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# Imperial Preference for India.

*The Ottawa Agreement examined*

BY

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*" Whatever the remoter objects, all tariffs other than tariffs solely for revenue have one common feature. The taxation imposed by them is discriminatory, falling on some articles and not on others, falling on articles produced in one place and not at all or more lightly on the same articles if produced elsewhere. It is intended on the one hand to discourage or prevent consumers from buying as they would like to buy, as they would buy if there were no tariff. It is intended, on the other hand, to encourage producers to produce as they would not produce if there were no tariff. It is both a restriction of the liberty of consumers and a changing of the environment for producers. This effect on production is the most distinctive feature of tariff taxation as compared with direct taxation. A tariff is nearly always intended to influence directly men's lives and livelihoods, to mould the economic structure in which each man must find his niche. That is the intention nearly always. It is always and inevitably the result."*

*Tariffs: The case examined. by, a committee of Economists under the chairmanship of Sir William Beveridge (1931) Pp. 34-35.*

## PREFACE.

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There is no need to emphasize the point that the Legislative Assembly will in its November session be faced with a problem of very great importance. The consequences of the adoption of an important tariff policy like that of Imperial Preference has far-reaching implications the nature of which is made abundantly clear in the passage which we have quoted on the page opposite. It is not a policy which should be adopted light heartedly, without proper enquiry or under the influence of considerations of passing importance. If the Dominions adopt the Ottawa Agreements readily it is because they have clamoured for Imperial Preference for many decades past and as for the United Kingdom, it also is ruled to-day by a party whose faith in this policy is equally old. With India the case however, is entirely different. Lord Curzon's Government definitely repudiated Imperial Preference and even the majority report of the Indian Fiscal Commission does not countenance the adoption of a general preferential tariff such as is contemplated by the Ottawa Agreement. That the leaders of public opinion have been consistently opposed to Imperial Preference was made perfectly clear in the debates on the iron and steel and cotton manufactures duties in 1927 and 1930.

We are, therefore, now being asked to consent to a complete *volte face*; and the consent is to be extorted under pressure without giving any time for deliberation or enquiry. For such an extraordinary decision and such hurried procedure the main excuse that the Indian delegation has offered is the loss that stares us in the face on the 15th of November if we do not ratify the Ottawa agreement. In the body of this publication we have shown that the extent of the loss has been greatly exaggerated and that the large mass of our producers will be entirely unaffected if we do not ratify the agreement. The loss whatever its extent is likely to be chiefly borne by the tea industry and partially by the exports of tanned hides and skins. It is important to note that in the case of selective protection, such as is practised in India, the protective tariff gives, in effect, a subsidy to a particular trade or industry from the consumers of its products. The result of the Ottawa agreement will, however, be the grant of a subsidy to highly loca-

lised industries, especially to the tea industry, from the general body of consumers. It is practically a general taxation measure with a view to favour particular trades.

Apart from the balance of loss or gain the Ottawa agreement raises extremely important issues in other directions. It seeks to mould the direction of our foreign trade and thereby the direction of our economic activity over a large field and it is necessary that we should clearly understand in what direction the change takes us. This is a time of growing economic particularism and Ottawa, falsely advertised as a prelude to world cooperation, is another indication of the same tendency. The recent denouncing by the United Kingdom of the trade agreement with Russia is a clear indication of the direction in which Ottawa leads. The Empire is to be converted into a closed economic system and it needs no deep study of the growth of protectionism during the last century to convince one that once the policy is adopted the system will become more and more closed. The argument that we can denounce Imperial Preference with six months' notice any time is highly specious. But everybody knows full well that once the policy is in operation for some years the vested interests that it will breed will make it extremely difficult to bring about any change. The Empire is a highly artificial economic unit and the adoption of Imperial Preference necessarily involves a considerable deflection of trade from its present channels. The question, therefore, that confronts us is not confined to the balance of loss or gain but extends to a consideration of the desirability of such a re-moulding of economic activities. And with regard to this the testimony of all those who have considered it has been adverse and even the Indian delegation to Ottawa admits that the adoption of a general preferential policy is not in the best interests of India. The best customers for our most important staples are all outside the Empire. There are only two policies or any combination of these, possible for India. We can aim at a more diversified and more self-sufficient economic life for our country or we can aim at specialisation under conditions of as free an international trade as is possible. No reasons, other than purely political ones, can be found to support the policy of an Empire division of labour; and politically, the future of India is extremely uncertain.

Mere trade bargains are innocuous, nay, they may in a large majority of cases be actually beneficial. And there is no

reason why we should not enter into a trade bargain with any country because it happens to be a part of the British Empire. For example, if the Ottawa delegation had not gone beyond negotiating for a preference for tea and linseed and free entry for a few products like tanned hides and skins, pig iron or shellac as against, say, the existing preferences on cotton piecegoods and iron and steel, the bargain could have been considered purely on its own merits. It would not have committed us specially towards either the United Kingdom or the British Empire and we could have had an entirely free hand in negotiating with the other countries. But the Ottawa agreement, with its long schedules commits us to a general preferential policy and to the principle of exploring Empire buying as far as possible and the supplementary agreement goes further and holds out the prospect of "rationalisation on Imperial lines"! The voluntary formation of international combines, cartels or trusts, we are all familiar with. But here a tariff agreement between two countries is being specially made so as to bring about such an understanding between the industries of the two countries. If there is to be rationalisation let it be on a world basis or the basis of a single country. Whatever is the special significance of a haphazard unit like the Empire in it? Either the policy of Imperial Preference is meant to be lasting and in that case there are no advantages to India in joining this economic block and becoming even more dependant on and tied up to the United Kingdom than it is at present. Or the policy is conceived of as a temporary measure preparing the ground for world co-operation. Then in the latter case it is obviously necessary that we do not commit ourselves so deeply as to remould our economic activities on an Empire basis.

Even though we are a protectionist country, there has been some method in our protectionist policy hitherto. We have been deliberate about the grant of protection and the possibility of revision and a definite term to the duration of each measure has been usually provided for. We are now invited to do that in favour of the British industrialist which we have never done for either Indian industry or agriculture in general. We are invited to give the British manufacturer a general measure of protection in our markets without previous enquiry and without an assurance that it will ultimately profit the consumer or that it serves a definite national end. The Ottawa agreement, we have been told,

cannot be treated like the report of a Tariff Board; it must be either rejected or accepted as a whole. After giving detailed consideration to the balance of immediate loss and gain and to the grave implications of the acceptance of a policy of Imperial Preference we have no hesitation in affirming that the larger interests of our country demand the rejection of the agreement presented by the Ottawa delegation.

I have to thank my friend Mr. V. R. Nayanar for his help in the preparation of the tables and the correction of proofs. I have also to thank Mr. A. V. Patvardhan of the Aryabhushan Press for expediting the printing.

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## CONTENTS.

