of purely local importance. The output of these fields is assumed to be one million tons a year. Which are the fields referred to?

47. The Federation consider that in calculating the transport charges between the pit-head and an Indian port, such as Bombay, an allowance of 4 annas a ton should be made for Agency charges at destination. Would not the importers of coal from a foreign country have to incur a similar charge?

48. The Federation say that a price of Rs. 19-4-0 a ton *ex scales* at Bombay is equivalent to a c.i.f. price of Rs. 17 a ton. Is the difference of Rs. 2-4-0 a ton made up of the details given in Appendix XIX (b) of the Coal Committee's Report?

49. In paragraph 17 of the Memorandum the Federation take the price of Natal and Transvaal coals as Rs. 19-4-0 and Rs. 21-4-0 a ton *ex scales* at Bombay. Is this difference in the price a fair measure in the opinion of the Federation of the difference in quality between Natal and Transvaal coal?

50. Are there differences in the classes and quality of the—

- (a) Natal coal,
- (b) Transvaal coal,

usually imported into India? If so, are the prices taken by the Federation as the basis of their proposals the prices of the cheapest quality of South African coal usually imported, and how much higher would the price of the best quality be in each case?

51. What classes of British coal are commonly sold in Bombay at prices higher than the prices of the best Jharia by Rs. 10 and Rs. 5 a ton respectively?

52. If protective duties are imposed on imported coal do the Federation consider it would be reasonable to prohibit by law the export of uncertified coal to other Indian ports, so that consumers would have a reasonable assurance of the quality of coal they bought?

SECTION IV.

QUESTIONS FOR THE INDIAN MINING ASSOCIATION.

53. The Coal Committee gave the following figures as the costs incurred between the pit-head and certain ports—

	Transport cost per ton.		
	Rs.	A.	P.
Rangoon	11	3	0
Madras	11	15	0
Bombay and Karachi	13	7	0

Do the Association accept these estimates or if not, what changes do they consider necessary?

54. In Appendix XIX of their Report the Coal Committee gave figures for the cost of landing coal at certain Indian ports. Do the Association accept these figures?

55. Do you consider that the Coal industry satisfies the third condition laid down by the Fiscal Commission, *viz.*, that the industry can eventually dispense with protection and meet world competition unaided in the sense that Indian coal could be sold at a profit in Bombay and Karachi in competition with foreign coal? If so, what change in the conditions do you anticipate which would be likely to produce this result?

56. Do the Association approve of the imposition of the protective duties proposed by the Federation?