

Evidence recorded by the Indian
Tariff Board during the enquiry
into the Question of Tariff Equality
in respect of the Manufacture of
Printing Type.



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(c) Re. 0-9-9 to 0-9-3 per lb. on an average for English character types and Re. 0-14-3 per lb. for vernacular types.

NOTE.—We have come to know from private sources that an important English type foundry has reduced its selling price of English character types to Rs. 1-8-0 per lb.

18. Our current rates are:—

Rs. 2 per lb. for 12-point, English.

From Rs. 1-13-0 to Rs. 2-0-0 per lb. for vernacular types.

Less discounts, if, and when necessary, according to the quantity of order placed; less agents' commission when any.

NOTE.—In September, to compete with foreign type selling cheaper in Delhi and outside we had to reduce Hindi type rates to Re. 1-4-0 for 12-point type.

19. (1) Large presses which have for years bought our types, need the existing stock to be replenished with our types.

(2) Facility to get sorts.

(3) Also because the ordinary presses are not still fully aware of getting cheap foreign types.

(4) Personal influence.

(5) Dependability.

20. Yes.

21. About 20 to 25 fairly large type foundries and about 40 small ordinary foundries.

22. No.

23. Till a year or two back competition was practically confined to English types; now it is felt in respect of vernacular types also, especially Devnagari, Urdu, Sindhi. We have reasons to believe that even for vernacular types the competition is bound to be as keen as for English types.

24. (a) About 60 per cent.

(b) About 40 per cent.

25. (a) It will serve the purpose of the tariff, if the imported type metal for foundries be defined as "type" metal.

(b) Government agreeing to allow free import of type metal will afford no relief to Bombay as well as to the foundries manufacturing their own type metal situated in other parts of the country except to certain foundries in Madras.

Regarding Appendices A and C we do not desire publication of the information given; we give it confidentially to the Board only to help them in their inquiry.

On these points, oral evidence, if needed, be taken in camera.

APPENDIX A.

Question 1.

Constituents of the hard metal—

| | Per cent. |
|--------------------|-----------|
| Lead | 63½ |
| Antimony | 26 |
| Tin | 10 |
| Copper | ½ |
| TOTAL | 100 |

APPENDIX B.

Question 10.

| | Output in lbs. |
|----------------|-------------------|
| 1923 | 81,300 |
| 1924 | 126,700 |
| 1925 | 88,260 |
| 1926 | 51,100 |
| 1927 | 50,600 |

Capacity to turn out types—lbs. 75,000 to 80,000.

APPENDIX C.

Question 11.

(a) Cost of type metal per lb.—annas six.

(b) Cost above type metal—ten to eleven.

If we have the possibility to work the foundry to capacity about 12 per cent.

No consideration is taken in the above figures of dead loss, bad debts, etc.

The Nirnaya Sagar Press and Jawaji Dadaji Type Foundry, Bombay.

Letter dated 31st October 1928.

With reference to your questionnaire of 29th July 1927 supplied to me by the "Type Foundry Owners' Association, Bombay", I beg to send you herewith my replies to the several questions relating to the type manufacturing industry.

REPLIES OF THE NIRNAYA SAGAR OR JAWAJI DADAJI TYPE FOUNDRY TO THE QUESTIONNAIRE ISSUED BY THE TARIFF BOARD ON 29TH JULY 1927.

1. Lead, Antimony and Tin, mixed in the ratio of 32: 13: 5.
2. None of the materials except Lead from Burma are produced in India.
3. To our knowledge there are no commercial firms in India manufacturing type metal for sale.
4. Our Foundry has been manufacturing its own type metal since its inception in 1864 and has manufactured type metal to the extent of types cast, as shown in the reply to question 10.
Constituents of the metal as per item 1.
5. We have been using only our own type metal.
6. For all these years we have never used foreign type metal.
7. For manufacturing our own type metal we locally purchase the virgin constituent metals.
8. (a) The local c.i.f. cost of the ordinary type metal is about Rs. 42 per cwt. (112 lbs.).
(b) About 18 per cent. to 20 per cent. more than (a).
9. About 8 per cent. to 10 per cent. of the type metal is wanted in the entire type manufacturing process.
10. Actual production—

| | Cwts. |
|----------------|-------|
| 1923 | 900 |
| 1924 | 1,000 |
| 1925 | 850 |
| 1926 | 725 |
| 1927 | 650 |

If there is no price cutting by foreign competition we can manufacture and sell more types; if we work at full capacity we can make about 850 cwts. of types.

11. Works cost per cwt. would be Rs. 106.

(a) Type metal about Rs. 40 per cwt.

(b) Labour charges about Rs. 64 to 66 per cwt.

12. (a) A small foundry capable to sell its type beyond local area will require premises having a rental of about Rs. 200 monthly;

(b) About Rs. 80,000 for machinery and plant; and

(c) Equipment and furniture, etc., about Rs. 10,000.

13. Depreciation is allowed by the income-tax at the following rates in Bombay:—

2½ per cent. for building.

5 per cent. on machinery.

7½ on matrices and moulds.

14. Working capital required for present output is Rs. 1,25,000 and Rs. 1,50,000 for working capacity.

15. The rate of interest we pay is 9 per cent. per annum.

16. We have no Agents.

17. (a) English types, cost Rs. 2 per lb.

(b) American types, Rs. 2-4-0 per lb.

(c) And German types, Re. 0-10-0 per lb. and Re. 0-14-0 per lb. for vernacular types.

18. Our current rates for the English types are Re. 1-2-0 per lb. and Re. 1-4-0 as per lb. for the vernacular types.

19. Our type commands a sale because of our long established clientele, and specially because the cut of our types is better appreciated.

20. Our type is as good as foreign types.

21. There are about 20 good foundries and about 40 to 45 small ones.

22. Type metal cannot be used for any other purpose except for the manufacture of type.

23. Foreign competition till recently was confined to English types only but with the import from Germany of cheap German types, competition in vernacular types had also commenced and from the recent import figures and the latest advices of further reduced prices, our industry is now in imminent danger of being shortly taken.

24. Of the total types manufactured by us—

(a) about 25 per cent. are English types, and

(b) about 75 per cent. are vernacular types.

25. (a) "Type metal".

(b) The removal of the import duty will be of no benefit to the foundries that prepare their own type metal. On the contrary the general effect of such removal will be to encourage import of type metal and open a new market to foreign labour so far as the manufacture of type metal is concerned and as a result, native manufacture of type metal would be further discouraged to the advantage of foreign competition as the constituents of the type metal will be subject to a duty which will be exempted in the case of imported type metal. So removal of duty on type metal merely would not afford a real protection to the indigenous industry. The real way to protect type industry will be to impose a duty on imported type to the extent of 60 per cent.

The New Anand Sagar Type Foundry, Bombay.

Letter dated 3rd November 1928.

REPLIES TO THE QUESTIONNAIRE ISSUED BY THE TARIFF BOARD ON 29TH JULY 1927.

1. Lead, Antimony, Tin and Copper. In the following proportions:—

| | Per cent. |
|------------------------|------------|
| (a) Lead | 72½ |
| (b) Antimony | 25 |
| (c) Tin | 1½ |
| (d) Copper | 1 |
| TOTAL | 100 |

2. We get lead from Burma and we import something refined lead from England.

3. Special firms dealing only in type metals are not known to us. Some foundries manufacture a small quantity for their constituents.

4. We have manufactured our own type metal since the establishment of our foundry in 1924.

In 1927 we made 285 cwts. of type metal.

For constituents of our type metal refer to item 1.

5. As above, see reply to item 4.

6. Nil, nil.

7. We do not import type metal but buy virgin metals locally. Type metal mostly comes from England.

8. The rates depend upon the quality of the metal.

(a) Rs. 35 to Rs. 40 c.i.f. Bombay for ordinary good metal.

(b) About Rs. 42 to Rs. 47 delivery Foundry.

9. About 5 per cent. when the type metal is made and about 5 per cent. further from casting of the types till finish.

10. In 1927 we manufactured 28,500 lbs. of type.

We can manufacture 40,000 lbs. with ease.

11. (A) Rs. 31-8-0 per cwt.

(B) Rs. 42-0-0 per cwt.

12. (a) We pay as rent Rs. 150.

(b) Rs. 85,000.

(c) Furniture, etc., Rs. 10,000.

13. About Rs. 5,500 per year at least—Depreciation at the rate as allowed in Bombay.

2½ per cent. on building.

5 per cent. on machinery.

7½ per cent. on matrices and moulds.

14. (a) Amount for working capital is about Rs. 85,000.

(b) Amount for building to the capacity is about Rs. 1,10,000.

15. The minimum rate may be calculated at 7½ per cent. and maximum 12 per cent.

16. (a) We pay commission on an average to agents 10 per cent.

(b) Our Bombay office manager's charge, etc., is Rs. 6,000.