	PAGE.
CHAPTER—I. The case for Imperial Preference. ...	1
CHAPTER—II. The Ottawa Agreement.	
(a) Articles of Import. ... ..	11
(b) Articles of Export. ... ..	31
CHAPTER—III. Conclusion. ... ..	54
APPENDICES ... ..	59





## CHAPTER I.

### The Case for Imperial Preference

When Joseph Chamberlain first made the idea of Imperial Preference popular, the details of the preference proposals were necessarily left very vague; so vague, indeed, that Lord Curzon's Government pleaded their inability on this ground to give a pronounced opinion upon the merits of the policy. It was then usually held that the various parts of the Empire would lower their tariff walls in a given proportion in favour of each other. It would also appear from the Indian Government's despatch that the idea was conceived of as one of a fixed proportion of preference. For, we find Lord Curzon's Council pointing to the disadvantages to India of a rigidity of tariff arrangements of this type. It was at this time contemplated that beginning with a general lowering of customs duties, it would be so possible to stimulate Empire trade as to lead to an almost economically self-sufficient Empire in course of time. Throughout the pre-war period, however, conditions in England were entirely unpropitious to the idea of any type of tariff preferences so that no affirmation of this principle, in however vague a form, was then possible for the United Kingdom. On the part of the Dominions it was at the Imperial Conference of 1902 that the principle of Imperial Preference was first affirmed and its policy expounded. The main points of this policy as envisaged in 1902 were as follows: That Imperial Preference would politically and economically strengthen the Empire; that though the idea of Empire Free Trade could not be accepted by the Dominions, they were prepared to concede to the United Kingdom a certain amount of voluntary preference in such form as would suit them and that the United Kingdom should, if possible, reciprocate. The United Kingdom however, stuck closely to free trade, and Imperial Preference before 1914 consisted of certain concessions in their general duty scales which the colonies made to the mother country purely as voluntary gifts and arrangements arrived at by mutual agreement as between some of the Dominions.

Such was the pre-war position. The war naturally made a considerable difference. Both political and economic considerations

gave an enormous stimulus to Empire sentiment and the principle of Imperial Preference was definitely endorsed by the Imperial War Conference of 1917. The adoption by England of the Safeguarding Duties and the levy of some customs duties for revenue purposes made it possible for that country to reciprocate in a small measure the action of the colonies. The special Economic Conference of 1923 moved for the appointment of an Imperial Economic Committee. Imperial Preference was further discussed in the Conference of 1926. In the meanwhile the Dominions continued to give some voluntary preference, and the United Kingdom while still refusing to adopt tariff machinery, paid some homage to Empire sentiment by the establishment of the Empire Marketing Board. Imperial Preference did not, however, assume any considerable importance till after the severe fall of prices that began in 1929, and definite proposals were made and discussed for the first time only in the Conference of 1930. And the reasons for this are plain. In the words used by Mr. Havenga in 1930, "the question appears to be capable of being stated very simply: Great Britain, with her industrial difficulties, seeks markets for her manufactures in the Dominions, while the Dominions in their agricultural troubles, are anxious to extend their markets in Great Britain for their produce." Great Britain, however, was still a free trade country in 1930 and it was not then possible for the British Cabinet to respond suitably to the offer of the Dominions. The situation has altered completely within the last year and at Ottawa for the first time it is possible for all delegations to speak freely in terms of tariff preference. Imperial Preference has thus emerged definitely from the realm of vague sentiment into the dominion of practical economic policy. We are now past the talk of Empire self-sufficiency and the idea of Empire Free Trade was definitely repudiated by the Dominion Ministers in 1930. It has also been recognised that the voluntary gift method cannot achieve much and concessions made as voluntary gifts cannot be taken as lasting. Even today it is not entirely clear that all parties to the discussion use the term Imperial Preference in the same sense. But it may, we believe, be safely asserted that Imperial Preference consists in the definite affirmation by each unit in the Empire of the principle that, while safeguarding the interests of home producers, every method of assisting Empire

buying will be explored. The most important method is to be that of tariff preferences.

The history of the reception of the Imperial Preference idea in India by Government and the leaders of public opinion is also instructive. It was first elaborately examined by Lord Curzon's Government in 1903 and they came definitely to the conclusion that "as regards India, the balance of advantage is distinctly adverse." In the first place Government was afraid that India's policy might be dictated by the needs of the other constituents of the Empire; secondly they apprehended loss of revenue, and thirdly retaliation. On the other hand they were of opinion that "the preferential advantage which we might hope to receive is neither large nor assured." From the exclusively economic point of view they asserted that "India has something, but not perhaps very much, to offer to the Empire; that she has very little to gain in return; and that she has a great deal to lose or to risk." It is needless to add that leaders of public opinion were throughout opposed to the idea of preference.

Nothing important happened after the despatch of Lord Curzon's Government for a very long time. The matter was again brought to public notice prominently by being included in the terms of reference of the Indian Fiscal Commission. The report of this commission contains a long chapter on Imperial Preference. And while the writers of the minute of dissent are vehemently opposed to the idea, the majority of the commissioners support it with certain reservations and under certain conditions. In recent times the idea has been discussed exhaustively twice in the Legislative Assembly, once when the Tariff Board proposals regarding discriminating between Iron and Steel imports of British and non-British origin were adopted in 1927 and again on a similar occasion with regard to the Cotton Industry (Protection) Bill in 1930. On both these occasions, however, it was made clear by Government that the particular legislation then under consideration did not involve approval of the idea of Imperial Preference as such. At the Imperial Conference of 1930 when the question was brought up prominently by Mr. Bennet, Sir Geoffrey Corbett on behalf of the Government of India made a non-committal statement stressing largely on the inability of Government to take a definite step on the eve of important political developments.

At Ottawa also the speeches in the opening session foreshadowed no agreements of the nature that were ultimately arrived at. While Mr. Bennet reiterated the proposals so summarily rejected by the British Cabinet in 1930, Mr. Baldwin talked of a generally lowered level of tariffs as resulting from the Ottawa deliberations and Sir A. Chatterjee was as cautious as Sir Geoffrey had been. Whatever the reasons that brought about the change in the situation at Ottawa it is undoubted that the United Kingdom and the British Empire, as a whole become as a result of these agreements completely tariff-ridden and it will be no longer possible for British statesmen to pretend that their tariffs have been imposed merely to attain a bargaining position.

The nature and genesis of Imperial Preference being thus indicated, we may next examine some of the usual grounds on which the idea is supported, especially in the Dominions. There is, in the first instance, the strong sentiment in its favour based primarily on racial and cultural affinity. Such a sentiment on the part of the English-speaking Dominions and Great Britain can very well be appreciated. It is obvious, however, that the sentimental support to Imperial Preference is, to say the least, weak in India and will ever continue to be so. Imperial Preference may well be offered by us if it is likely to result in a definite political or economic gain; but we need not on this point be swayed at all by sentiment. This is a perfectly proper attitude in view of the fact that even Great Britain refused steadfastly for over three decades to change by ever so little her fiscal policy in spite of the constant appeals of Dominion Ministers.

Apart from the sentimental basis, there is the important fact that the productive activities of a great many Dominions and Great Britain are mutually complementary. The Dominions are large growers of wheat, meat, fruit, wool, dairy produce, etc., for which there is an extensive market in Great Britain; and they import, in spite of their attempts to foster a number of secondary manufactures, in considerable quantities finished goods, specially of British origin. Mr. Scullin put this aspect of the question to the Imperial Conference in 1930 in the following words: "Whereas in competitive trade there are elements of friction and loss to some of the competing nations, complementary trade must be wholly good to those who engage therein. In the Empire we have unexampled opportunities for such complementary trade. The United Kingdom is

the world's greatest purchaser of most of the primary products, which are the main basis of dominion exports, while the Dominions already provide an enormous market for many classes of manufactures." In this respect also the position of India differs in its essence from that of the Dominions. The character of Indian agricultural exports is peculiar and Indian agricultural economy is of a much more self-sufficient character than that of the Dominions. Again, the scope for the growth of industries in most Dominions is strictly limited and they are in character mostly secondary industries; in India a protectionist policy may enlarge the field of industry very widely and the growth may well spread over the primary manufacturing group. Thus the two reasons which mainly predispose Dominions like Canada and Australia in favour of the Imperial Preference idea clearly do not hold good in the case of India. It should be observed that South Africa, which also differs somewhat in both the respects mentioned above from the other Dominions, is decidedly lukewarm in its support of Imperial Preference.

