

REPORT
OF THE
Indian Tariff Board
ON THE
WOOLLEN TEXTILE INDUSTRY



DELHI : MANAGER OF PUBLICATIONS
1935

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TABLE OF CONTENTS.

PARA.	SUMMARY OF RECOMMENDATIONS.	Page.
1.	Blankets	1
2.	Piecegoods classed as 'Woollens'	1
3.	Worsted shawls and piecegoods	1
4.	Worsted yarns	2
5.	Mixtures	2
6.	Preference to imports from United Kingdom	2
7.	Hosiery	2
8.	Miscellaneous: Staple fibre	2
9.	Clearer cloth, sizing flannel and belting yarn	2
10.	Export of lamb's wool	2
 CHAPTER I.—PRELIMINARY. 		
1.	Extent of the enquiry	3
2.	Representations received	3
3.	Board's tour and oral evidence	4
4.	No representation from Baijnath Woollen Mill	4
5.	Absence of effective statistics—a great handicap	4
6.	Same remark applicable to Hosiery Industry to a less degree	5
7.	Need for investing Board with power to call for evidence	5
8.	Industry not yet organised	5
9.	Acknowledgment	6
 ✓ CHAPTER II.—GENERAL DESCRIPTION OF THE INDUSTRY. 		
10.	Raw material	7
11.	Cottage industry	7
12.	The rise of the Mill Industry	8
13.	Distinction between 'worsted' and 'woollen'	8
14.	Description of the processes	8
15.	Processes followed after selection of wool	9
16.	Worsted and woollen yarns	9
17.	Most Indian wools not suited for worsted process	9
18.	Woollen and worsted industries in India	10
19.	Size of the industries	10
 CHAPTER III.—RECENT HISTORY OF THE MILL INDUSTRY. 		
20.	Foreign competition before and after the war	12
21.	Imports of woollen goods increased	12
22.	Several Mills started after the war	15
23.	Effect on the Mill Industry	16
24.	Causes of the present situation	15
25.	Competition from Japan	16
26.	Growth of Japanese trade	17
27.	Italian trade in shoddy material	18

PARA.	PAGE.
28. Imports from various countries	21
29. Import trade—	
(1) Yarn	28
(2) Blankets, etc.	28
(3) Piecegoods	28
(4) Other sorts	29
(5) Shawls	29
(6) Hosiery	29
30. Exports	29
31. Fluctuations in international exchange	32
32. Forecasting of course of international trade not possible	32
33. Lack of unanimity as to the effect on Indian industry of increase in revenue duties	33
34. Effect of specific duty on piecegoods	33

✓ CHAPTER IV.—THE PROBLEM BEFORE THE INDUSTRY.

35. Some further explanation required of the industry's present condition	35
36. Italian rugs and Japanese merino fabrics	35
37. Indian manufacturers unable to compete with foreign worsted articles	35
38. Manufacture of woollen articles from shoddy—a branch of woollen industry	36
39. Competition from articles of shoddy	36
40. Their cheapness and finish preferred	37
41. Handloom <i>Kambhis</i> facing increasing competition both from cheapest local mill blankets and from foreign rugs	38
42. Cheap worsted yarn necessary for some types of cottage industry products	38
43. Preservation of the handloom industry	39

CHAPTER V.—THE CLAIM FOR PROTECTION EXAMINED.

44. Attitude of the British India Corporation	40
45. Their capacity for production	40
46. Attitude might justify rejection of application for protection	41
47. Woollen and worsted sides separately treated	41

THE WOOLLEN BRANCH.

48. Effect of competition from Italy	41
49. First condition of the Fiscal Commission	41
50. Raw material	42
51. Machinery and technical equipment	42
52. Labour	42
53. Conditions of labour	43
54. Efficiency of labour	43
55. Markets	43
56. Internal competition	44
57. Government purchases	44
58. Second condition of the Fiscal Commission	45
59. Depression and foreign competition	45

CONTENTS.

iii

PARA.	PAGE.
60. Third condition of the Fiscal Commission	45
61. Chaos of international trade	46
62. Importance of the industry	46
63. Claim to protection can be established on economic grounds	47
64. Woollen section has established its claim to be protected	47

THE WORSTED BRANCH.