17. (a) About Rs. 2 per lb. known good foundries.
Other foundries not very well known quote Re. 1-6-0 to Re. 1-8-0 per lb.
- (b) Rs. 2-4-0 per lb.
- (c) Re. 0-12-0 per lb.
18. Our current English style type rates are Re. 1 per lb. and Re. 0-14-0 vernacular types.
19. We could sell our types due to our low price which we have to keep to introduce our types in the market.
20. Quantity of our types is a little lower; if we can get full rate, i.e., Re. 1-4-0 to Re. 1-8-0, we are able to make types as good as German or English. At our low rate, we cannot afford to make types equal to English standard.
21. As per list attached.
22. No.
23. Two years after we established our foundry we have realised the sad state of this industry. Competition is more in English types, but we anticipated the same keen competition even for vernacular types shortly as they already commenced to arrive in fairly large quantity.
24. (a) About 25 per cent.
(b) About 25 per cent.
25. Removal of duty from type metal would not give us any benefit; if it is not possible to remove duty from virgin metals, imported types be made to pay 55 to 60 per cent. duty. Otherwise there will be no real benefit to our industry.

Bombay Type Foundry Owners' Association.

(1) *Letter without date (received on the 2nd December 1927).*

I have pleasure to send herewith a copy of the telegram and the subsequent representation sent by the Chairman, Bombay Type Foundry Owners' Meeting held in Bombay on 30th August 1927.

This was prior to my Association was formed.

I understand that a copy of the said representation was also sent to the Secretary, Department of Commerce, Simla, and Secretary, Revenue Board, Simla, but there was no further reply from them except mere acknowledgment.

I also attach a copy of the telegram sent by the Bombay Type Foundry Workmen's meeting on 1st September 1927.

I shall thank you to acknowledge receipt of the enclosures sent.

Enclosure No. 1.

The resolution passed at the Meeting of the Type Foundry Owners of Bombay on Tuesday, the 30th August, 1927.

"This meeting of the Type Foundry Owners in Bombay, held on 30th August 1927, strongly protests against the amendment of the Indian Tariff Act of 1894, so far as it affects Types, Leads, Lead and Brass Rules, Metal and Wooden Quoins, Metal Furniture, Shooting Sticks and Galleys by the proposed removal of duties thereon as the same will be detrimental and suicidal to the infant Type Foundry industry of this country and request the Government that with a view to protect and strengthen it, the existing duty on the above articles be enhanced to at least 15 per cent. *ad valorem*."

"This meeting also authorises its Chairman to communicate this resolution, with any further explanation that may be necessary, to the parties interested in this question and also to the Department of Commerce, Government of India, Simla, and the Members of the Legislative Assembly and Council of State."

Enclosure No. 2.

True copy.

This mass Meeting of Labour employed in Type Foundries, Bombay, protests against proposals made by Department of Commerce, under Amendment Tariff Act, 1894, to remove duty on Types, Leads and Foundry articles. Due bad unfavourable trade and import of cheap foreign types especially from Germany employment of Labour and Wages are being reduced in Foundries since some time past. In view of this unless further heavy duty is not imposed on imports of Types and Local Foundry made materials labour would be thrown out and unemployment increase. Commerce Department proposals create misgivings. Request Government take immediate timely action to protect labour by protecting our industry, otherwise consequences will be serious all over and type industry ruined.

VIRJI HEMCHAND,
Chairman,

Bombay Type Foundry Workmen's Meeting.

Virji Hemchand,
76/84, Ramashram, Kandewadi,
Bombay,
1st September.

Enclosure No. 3.

GAIWADI, GIRGAON,
BOMBAY, 4,
1st September 1927.

FROM

CHHAGANLAL THAKURDAS MODI,
CHAIRMAN OF THE MEETING OF THE
TYPE FOUNDRY OWNERS OF BOMBAY,

TO

THE SECRETARY,
DEPARTMENT OF COMMERCE, GOVERNMENT OF INDIA,
SIMLA.

Re Amendment of Indian Tariff Act, 1894.

DEAR SIR,

I have the honour to confirm my telegram dated 30th August 1927 and to forward to you the full text of the resolution passed by the meeting of the "Type Foundry Owners of Bombay", held on 30th August 1927.

In connection with the said resolution I am desired by the said meeting to submit to you the following main reasons, amongst others, why it considered it undesirable to remove any duty on Types, Leads, Lead and Brass Rules, Wooden and Metal Quoins, Metal Furniture and sundry articles made by type foundries in India and used in printing presses. On the contrary, the meeting was of opinion that it was necessary to request the Government to take immediate steps to protect this industry by enhancing the existing duty to at least 15 per cent.

1. The raw products, viz., Antimony, Lead and Tin, from which types are made, pay an import duty of 15 per cent. *ad valorem*, and Rs. 250 per ton respectively, whereas the manufactured article "Types" will, if the Government's amendment be accepted and passed, pay no duty whatsoever.

This is very unnatural and contrary to any sound ethic of administration, industry or business.

This is unjustifiable also on any ground of sound reasoning.

It was in view of this that the meeting urged on the Government to impose a duty of 15 per cent. at least on the imported types, especially

to counteract the unnatural and unjustifiable advantage they derived by the so far nominal duty on them.

The reason for suggesting 15 per cent. duty is because Lead and Antimony, the two main components of the type metal, pay as much as 15 per cent. *ad valorem* duty.

2. Two years back, Government increased duty on paper and ink—two other branches of the printing industry—with a view to protect and encourage these two industries.

It, therefore, looks strange that the Government in the same breath proposes legislation that may ultimately help in crushing out the undeveloped type industry of this country.

3. The meeting wondered if the Government were aware that the dumping of cheap German types seriously menaced the local young type foundry industry.

The following figures speak for themselves:—

IMPORTS FROM GERMANY.

| Year | 1921-22 | 1922-23 | 1923-24 | 1924-25 | 1925-26 |
|-----------------|---------|---------|---------|---------|---------|
| Weight in cwts. | 1 | 79 | 275 | 884 | 859 |
| Value in Rs. | 165 | 9,441 | 24,890 | 87,807 | 70,980 |

N.B.—1926-27 figures are still not available.

The meeting also felt that if it was at all the Government's intention to give any preferential advantage to England, the object would be defeated because of the more than 50 per cent. cheapness of German types against English types as the following figures showed:—

| Years. | 1924-25 | | 1925-26 | |
|----------------|-------------------|--------------|-------------------|--------------|
| | Quantity in Cwts. | Value in Rs. | Quantity in Cwts. | Value in Rs. |
| United Kingdom | 958 | 1,66,891 | 1,053 | 2,00,979 |
| Germany | 884 | 87,807 | 858 | 70,980 |

N.B.—1926-27 figures are still not available.

The meeting was, therefore, of opinion that the proposed Government's action, without giving any concrete benefit to England, would enable the free and unhampered dumping of cheap German manufactures, especially types, to the detriment of and serious harm to the growing young type industry of the country.

4. Of the existing type foundries, only about 5 or 6 were established more than 30 years back, in the vast continent of India, whereas most of the other type foundries came into existence just after the war. It was, hence, that any such proposed action would seriously affect these young foundries which were still not firmly established nor were in a position to stand by themselves the unfair competition and other advantages possessed by imported types.

5. Some of the industries in general, and the type foundry industry in particular, are passing through critical times and the foundries have to make their own struggle to pull through. If, therefore, instead of giving support and strengthening the local industry by protection and encouragement, by raising the duty on imported types to 15 per cent. Government were to take any suicidal action in the opposite direction, same would result in the foundries being not able to stand the foreign competition and such an action would ultimately kill this industry.

6. The meeting also apprehended that if the Government were not to take effective steps and give the long delayed protection to this industry very promptly, the labour employed in the foundries would be thrown out at no distant date and would further augment the already existing critical unemployment situation. It was, hence, that the meeting urged on the Govern-

ment to extend their helping hand to labour as well and to take such steps that it might not be thrown out.

In view of the above considerations the meeting unanimously passed the resolution attached herewith and I trust Government would see the necessity not only to stop the removal of duty on types, leads, brass and lead rules, metal and wooden quoins, metal furniture, shooting sticks and galleys but to raise the existing duty to 15 per cent. at least.

I shall thank you to acknowledge to me the receipt of this letter at the above address and to send any further correspondence at the same address.

Yours faithfully,

(Sd.) CHHAGANLAL THAKURDAS MODI,
Chairman of the Meeting of the Type
Foundry Owners of Bombay.

(2) Letter No. 4, dated the 25th January 1928.

I have the honour to herewith forward my Association's reply to your questionnaire dated 29th July 1927 in respect of Type Foundry industry. I shall thank you to acknowledge its receipt.

I shall also feel thankful to you to inform me the earliest date when the Tariff Board will hold an inquiry into this question and when it is likely to visit Bombay.

Enclosure.

Reply to the questionnaire.

1. Lead and Antimony generally; some foundries add Tin and Copper. Least 10 per cent. of Antimony must be added to Lead to call it by the name type metal. Proportions of Lead, Antimony, Tin and Copper vary in all cases.

2. None except Lead in Burma.

3. Some foundries make type metal for sale to their constituents; the Association is not aware of this being done by any firm in India on a commercial basis.