Again it was often suggested before the results of the Ottawa deliberations were made public that Ottawa would serve as a preliminary step to a world-wide plan of economic cooperation and that the lowering of tariff walls in favour of Empire countries would prepare the ground for a more general step towards encouraging the freedom of economic exchange. Such hopes were, however, bound to be falsified. Imperial preference, it should be remembered, does not bring into existence an area in which trade is entirely free; it is not a customs-union\*. There are important geographical and other reasons why the idea of an Empire customs-union is not practicable and we have already pointed out that the high protectionist policies of the Dominions rule out the idea of Empire Free-trade. And as the Ottawa agreements have proved Imperial Preference in practice is to result in increasing both the extent and the height of tariff walls as against non-Empire countries. It is specially to be noted that in the agreements with the Dominions the United Kingdom has committed itself to maintaining a given

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\* Not that even a customs union indicates necessarily a step in advance. For as Grunzel has put it; "though it is calculated that approximately four-fifths of the habitable land surface of the globe and of the total population now belong to the larger customs division, this signifies neither progress in the direction of a world economic organism nor an approach towards a common universal freedom of trade but only an arming for the conflict on a world economy plane". *Economic Protectionism*. (p. 20) 1916.

level of preference on commodities like tobacco for a period of ten years, in the case of many others for three years and for certain entire schedules the previous consent of dominion governments would be necessary before the existing preference arrangements were disturbed. It is obvious that this distinctly stereotypes and solidifies the tariff system of the United Kingdom and makes it almost impossible for that country to bargain with others outside the Empire by holding out promises of lowering its tariff against their goods. What applies to the United Kingdom applies *pari-passu* to the other units of the Empire and it is highly questionable whether we should allow the introduction of this particular element of rigidity in our tariff system. A consideration of special importance in this connection is the oft-repeated but easily forgotten fact that a tariff once levied tends to create vested interests and these being keenly interested in keeping alive the concessions it is always difficult to effect a downward revision of duties once levied.

We may turn now to an examination of the strictly economic argument that can be put forward for Imperial Preference. The most favourable exposition of a preference policy for India is obviously to be found in the majority report of the Fiscal Commission. The economic principles have been discussed in Paragraphs 224 to 232 of the report. The resemblance of the argument for preference with the most important of the arguments—'the infant industry' argument—for protection is clearly pointed out. In the first instance the commissioners stress the importance of the source of supply of commodities on which preference is to be granted. They write "so long as a substantial quantity of the commodity continues to be imported from countries to which the preferential rate is not extended, the price of the commodity will be regulated by the higher duty. When on the other hand the country receiving the preference supplies practically the whole market then the price to the consumer will be regulated by the lower rate" (para 225.) This, however, is not the whole matter. For the Commissioners have entirely failed to notice that in the latter case the consumer will not be saddled with an additional burden only if the cost of production of the commodity in question in the country to which preference is granted is equal to the cost of production in other countries. The more correct theoretical exposition will be found in Sir J. C. Coyajee's

"Indian Fiscal Problem."\* The elasticity of supply is thus, seen to be the most important consideration in the selection of commodities on which preference may be granted. Now it must be emphasised that in a country which has deliberately adopted the policy of discriminating protection, at least equal discrimination needs to be shown in the grant of preference. In the words of the Fiscal Commission, therefore, "If a preference is given to an inefficient industry or to an industry which with preference is not likely to be able to supply eventually the whole market [at, it should be added, a competitive price] the preference will constitute a permanent burden on the consumer, and will, therefore, from an economic point of view be unjustifiable." (Para. 227.) Just as under discriminating protection we ascertain before granting protection whether an industry will eventually be able to do without protection or not so also a discriminating Government cannot and should not grant preference which involves an immediate burden on the consumer without even a distant prospect of its being lifted.

It logically follows that the grant of preference should be as deliberate as the grant of protection and that "it must be confined to a comparatively few commodities and cannot take the form of a general preferential tariff." (Para 245) And that according to the recommendations of the majority of the Indian Fiscal Commissioners (4 out of 6 of whom were Britishers) "as a preliminary to any consideration of the desirability of India adopting the policy of Imperial Preference, an examination should be made by the Tariff Board to determine whether there are any commodities on which preference might be given in accordance with the principles which we have laid down." (Para 263.)

It is clear that no such enquiry has been conducted as a preliminary to the Ottawa agreements and the number of commodities entering into the agreement are so numerous that any comprehensive study of the position by even Government experts seems not to have been possible. The agreement is the usual type of trade agreement; the result of a long drawn bargaining process and *prima facie* it stands condemned.

The ground now is, however, likely to be shifted; and it might be pleaded that the Indian delegation at Ottawa had to enter



into some sort of agreement and to agree to giving preference because of either the hopes of a prospective gain to the Indian producer or the fear of an immediate loss to him in case no concessions were made to the United Kingdom. The Indian Fiscal Commission when it reported was definitely of opinion that the actual and possible gain to India of preference was small and that India could not grant extensive preference without serious loss to herself. They thought that Indian exports were not of a kind to benefit appreciably from preference and it follows that they are of a type not to suffer much because of the withdrawal of preference. It might be urged that the situation today is radically different ; that the depression is weighing particularly heavily on the agricultural countries and that this makes it imperative for us to expand our markets or at least consolidate our position in those that we occupy at present. This argument needs serious consideration and will be examined in detail when we deal separately with the various export commodities on which the United Kingdom is offering preference to India. One important point may, however, be made here. The position of India, though bad enough, is infinitely better in this respect than the position of countries like Argentine, Australia or Canada. While in this group of countries the agriculturist depends very largely on his foreign markets, in India the reverse is the case. Further while in these countries agriculture is highly capitalised and commercialised it is not so in India. With us crops are still largely grown for home consumption or for local sale and except in the case of some special commodities the export market is unimportant from the point of view of the producer. Approximately nine-tenths of our total cultivated area is under food grains and with regard to this production it would not be un-true to say that the export markets do not count. Rice in this group is the most important export crop and even if we include Burma statistics the average exports of rice do not amount to more than 7 p. c. of its total production. The fodder crops are consumed entirely within the country and the same is true of sugar-cane. The remaining important crops in the order of their importance are cotton, oilseeds, jute, tobacco and tea. In the oil-seeds group the main constituents are ground-nut, seasmum, rape and mustard and linseed. We give below a table extracted from the Reviews of the Trade of

India showing the percentage of exports to total production of these crops.

	1927-28	1928-29	1929-30	1930-31
Rice	8	6	7	7
Wheat	4	1	1	3
Cotton	46	66	79	81
Groundnut	24	26	27	20
Sesamum	2	6	2	0.2
Rape and Mustard	8	9	4	4
Linseed	63	49	65	68
Jute	49	51	44	31
Tea	92	89	87	91

The Imperial Economic Committee estimated that in 1927 only 3 p. c. for our total tobacco production was exported. Foreign markets are thus seen to be important to growers only of tea, cotton, linseed, jute and groundnut. Our agriculturists are suffering acutely from the world fall of prices but except in the above mentioned cases they have not to face the added evil of precarious foreign markets. Contrast this with the position of Australia or Canada or Argentine. Of the wheat production of these countries 41, 60 and 59 p. c. respectively was exported on an average to foreign countries in recent years.\* The proportion is even larger in the case of the wool production of Australia or the linseed and maize production of Argentine. The growing of these products, it should be remembered, is the main business of the agriculturists of these countries and then it would be realised how very important to them is the retention or expansion of their foreign markets.

It seems to us clear, however, that there was no need for haste on India's part. We are not in the same desperate position with regard to our foreign markets as Australia and Canada. And if Imperial Preference had to be adopted it should have been adopted only on a few selected commodities after such deliberate enquiry as has been suggested by the Fiscal Commission.