65. Position of the worsted branch of the industry	47
66. First condition of the Fiscal Commission	48
67. Second condition	48
68. Shawls	49
69. Worsted yarns	49
70. Worsted cloths	49
71. Quality of worsted cloths	50
72. Third condition	50
73. Industry requires protection in the interests of the country	50

CHAPTER VI.—THE MEASURE OF PROTECTION REQUIRED.

74. Comparative fair selling prices	51
75. Methods adopted in arriving at fair selling prices	51
76. Comparison based on prices prevailing in 1934-35	52
77. Method of arriving at standard costings	52
78. Fair selling price based on average costs throughout period of protection	53
79. Managing Agents' commission allowed	53
80. Factors handicapping the industry	53

BLANKETS AND RUGS.

81. Blankets and rugs	54
82. Combined duty recommended	55
83. United Kingdom imports exempted from specific duty	56

OTHER WOOLLEN TISSUES.

84. Woollen piecegoods—existing duty on United Kingdom goods to be retained	56
85. On goods from other countries specific duty with alternative <i>ad valorem</i> duty recommended	60

MIXTURES.

86. Mixtures	80
87. Staple fibre to be admitted free	62
88. Woollen mixtures to be subject to the same duty as pure woollens	63
89. No change proposed in the definition of pure wool fabric	64

WORSTED TISSUES.

90. Shawls to pay same duty as piecegoods	64
91. Comparative prices of worsted piecegoods	65
92. Japanese competition	65
93. Uncertainty of prices of Japanese worsted cloths	69

PARA.	PAGE.
94. Possibility of using Japanese cloth for various purposes	69
95. Duty necessary to protect worsted piecegoods	70
96. Mixtures to pay same duty as pure worsteds	72
97. Present preferential duty for United Kingdom goods to be retained	72
98. Period of protection	72
99. Quota system discussed	72
100. Exchange compensatory duty	73
101. Advantage derived by Japan in Indian market from depreciated exchange	74
102. Power to be taken to levy exchange compensation duty	75
103. Immediate application of this duty not contemplated on 'woollens'	75
104. Artificial stimulation of exports	76

CHAPTER VII.—WORSTED YARNS.

105. Present position	77
106. Weaving yarn	77
107. Indian production	77
108. Prices of imported yarns	78
109. Japan virtually the only competitor in the finest counts	81
110. Position of the handloom and small scale factory industries	81
111. Small scale hosiery industry	82
112. Objection to omitting yarn from scheme of protection examined	82
113. No independent spinning industry in India	83
114. No protective duty recommended	83

CHAPTER VIII.—THE HANDLOOM AND SMALL FACTORY INDUSTRY.

115. Handloom industry not less important than mill industry	84
116. Its extent and output	84
117. Woollen and cotton industries compared	87
118. Varieties of articles manufactured	87
119. Employees	88
120. Organisation of the industry	89
121. Marketing	90
122. Use of imported yarn	90
123. Different directions in which industry requires help.	90
124. Prices	91
125. Cost of production	93
126. Fall in general prices	95
127. Fall in the volume of production	95
128. The carpet industry	96

CHAPTER IX.—THE HOSIERY INDUSTRY.

129. Present position	98
130. Imports	98
131. Extent	99
132. Output	100

CONTENTS.

v

PARA.	PAGE.
133. Effect of the specific duty	100
134. Japanese competition	100
135. Cost of production	101
136. Present preferential duty on United Kingdom goods to be retained	102
137. Protective duty not higher than present revenue duty required against Japan	102
138. Comparison of prices	104
139. Mixed hosiery	104
140. Socks	104
141. Claim for 25 per cent. margin of duty on the finished product not justified	104
142. Industry's claim to protection justified although raw material wholly imported	105
143. Supply of yarn	105

CHAPTER X.—MISCELLANEOUS.