4. Do not come within the scope of the Association for reply.

5. Do not come within the scope of the Association for reply.

6. Do not come within the scope of the Association for reply.

7. Mostly it comes from England and a small quantity from America. We are not aware if it comes from Germany.

8. We understand the current rates per cwt. to be as under:—

(a) about Rs. 36 per cwt. c.i.f. Bombay, Ordinary Type metal,

(b) about Rs. 45-46, Delivery Foundry, Bombay, Ordinary Type metal.

9. From 3 to 5 per cent.; in certain foundries it goes much beyond 5 per cent.

10. Do not come within the scope of the Association for reply.

11. Excluding depreciation, interest, and agency and many sundry charges, the minimum cost will be as under:—

(a) 0-4-0 annas per pound for the most ordinary foundry made metal.

(b) 0-4-0 annas per pound for labour and office charges.

0-8-0 Total per pound.

This does not include any laboratory agency or advertisement charges, dead loss, bad debts, etc.

12. We estimate the cost of a small type foundry with, say, 8 machines as under:—

Rent 125 to 150 rupees per month, i.e., say a property worth Rs. 50,000 roughly.

Machinery, Rs. 8,000.

Tools, moulds and matrices, Rs. 45,000 to Rs. 50,000.

Sundry, Rs. 5,000 to Rs. 7,000.

Total Rs. 1,08,000 to Rs. 1,15,000.

Such a foundry must annually expand till a certain stage is reached.

13. On the above Rs. 1,250 for building depreciation at $2\frac{1}{2}$ per cent. and Rs. 4,500 on moulds, matrices and plant at $7\frac{1}{2}$ per cent.

14. With reference to figures given in item 12, lowest Rs. 80,000 maximum may go beyond Rs. 1,00,000 as it depends upon the nature of the work the foundry does.

15. Rate of interest on borrowed money should be calculated at $7\frac{1}{2}$ to 9 per cent.

16. Do not come within the scope of the Association for reply.

| | |
|-------------------|--|
| 17. (1) Rs. 2 8 0 | } per lb. of 12-Point English or Pica types. |
| (2) Rs. 2 4 0 | |
| (3) Rs. 0 12 0 | |
| Rs. 0 14 0 | |

18. In Bombay local made 12-Point English Types sell from Re. 0-14-0 to Rs. 2 per lb. and vernacular types also at similar rates.

19. Proximity of the foundries.

Great facilities to get sorts.

Personal influence of local canvassers.

Import of German types has commenced only recently.

With more advertisement and the printing presses coming to know more of them, their types will sell enormously, and English or American types will have no market here worth the name.

20. Not in all cases; the type metal of some of the type foundries is indeed very low compared either to (a) or (b).

21. Separate list is appended.

22. No.

23. To both English as well as vernacular types; effect of competition in respect of vernacular types has now commenced to be felt.

24. Taking the output of all the foundries we know of in Bombay, we believe the proportion of English and Vernacular types will come to $\frac{1}{2}$ and $\frac{1}{2}$ respectively.

25. Type metal.

General Remarks.

Reduction of duty on type metal alone will be only partial and inadequate relief. A lot of the constituents of the type metal come as raw or virgin metal which the type foundries use, to make type metal locally.

The relief, if any, will be uniform, only if the finished foreign type is made to pay a fairly adequate duty of about 25 per cent.

The Association is aware that it is not so much the English and American types which severely compete with local products as the German made cheap types. But as long as the English and American types pay only $2\frac{1}{2}$ per cent. tariff duty against 15 per cent. paid on raw or virgin metals or type metal, a serious and justifiable ground for grievance remains.

(3) Letter dated 1st November 1928.

With reference to my letter dated January 25th, 1928, I have to request you to note the following in connection with the replies to your questionnaire.

Question 17—

- (1) Reply should read 2/4 instead of 2/8.
- (2) Reply should read 2/8 instead of 2/4.

I have also to inform you that the c.i.f. price of German made types, as per latest advices from Germany, is about Re. 0-9-6 to Re. 0-10-0 per lb. for English character types and Re. 0-14-0 per lb. for Vernacular types.

My reply to the Board's Question 17 (3) was on the basis of prices ruling and known to my Association in December 1927.

(4) Letter dated 1st November 1928.

In continuation of my letter, dated January 25th, 1928, and in further explanation of the answers to the questionnaire, I am directed to address you as follows:—

1. The Type Foundry Industry is still an infant rising industry of India, most of the foundries having been established after the War. Even it is admitted by Sir George Rainy that "It is considered desirable that the duty should be retained for the present in order to avoid prejudice to the manufacture of printing type and similar articles, an industry which has recently been started in India."

2. (a) "It should be an essential part of the fiscal policy of the Government that the raw materials should be made as cheap as possible and that therefore the duty should be kept as low as possible."

(b) "Government should see that no foreign industry should be allowed to import free (or with almost nominal duty) the articles on which local industries have to pay duties."

On the contrary, we find Government levying a duty of 15 per cent. on raw materials, viz., virgin metals—Antimony, Tin, Lead—and allowing the finished products, like the types made from these metals, to be imported with only 2½ per cent. duty.

(c) "Even till the Government change their whole policy of tariff they should give precedence in affording relief to an industry that is not well established or is passing through a period of depression."

We may mention that Type Making Industry is certainly not well established in India and in view of the dumping of foreign types and the trade depression, it is passing through a period of depression.

We quote the above arguments *almost* in the same words as used by Sir George Rainy on September 8th, 1927, when moving the Bill to amend the Tariff Act (*vide* Vol. IV, No. 59, Legislative Assembly Debates, 8th September 1927).

3. The protection or relief, if afforded, should be adequate.

The local industry is apparently under a disadvantage in having to pay 15 per cent. duty on raw materials as shown above; the exchange ratio again gives foreign manufacturers an advantage of 12½ per cent. Add to this the very cheap price of German types, costing only Re. 0-9-0 to Re. 0-9-6 per lb. c.i.f. Bombay, against types of ordinary type metal offered in Bombay at Re. 0-14-0 per lb. or types of very poor quality sold in Southern India.

4. By maintaining an unjustifiable Tariff, the Government of India, even if so minded or desired, is not and will not be able to help the English Type Foundry Industry (as the following figures shew); on the contrary it makes it very easy for the import of cheap German types to the serious detriment of the local Industry and to the sure possibility of crushing it down as an Industry.

The cheapest English made types manufactured by Foundries not very well known, cost about Re. 1-2-0 to Re. 1-4-0 per lb. against which superior quality German made types are available at about Re. 0-9-6 c.i.f. Bombay.

5. A vigilant and shrewd Government would provide every means and facility for the children of the soil to get scientific and technical education. Unfortunately there are no such facilities available for this Industry locally; on the contrary, important responsible posts in Government Presses and Foundries are given to Europeans, and hence the local talent does not get opportunities to advance and progress nor the industry gets any benefit.

6. On the ground that the artificial silk yarn be made available cheaper to the local manufacturers like hand loom weavers, etc., and declaring that the maintenance of any duty on it was unfair and unjust, although the imports of such yarn had increased 30 times in 1925-1926 than what it was in 1920-1921 (in spite of the import duty) the Government came out to remove the duty on artificial silk in last September 1927.

In our case, by allowing the import of types with only a nominal duty and maintaining a high duty on raw materials, Government consciously or unconsciously and without any special benefit to itself is throttling a young Industry. Thus the Government policy does not look consistent.

7. While speaking on the Indian Tariff Bill on September 8th, 1927, Sir Basil Blackett said that a duty falling on Machinery, so long as it is imposed purely for revenue purposes, is obviously in the nature of a tax imposed on the raw materials. It adds to the cost of the finished products, and is, therefore, open to objection.

How much more objectionable it should then be that the raw products are taxed highly while the finished products made from the same materials are nominally taxed, with the result that this young Industry is to-day forced to ask for special relief, at the hands of the Government.

8. In spite of India having few paper mills and although the quantity consumed is beyond the capacity of Indian Mills to produce shortly and although certain kinds of paper are not made in India, Government have imposed a heavy duty on the import of paper.

In our case, if all the imports of Types were to be stopped to-day, Indian Foundries would supply that want; secondly, there are many foundries already existing in India, and as the foreign types compete with the very types that they make, the Government, if it is fair, should see its way to support and protect this industry as it has protected the paper industry.

In this connection the following extract from the British and Colonial Printer and Stationer makes interesting reading and further supports the claim for protection:—

“Extracts from an article on “PRINTING IN SOUTH AFRICA” that appeared in the British and Colonial Printer and Stationer, London, dated August 18th, 1927.

“SOUTH AFRICAN PRINTERS’ PROGRESS:—

“As regards the state of the trade in South Africa, Mr. Radford reports that Printers are experiencing an improvement of business. This is attributed partly to the recently introduced protective tariff duty of 40 per cent. on printed matter. As South African Printers can themselves produce almost all the Printing required in the Union—with the exception of certain specialised lines, such as fancy calendars and Christmas cards—they pressed for and obtained this duty on the general run of Printing; and they are now congratulating themselves on the result.”