However, now that the nominated plenipotentiaries of India have entered into an agreement it is necessary to examine in some detail the merits thereof. The old idea of Imperial Preference as a

\* Empire Marketing Board :—Grain Crops (1932).

voluntary gift is now completely dead. We are confronted with what is, in both theory and actuality, a bargain. We have to weigh the probable profits and losses arising out of this bargain. As we have been assured that preference will not diminish in any measure the protection granted to Indian industries the real economic loss to India from preference would now be the increased cost to the consumer. The Indian Fiscal Commission say in this connection, "We have shown in analysing the effect of preferential rates, that they are likely in many instances to penalize the consumer in the country granting the preference and it is in this respect that we anticipate that any considerable application of a policy of preference would cause distinct economic loss to India" ( Para 243.) This serious economic loss to India will have to be balanced against the possible gains resulting from the agreement to our producers. We proceed to do this in the two sections that follow.

## CHAPTER II.

### The Ottawa Agreement.

#### SECTION I.

##### Articles of Import.

In determining whether a particular measure of preference will prove burdensome to the consumer or not the two considerations that count are (i) the elasticity of supply and (ii) the possibility of the United Kingdom manufacturers being able to do without preference at some future date and being able to market their goods at a competitive price. Unless both these conditions are satisfied preference means the levy of a permanent burden on the Indian consumer. If the U. K. supply is inelastic and imports to India continue to flow in largely from other countries preference helps the foreign producer entirely at the cost of the home consumer. Further even if the supply is drawn entirely from the United Kingdom as a result of the preference, the consumer will continue to bear an additional burden until the U. K. producer is able to market his goods on competitive terms. It is, of course, not possible for us to determine the possible consequences of the preferential treatment of the whole list of commodities included in the Ottawa agreement. Only an expert commission after detailed investigation could opine on such a matter with some authority. Each major head of imported goods consists of a large variety of articles in each of which the conditions regarding supply and competition vary largely. On matters of like nature even Tariff Boards have found it difficult to frame estimates of the probable future course of trade and prices and in a number of cases where they have framed such estimates later events have proved them wrong. We shall, therefore, not attempt the impossible. This does not, however, mean that no indication can be given of the general and approximate effect of the Ottawa agreement.

The trade statistics can be drawn upon to show the extent to which we are drawing supplies of the different types of goods from the various countries and we present in appendix A the detailed figures of the value of total imports into India from all countries of those groups of commodities on which preference is to be granted and

in appendix B the imports of these from the United Kingdom. We have given these figures for the four years from 1927-28 to 1930-1931 and in a separate column we have also indicated the average for the years 1927-28 to 1929-30. An average for these three years seems to us to give as reliable an index as possible of, if one may use the term, normal conditions in recent times. It will be this average that will be used throughout the following discussion. The figures by themselves are not very helpful and we have, therefore, in what follows taken each important group of articles on which preference is to obtain and examined it in some detail. We have in this examination deliberately relied mainly on one source of information—the annual reports of H. M. Senior Trade Commissioner in India and Ceylon (Mr. T. M. Ainscough) on the conditions and prospects of British Trade in India. These reports contain a variety of detailed and authentic information collected from trade and other sources and pay special attention to the competition met with by U. K. importers in the Indian market and the probable course and fluctuations of prices. In the individual examination of each head we shall give special attention to (i) the proportion of U. K. imports in the total imports under the head (ii) the various subgroups of that head and the extent of non-British competition therein (iii) the character of such competition.

We shall examine firstly those commodities to which preferential treatment is at present being accorded : Cotton manufactures and Iron and Steel.

*Cotton Manufactures* : The preference given to British Cotton piecegoods in 1930 was the occasion of a keen controversy in the Legislative Assembly. The principle of Imperial Preference was hotly discussed in that body but the reasons put forward for the granting of this preference were entirely other than the policy of preference. The official reasons for suggesting this course are fully explained in the note written specially for the occasion by Sir G. Rainy. The chief contentions sought to be established in this note are as follows. (i) the war and post war development in the Indian mill industry has been chiefly at the expense of the United Kingdom (ii) only about 1/8th of the imports from U. K. compete directly with Indian goods. (iii) that a duty higher than, 15 p. c. is entirely unnecessary for protecting this portion of Indian production (iv) That though a higher duty on British goods might perhaps help Indian industry to develop more rapidly such

help would be incommensurate with the total burden involved on the consumer. It was established that non-British goods compete to a very much larger extent with the Indian mill industry ; and Government urged that the only way in which the competing and non-competing imports could be demarcated was by establishing a distinction with regard to the country of origin. The preference granted to the British was, therefore, merely a customs device to prevent taxing the consumer unduly.

With regard to the foregoing view put forward by Sir G. Rainy a number of points readily suggest themselves. It is in the first instance obvious that the guesses about the field of competition are crude and extremely liable to error. And the estimates of Sir G. Rainy have been proved wrong by later events. We quote below from the latest representation of the Bombay Millowners' Association before the Tariff Board (1932). "The industry maintained that the extent to which United Kingdom goods directly competed with Indian manufactures was considerably under estimated and as a result of informal discussions... the proposals for taxation were modified to the extent that grey jaconets etc. imported from the United Kingdom were made subject to the 3½ annas specific duty which may be taken as an admission of their directly competitive character. The industry was also of opinion at the time that a considerably higher proportion of English dhoties competed against Indian dhoties than Sir George Rainy or Mr. Hardy had estimated and the substantial re-placement of English by Indian dhoties which has since taken place appears to indicate that the view taken by the Industry was more nearly correct."\* Again the assumption has been implicit in all estimates hitherto that the competitive field of Indian mills will be limited to types of goods which could be manufactured from Indian cotton. This is not correct. Mr. Ainscough for example writes in his latest report. "It is inevitable that the Indian mills will encroach to a rapidly increasing extent upon the finer types of plain fabrics as they use more and more American and Egyptian cotton for the spinning of finer yarns for which many existing plants and almost all the new mills are being equipped."† An important conclusion reached by Mr. Hardy in considering the extent of indirect competition is that area for area

\* Pp. 33—34.

† Report for the year 1930—31. P. 68.

fine cloth is often cheaper than coarse cloth and this may cause indirect competition between imported fine cloths and locally made coarse cloths.\* All these considerations would show that United Kingdom piece-goods compete with Indian goods over a much larger area than was estimated by Mr. Hardy.

We are, however, concerned here with the effect on the consumer of this discrimination by country of origin and need examine chiefly the contention that a lower duty on British manufactures helps the consumer of imported cloth. The determination of this question entirely depends on whether the price of British cloth will be determined by the lower or the higher rate of duty. The whole history of the post-war period exhibits the continuous invasion by Japan of fields, hitherto considered as unassailable by the United Kingdom producer. In the total imports of piecegoods into India Japan already holds nearly half the share in the class of grey goods and a third in coloured, and the competition is already extending rapidly in the remaining class of bleached goods. "The most serious feature of Japanese competition, however, is their incursion into the trade in bleached goods, which had hitherto been a monopoly of the United Kingdom. In 1928 Japan supplied 1 p. c. of the value of bleached goods imported, in 1930-31 8 p. c. and in the first four months of 1931-32 no less than 13. 8. p. c. Japanese qualities of white shirtings, drills, jeans and nainsooks are being established and even white mulls are now being placed on the market."† The preference to British goods has by degrees increased from the original 5 p.c. and now stands at nearly 20 p.c. Japan has been able to compete with the United Kingdom in spite of the preference which shows that outside the sphere of competition of the Indian industry prices of fine imported cloth have been kept at an unnecessarily high level by the fact of differentiation. For, each importer will adjust his prices with relation to the prices of his competitors as the following quotation from Mr. Ainscough clearly proves; "In the first place, the old tendency to increase margins and raise quotations as soon as a good business for India is in progress and appears to be expanding has, of recent years, had the effect of completely stifling that business and playing into the hands of competitors.