144. Roller cloth, sizing flannel and clearer cloth	106
145. Belting yarn	106
146. Synthetic wool	107
147. Braids	107
148. Slaughter of ewes	107
149. Mixed serge fabrics of the type used for Government contract to be classed as woollens	107
150. Competition from jail manufactures	107
151. Effect of proposals on Customs revenue examined	107

APPENDIX I.—Representations received by the Tariff Board	109
„ II.—List of those who gave oral evidence before the Tariff Board	110
„ III.—Visits of Inspection	111
„ IV.—Some Raw Wool Statistics	112
„ V.—Note on sheep breeding in India by the Imperial Council of Agricultural Research	114
„ VI.—(1) Value of woollen goods purchased by the Indian Stores Department on behalf of the Central and Local Governments for five years commencing from 1929-30	115
(2) Purchases of Local Governments otherwise than through the agency of the Indian Stores Department	116
(3) Purchases of the Railways otherwise than through the Indian Stores Department for the year 1933-34	118
„ VII.—(1) Average imports into India for 5 years from 1929-30 to 1933-34	119
(2) Average imports into India for 6 years from 1929-30 to 1934-35	120

SUMMARY OF RECOMMENDATIONS.

1. We have divided the Mill Industry into two sections—the woollen and the worsted. Taking woollens first, we have proposed the separate classification of woollen blankets in the Customs Schedule. We define

Blankets. a woollen blanket as one containing not less than 25 per cent. wool, and recommend that a specific duty of 4 annas a lb. combined with an *ad valorem* duty of 25 per cent. should be imposed on all woollen blankets. A minimum duty of one rupee per blanket is proposed in order to protect the handloom industry and the lowest class of mill blanket against the importation of very light rugs made of shoddy and mixed materials.

2. In regard to other fabrics we have found that protection is required against shoddy materials from Italy and other countries.

Piecegoods classed as 'Woollens'. We have recommended that shoddy goods should no longer be excluded from the classification of woollen piecegoods and recommend a specific duty of one rupee a lb. with an alternative *ad valorem* duty of 35 per cent. on piecegoods classed as 'woollens'.

3. In the worsted section of the industry we find that protection is chiefly required against Japanese goods. We recommend that shawls should no longer be treated differently from other piecegoods. We have

Worsted shawls and piecegoods. found that the *ad valorem* duty required to protect the industry against Japan amounts to 77 per cent., a figure far greater than that required against other countries, the currency of which has not depreciated. We therefore suggest that if it be feasible under the Trade Conventions, the protective duty should be fixed at 40 per cent. and be coupled with an exchange compensation duty, and recommend that authority should be taken to impose this exchange compensation duty against any country on proof of currency depreciation, or similar stimulation of exports. In the case of Japan, the exchange compensation required to-day we find to be 37 per cent. The system of a quota is discussed, and left as an alternative. In view of the present chaotic condition of the world's exchanges, we propose that the protective duties should be imposed in the first instance for 3 years only, or until 31st March 1939.

4. We have been unable to recommend the protection of Indian yarns on the grounds that the Indian Mills have been hitherto unable to meet the demand of subsidiary industries, that there is really no independent spinning industry in India which can satisfy the conditions of the Fiscal Commission and that the handloom and small scale industries and the hosiery industry require cheap yarn in order to safeguard their existence.

SUMMARY OF RECOMMENDATIONS.

5. In regard to mixtures while we consider that the Customs or Trade Returns should continue to record the import of mixtures

Mixtures. separately we recommend that mixtures which come under the classification of woollens should be subject to the same specific duty or *ad valorem* duty as pure woollens and that worsted mixtures should be liable to a similar *ad valorem* duty as pure worsted goods.

6. In regard to imports from the United Kingdom we have found that under none of the above categories is protection required

Preference to imports from United Kingdom. for the Indian industry to an extent greater than can be covered by the present revenue duty and that accordingly preferences may

be given to imports from the United Kingdom without harm to the interests of the Indian industry. 25 per cent. *ad valorem* duty may therefore be retained on woollen and worsted piecegoods and hosiery and a preference extended to blankets and rugs.

7. We have found that the present revenue duty of 35 per cent. is sufficient to protect the Indian industry, if the duty on yarns

Hosiery. be not raised. We recommend that the protective duty be fixed at Re. 1-2 a lb. (necessary to cover socks and stockings) and at 35 per cent. *ad valorem*, whichever duty be the higher.