9. The Type Foundry Industry in India has already begun to suffer substantially on account of the import in this country of the printing type manufactured specially in Germany. The resources of the German manufacturers—financial, industrial as well as technical—are such as to enable the German type to cost in this country from forty to sixty per cent. cheaper than similar Indian made types. Till very recently the vernacular type was almost a monopoly of Indian foundries, but now even vernacular types

like Devnagree, etc., have been imported from Germany and it will not be long before vernacular types of Bengali, Kanarese, etc., will also be manufactured in Germany. The working foundries in Bombay and in certain other parts of India have already begun to feel the effect of the cut prices at which German type is available. All foundries in India are alarmed at the potentialities of which the present effect is only an index. Although it is a fact that from one cwt. in 1921-1922 the German import of type went up in 1926-1927 to over 900 cwt. the import does not still satisfy more than a very small fraction of the whole needs of this country. But this steady rise is proof positive of what the imports can, in ordinary circumstances, be in another quinquennium and in another decade. In 1923-1924 the imports of German type totalled 275 cwt. only, while in 1924-1925 they were 889 cwt. For this quinquennium the German imports have been steady at about that figure, which means that the German type has displaced the indigenous type to that extent especially in big cities. During these years the reconnoitring work has been done on a much larger scale and a net work of organisation is developing. Things remaining normal, they are sure to take the next big jump shortly almost in the same proportion as the imports of 1923-1924 bore to those in 1924-1925. It is quite a reasonable expectation that the average annual figure for the next quinquennium should stand at 4,000 to 5,000 cwt. and the next after that anywhere from 10,000 cwt. and upwards.

Unless something be done to arrest it, the avalanche of imported German type may in a decade bring about the complete ruin of Indian type foundries except for purely subsidiary purposes.

One very pertinent fact about the cheap German types is that they have so far affected only indigenous type but have almost left the imports of British type untouched. The British imports for the year 1923-1924 stood at 989 cwt. and the German at 275 cwt., while in 1925-1926 the British imports stood at 1053 and the German at 853. This examination of figures will show that the increased and ever increasing imports of cheap German type are not to-day hitting the British Manufacturers but only the Indian Foundries. The competition is not general but is the special concern of Indian manufacturers, who are, on that account, forced and entitled to ask the Indian Government to protect them.

The Association has in its reply to the questionnaire specifically referred to keen cut-throat German competition, mainly because the danger is imminent and is capable to be clearly gauged by the Tariff Board; my Association is, however, not unaware that price cutting in English manufactured types has already commenced. The selling rate of about Rs. 2 to Rs. 2-4 per lb. of English manufactured types is only of important and well known British type foundries, but the types manufactured by other foundries not so very well known or important, are offered for sale even to-day at about shilling 1/9 per lb. less 12½ per cent. to 15 per cent. discount.

My Association has come to know also that, in view of the German types gaining ground in India, a well established, well known and important British type foundry proposes, to hold the market, to shortly reduce its price from about Rs. 2 to Rs. 1-4 per lb. for 12 point (pica) types. The negotiations in this connection are said to be in progress and my Association refers to same only to show that the unhealthy competition is affecting English productions as well. If, therefore, the price cutting in English made types takes place similarly in very near future, the danger from that quarter will not be less than from Germany, which is already pointed out.

10. The very first question that is always raised when any Indian industry seeks protection is "what of the customs revenue?" In this case, it is most easily disposed off. To start with, Government were willing of their own initiative to forego even the insignificant amount, viz., about Rs. 8,000 that they realise at present and it was only because the question of a protective tariff was raised that the present import duty of 2½ per cent. was retained. Besides, the virgin metals or type metal, when imported,

pay a duty of 15 per cent. In fact, the customs department ought to welcome imports of the virgin metals or type metal in preference to manufactured type. If a protective tariff is imposed on the imported type; Government are never likely to realise at the customs gate less than they are doing at present. Assuming that a duty of 60 per cent. is imposed as pressed by us, merely five per cent. of the present amount of imported type will pay into the treasury what the total imports of types to-day are doing. On the other hand if the type foundry industry in India maintains its ground and expands normally, Government stands to gain a good deal directly, e.g., through increased income-tax receipts and indirectly through the employment of skilled labour with consequent improvement in their standard of life. A well established industry must please every Government not only on its altruistic but also on its selfish side.

11. It has been suggested that any increase in the duty on imports of type may mean a tax on knowledge. The slightest acquaintance with the production and sale of books or newspapers will satisfy any reasonable person that this suggestion is as far from reality as possible.

Even assuming that the presses pay a trifle more for types, the higher cost, if any, is distributed over a number of impressions one can take from these types, say about 3,00,000 to 4,00,000 and hence the rise in first cost per piece of printed matter is hardly appreciable.

The infinitesimal difference does not come to be borne in practice by the buyer of "printing," i.e., either the booksellers or the readers. And what is this difference after all when we take into consideration factors like the duty of one anna per pound on paper, the book post rate of half anna for five tolas of printed matter, etc., which are rather more direct and more oppressively heavy taxes on knowledge compared to higher cost resulting from protective duty on imported types.

On the other hand a little reflection will shew that even if it did work as a tax on knowledge, the proposed protective duty is a lesser evil than the gloomy prospect of a ruined industry and the consequent monopoly vested in a foreign country. When that position is realised there will be nothing to prevent the prices even of foreign type from going up. That this is not a fanciful idea is proved by the very recent action of the Java Sugar Trust, who have charged for sugar supplied to India nearly Rs. 12 per ton more than the countries west of Suez (as can be seen from a telegram that has been addressed to Sir George Rainey on this subject by the Bombay Sugar Merchant Association).

12. It has been said that the whole question is trivial as the total figures involved are insignificant. If this be a fact, the illiteracy prevailing in this country and the enforced purchase of foreign books for all higher and secondary education, as well as the printing on account of Government and the school text books that are allowed to be printed in England and elsewhere, are also responsible. On all sides, however, one can see strenuous efforts being made to spread primary education and to propagate even higher education in vernaculars. Already one has before him a widening and hopeful vision. The Type foundry industry in India is an expanding industry, i.e., if it is allowed to stand in the face of the powerful undercutting expedition launched from outside. It is the future to which the Association looks and to which attention of the Government is invited. To the people of India even a small industry is not inconsiderable especially when it does supply more than eighty per cent. of the country's requirements of a particular commodity and reasonably expect to keep on supplying the increasing demand.

13. The Type founders in India have hitherto supplied more than eighty-five per cent. of the type required in this country. No other evidence is necessary to prove their capacity to do so and to be able to supply cent per cent. demand. It may here be repeated that there were till very recently almost no imports of vernacular type. The skilled as well as the unskilled labour required for this industry is available in India and given reasonable assurance, this industry will be able to induce the necessary capital. As

regards the raw materials Burma supplies lead which is the main constituent of the type metal, say about 75 to 80 per cent. The other two constituents, tin and antimony are only very small quantities of the virgin metals imported into India for all sorts of purposes and there is no reasonable possibility of India not being able to get such necessary supply for manufacturing printing type.

14. Type is a key material in the preparation of books and papers and it is extremely desirable that a big country like India should be self-supporting in respect of it. It is surely undesirable in the extreme that advantage of certain favourable factors should be so allowed to a foreign country as to virtually hand over to it the entire control of such a key material. As a body of commercial men, this Association does not entertain alarmist ideas but likes to think as a practical body and therefore cannot rule out of the world the possibility of another international upheaval. Such an upheaval would at once dislocate and even paralyse the whole press in India if the type foundry industry be reduced by that time to the position pictured in the foregoing paras. Even a trouble between the two countries, in this case between India and Germany, may seriously hamper education in India. That is not a prospect any Government can look with unconcern if it has any solicitude for its people.

At present about three thousand skilled labour is estimated to be employed in this industry in India. This number is sure to multiply with the legitimate expansion of literacy. Besides these there is a large number of engravers, matrix-makers, designers, punch-makers, etc. Again there is a large batch of unskilled labourers finding employment in this industry. The skilled workmen have had to devote years to attain their present skill and will find themselves seriously handicapped if they are thrown out of employment. Already unemployment is prevalent in India both in regard to skilled as well as unskilled labour. Any addition to the rank of the unemployed will aggravate the present distress and any shrewd Government will try to stop such a catastrophe.

Many of the large presses in India have type foundries as subsidiary branches. They have invested capital in them and have made many other arrangements on the basis of the foundries being an integral and inseparable limb of the presses. They will be either great losers or will be seriously upset if they find that their foundries are not paying propositions which can be realised if the German type drives the Indian type out of the Indian market.

15. The demand of this Association is for a protective duty to be imposed on the imported printing type to the extent of 60 per cent. It ought to be made a definite protective tariff so that the Legislature will have to be consulted for modifying or repealing it and the Executive cannot interfere with it.

My Association has revised its former demand in view of the further heavy price cutting of German made types; even first class English foundries are now reported to have reduced their prices from Rs. 2 to Rs. 1-4 to hold the Indian market against German competition and already small English foundries have begun to offer English made types at Rs. 1-2 to Rs. 1-4.

In the opinion of this Association the removal of the duty on type metal will not serve any useful purpose. To the best of its information, the Association can say that type metal is not generally imported except in Madras for commercial type foundries. Besides so long as virgin metals will have to pay import duty, it will be unreasonable to allow type metal duty free.