\* G. S. Hardy : Report on Import Tariff on cotton piece goods etc. p. 72 (1929)

† Ainscough 1930-31 P. 68 also the representation of the Bombay Millowners' Association Pp. 37-38.

The important enquiries which were in hand for this market in February last and which would have resulted in definite placements were lost to Lancashire manufacturers by the steep advance in their quotations.....Importers in India quite appreciate the need for increase in prices on account of advances in the raw material or other ascertainable reason. They greatly resent, however, the recent tendency in Lancashire to force up prices whenever enquiry appears to be expanding. In pre-war days when the general level of prices was well within the reach of the Indian consumer and foreign competition was negligible, no serious harm was done to our trade, but in 1927, when British quotations are just within the reach of buyers such a policy would appear to show a lack of appreciation of the present position ”\*

Japanese competition has been the main factor in keeping prices low in the post-war decade and we may be excused if we reinforce this argument by still another quotation from Mr. Ainscough's valuable reports. He says: "Japanese competition is based simply and solely on the price factor. Just as Mr. Ford realised the world's needs for a standardised transport vehicle at the minimum possible cost, so the leaders in control of the highly centralised and closely-knit, cotton industry of Japan have realised the need throughout the East for standardised cloth at rates which are within the limit of the restricted purchasing power of the impoverished masses of India, China and Africa. Although the Japanese manufacturers are not prepared to meet the demands of thousands of dealers for a multiplicity of dimensions, designs etc. nor are they prepared to grant extended terms of credit or other exceptional facilities to their clients, they have forced their way into the market by offering an article which the masses could afford and which the importers and dealers have been forced to stock and sell." If, therefore, the interests of the Indian consumer have rightly to be guarded this cannot be done by making a distinction between British and non-British goods and granting preference to the former. The field of the competition with Indian industry may be clearly demarcated and a protective duty laid as within that area and the entire body of imports outside this limit should be subject only to a revenue duty from whatever country they originate. It is wrong to pretend that the preferential treatment of cotton piece-goods imports is a customs device introduced to benefit

\* Report 1926-27 p. 57-58.



the Indian consumer. It is merely a bounty given to the British producer at the expense of the Indian consumer to help him in the competition with Japan. We stress this point because a preferential duty on annual imports averaging over Rs. 50 crores is a very great concession that we already extend to the United Kingdom; and a strict attention to the interests of the consumer should lead us to revise the scheme of protective and revenue duties on cotton manufactures and do away with preferential treatment. If this is not done it should be reckoned as one of the costs of the policy of Imperial Preference and that policy judged accordingly.

*Iron & Steel:* Preference to the United Kingdom is already given in the majority of iron and steel products imported into India. The history of the introduction of this preference into our tariff system is similar to that of cotton preferences. Whereas, however, in the case of cotton goods the suggestion regarding Imperial Preference did not originate with the Tariff Board, it did so in the case of the iron and steel products. It was the Tariff Board that recommended this particular way of giving protection to the Tata products as the best possible out of a great many that they considered. The reason for which the Tariff Board recommended such a discrimination was that the price of continental steel was less steady than that of British and therefore, more difficult to forecast. They suggested therefore, a set of standard duties based on the calculations of British prices and suggested additional duties in the case of continental steel with a discretion to the executive to vary them. Another reason why this particular course was recommended was that the standards of British and continental steel were different, the latter being of a distinctly lower standard and that Indian products required a heavier protection against their competition. The view of the Tariff Board was endorsed by Government and legislation introduced accordingly in the Legislative Assembly. This however was most vehemently opposed therein. Almost all leaders of public opinion, including Mr. Shanmukham Chetty, opposed this scheme. Indeed from the select committee a minority report recommending a scheme of weighted duties instead of the discriminating ones was put forward.

The objections against the suggestions of the Tariff Board were numerous. It was pointed out that it unduly hit the consumers of cheap continental steel even in such distant parts of the country as

Burma, Bombay, Karachi or Madras where the Tatas were not able at all to send any of their products. It was also alleged that the Tatas did not compete with continental steel to any considerable extent. The British steel is chiefly taken up in the better kind of work and what is called the "Bazaar Trade" is generally dominated by continental steel. All sorts of miscellaneous industries therefore, which are dependent on the supply of cheap steel have been severely taxed by the special discrimination against continental steel. British exporters on the other hand have obviously profited. Mr. Ainscough was able to note in his report for the year 1927-28 the following quotation from the Committee of the Calcutta Import Trade Association for the year 1927. "The new customs duties, which give a preference to British manufactured material, came into force on April 1st. It resulted in users being able to purchase British standard specification material almost Rs. 20/- per ton lower and consequently imports have increased." The trade statistics proved this. Immediately in 1927-28 the U.K. share of Iron and Steel imports into India stood at a level much higher than it had ever been since the year 1920. Continental competition was distinctly checked and made headway in the following years chiefly in those cases in which the British standard specifications were not insisted upon.

There was also another direction in which competition remained keen. There was a certain section of these imports where no difference had been made in the duties as between British and non-British imports. Chief among this class were galvanised sheets. Naturally, therefore, we find that in the imports since 1927-28 the greatest increase has been in the non-British imports of galvanised sheets. The prices of continental galvanised sheets went very low in 1930 and it was necessary for the protection of the Indian industry that the general rate of duty be increased. This rate was so increased in 1931 without, of course, introducing any element of preference.

The Ottawa agreement contemplated the grant of preference to the non-protected section of the iron and steel imports. Chief among this section are wire, wire nails, wire rope, hoops and strips etc.; the entire value of the imports of this group did not come up on an average to Rs. 2 crores and the U. K. share of them was less than a third. In the supplementary agreement effected after Ottawa, however, galvanised sheets have been covered and the

entire group of iron and steel imports thus becomes liable to preferential treatment. Certain features of this supplementary agreement call for special notice. The galvanised sheets trade is an extremely large and important trade, the average value of its imports being nearly Rs. 6 crores. The trade was almost a preserve of the British but during the last two or three years Belgian competition has become extremely keen. Galvanised sheets are very largely in demand in the country side all over India and an increase in their cost may be held to be a serious hardship to the poor Indian consumers. How important they are to the cultivating classes is indicated by the observed fact that a fall of raw jute prices brings about a considerable diminution in the demand for them in Bengal. Already we are paying an absurdly heavy price for the protection of an industry which does not produce even as much as one-twelfth of the total consumption of galvanised sheets in India.\* To this is to be added preferential treatment. Belgium had been able to make headway owing to lower prices and had captured almost a third of the market in 1930-31. The supplementary agreement by raising still further the duty on foreign sheets and lowering that on British sheets seeks to restore to the British industry the dominant position it once held in the market. The following quotation from Mr. Ainscough's report will make clear what is at the back of this supplementary agreement, "The most satisfactory solution of many of our difficulties in India would be a mutual *rapprochement* between the steel industries of the United Kingdom and of India with the object of preventing overlapping of effort, a mutual arrangement of rolling programmes, delimitation of markets and combination against foreign competition. From such a form of rationalisation on Imperial lines, the industries of both countries would receive great advantage, foreign competition would be checked, prices would become more stabilised and the consumer would be better served."† It is exactly these attempts at rationalisation on Imperial lines that seem most highly objectionable to us. The Empire is not a specially convenient economic unit and in the case of India this rationalisation process means merely increasing our economic dependence on the United Kingdom. During the post-war period this dependence has been steadily lessening and the process of the diversification of India's foreign trade has been all to

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\* Tariff Board Report on Galvanised sheets (1930) p. 4.

† Report 1930-31, P. 75.

the good. The Ottawa agreement generally seeks to begin a retrograde movement and this supplementary agreement carries it further in the case of iron and steel than anywhere else. It tries to abolish competition entirely and hands over the consumer bound hand and foot to a combination of the British and Indian industries.