8. In view of the increasing use of staple fibre in the manufacture of mixed materials we have recommended that artificial staple

Miscellaneous: Staple fibre. fibre should be admitted like other raw materials free of duty or at the most subject to the duty at present levied on imported cotton.

9. We propose that clearer cloth and sizing flannel should no

Clearer cloth, sizing flannel and belting yarn. longer have the reduced preferential duty given to mill stores but should henceforth be included among other woollen imports.

Belting yarn should be treated as other yarns.

10. We recommend the prohibition of the export of lambs' wool on the pelt in order to prevent the increasing

Export of lambs' wool. practice of the slaughter of ewes with young.

APPENDIX I.

Representations received by the Tariff Board.

1. The Millowners' Association, Bombay.
2. Messrs. E. Hill and Company, Limited, Nainital.
3. Mr. Guranditta Anant Ram and Others, Jalalpur Jattan, Gujarat.
4. The Oriental Carpet Manufacturers (India), Limited, Amritsar.
5. Shaikh Gulam Sadik Woollen Mills, Amritsar.
6. Messrs. Ahmed Ebrahim Brothers, Rangoon.
7. Messrs. C. M. Hadow and Company, Srinagar.
8. Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association, Bombay.
9. The Bangalore Industrials, Bangalore.
10. Messrs. A. Tellery and Sons, Limited, Bhadoi, Benares State.
11. The Bengal Belting Works, Limited, Calcutta.
12. Messrs. Bettmann and Kupfer, Bombay.
13. The Hon'ble Mr. Hossain Imam, Gaya.
14. The Trade Commissioner for France in India.
15. Messrs. Diwan C. Mehra and Company.
16. Consul General for Germany, Calcutta.
17. Mr. Maganlal Bhikhabhai, Ahmedabad.
18. Hosiery Manufacturers' Association, Ludhiana.
19. Atlas Hosiery Works, Jullundur.
20. The Kesari Hosiery, Khanna.
21. Messrs. Beri Brothers, Ludhiana.
22. Rai Bahadur Hosiery, Ludhiana.
23. Swadeshi Karyalaya, Ludhiana.
24. Gujsta Hosiery Mills, Ludhiana City.
25. Sund Hosiery, Ludhiana.
26. The Hosiery Manufacturers' Association, Bengal, Calcutta.
27. The Pucka Hosiery Mills, Cawnpore.
28. The Hosiery Manufacturers' Association, Lahore.
29. National Federation of Hosiery Manufacturers' Association of the United Kingdom.
30. Association for the Development of Swadeshi Industries, Delhi.
31. Delhi Piecegoods Association, Delhi.
32. Merchants' Chamber of the United Provinces, Cawnpore.
33. Punjab Chamber of Commerce, Delhi.
34. Indian Merchants' Chamber, Bombay.
35. Karachi Chamber of Commerce, Karachi.
36. Blanket and Shawl Traders' Association, Calcutta.
37. Marwari Chamber of Commerce, Calcutta.
38. Madras Chamber of Commerce, Madras.
39. Hindusthani Mercantile Association, Delhi.
40. Chamber of Commerce, Bombay.
41. Wool Textile Delegation and the Huddersfield Chamber of Commerce, in Great Britain.
42. Bradford Chamber of Commerce, Bradford, England.
43. Army Department of the Government of India.
44. All-India Hosiery Manufacturers' Association, Cawnpore.

APPENDIX II.

List of those who gave oral evidence before the Tariff Board.

1. Raymond Woollen Mills, Limited, Bombay—4th March, 1935.
2. Government of the United Provinces—5th March, 1935.
3. Indian Woollen Mills, Bombay—6th March, 1935.
4. Bangalore Woollen, Cotton and Silk Mills, Company, Limited—7th March, 1935.
5. Kaiser-I-Hind Woollen, Cotton and Silk Mills, Limited, Bangalore—7th March, 1935.
6. Joint representation of the Indian Woollen Mill Industry—8th and 9th March, 1935.
7. Government of Bombay—12th March, 1935.
8. Messrs. Shankalchand G. Shah and Company, Bombay—13th March, 1935.
9. Messrs. Jiwandas Bhanji and Company, Bombay—13th March, 1935.
10. Messrs. Hazarat and Company, Bombay—14th March, 1935.
11. Government of the Punjab—18th March, 1935.
12. British India Corporation, Limited, Cawnpore—19th March, 1935.
13. Hosiery Manufacturers' Association, Bengal—25th March, 1935.
14. Hosiery Manufacturers' Association, Ludhiana—26th March, 1935.
15. Messrs. Mangaldas Kahandas and Company, Bombay—13th April, 1935.
16. Bradford Chamber of Commerce, England—16th and 17th April, 1935.