16. Many of the type foundries are only of recent growth; they have come into existence after the War.

The industry has reached its present state as a result of incessant and even unremunerative labour and industry of the past few years.

As a growing industry the Capital it has attracted is not negligible but further capital is shy to come because there is not the reassuring factor of its stability.

After the War this Industry has been subjected to the same disturbing forces as every other industry in India. In the inevitable reshuffling the owners of the foundries have been recently striving their utmost to maintain their ground. They are also not blind to the things outside their countries. They have realised the necessity to send out their men to Western countries to learn the new improved technique. But they will take some time to achieve success in these new directions. The Industry is therefore entitled to be protected till it grows sufficiently strong and is well developed. The advent at this juncture of this extraordinarily cheap finished product especially from Germany to-day has come like a sudden upheaval which is threatening to throw the Indian Manufacturers altogether off the ground. This Industry therefore can and does make a legitimate claim on the Indian Government for protection against the vast resources which enable Germany to create this crisis and crush a young Industry.

My Association, therefore, hopes that the Tariff Board will carefully consider the above considerations and support this Industry's claim for protection to the extent it has been sought.

General Import of Printing Types.

| Country. | 1921-22. | | 1922-23. | | 1923-24. | | 1924-25. | | 1925-26. | | 1926-27. | |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Cwt. | Rs. | Cwt. | Rs. | Cwt. | Rs. | Cwt. | Rs. | Cwt. | Rs. | Cwt. | Rs. |
| United Kingdom | 1,608 | 4,51,338 | 1,121 | 2,52,180 | 989 | 1,74,658 | 959 | 1,66,891 | 1,058 | 2,00,970 | 895 | 1,91,686 |
| Germany . . . | 1 | 105 | 76 | 9,441 | 475 | 24,890 | 889 | 87,307 | 858 | 70,980 | 913 | 98,221 |
| United States . . | 41 | 24,020 | 99 | 31,816 | 58 | 14,009 | 37 | 12,581 | 104 | 34,862 | 35 | 13,068 |

TYPE FOUNDRIES.

B.—ORAL.

Evidence of Messrs. M. C. MODI, DHIRAJLAL CHHAGANLAL, CHHAGANLAL HARGOVINDAS and R. Y. SHEDGE, recorded at Bombay on Wednesday, the 19th December 1928.

Introductory.

President.—Mr. Modi, you represent the Bombay Type Founders' Association, don't you?

Mr. M. C. Modi.—Yes. Mr. Dhirajlal Chhaganlal represents the Gujrati Type Foundry, Mr. Chhaganlal Hargovindas the Anand Sagar Type Foundry and Mr. Shedge the Nirnaya Sagar Press and Jawaji Dadaji Type Foundry.

President.—I don't know whether you were present the other day when I was examining the representative of the Allahabad Hindustani Type Foundry?

Mr. Dhirajlal.—Yes, I was.

Scope of the enquiry.

President.—The scope of the enquiry is somewhat limited; we have been asked to find out whether there is any inequality of tariff between you and the foreign manufacturer of types, that is to say, whether you are paying a duty on raw materials which is higher in the aggregate than the duty he is paying on the finished type. In this enquiry we are not going into the question of protection of the type making industry, but we are prepared to investigate whether there is a *prima facie* case for enquiring into this question of protection. If we are satisfied that there is, we may make some recommendations, but it is important first of all to find out what inequality there is in this tariff and secondly what precisely the position is as regards foreign competition.

Mr. Dhirajlal.—Yes.

Duties on Raw Materials.

President.—As regards the inequality of tariff, there are two different kinds of raw materials used; the first is the type metal on which there is a duty of 15 per cent. and then there are the virgin metals used by people to manufacture their own type metal.

Mr. Dhirajlal.—That is correct.

President.—If we remove the duty on the type metal itself, it would mean that those people who make use of virgin metals will be at a great disadvantage.

Mr. Dhirajlal.—Yes.

President.—Because type metal will be imported; but really speaking there is no one here who actually makes type metal.

Mr. Dhirajlal.—There are no commercial bodies only dealing in type metal, but founders do sell type metal. My own Foundry sells type metal to the Government Presses, the Times of India Press, the Bombay Chronicle Press and so on, but, of course, our main business is not of making type metal.

Dr. Matthai.—What you mean is that you do make a certain amount of type metal in excess of your requirements in your own casting process?

Mr. Dhirajlal.—That is so.

President.—That would be comparatively a small proportion of your whole business?

Mr. Dhirajlal.—Yes.

President.—On the Madras side they use practically all imported type metal and therefore a retention of the duty on type metal would hit them whereas the removal of it would not necessarily benefit you very much.

Mr. Dhirajlal.—But if the counter proposal is accepted—we will be going into its discussion later—then the benefit will be

President.—Do you mean by counter proposal raising the duty on types?

Mr. Dhirajlal.—Yes, we appreciate the difficulty of Government. We understand that it is difficult to discriminate between the two as the virgin metal is used not only for the making of types but also for many other things.

President.—Do you import your virgin metal?

Mr. Dhirajlal.—We either import virgin metals or buy same from local dealers.

President.—The principal materials required are lead, tin and antimony. For vernacular types I understand you use more lead?

Mr. Dhirajlal.—Not necessarily. That is probably the case in Madras where they use very low quality of type metal just to bring down the price to as low a level as possible, but in other places, especially in Bombay, the percentage of other metals is not so small. More of antimony and tin is mixed here.

Composition of type metal.

President.—What is the average percentage?

Mr. Dhirajlal.—The typical composition of the type metal manufactured by the local foundries differs much; you can safely take it as 88 per cent. lead, 10 per cent. antimony and 2 per cent. tin on an average. This is for the lowest quality of type metal.

Dr. Matthai.—That is to say, type made out of this composition would compete with the German type?

Mr. Dhirajlal.—That is not correct.

President.—Which is the type that would compete with the German type? What is the composition of that?

Dr. Matthai.—Give us a composition that would correspond to 12 point standard.

Mr. Dhirajlal.—The general recognized standard of the American and the English type metal is about 26 per cent. antimony, 63 per cent. lead, 1 per cent. copper and 10 per cent. tin. This is the average recognized composition for first class type metal. I am not quite aware what the composition of the German type metal is at present, but it may probably be a little lower than this.

Price.

President.—Now let us take the price.

Dr. Matthai.—Have you imported metals direct?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—Have you done it recently? Can you give us recent prices for lead, tin, copper and antimony of the sort that you import?

Mr. Dhirajlal.—I have not got any recent figures but the selling price of lead, antimony and tin are, Rs. 34 for antimony per cwt., Rs. 18 for lead per cwt. and 7 annas for copper per lb. and Rs. 1-8-0 for tin per lb.

Dr. Matthai.—For 100 lbs. of metal you pay Rs. 33-9-0?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—That works out to about 6 annas per lb. with labour.

Mr. Dhirajlal.—With the making of the type metal

Dr. Matthai.—Rs. 33-9-0 is the total, plus 5 per cent., that is Rs. 1-11-0= Rs. 35-4-0. That is roughly about 6 annas.

Mr. Dhirajlal.—Yes.

Dr. Matthai.—15 per cent. duty is included in it?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—Therefore you pay a duty of about 10 pies per lb. on this material?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—We have taken 9 annas 6 pies as the c.i.f. price of the German type.

Mr. Dhirajlal.—That is the average that we have worked out.

Dr. Matthai.—You mean by average taking into account all kinds of types?

Mr. Dhirajlal.—No. I am taking only 12 point type.

Dr. Matthai.—Re. 0-9-6 is the price of 12 point German type?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—How long has this price been in force?

Mr. Dhirajlal.—Since the last four or five months.

Dr. Matthai.—Is that the selling price or the c.i.f.?

Mr. Dhirajlal.—That is the c.i.f. price.

President.—Then they pay 2½ per cent. on that, that is 3 pies, and you pay 9 or 10 pies so that the inequality is about 7 pies per lb., or on a valuation of 10 annas about 6 per cent.

Mr. Dhirajlal.—It will work out to about 7½ to 8 per cent.

President.—That is what you are entitled to on these figures, isn't that correct?

Mr. Dhirajlal.—That is correct, but we have not to consider the question in that light only. May I to understand that you desire to equalise the two duties only?

President.—No.

Mr. Dhirajlal.—I have to mention this, because from your remarks it may appear that this Industry is entitled to only about 8 per cent. additional duty. Whereas, I may submit, Sir, that the duty on finished products and raw materials need not be equal, rather on finished products, it should be more.

President.—I see your point and I shall see that in our report we make a recommendation to this effect?

Mr. Dhirajlal.—I thank you for this assurance.

Specific duty preferable.

President.—We may convert the duty into a specific duty instead of an *ad valorem* duty. That would be better, would it not, because you are not up against any serious competition against more expensive types. It is better to have a specific duty whatever the figure is per lb. instead of having 7½ or 8 per cent. on the value.

Dr. Matthai.—Because if the German price falls again the duty remains the same.

Mr. Dhirajlal.—Am I to understand that you want a discriminating duty?

