
The Indian Steel Wire Products Limited.

BOMBAY.

Representation made to the Indian Tariff Board including
the oral evidence given by Mr. WALCHAND HIRACHAND
at Calcutta

for

Protection to STEEL WIRE PRODUCTS Manufactured
in INDIA.

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**The Secretary,
TO THE INDIAN TARIFF BOARD.
CALCUTTA.**

Sir,

On behalf of the Indian Steel Wire Products, Co. Ltd. we have the honour to place before you the following facts to show that our Industry, which is allied and subsidiary to the Steel Industry, in this country, is in need of protection.

1. The Indian Steel Wire Products, Co. Ltd. is a manufacturing concern engaged in drawing steel wire rods into wire of various gauges, and also annealing and galvanizing the same together with the manufacture of wire nails. The Company has an authorised capital of Rs. 50,00,000 - of which half has been issued, and practically the entire issued Capital has been subscribed and paid up. We beg to enclose herewith 3 copies of our last Balance sheet.

2. Our Company has entered into an agreement with the Tata Iron & Steel Co. Ltd. under which the latter Company has undertaken to supply us with all the Steel required for our Company and also to supply us at a reasonable rate with power and water required for the industry. We have obtained from the Company on a long lease land required for our factory and for buildings for our men. As our factory is situated at Jamshedpur, we are in the midst of a good labour colony where we can easily obtain a sufficient number of skilled and unskilled workmen for the factory. We are appending Statement (A) giving the total imports during the last three years into this country, of articles which we are manufacturing or will manufacture in the near future. The average imports for these years come about 16000 tons. This figure does not include Government Stores. It will thus be seen that our industry fulfills all the conditions laid down by the Fiscal Commission in their paragraph No. 97 viz. abundant supply of raw material, cheap power and sufficient supply of labour or a large Home market.

3. The plant that we have put in Jamshedpur is capable of manufacturing about 12000 tons of all kinds of wire products when we are able to work it to its fullest extent. But this will take some time and during that time and during the time we equip ourselves to make further finished products such as barbed wire, wire rope, woven wire etc, and introduce these into the market, we urgently need protection. We give in Appendix "B" the imports from different countries during the year 1921-22, from which it will be seen that the imports from the United Kingdom, are only 1034 tons. A comparison of the prices mentioned in column "3" shows that the British imported article is of a superior grade which we are not likely to manufacture for some years to come. As the imports from the United Kingdom come to only about 10 per cent of the total imports and as they are of a higher quality than the other imports, the British Manufacturers' interest is not likely to suffer in any way by the granting to us of the protection and

that we now request to give to our industry. It is the Continental Manufacturers against whom we claim protection. They have certain advantages over us which enable them to sell their goods in our market at a price much lower than the price at which we can put our articles into the market, unless some anti-dumping measures are adopted against these manufactures. From a table, which we annex as Appendix "C" it will be seen that even England, which is the only Free Trade country on principle has been selling goods in India at a much lower rate varying from 10 to 25 percent than the rate at which they are selling the same articles in their Home Market. We have not been able to get similar comparative figures for the Continental products. But as Belgium and Germany which are the largest importers of these articles have always followed a policy of protection, it can safely be inferred that if their figures are examined, they will show a much greater difference between the prices at which they sell these articles in their own country and in India.

4. Another reason why the continental Manufacturers are able to undersell us is that the curriencies of these countries have been very much depreciated recently. It will be some years before those currencies are established, and until then they will be able to under-sell all indogenous manufactures of steel unless they are given a sufficient measure of protection. Moreover, it is well known fact that Germany has been stocking all kinds of steel and other products since the declaration of peace and she will be able to continue to dump these goods into foreign markets till her collected stock is exhausted.

5. We are giving in appendix D figures showing our present cost of manufacturing one ton of wire products with the output restricted on account of initial difficulties and the cost per ton when we are able to work the plant to its fullest capacity. This Statement clearly shows why this Company cannot with its present out-put meet foreign competition. What we want is to have an opportunity of working with three shifts as by doing so, we will be able to reduce the cost of manufactured article under the heading of overhead charges by a very large sum as we show below.

6. The actual overhead charges per ton in June come to Rs. 139-15-9; owing to dispensing with the services of two men at the head of the management the cost of manufacture per ton under overhead charges will come for August to Rs. 101-15-9 for the same production.

On the other hand if we work with three shifts, we except (Estimate) to reduce the overhead charges per ton to Rs. 15-10-0 which is a distinct saving of Rs. 86-5-9 per ton (See Appendix C). It will thus be seen that if our demand for protection is granted we will within a few years be in a position to meet all foreign competition for not only shall be working the present plant to its fullest extent but we shall be able to take in hand the work of manufacturing articles requiring greater skill and knowledge such as woven wire, wire springs, wire netting etc.

Until the Tata Iron & Steel Co. are in a position to manufacture rods for our purpose we have to import rods and are manufacturing wire therefrom. As the cost of manufacturing these articles with our restricted

out-put comes to Rs. 10-8-0 per cwt. and as the rods cost Rs. 3-8-0 per cwt. the finished product costs us Rs. 19/-. As the present market rate for imported wire products is about Rs. 15/- we suggest that a duty of Rs. 5/- per cwt. should be levied for the first five years and that this may be reduced to Rs. 4/- per cwt. for the next five years, after which period no duty will be necessary for protection purposes. If our proposal is accepted the price of imported articles will be Rs. 20/- per cwt. which after allowing for selling expenses enables to make both ends meet for the present.