Another feature of the supplementary agreement which is highly objectionable is the clause providing for the Government of India imposing additional duties without reference to the Tariff Board. This goes against the whole spirit of our system and the further provision that the additional duty would not necessarily be limited to the amount of the price reduction is equally bad. For, the independent determination of a fair price and the strict limitation of the extent of protection by that price is the only protection against excessive protection, against jobbery and against log-rolling.

Attention must also be drawn to another extremely important point in connection with the grant of preference to this industry. The British iron and steel industry is now itself a heavily protected industry in its home market. The present duties are 33½ p. c. on raw and semi products and 20 p. c. on finished products. British iron and steel producers have been for many years complaining of continental competition and the grant of additional duties recently by the Imports Duties Advisory Committee measures the extent of the weakness of the British industry as against continental competitors, quality for quality. (The complaint about the Indian buyer being ignorant of standard specifications and heedless of quality cannot be made about the British buyer). The present high duties are said to be necessary to allow for reorganisation but even after reorganisation there is talk of some measure of permanent protection.\* The Fiscal Commission has definitely stated its opinion that it would be inexcusable to grant preference to an inefficient industry and the comparative inefficiency of the British industry is clearly proven. As pointed out above imported steel forms the basic material for a great many miscellaneous industries all over India and if the United Kingdom can insist in its trade agreements† that materials like lead, zinc etc. shall be offered at world prices why should India not

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\* Economist. (11-6-32) "Steel Reorganisation and Tariffs."

† Vide the Ottawa agreements with Canada and Australia.

hold similar expectations with regard to its steel supply. In this case also as in the case of cotton there are alternatives to preference and the scheme of weighted duties found very considerable support in 1927. Preference in this case also imposes a special burden on the Indian consumer and the burden is particularly heavy because it is granted to an inefficient industry.

Almost all machinery except such as is operated by merely manual or animal labour, the value of whose imports is extremely small, is subject to the specially low rate of duty of 10 p. c. It is, therefore, not liable to preferential treatment. We now take up the other groups on which preference is to be accorded by the Ottawa agreement for the first time.

*Instruments and Apparatus*:—Of this group it appears that optical instruments and cinematograph films are not to be accorded any preferential treatment. This is a mercy as in both these groups U. K. imports are much less than half of the total. The most important group in this head is electrical apparatus. In the case of electrical apparatus the U. K. share is already large, varying round about 60 p. c. head of the whole. But if one looks into the sub-classes of these imports one finds considerable variations in the U. K. share.\* In the electrical fans etc. the U. K. share is on an average somewhat less than half while Italy contributes largely to this class. In the case of wires and cables U. K. takes up almost 80 p. c. of the whole trade. On the other hand in the case of electrical lamps etc. U. K. supply is comparatively negligible and countries like U. S. A. and Netherlands are the main suppliers. German importers take up a fair share in most categories and they are collectively most important after the United Kingdom. Mr. Ainscough in his report for the year 1926-27 quotes the following remarks of a leading British importing firm. ( p. 73 ).

“Speaking generally the bulk of the competition met with is of continental origin. It is difficult to take any particular type or line in which competition can be said to be keenest, and continental prices in all cases for such items as tumblers, switches, lamps, lamp-holders, wiring accessories etc. are below ours. The principal point we would draw your attention to regarding this competition is

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\*Important Sub-groups among Electrical apparatus. ( 1929-30. Rs. Lakhs. )  
 Total Imports. 3,61 Wires and Cables. 1,15; Lamps and parts 65; Fans and parts 40.

price. Generally speaking a better price can be obtained in the bazaar, as well as from mercantile houses, for articles of British manufacture, but of course there is a limit to the margin that can be obtained." As among the other types of apparatus the following countries are after U. K. the most important suppliers. Germany in musical, scientific and surgical instruments and U. S. A. in photographic apparatus.

*Hardware and Cutlery\** : The imports from U. K. in this group amount to a little over one-third of the total imports. It is, as natural, very unevenly divided over the various groups of articles contained in this major head. In Agricultural implements and pruning knives which are mostly imported for use by the tea planters the United Kingdom supplies more than 85 p c. of the total imports. In implements and tools the United Kingdom supplies over half of the total imports the rest being almost equally divided by Germany and U. S. A. In the miscellaneous heading of other sorts of hardware the United Kingdom supplies nearly half of the total imports. In most of the other heads, however, its share is either small or entirely insignificant. For example, in builders' hardware Germany supplies more than half and U. K. a little less than quarter while in domestic hardware Germany supplies somewhat less than half and U. K. a little more than quarter of the total imports. In enamelled iron ware and metal lamps, U. K. share is insignificant being only 5. p. c. or less. The dominant position being held in the former by Japan and in the latter by Germany. Under the heading of bazaar hardware and cutlery Mr. Ainscough has made several interesting observations in his reports for the years 1926-27 and 1930-31. We quote below a few extracts from these. Report for 1926-27. "British firms enjoy the greater share of the imports of the better quality hardware for use by the Government departments, railways, public bodies, industries and European enterprises in general. In the enormous trade in the bazaars, where price is almost the sole consideration and where quality counts for little, it is no exaggeration to say that the British share has fallen to almost negligible proportions." (p. 65). "German competition is reported to be due to price only, while

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\* Important subgroups in Hardware, 1929-30 (Lakhs Rs.) Total imports. 5.06; Metal Lamps and parts 89; Implements & Tools 71; Builders' Hardware, 40; Enamelled ironware 32; Agricultural Implements 14; Domestic hardware 13.

American competition is chiefly due to better design and greater suitability". (p. 66) "There is no doubt that if British prices were competitive the other minor disabilities under which we suffer would rapidly disappear" (p. 67) Report for the year 1930-31:- The reduction in the British percentage [in this trade] from the pre-war figure of 57 is a measure of the declining competitive power, of the United Kingdom in the Indian bazaars, where cheapness and a showy meretricious appearance are generally far more important than quality and durability. Even before the war, continental prices were lower than United Kingdom quotations for most cheap bazaar lines, but dealers were willing to pay a slight premium for U. K. quality which was recognised and we held a large share of the trade. Owing to the great increase in the cost of production in the United Kingdom since the war U. K. prices of these low grade articles have risen to such an extent that they are beyond the purchasing power of the masses. In many articles of hardware and sundry goods, continental makers now underquote to the extent of 15 to 30 per cent". (p. 85) In cutlery Germany holds the dominant position taking up more than 60 p. c. of the total imports.

*Woollen manufactures* :\*--The most important groups under this head are wollen piecegoods, blankets and rugs and shawls. The blankets and rugs are drawn almost entirely from Italy and shawls very largely from Germany. But in wollen piecegoods, which take up almost two-thirds of the value of the total imports under this head the United Kingdom used to be in a dominant position. This position has, however, considerably deteriorated of recent years and though it is still the most important single supplier, imports from France, Germany and Italy have rapidly risen in the post-war period. The reason for this recorded by Mr. Ainscough being that, "The post-war rise in the price of wollen goods has resulted in the substitution of the cheaper French, Italian and German cloths for the higher grade British qualities." "While the market was just able to afford the productions of France and Italy the higher priced British goods were beyond the purchasing power of the masses." And in the latest report "The trade in Italian woollens has been remarkably well maintained which tends to prove that there has only been a market for the very chapest production."

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\* Important Sub-groups in woollen manufactures 1929-30 : lakhs Rs.

Total Imports 3,77. Woollen Piece-goeds 233; Blankets and Rugs 51; Shawls 27.