APPENDIX III.

Visits of Inspection.

During the period from the 23rd October to 18th November, 1934, the Board visited the woollen mills at Thana and the woollen mills and drugget factories at Bangalore. In the latter place the Board also inspected the sheep breeding farms and several centres of *kambli* weavers. They had discussions with the Director of Agriculture and the Live Stock Expert of the Government of Mysore and the representatives of the Sheep Breeders Association at Kolar. They also visited the Yelachalhally sheep farm and inspected the *kambli* weavers at Hansur in Mysore. During a second tour from the 4th to 20th December, 1934, the Board visited the Dhariwal Woollen Mills, several carpet, hosiery and weaving factories and some of the important cottage blanket and shawl manufacturing centres in Northern India, where they also met the representatives of several Associations and dealers interested in the woollen goods trade and manufacture. They also visited Sind where several woollen godowns were inspected. The Board had discussions with the representatives of the principal Associations and Chambers at Karachi. In Bombay they have been in continual touch with importers and merchants in regard to various matters.

APPENDIX IV.

Some Raw Wool Statistics (average of five years).

	lbs.	
A. Imports by sea (including "tops")	5,741,000	
,, by land	11,380,000	
	<hr/>	
Total imports	17,121,000	
Re-exports	7,353,000	
	<hr/>	
Net imports . . . . .	...	9,768,000
B. Exports of Indian wool . . . . .	...	42,050,000
C. Estimated consumption by the Woollen Industry 1933-34—		
(a) Mills—		
Foreign.	East Indian.	Total.
lbs.	lbs.	lbs.
2,846,000	10,720,000	13,566,000
(b) Cottages and small factories—		
	(See Table I.)	23,618,000
	Total consumption	<hr/> 37,194,000 <hr/>

NOTE.—Figures of East Indian and Indian are not always distinguished. But consumption of Indian wool by Mills probably amounts to about 7,000,000 lbs. and of "East Indian" wools (including Indian) to about 10,719,000 lbs. the difference, 3,719,000 lbs. being 'Frontier' wools. Consumption of other "foreign wools" by Mills is probably about 2,846,000 lbs.

Net imports of all wools amount to 9,768,000 lbs. Mill figures account for only 6,500,000 lbs. of this. If the Customs figures are accurate it seems likely that the bulk of the balance (about 3 million lbs.) is "Frontier wool" used by the cottage industries and carpet industries of the North. Of Indian wools the cottage industries consume (according to reports) about 23,618,000 lbs. To this must be added consumption by the carpet factories not included in the provincial reports which may be put at about 8 million lbs. For convenience the 3,000,000 lbs. of frontier wool may be assigned to carpets. This leaves 5 million lbs. of wool to be added to the estimated consumption by the textile industry.

Exports of Indian wool amount on the average to 42,000,000 lbs. (in 1933-34 they were nearly 56 million). We cannot add this figure to the industrial consumption in order to get the total production of wool, because we have no figures of the domestic consumption of wool for other than industrial purposes, nor any estimates of consumption at all from the other Indian States. But if we take the Census of sheep as a rough guide and count the production of wool as 1½ lbs. per sheep, we get a total production of about 16,750,000 lbs. for the other Indian States. We know that a considerable amount of wool is exported from Hyderabad and the Rajputana, Punjab and

Western India States, and we might put this at about one-third the estimated crop, viz., 5,600,000 lbs. If we deduct this from the total exports, as being already included, we get the following figures:—

Reported Industrial consumption	35,618,000
Production in other Indian States	16,750,000
Exported (less Indian States exports included above)	36,400,000
Total	<u>88,768,000</u>