As the Tata Iron & Steel Co. are not at present in a position to manufacture wire rods which form our raw material, we submit that wire rods should be excluded from the additional import duty that may be levied to grant protection to the Iron and Steel Industry till such rods are manufactured in sufficient quantities in this country.

As regards granting protection, to Tata Iron and Steel Co, we approve of same and strongly urge same being given early and to the fullest extent. This will not affect us during the first five years of our contract but will affect us during the next five years to the extent of half the protection granted to Tata Iron & Steel Co. under the terms of our present contract with them.

We have the honour to be,

Sir,

Your most obedient servants.

For the Indian Steel Wire Products Ltd.

Lalubhai Walchand Capadia & Co.

Agents.

APPENDIX "A"

Total Imports during the Last three years.

Wire.	QUANTITY.			VALUE (Rupees).		
	1919-20	1920-21.	1921-22	1919-20.	1920-21	1921-22,
	Tons.	Tons.	Tons.	Rs.	Rs.	Rs.
Fencing ...	620	924	657	3,16,640	5,80,760	2,51,370
Others ..	5775	4608	3301	26,07,820	29,60,620	13,03,980
Nails ...	6689	9445	7260	32,50,170	55,28,640	26,17,120
Rope ...	3457	2965	2145	30,21,390	35,40,350	23,91,200
Total ...	16,541	17,942	13,363	91,96,020	1,26,10,370	65,63,670

APPENDIX "B"

**Total Imports from different countries during the
Year 1921-22.**

1921-22. Fencing wire from				Quantity (in tons)	Value (in Rupees).	Value per ton (in Rupees.)
United Kingdom	...	....	174	94,878	545
Germany	...	...	332	98,389	296
Belgium	...	...	100	29,500	295
U.S.A.	...	....	39	22,687	581
Other wire from :—						
United Kingdom	...	...	559	4,03,794	722
Germany	...	...	1811	5,36,926	291
Belgium	...	...	659	2,46,657	374
U.S.A.	...	...	156	80,956	512
Other Nail from :—						
United Kingdom	...	...	301	1,20,645	400
Germany	...	...	3179	10,32,786	324
Belgium	....	...	3570	13,50,543	378
U.S.A.	...	...	70	30,833	440
Total	Tons,	...	10,950	Rs.40,48,594		

Total British tons.	...	1,034	Rs. 6,19,317	598	}
Total Non-British tons.	...	9,916	Rs. 34,29,277	345	
Therefore British percentage.		10%		15%	

* Therefore British goods are 73% costlier than other goods.

NOTE:—The figures of total imports of wire rope and also other imports have not been included in the above statement.

APPENDIX "C"

Comparative Statement of actual Sales of British Goods for Export to India and Market prices for the same goods for consumption in United Kingdom, during 1922.

1922. Months.	F. O. B. Price Eng. Port,			Market price in England.	Percentage.	
	£. s. d.			£. s. d.		
January	...	8	1 1	F.O.B. Eng. Port.	10 10 0	30.36
February	...	8	3 6	Do	10 10 0	28.44
March	...	8	6 5	Do	10 10 0	26.18
April	...	8	9 3	Do	10 10 0	24.07
May	...	8	5 6	Do	10 10 0	26.88
June	...	8	4 6	Do	10 2 6	23.10
July	...	8	3 3	Do	10 0 0	22.51
August	...	7	19 6	Do	9 6 3	16.77
September	...	7	18 3	Do	9 0 0	13.74
October	...	7	17 0	Do	9 0 0	14.64
November & December		7	17 0	Do	8 15 0	11.46
					Average	19.84 %



APPENDIX "D"
STATEMENT SHOWING COMPARISON OF COSTS.

Description.	Project- August 1922. 3 Shifts. Production. 750 tons.	Actual cost per ton for May Production 87 tons.	Actual cost per ton for June Production 84 tons.
	Rs. as. p.	Rs. as. p.	Rs. as. p.
(1) Lime, Sulphuric Acid, Oils Lubricants, Tool Steel, packing materials, &c.	43 8 0	42 8 0	45 8 0
(2) Coal, Coke & Coke dust ...	5 0 0	5 0 0	5 0 0
(3) Electric and Water Supply.	9 4 0	9 0 0	8 0 0
(4) Wages ..	10 7 0	27 4 10	24 13 5
(5) Overhead charges ...	15 10 1	133 10 10	139 15 9
(6) Insurance, Postage, Welfare and all other direct and indirect charges	7 0 0	12 0 0	18 0 0
Total Rs. ...	90 13 1	229 7 8	241 5 2

NOTE:—(1) The "Wages" and overhead" charges for May and June include the salaries of two foreign Experts amounting to Rs. 3200/- per month i.e. Rs. 35 and Rs. 38 respectively per ton which should be now deleted from our calculation of cost as their services have been dispensed with. Thus the total cost for the following months per ton would be Rs. 194-7-0 and Rs. 203-5-2 respectively.

(2) Head office expenses Rs. 3000 on only 87 and 84 tons work out at present at about Rs. 35-8-0 and Rs. 35-12-0 per ton which working on 3 shifts will reduce the total cost per ton to Rs. 158-15-8 and Rs. 167-9-2 for May and June respectively.

(3) Similarly if Jamshedpur overhead charges (Rs. 2818) were distributed over 87 and 84 tons work out at Rs. 32-6-3 and Rs. 33-8-9 per ton which working on 3 shifts will further reduce the total cost per ton to Rs. 126-9-5 and Rs. 134-0-5 for May and June respectively.