President.—There is no question of discrimination. The specific duty has this advantage that although the price drops the duty remains the same, whereas an *ad valorem* duty acts in the opposite direction, the more the prices drop the higher becomes the duty. In a protected industry it is better to have specific duties.

Mr. Dhirajlal.—Exactly.

President.—That is how the case stands.

Mr. Dhirajlal.—Yes, so far as the inequality of tariff is concerned.

Price of type metal.

President.—What is the price of type metal.

Mr. Dhirajlal.—4 to 6 annas for local type metal.

Dr. Matthai.—May we take it at Rs. 40 a cwt. on the average?

Mr. Dhirajlal.—That will be a little on the high side.

President.—What is the kind of type metal ordinarily used in the country for English types?

Mr. Dhirajlal.—It varies as you go from Madras to Bombay. You find a difference of about 2 annas so that 5 annas would be a fair average, or Rs. 35 a cwt.

President.—That includes the duty?

Mr. Dhirajlal.—Yes.

President.—Your metal costs you about 6 annas?

Mr. Dhirajlal.—Yes.

President.—And theirs is 5 annas with duty so that the disadvantage is about the same.

Mr. Dhirajlal.—Yes, so far as the tariff is concerned.

President.—Therefore 7½ or 8 per cent. or whatever the figure is would remove the inequality in both cases?

Mr. Dhirajlal.—Yes.

Wastage.

Dr. Matthai.—What is the amount of wastage? Supposing you start from the virgin metal; in the making of the alloy you lose a certain amount and in the casting there is a further loss. Would it be about 10 per cent.?

Mr. Dhirajlal.—That would be a little on the high side. The minimum would be 5 per cent., 3 per cent. from the virgin metal to the type metal and 2 per cent. from the type metal to the finished product. There is some further wastage but part of that is recoverable.

Question of protection.

President.—That is how the position stands. What do you propose as far as our immediate enquiry is concerned?

Mr. Dhirajlal.—We understood from the proceedings of the Legislative Assembly that the Tariff Board was also examining the question of protection.

Dr. Matthai.—As the President pointed out, the immediate reference that we have is the question of tariff inequality, but if you can suggest any ground on which the larger question of protection may be raised, we should be glad to know what they are so that even if we cannot make any recommendation on that point just now it might be possible for us to make suggestions to Government.

Mr. Dhirajlal.—The main ground for protection is the cheapness of this German type which threatens to ruin our industry. We cannot attribute reasons as to how they are able to make types so cheap: whether it is due to a move for price cutting, whether it is due to the subsidies that they get from the Government that they are selling it at such a cheap price in the Indian market we don't know. All other types, British or American, all sell on the high side whereas the German types are unusually cheap and the only possibilities are the two that I have mentioned.

Freight.

President.—What other items are included in the price?

Mr. Dhirajlal.—As 9-6 includes freight, insurance and other sundry charges. This price must include a fair margin of profit for them also.

President.—The freight on the type would not be more than on the type metal which you use.

Mr. Dhirajlal.—No.

President.—What it comes to is this: their metal with freight costs them annas 6. The freight on the metal may be taken to be equivalent to the freight on the type. There is a difference of three to four annas between the metal and the making.

Mr. Dhirajlal.—Yes. That works out like that.

President.—Whereas that difference does not enable you to do any profitable business. That is the point.

Mr. Dhirajlal.—Yes.

President.—How do you explain that?

Mr. Dhirajlal.—There are certain shortcomings in the Indian market as well. It may be lack of scientific knowledge, or want of capital or inability to secure up-to-date machinery. There is also the question of the market.

Reduction in price.

President.—That is the correct way of looking at it. There are two things. You must first of all satisfy the Board that this reduction in price is entirely done by the foreign importer. German imports in market are about 800 or 900 cwts. a year which is a very small market.

Mr. Dhirajlal.—Yes.

President.—If the German wants to retain the market, he must keep his prices at the same level as your prices or a little lower.

Mr. Dhirajlal.—Rather lower.

President.—But there are so many foundries in Bombay.

Mr. Dhirajlal.—We have got about 18 to 20 foundries.

President.—In Bombay alone?

Mr. Dhirajlal.—Yes. Of these 12 or 13 foundries are not doing commercial business.

President.—They are the very people that bring down the price.

Mr. Dhirajlal.—Their competition is not great. They are not commercial foundries which can supply the wants of so many presses outside. They have to localise their business to one or two firms just as a foundry is attached to a press. So many newspapers have got foundries and their products don't compete with ours. Some of the foundries are entirely localised.

Dr. Matthai.—How many of these are local foundries?

Mr. Dhirajlal.—At least 5 to 6.

Dr. Matthai.—You have got 15 foundries.

Mr. Dhirajlal.—Yes.

Dr. Matthai.—Is not there a great deal of competition among these 15 foundries which results in the lowering of prices?

Mr. Dhirajlal.—No, they each want to live. If they cut down prices, they must close down.

President.—When a man has got a foundry, he finds that he cannot sell except by lowering his prices.

Mr. Dhirajlal.—Yes, to a certain extent.

President.—We had a peculiar instance in the Match enquiry.

Mr. Dhirajlal.—I followed the proceedings.

President.—There you will find that any business that becomes profitable attracts more and more capital. The result is that where there is a market for 5 articles, 25 articles are produced and the prices go down. As the prices go down the foreign manufacturer has got to bring down his prices.

Mr. Dhirajlal.—Here perhaps the case is the opposite. Germany's making cost was annas 8 to annas 9 and the selling price was annas 15 all round.

Even to-day English types made by the smallest foundries are sold at not less than annas 15. When we first sent our report last January, we had information that the German types were selling in India at about Rs. 1-8-0. The price had come down to Rs. 1-6-0, 1-4-0 and Rs. 1-1-0 and we heard very recently that it has come down to annas 9.

Dr. Matthai.—I do not know whether the Trade Returns are correct. Taking the average Trade Returns figures, these are the German prices that you get per cwt. from 1923 (handed in) which does not indicate that there has been any striking decline. It is quite likely that invoice prices remain the same and lower prices are made possible through discounts.

Mr. Dhirajlal.—I have not worked out the prices in that way, but one thing I can say and that is that the sale prices have gone down that way and the general custom with them is to keep the same printed prices and to offer different rates of discount. It is on that basis that I gave you these figures.

Dr. Matthai.—Have you got any authority for that statement?

Rate of discount.

Mr. Dhirajlal.—It is a common practice for most of the German type foundries to quote a rate of discount with a difference of 5 to 10 per cent. in their quotation terms. Some quote from 15 to 20 per cent. discount and others 25 per cent. discount which is the maximum offered even to retail buyers. The same uniform price list is sent out (handed in printed list) and it is but natural to assume that when 25 per cent. are offered to retail buyers they must be offering say 10 per cent. to their agents or wholesale buyers.

Dr. Matthai.—How long has this price list been in force?

Mr. Chhaganlal.—The date is given on the top of the printed list.

Dr. Matthai.—19-7-1927. I believe this price list is still in force, but the rates of discount are increased.

Mr. Dhirajlal.—It is a common practice with them to keep a higher printed list and then to give different rates of discount.

President.—They say here that they give you a discount of 25 per cent.

Mr. Chhaganlal.—Yes. The printed prices are all one and the same. This rate of discount is given to small men or retail buyers. When a chief agent or a Provincial agent is appointed, he certainly gets a better and favourable price in this way that a higher rate of discount is allowed him and that is at least 10 to 15 per cent. more over the usual discount allowed to retail buyers.

Dr. Matthai.—So that if he gets 10 to 15 per cent. more, he takes 10 per cent. and the rest he allows to the buyer.

Mr. Dhirajlal.—That is why they are able to sell at about As. 11-6 at Allahabad. The freight from Bombay to Allahabad would be one anna. The actual price at which they sold 11 point type was As. 11-6. I would like to mention here that the German types of 12 point as well as 11 and 10 points are also offered at the same price at present in Delhi and Bombay markets. Any local foundry would charge for 10 point type about As. 2 to As. 3 more than 12 point type. For the German types whether 11 point or 12 point the sale prices are the same in Bombay and Delhi. There is difference in 10 point type and 12 point type (samples shown). Making cost of the smaller body is more and it takes longer time in casting.

Dr. Matthai.—Could you send us a copy of that letter with six copies marked confidential?

Mr. Dhirajlal.—Yes.

Nirnaya Sagar Type Foundry.

President.—Nirnaya Sagar Type Foundry is the biggest foundry.

Mr. Rambhau.—Yes.

President.—That is a very old foundry.

Mr. Rambhaw.—65 years old.

President.—Will you be able to send us your costs?

Mr. Rambhaw.—We have given you our costs in reply to the questionnaire.

Dr. Matthai.—Your foundry makes about 30 tons a year.

Mr. Rambhaw.—Yes.

Dr. Matthai.—Have you any idea whether a foundry that makes 30 tons a year would be considered in other countries a large enough unit for economical production?

Mr. Dhirajlal.—Yes, it will be considered economic.

Dr. Matthai.—What is the average size of a type foundry in Germany or England?

Mr. Dhirajlal.—I have no reliable information.

Production on uneconomic scale.