To this must be added the wool used locally for domestic and other purposes. (In Madras for instance it is reported that a good deal of wool is used for manure.) We cannot hazard a guess at this consumption. But it seems likely that the total production of wool is in the neighbourhood of 100 million lbs., including Kashmir. We have no census of sheep from Kashmir. For the rest of India the census of 1929-30 gave a total number of 41,798,000 sheep. The average annual clip in the Punjab is said to weigh about 2 pounds: it may be about the same in the United Provinces. In Mysore and the South of India tests give the annual clip as about 1½ lbs. per sheep: and this average probably applies to the greater part of India. It is clear that the census greatly under-estimates the number of sheep.

APPENDIX V.

*Note on sheep breeding in India by the Imperial Council of
Agricultural Research.*

The problem of sheep breeding in India with a view to improving the quality of wool has been receiving the attention of the Imperial Council of Agricultural Research and the following action has been taken.

In 1933 a scheme was submitted by the Bombay Government for sheep breeding in that province including cross breeding with Merino sheep for the improvement of wool. The matter was referred to the Cattle Breeding Committee of the Imperial Council of Agricultural Research and a scheme was drawn up for experimental sheep breeding at suitable centres in India the object of which was to carry out co-ordinated work with view to improving the best breeds of Indian sheep particularly for improved wool production. It was decided that as a general rule the correct policy would be to develop local wool producing breeds, of which the Bikanir appears to be the best, and that experimental breeding should be carried out at the following centres, viz., Hissar Farm, Hingoli Hosur (Madras), Bhamburda (Bombay), Mahbubnagar in Hyderabad State, a selected centre in Mysore, Bharkhand in Baluchistan and at Kangara. Two schemes have accordingly been approved, one for Bombay and another for Madras, and other schemes are expected.

Work on improvement of wool bearing sheep has been in progress for some years in the Mysore State where the Merino sheep have been used to a considerable extent for cross breeding and this work is still in progress.

At Hissar Farm also experimental breeding with a cross-bred Merino and Bikanir Sheep has been carried on for a number of years and though great difficulty has been experienced in maintaining pure-bred Merino Sheep for any length of time in the plains, a cross-bred sheep has been evolved, and is now to some extent fixed in type, called the Hissar Dale Sheep. These sheep produce a larger quantity and finer quality of wool than any Indian sheep and it is hoped that they may be able to thrive under Indian conditions in certain localities.

It is, however, still doubtful if the breeding of Merino cross-bred sheep will be generally practicable in the plains in India and it is considered that the improvement of Bikanir sheep for wool production is likely to prove more feasible and more satisfactory in the long run. It is anticipated that work on these lines will be considerably increased in the near future in certain provinces and States, where conditions are likely to be suitable for the production of wool bearing sheep.

APPENDIX VI.

(1) *Value of Woollen Goods purchased by the Indian Stores Department on behalf of the Central and Local Governments for five years commencing from 1929-30.*

	1929-30.		1930-31.		1931-32.		1932-33.		1933-34.	
	Imported.	Indigenous.	Imported.	Indigenous.	Imported.	Indigenous.	Imported.	Indigenous.	Imported.	Indigenous.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Piecegoods	2,88,802	7,41,864	1,18,022	12,49,926	7,22,926	8,16,400	3,22,584	2,04,304	6,08,992	5,13,196
Blankets and Rugs . . . . .	..	10,18,052	..	10,55,674	..	10,79,008	..	10,36,166	..	5,61,225
Hosiery . . . . .	..	10,17,076	225	5,92,009	2,12,008	3,75,861	1,38,144	0,75,871	3,52,588	6,46,256
Other sorts . . . . .	..	6,11,804	07	3,17,419	67,502	4,29,777	77,241	3,35,896	60,641	3,24,871

(2) *Purchases of Local Governments otherwise than through the Agency of the Indian Stores Department.*

We have obtained figures from all provinces of purchases of woollen goods made otherwise than through the agency of the Stores Department. Since all provinces do not follow the same system in calculating their purchases, we are able to give values only. The average annual value of the purchase of piecegoods amounted during the seven years ending 1933-34 to—

Imported	Rs. 39,000
Indian	„ 1,76,000

The value of the imported goods fell from Rs 70,000 in 1927-28 to Rs. 28,000 in 1933-34.