*Metals*:—Aluminium, Brass and Copper :—In Aluminium the dominant class of imports are wrought circles. The most important supplier of these is U. S. A. ; the United Kingdom supplies roughly a third or less. Some of the continental countries also figure in these imports. "The leading U. K. and U. S. A. groups are strongly represented in this country and keenly compete." In yellow metal sheets before 1926-27 the U. K. produce supplied the greater portion of the trade. Germany has, however, ousted the United Kingdom very largely from the market in recent years. "British sheets are preferred if their price is competitive but the disparity between British and continental quotations has for some time been too great to be bridged." In copper imports also Germany takes a larger share now than United Kingdom and the share of France and Belgium is an increasing one. Here again, "price is the determining factor."

*Motor Vehicles*\* :—These imports are made up of three groups: Motor cars, motor cycles and motor omnibuses, lorries etc. The total values of motor cycles imported is very small and the trade is held almost entirely by U. K. makers. In the value of cars imported the U. K. share is nearly a quarter of the whole. The chief imports come from Canada and U. S. A. and these are the cheapest types of products absorbed. In the British qualities and grades Italy and France are also important competitors. In the motor lorry trade the United Kingdom share is extremely small. On this the standardised comment of Mr. Ainscough for the last few years has been as follows : "The services throughout the country are almost exclusively equipped with light vehicles of the American type. The reason for this is that the Indian who promotes a transport organisation has usually only a limited amount of capital. He is therefore attracted by cheap United States and Canadian vehicles, which he usually purchases on the hire purchase system, runs them to death and scraps them after a couple of years or so, thus avoiding the necessity for any repair and maintenance organisation. So long as these conditions prevail and due weight is not given to the longer

\* Values of sub-groups in motor vehicles.

1929-30.	Lakhs of Rs.
Motor cars.	3,76
Motor lorries etc.	2,42
Motor cycles	11



life of the United Kingdom vehicle it is difficult to see how United Kingdom types can obtain an entry into this business."

**Paper and Paste-board and Stationery\*** :—In Paper and Paste-board the United Kingdom supplied on an average nearly 35 p. c. of the imports. Of these imports one item, old newspapers in bags and bales is almost a British monopoly. The important groups under this head are in order of importance printing paper; writing paper and envelopes, and packing paper. The United Kingdom has an important share only in the second group retaining the major portion of the imports of note and letter paper and envelopes. In printing paper certain types of trade are stationery owing to the protective duty; development having chiefly occurred in the non-protected section of the trade. Here and even more so in packing paper the Scandinavian and the Central European countries are most important; the United Kingdom supplies playing a comparatively minor roll. In other stationery the United Kingdom plays a very important part the backbone of the British trade being the supply of office stationery and requisites by British manufacturers. In the pencil trade Germany is dominant and German and to some extent Japanese competition is very keen in the cheap types of stationery for the bazaar trade. While high-grade pens and pencils from U. S. A. have also established themselves in the Indian market. The following extracts from Mr. Ainscough's 1926-27 report throw further light on the nature of competition. "The British paper trade is second to none in the efficiency of its organisation for foreign trade and the majority of the packing papers are imported through British firms, who would naturally place business in the United Kingdom if it were possible to obtain supplies there". The following typify reasons given for success of the competitors of the United Kingdom in particular lines. "Dutch quality being inferior, the price is lower, and as price is the first and most important consideration to the Indian, orders are placed on the cheaper grade. The protective tariff on paper in India has adversely affected the imports of British grades, as this has forced

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\* Important subgroups in Paper and Pasteboard.  
1929-30

	Lakh. Rs.
Total imports	3,72
Printing Paper	1,23
Writing paper and Envelopes	69
Packing Paper	50
Old newspapers	46

up prices to a figure where every pie counts. Again, in the cheap varieties for the bazaar trade there is very keen competition from Germany at prices which are unapproachable." The conclusion is, "The whole question is one of price and it would appear that British prices are on as low a basis as is possible with the present cost of production in the United Kingdom".

*Rubber manufactures* :—The average U. K. imports are about a third of the total. By far the most important item in this group is pneumatic motor covers. In this U. S. A. has now come to be, especially if its branches in Canada are taken into account, the most important supplier. The United Kingdom supplies roughly about a quarter of the total. It has, however, a much greater share in the motor cycle and bicycle covers trade. It also supplies a little less than half of the miscellaneous manufactures of rubber imported.

*Chemicals*—The pre-war imports were dominantly from the United Kingdom especially in the heavy chemicals group; the United Kingdom share being nearly three-quarters of the total. This has gone down considerably during recent years being mostly below 60 p. c. The U. K. importers have, however, in this case a most efficient distributing organisation, the Imperial Chemical Industries (India) Ltd. The real competition in the field being met with from the German I. G. group working through the Haverlo company. The share of this agency has been increasing and it has latterly introduced the Russian alkalis in the Indian market. In the words of Mr. Ainscough the market "is very largely a battle ground for the U. K. and German groups, each of which disposes of an efficient and widespread marketing organisation". Both groups realise the immense potentialities of the market if it is adequately developed. British products hold their own in their specialities in the heavy chemicals group. "German competition is at present keenest in the bazaar trade for miscellaneous chemicals. Price is the controlling factor. Where the trade is lost it is because British products are dearer than continental."

*Provisions* :—Preference is to be granted on canned and bottled provisions, cocoa, chocolate and confectionary and preserved milk. The demand for foreign provisions coming largely from the European and the Anglo-Indian class the U. K. importer already holds a very strong position in these imports and such lines as bacon and ham or biscuits and cake are almost entirely supplied

by him. Preference, however, is not sought on these. In classes in which preference is to be given the United Kingdom position is strong already in the miscellaneous section of bottled provisions and in confectionary. In canned fish and canned and bottled fruit the position is very weak ( U. K. imports being on an average only of Rs. 5 lakhs value as against the total imports of Rs. 40 lakhs ). The main supplier here is U. S. A. The same is the case with preserved milk ( Total imports Rs. 86 lakhs. U. K. imports. Rs. 27 lakhs ) with the bulk of the supplies being drawn from Holland.

*Ale, Beer and Porter* :— This item is predominantly composed of the imports of beer, in bulk and in bottles. The beer imported in bulk is imported mainly for the use of British troops and is drawn entirely from the United Kingdom. In bottled beer whose imports are nearly 50 p. c. larger than the imports of beer in bulk, however, the United Kingdom has to meet a great deal of competition and the imports from Germany are usually as large as the imports from the United Kingdom. The Netherlands and Japan also take up some share of these imports.

*Drugs and Medicines* :—The average U. K. share of these imports is over 40 p. c. The main groups under this head are, in order of importance; proprietary and patent medicines, camphor, and quinine salts. Of this camphor is largely supplied by Japan and Germany. On the other hand in the other two groups the share of the United Kingdom is half or slightly over; other suppliers being Germany, U. S. A. France and Holland etc. Mr. Ainscough's latest report (1930-31) summarises the competitive position in this field thus, "The main difficulties at the present time are, firstly the competition of sound German products at lower prices and secondly the competition from both foreign and Indian preparations which are not equal to the standard of the British pharmacopoeia. The first difficulty is almost an insuperable one, but as regards the second handicap it is hoped that the report of the recent Indian Drug Committee will result in the introduction of legislation on the lines of the British Therapeutics Act or the American Pure Food and Drugs Act."

*Paints and Painters' Materials* :—In paints and colours which is by far the most important constituent of this group the United Kingdom holds a larger than two-thirds share. Mr. Ainscough notes that in view of the "growing paint industry in India, which is being developed in modern plants by

some of the leading U. K. makers, there is not likely to be any considerable future expansion in the import trade. German and Japanese competition is keen in the cheaper paints for bazaar use". In painters' materials the really important import is that of varnish. Herein the United Kingdom is absolutely dominant. The most important Indian purchasers of varnishes are the Indian Railways and in the words of Mr. Ainscough, "The Indian Railway carriage works provide a valuable market for U. K. varnishes". The chief competition that they meet and have to fear is from the Indian branches of one or two U. K. manufacturers.