Dr. Matthai.—As regards your case for protection it may be urged that your costs at present are relatively high compared with Germany, because your factory is producing on uneconomic scale. That point may be urged against you and it is a point that you have got to meet.

Mr. Dhirajlal.—Nirnaya Anandsagar, Guzarati Type Foundry, Hindustani Type Foundry are considered to be the biggest foundries. If these foundries are considered small, then India will never be able to have a type foundry of its own.

President.—Anandsagar are getting about Rs. 1-4-0.

Mr. Dhirajlal.—Yes.

President.—That is not a bad price.

Mr. Dhirajlal.—It is for them to say.

President.—Even if you take As. 6 as the price of the metal that gives them about As. 14 above the price of the metal.

Mr. Dhirajlal.—That is true, but there are so many factors to be taken into account. We have taken 12 point type as the basis for discussion. A type foundry does not make only 12 point type.

President.—Mr. Rambhaw, what do you get for the 12 point?

Mr. Rambhaw.—Rs. 1-4-0.

President.—How much you get for the English?

Mr. Rambhaw.—Rs. 1-2-0.

President.—On their figures they are not doing so badly. They are not feeling the competition.

Mr. Dhirajlal.—They do feel the competition. Most of the large foundries are not making 10 or 12 point types. If we make any profit at all, it would be not from 12 point types, but from other types.

Case for protection considered.

Dr. Matthai.—At present apparently the Indian Type Foundries are able to meet about 85 per cent. of the Indian demand. The question may be raised that if the Indian industry is able to meet 85 per cent. of the demand at present is there a case for protection?

Mr. Dhirajlal.—In reply to that I will say that if protection is not given now, the whole industry will be very adversely affected, if they are allowed a footing in the country. At present it is a beginning and it is a thin end of the wedge. It is the price cutting brought to so a level that production in India becomes uneconomical or non-paying and it is this cheap price that we fear.

President.—The figures don't suggest that the imports are increasing.

Mr. Dhirajlal.—Unfortunately the figures are not available which will convince the Tariff Board.

German competition.

President.—We can only go by the materials at our disposal and the figures don't show that there has been any increase in the import of German types.

Mr. Dhirajlal.—These figures in the trade returns were only available to us after we sent in our representation.

President.—We have got these seven months' figures for 1928-29. In 1926 the total imports were 1,141 for seven months from all countries. In 1927 they dropped to 726—that must be due to some accident—in 1928 it was 1,166, so that there isn't any great increase if you compare it with the previous years.

Dr. Matthai.—For about four years it has kept more or less steady.

Mr. Dhirajlal.—In the import of German types the change has been very rapid since the last four years. The increase has been disproportionate.

President.—You can't take the figures for German types for 1923-24 as typical.

Mr. Dhirajlal.—I will give you figures for the previous years. From 1920-24 the figures are not available. In 1912-13 and in 1913-14 imports from Germany were 35 cwts. and 44 cwts. respectively.

President.—True, but they had just come into the market. From 1924-25 to 1928-29 imports have been fairly steady so that we cannot say that German competition is on the increase.

Mr. Dhirajlal.—In this particular case the imports have remained the same while the price has gone down and the price cutting is so severe that it has affected other prices in the market.

Dr. Matthai.—Supposing we put the case in this way: we recommend to the Government that the tariff inequality to which you are subject should be removed and after that we wait and see how the German competition in the Indian market is developing. Then if you find that the German competition is still on the increase and you are suffering on account of that, then it will be time for you to make further representation to Government, but in the meanwhile if we remove the tariff inequality to which you are subject would not that be a satisfactory solution?

Mr. Dhirajlal.—I quite appreciate the assurance given but circumstances may not remain the same.

President.—We are always anxious to help industries whenever we can but can we make a recommendation about a case which has not arisen?

Mr. Dhirajlal.—My idea is that a shrewd Government should take things by the forelock.

President.—A shrewd Government does not provide for a risk that has not arisen! German manufacturers may soon realize, supposing we say that if the prices drop further Government will consider the case for further action, that it will not pay them to cut prices.

Mr. Dhirajlal.—To that extent the Indian industry would be benefited.

President.—Can you really say that we have materials on which we can make any recommendation?

Mr. Dhirajlal.—The prices of our materials have been going down.

President.—But the imports have not increased.

Mr. Dhirajlal.—The prices have gone down from Rs. 1-8-0 to 9 annas.

President.—Can you give us the prices of German types for 1924-25?

Mr. Dhirajlal.—I shall get you the selling price.

Dr. Matthai.—Give us for the past five years.

Mr. Dhirajlal.—Yes.

Internal competition.

President.—If the prices go down but the imports don't increase that will mean that owing to internal competition prices are going down. If the

reduction in price is accompanied by an increase in the imports then you can say that this is due to foreign competition, but if the imports remain steady but the prices come down Government may say that the prices have nothing to do with the imports. We ought to be able to say that prices have gone down and simultaneously with that foreign competition has increased. That would be evidence to suggest that the foreign competition is strong. But if prices go down and imports do not increase, what is the explanation? It is that owing to internal competition prices are being brought down and if that is the case however much protection Government may give you, you cannot benefit, can you? Supposing we gave you 100 per cent. protection, the result will be that more Indian foundries will be established and there will be keener competition and local prices will not increase.

Mr. Dhirajlal.—That would restrict the benefit to India itself.

President.—At present you have got 85 per cent. of the market so that there is only 15 per cent. left. Supposing you got this 15 per cent. that won't help you.

Dr. Matthai.—Your main point is the price?

President.—The point arises, how are we going to get you a higher price with this internal competition? In the Textile industry we found the same thing: we found the same thing in the Cement industry; the same thing in matches. I confess the position is very difficult, but it is not a position which Government can remedy. So, as my colleague was suggesting, supposing simultaneously with reduction in foreign prices there is an increase in the foreign imports then you are on firmer ground but so far the imports remain on the same level as before.

Mr. Dhirajlal.—But later on when the situation arises you will find that it will be too late. At present we feel that we are not secure.

President.—Supposing a duty of 100 per cent. was put on do you think prices would rise? If the prices do rise they will only rise for a short time till other foundries are established and then prices will begin to drop again.

Mr. Dhirajlal.—The Gujrati Type Foundry sells its types at Rs. 2 per lb.; my friends here sell at Rs. 1-14-0 and Re. 1-0-0. Now, all these type foundries are able to sell their types at prices which depend on their quality and so on. But if you allow German types to come into the country which are decidedly good, if not better than some of the local types, consumers will go in for German types which are cheaper and good at the same time than go in for some of these local types.

Dr. Matthai.—As far as the three large foundries are concerned do you arrange prices on some kind of understanding?

Mr. Dhirajlal.—We have not yet come to that stage but there is a move that we should, in view of the present circumstances, regulate our prices in some way.

Dr. Matthai.—German prices have been on the decline for the last two or three years?

Mr. Dhirajlal.—Mostly two years.

Dr. Matthai.—In spite of that you have more or less maintained yourself at this level of 85 per cent. of the Indian consumption and if, in these circumstances, we made a suggestion that the industry should be protected, the obvious answer would be that the industry, as things stand at present, in spite of the German competition, is in possession of the great bulk of the Indian market and is therefore not really a struggling industry.

Mr. Dhirajlal.—But this is the thin end of the wedge.

Dr. Matthai.—If you can show that this is the thin end of the wedge. But that can only be demonstrated by the increase in imports and decline in your market.

Mr. Dhirajlal.—Even before the war they were not sending German types to this extent.

President.—True, but the Indian business was then new to them. They commenced in 1923-24. In 1924-25 they got up to 889 cwts. and they have remained more or less at the same level up to now. Therefore you cannot say that their competition has been on the increase. If we are satisfied that the German competition has actually increased then we should certainly not hesitate to make a recommendation so that the terms of reference may be changed. I am trying to get information from you on the point and you are not able to help me with more information than I have got.

Dr. Matthai.—Taking you individual foundries have your total sales within the last two or three years shown a decline?

Mr. Dhirajlal.—Yes.

Dr. Matthai.—Have you got the figures?

Mr. Dhirajlal.—I have submitted my figures to the Board.

Dr. Matthai.—I want your actual sales.

New Foundries.

President.—How many new foundries have been started within the last four or five years in Bombay?

Mr. Dhirajlal.—Five or six.

President.—How old is this Type Founders' Association?

Mr. Modi.—Two years.

President.—How many foundries were there four or five years ago?

Mr. Modi.—About 13 and now there are about 20, but the recent foundries which go by the name of foundries are hardy foundries.

President.—The whole point is this. As in Bombay so in the mofussil, foundries have been increasing and therefore unless the demand for types also increases somebody must lose a part of the business.

Mr. Dhirajlal.—Even bigger presses have got foundries attached to them.

President.—The demand for loose types may be smaller now than before because some of the bigger newspaper presses are using Linotypes and Monotypes.

Mr. Dhirajlal.—I admit, that because of their great facilities newspapers are now buying Linotype and Monotype machines. If the Linotypes had not been in existence newspapers would not have been published with the present rate and in the present style. On the other hand, there is more literature that is published and there is more demand for printing of books and things of a general nature, advertisements and so on. Even the ordinary shop-keeper who never used to dream of printing now comes to us to get his books and papers printed.