Blankets—

Imported	Rs. 2,300
Indian	„ 1,34,000

The average price of Indian blankets in 1927-28 was Rs. 3.53 and in 1933-34 Rs. 4.88.

Hosiery—

Imported	Rs. 3,000
Indian	„ 1,18,000

Other sorts—

Imported	Rs. 41,000
Indian	„ 1,22,000

Purchases of Local Governments otherwise than through the Indian Stores Department.

	1927-28.		1928-29.		1929-30.		1930-31.	
	Imported Value.	Indian Value.	Imported Value.	Indian Value.	Imported Value.	Indian Value.	Imported Value.	Indian Value.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Piecegoods	69,953	1,95,211	49,154	1,68,378	51,948	1,91,019	22,312	3,11,499
Hosiery	2,807	1,33,098	2,807	1,34,740	2,807	1,15,262	2,807	1,10,485
Blankets	1,526	1,13,206	2,851	1,08,909	1,537	1,08,034	4,538	1,49,024
Other sorts	40,571	1,30,795	39,296	1,39,677	39,001	1,21,935	38,972	1,58,457
	1931-32.		1932-33.		1933-34.			
	Imported Value.	Indian Value.	Imported Value.	Indian Value.	Imported Value.	Indian Value.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Piecegoods	30,495	1,48,198	10,352	1,12,496	28,013	1,05,447		
Hosiery	2,807	1,02,441	2,807	1,01,774	2,807	1,11,739		
Blankets	3,041	1,76,360	1,433	1,37,876	1,405	1,42,954		
Other sorts	41,947	1,12,168	41,254	92,640	42,830	97,293		

APPENDIX.

(S) *Purchases of the Railways otherwise than through the agency of the Indian Stores Department for the year 1933-34.*

	Rs.
Blankets	31,352
Piecegoods	33,061
Hosiery	391
Other sorts	8,351

APPENDIX VII.

(1) Average imports into India for 5 years from 1929-30 to 1933-34.

	Blankets and rugs other than floor rugs.		Shawls.		Piecegoods.		Worsted yarn for weaving.		Hosiery.		Other sorts.	
	Lbs. (thds.)	Rs. (lakhs)	No. (thds.)	Rs. (lakhs)	Yards (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)
United Kingdom—1933-34	87.8	..	8.9	..	3,181.4	..	800.5	..	108.9	..	320.8	..
Average of 5 years	82.6	1.28	21.9	.85	2,611.2	64.64	238.5	3.08	169.8	7.83	221.8	2.50
Ceylon—1933-34	..	..	..	..	..	..	..	..	..	..	..	..
Average of 5 years	..	..	..	..	1.1	.02	..	..	..	..	..	..
Hongkong—1933-34	1.9	..	..	..	.8	..	..	..	.5	..	..	..
Average of 5 years	2.8	.07	..	..	2.9	.05	..	..	5.7	.20	..	..
Poland—1933-34	..	..	..	..	295.8	..	78.1	..	..	..	..	..
Average of 5 years	..	..	..	..	100.3	1.28	190.6	3.40	..	..	..	..
Germany—1933-34	74.0	..	171.5	..	399.1	..	15.2	..	..	..	20.4	..
Average of 5 years	211.6	1.26	197.1	9.25	551.6	10.44	70.2	1.73	9.1	.41	23.8	.37
Netherlands—1933-34	0.2	..	..	..	38.9	..	..	..	..	..	..	..
Average of 5 years	2.3	.03	..	..	109.7	3.88	..	..	..	..	..	..
Belgium—1933-34	..	..	.09	..	539.8	..	3.3	..	..	..	..	..
Average of 5 years	22.6	.12	4.4	.15	308.8	4.24	9.5	.17	..	..	..	..
France—1933-34	28.5	..	8.9	..	2,742.9	..	21.6	..	..	..	8.5	..
Average of 5 years	57.3	.38	29.38	.93	3,077.9	30.89	82.5	1.35	7.6	.41	1.2	.02
Switzerland—1933-34	..	..	.2	..	54.8	..	..	..	.7	..	..	..
Average of 5 years	2.2	.03	.3	.03	32.1	.47	..	..	.6	.04	..	..
Italy—1933-34	4,895.5	..	35.2	..	2,123.4	..	..	..	.8	..	.5	..
Average of 5 years	3,032.7	32.70	69.7	1.37	2,252.7	27.01	..	..	.8	.08	16.3	.18
Austria—1933-34	..	..	..	..	3.1	..	..	..	..	..	..	..
Average of 5 years	..	..	.2	.01	5.7	.14	.84	.08	..	..	..	..
Czechoslovakia—1933-34	.5	..	..	..	58.2	..	..	..	..	..	..	..
Average of 5 years	1.0	.03	..	..	194.4	3.98	2.9	.06	.4	.02	3.8	.06
Peru—1933-34	..	..	..	..	.06	..	..	..	..	..	..	..
Average of 5 years	..	..	..	..	2.3	.02	..	..	..	..	..	..

(1) Average imports into India for 5 years from 1929-30 to 1933-34—contd.

	Blankets and rugs other than floor rugs.		Shawls.		Piecegoods.		Worsted yarn for weaving.		Hosiery.		Other sorts.	
	Lbs. (thds.)	Rs. (lakhs)	Nos. (thds.)	Rs. (lakhs)	Yards (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)	Lbs. (thds.)	Rs. (lakhs)
Siam—1933-34	..	..	..	..	2.8	..02	..	..	..	..	..	..
Average of 5 years	..	..	..	..	2.8	..02	..	..	..	..	..	..
Japan—1933-34	88.8	..	106.6	..	2,000.4	..	465.4	..	170.0	..	6.5	..
Average of 5 years	9.5	..12	88.6	..85	980.8	..6.84	108.0	..1.57	71.7	..1.45	2.4	..04
Portugese East Africa—1933-34	..	..	..	..	8.9	..	..	..	..	..	..	..
Average of 5 years	..	..	..	..	1.	..01	..	..	..	..	..	..
United States of America—1933-34.	1.7	..	..	..	..03	..	..	..	..	..	11.7	..
Average of 5 years	11.8	..09	..	..	7.9	..05	..	..	..	..	22.0	..13
Sweden—1933-34	..	..	..	..	8.7	..06	..	..	..	..	..	..
Average of 5 years	..	..	..	..	8.7	..06	..	..	..	..	..	..
Hungary—1933-34	..	..	..	..	..	..	..	..	..	..	12.3	..
Average of 5 years	..	..	..	..	..	..	..	..	..	..	3.7	..04
Other countries—1933-34	..	..	..	..	..	..	..	..	..	..	..	..
Average of 5 years	5.8	..05	..6	..13	8.3	..10	1.2	..01	1.3	..04	3.4	..07

(2) Average imports into India for 6 years from 1929-30 to 1934-35.

	Blankets and rugs other than floor rugs.		Shawls.		Piecegoods.		Worsted yarn for weaving.		Hosiery.		Other sorts.	
	(Thds.) lbs.	(Lakhs) Rs.	(Thds.) Nos.	(Lakhs.) Rs.	(Thds.) Yard.	(Lakhs) Rs.	(Thds.) lbs.	(Lakhs) Rs.	(Thds.) lbs.	(Lakhs) Rs.	(Thds.) lbs.	(Lakhs) Rs.
Poland	..	..	..	..	..	..	..	..	..	..	..	..
Germany	176.8	..1.04	188.1	..8.83	631.7	..9.97	163.0	..8.05	7.5	..34	88.1	..
Belgium	..	..	..	..	200.7	..3.62	8.0	..16	..	..	47.8	..
France	47.8	..28	24.5	..78	2,607.4	..26.16	68.7	..1.13	..	..	..	..
Italy	4,024.1	..35.57	74.6	..1.56	1,909.3	..29.10	..	..	..7	..03	195.2	..
Czechoslovakia	..	..	..	..	152.3	..3.12	2.4	..05	..	..	3.2	..01
Japan	7.8	..10	68.6	..	1,990.5	..17.46	310.0	..5.48	104.6	..2.31	2.0	..04