President.—That is true, but the foreign imports have not increased so that it only shows that the increased demand has been met by increased Indian supply. The whole point is that if your output has gone down it may be due to that fact that more foundries have been established in the country than the increase in the demand.

Mr. Dhirajlal.—It could be explained partly in that way.

President.—Or it may be that foreign imports have increased; but as I said, foreign imports have not increased and, therefore, it must be that the production of types in the country has increased in a bigger proportion than the demand.

Mr. Dhirajlal.—I would like to mention one thing that these imports have affected mainly the foundries established in Bombay, Calcutta and partly Madras. Firstly it has affected Bombay, then Calcutta and then Madras. They have not affected the smaller local and mofussil foundries so much as they have affected us.

Dr. Matthai.—That does not alter the case because it would be at the ports that foundries would be started. If we take your output in 1924 as 1,240 cwts., according to your figures, we find that it went down to 500 cwts.

in 1925, and supposing it is suggested in answer to that, that your loss in sales is to be accounted for by the increase in Bombay in the number of foundries you would not be able to meet it?

Mr. Dhirajlal.—It would not be entirely correct. It may be one of the reasons.

President.—In India there is a tendency to overproduction where industries can be started with small capital. A few thousand rupees may enable a man to start a foundry and he brings down prices and against that you have to compete.

Mr. Dhirajlal.—I agree with you there.

President.—It is the difficulty of selling your product that affects the price. Other people come into the field and want some business; they try to get hold of the market which was formerly held by you. That is the trouble with our Indian industries; whenever an industry gets started with a small capital there is a tendency to overproduction. A few thousand rupees may enable any man to start a foundry.

Dr. Matthai.—And you can make very cheap metal out of scrap!

Mr. Dhirajlal.—It is not always so.

Dr. Matthai.—The small man who brings down the price is the man who would be likely to use scrap.

Mr. Dhirajlal.—Just likely; but then, in this case, the standard that we have to go by is the average type made by a reputed type foundry.

President.—You are getting a price somewhere between the English price and the German price.

Mr. Dhirajlal.—Yes.

President.—That is what is happening now and the tendency would be for you to get either that price or a little higher price and for the smaller fellows to get more or less the German price. That is what is happening at present, that the price in the country would be determined more or less by the price that these small founders are prepared to accept.

Mr. Dhirajlal.—That is true, but price cutting is not restricted alone to Germany.

President.—You have got your connections; you have got your reputation; but look at the small fellow who starts with say Rs. 10,000 or Rs. 5,000.

Mr. Dhirajlal.—So far as we are concerned, in view of this, in order to keep our hold on the market, we have decided to bring down our prices but we know and we feel that by bringing down the price we are not making any profit; it is rather the other way.

President.—All of you have cut down prices?

Mr. Dhirajlal.—The Gujrati Type Foundry have not cut their price so far but the others have.

President.—So far as they (other two foundries) are concerned it is really a side line?

Mr. Dhirajlal.—Yes, to a certain extent. The same is the case with the Hindustani Type Foundry. More than half of their types is used in their own press.

President.—This Gujrati Type Foundry, how old is that?

Mr. Dhirajlal.—About 28 years old.

Dr. Matthai.—How much of your type is absorbed by your press?

Mr. Dhirajlal.—We have not got a press.

Dr. Matthai.—How much of your types is used by your Press, Mr. Shedge?

Mr. Shedge.—About 5,000 lbs. a year.

Dr. Matthai.—That is to say about 1/15th of your total output in a year?

Mr. Shedge.—Yes.

President.—I think I must tell you now that our difficulty lies in the fact that we have not got the materials and perhaps we may state in the report

that if circumstances arise which jeopardize the industry then it will be time for the industry to apply and for Government to take such steps as may be necessary. Our terms of reference only refer to tariff inequality but, as I said, we would have been prepared to go further, though the terms of reference do not enable us to do so, if we were satisfied on the materials now available that there was a case for protection. We are glad that you take a sensible view and feel as we do, and therefore it is no use making our recommendation unless we can support it by actual facts and figures. We would make such recommendations as we can as regards inequality of tariff and if circumstances arise that would put the industry in difficulty, it will be time for you to apply and Government will no doubt take such steps as they think fit to assist you.

Linotype and Machinery, Limited, Calcutta.

Letter dated 24th August 1927.

We import metal solely for use in a Linotype. While the machine itself is imported at 2½ per cent. duty, the duty on metal is 15 per cent. To enable the machine to function, this metal is absolutely necessary, and therefore we think it should be assessed for duty at the same rate as the machine.

The composition of the metal is as follows:—

| | Per cent. |
|--------------------|-----------|
| Lead | 86 |
| Antimony | 12 |
| Tin | 2 |

Normal working temperature is 550°F.

The metal is imported in ingot form, illustration of which we attach.

We should be glad if you would place this before the Tariff Board for consideration.

Calcutta Linotype Users' Association.

Letter dated 25th August 1927.

It was reported at a meeting of the above last evening that the Tariff Board had had referred to them an application asking for the reduction of duty on type metal.

We wish to support this, as linotype metal is an absolute essential on the working of a Linotype—the machine is useless without it. The metal is imported in ingots and is a mixture of lead, antimony and tin in the proportion of 86 per cent., 12 per cent. and 2 per cent.

Seeing, therefore, that this metal is the raw material for the production of books and newspapers, we support the application for a reduction in duty.

Messrs. Stephenson, Blake and Company, Limited, Sheffield.

Letter dated 16th September 1927, to the Under Secretary of State for India Economic and Overseas Department, India Office, London, S.W.1.

We are informed that the Indian Type Founders have made application to the Government of India for legislation increasing the duty on British Type imported into India or alternatively decreasing the duty on imported type metals.

We have the honour to enclose a memorandum regarding such application signed by the Chairman of our Company and to ask that our views may be brought to the notice of the proper authority.

Enclosure.

Copy of letter dated 15th September 1927, from Messrs. Stephenson, Blake & Co., Ltd., Sheffield, to the Under Secretary of State for India, Economic and Overseas Department, India Office, London, S.W. 1.

APPLICATION BY INDIAN TYPE FOUNDERS TO GOVERNMENT OF INDIA TO EITHER INCREASE THE DUTY ON IMPORTED TYPE OR DECREASE THE DUTY ON IMPORTED TYPE METAL

Memorandum by Stephenson, Blake & Co., Ltd.

The above application amounts to an admission of the inferiority of printing type produced in India as compared with that produced in England.

and that in spite of the fact that Indian-made type is sold at about one-third of the price of the type made in England, the former is unable to compete with the latter without special protection. If such protection were granted, it would merely have the effect of stabilizing or increasing this inferiority in quality of Indian-made type by making prohibitive the use of type of superior quality imported from England. The result would be that the printers of India would be compelled to use home-made supplies of type so inferior in quality that the standard of excellence of printing in India would inevitably deteriorate. Moreover, the Indian type foundries with the assistance of the protection applied for would not even be obliged to produce type of as good quality as at present, so that things would grow bad to worse. The best way to increase the standard of excellence both as regards type founding and printing is to encourage the use of the best materials by granting facilities for the entry of goods from England, and preventing the import of cheap supplies from the Continent of Europe. So far from the Indian type foundries suffering from this course, the spur of competition would oblige them to improve the quality of their product, which would be to the advantage of the printing industry in India as a whole.

The position is not dissimilar to that regarding steel. In this matter, the Government of India in order to prevent the use of inferior material and the deterioration of all classes of work into which steel entered, deemed it advisable to revise the tariff in favour of British supplies. Similar action would be found beneficial in the case of type and printers' materials.

The Indian Merchants' Chamber, Bombay.

Copy of the letter No. 2534, dated 8th November 1928.

I am directed by my Committee to submit their views regarding the claim of the Indian Type Foundry Industry for protection against the inroads of foreign manufacturers, specially Continental, as under:—

The Indian Type Foundry Industry has been making satisfactory progress in the country, and there are about 88 factories manufacturing Types, both English and Vernacular. A large portion of the raw materials used in that Industry like lead, antimony and tin is found in the country in good quantity; and there is an ample supply of cheap labour for the same.

The total production of types in India is estimated approximately to be 16 lakhs lbs., worth about Rs. 16 lakhs; and thus the indigenous Industry is in a position to supply the requirements of the country.

The import of foreign types is valued at about Rs. 3 lakhs and the import in quantity is about 44.75 tons from England and 45.65 tons from Germany. The English types are being sold at about Rs. 2 per lb. The German types are selling at about Re. 0.9-6 per lb. and thus are underselling other and indigenous types to a very material extent.

One of the anomalies of the present position, as it appears to my Committee is, that while there is only a duty of 2½ per cent. on manufactured products like types, the duty on raw materials used in that Industry is 15 per cent. My Committee have reasons to believe that the Indian Type Industry is hard hit by such an anomalous import duty.

I am, therefore, directed by my Committee to express strongly their sympathy with the suggestion for protection of the Type Foundry Industry on the grounds above set forth, and hope that the Tariff Board will be pleased to consider the claim of the Industry favourably and sympathetically.