*Cycles* :—Thanks to the remarkably low prices at which certain British manufacturers in the Midlands can land their machines in India the United Kingdom held on an average of recent years over 80 p. c. of this important and growing trade. German competition was chiefly in parts and accessories. There is also the beginning of Japanese imports in frames and parts at very low prices which are assembled in the bazaar and sold, it is complained, number of times, under a British name.

*Soap* :—In household and laundry soap which forms over two-thirds of the total imports the British position is overwhelmingly strong. In this, there is evidently no preference to be granted. Even in toilet soap in which preference is to be given British supplies have been on an average over three-quarters of the total. The important competitor here being U. S. A. whose excellent productions, it is said, are extensively advertised and actively pushed.

With regard to some of the remaining important commodities the following points may be noted. In boots and shoes, Japanese rubber and canvass and other shoes are most important but so far as imports of leather boots and shoes are concerned the United Kingdom takes up four-fifths of the trade, its only important competitor being the Bata Works. In earthenware the United Kingdom continues to have the major share but in porcelain which chiefly consists of table ware, common crockery etc. Japan has of recent years come to hold the dominant position. "The imports of cheap crockery from Japan have largely killed the trade in cheap goods, which a few Staffordshrie makers formerly held. It is practically impossible to meet Japanese prices." In the head of building and engineering materials the chief classes, in order of their importance, are (i) cement (ii) asphalt and (iii) tiles. In cement

the principal markets for which are Burma and Madras, United Kingdom is the only important country of supply. In asphalt the chief countries of supply are U. S. A. and Egypt. In tiles, Italy supplies on an average a third of the total imports while the United Kingdom and Belgium supply each a quarter of the total. In the general head of toys and requisites for games, toys are chiefly supplied by Japan and Germany, playing cards by U. S. A and Belgium and it is only in the requisites for games and sports that the United Kingdom plays an important part.

It is possible to extend this examination of supply and competition to other heads or to conduct it in greater detail. For our purpose, however, that is entirely unnecessary. What has been said above should have sufficed to indicate clearly the position of the United Kingdom importer in the Indian market. There are no special disabilities from which he suffers. The boycott was a temporary phenomenon and it affected the facts and figures only for the year 1930-31 which we have ignored. It affected trade also only in cotton manufactures and Mr. Ainscough records that in important trades such as drugs and medicines and metals the boycott had no appreciable effect. The United Kingdom importer enjoys on the other hand a great many special advantages. The United Kingdom trade is of long standing and the United Kingdom importer has old established connections and the advantage of goodwill. The import trade is in many important centres largely in the hands of British firms which naturally favour United Kingdom imports. The same is the case with other British controlled commercial and industrial activities in India such as the plantations, jute mills, collieries etc. Government departments, railway companies etc. also favour U. K. imports and a considerable part of the demand for imported goods comes from the resident British and Anglo-Indian classes. In spite of all these advantages the percentage of United Kingdom imports in the total imports of India has steadily declined during the post-war period and the obvious reason for this process has been the decline in the competitive strength of the U. K. producer. Two separate reasons may be discovered as causing this decline. In the first instance the United Kingdom level of wages and other elements of the cost of production has been stabilised after the war at a level which makes it difficult for the U. K. producer to compete with other countries in foreign markets. Secondly for a large part of the post-war period there may be noticed a distinct lessening of the purchas-

ing power of the consumers in India. This has forced them to buy somewhat inferior types of goods to what they were used to before and it is notorious that the position of the British producer was never very strong in the cheaper varieties of most types of imported commodities. It has thus come about that the United Kingdom importer is steadily losing his importance and this has been due to causes that are fundamental. These causes are not likely to be affected in any way by a preferential treatment of British goods. This is a case to which an argument of the type of the "infant industry" could least be applied. Prices are the key to the whole situation and Mr. Ainscough records the following conclusion as the result of an exhaustive enquiry in certain selected trades in 1926-27. "It is most striking that in the case of each of the selected trades in which foreign competition is most acute the main reason why British manufacturers are losing ground is that their prices are above those of their continental competitors. Most authorities admit that British quality still commands a premium in the Bazaars but this premium is not sufficient to bridge the gap between British and continental quotations which in many cases is as much as 15 to 30 per cent."\* But British prices cannot be brought down because of preference given in India. What will merely happen is that the gap will be somewhat shortened and British exports will expand in selected lines in proportions which are entirely unpredictable.

For this boon given to the United Kingdom what, however, will be the cost to us. The cost will be enhanced prices of imported goods all along the line. It will not be out of place to indicate briefly in this connection the nature of the tariff system of India. This was till only a few years ago an entirely revenue producing system. Before the war the customs duties were low and more or less uniform and there was never the least intention of sheltering any occupation or industry. During war years it became necessary to begin raising this low tariff wall, still for revenue purposes only and it has only been since the imposition of the duties on iron and steel that the avowedly protective element has entered into our tariff. The tariff has recently kept steadily mounting up on account both of protective and revenue needs. Today because of the recent surcharges the general rate stands very high indeed; but even before these

were levied the normal rate was 15 p. c. Sir George Schuster has in last year's budget discussions clearly expressed his conviction that at a pinch it is the indirect taxes, amongst them chiefly the customs on which Central Government in India must always fall back. And even in more normal times customs will long continue to be one of the main pillars of central finances. Now it has been said that the preferences to be given by India to the United Kingdom may be either by an increase of duties on foreign goods or by a reduction of duties on the United Kingdom goods, or by a combination of both methods. From what has been said above it will, however, be clear that high revenue duties are a financial necessity for India. Preference could, therefore, be given only by raising the duties on foreign goods and laying a heavy burden on all those consumers who buy non-British goods today.

We would specially lay stress in this connection on two points. Apart from cotton manufactures and iron and steel goods which we have examined in detail our examination of goods on which preference is to be newly granted will have made it clear that there are a great many important lines in which the U. K. importer is in so inferior a position that a large part of the supply will continue to be drawn from other countries in spite of the preference. Such lines are motor cars and lorries and pneumatic motor covers; metals like brass, aluminium and copper; metal lamps, enamelled iron-wares and builders' and domestic hardware; cutlery; electric lamps and fans; typewriters; blankets and rugs and woollen piece-goods; printing and packing paper and pencils; canned fruit and condensed milk; porcelain; toys; playing cards etc. Secondly in these and even in others in which the United Kingdom is dominant non-British supply is mostly taken up by the poorer consumer. Mr. Ainscough emphasises again and again the strength of the competition in what he calls bazaar trade. The Indian consumer may be blamed for disregarding quality but it is obviously his lack of means that forces him to do so. As Mr. Ainscough has himself put it at one place, "every pie counts." If for such a statement any authority is needed we may quote it in the words of the Fiscal Commission "The great mass of the people in India, it must be remembered, are poor." And it is especially the poor that consume non-British goods. For these they evince a partiality because of their cheapness and we are now being asked to penalise them very heavily. In respect of tariff burdens the

Fiscal Commission has clearly laid down ; " Such burden as appears to us inevitable in the pursuit of a policy of more rapid industrial development of India the Indian consumer must be asked to bear. But he should not be called upon to bear an additional burden on top of this for the furtherance of interests which are not primarily Indian." (Para 243). This additional burden is being imposed, it should further be remembered, at a time when, on account of the fall in world prices, the mass of the Indian population is enormously poorer than it has been for many years past.

## SECTION II.

### Articles of Export.

The detailed examination undertaken above was with a view to indicate the nature of the preferences granted to British goods and their effect on the Indian market. We have seen that the most notable result of this is likely to be an increase in the cost of the cheap bazaar imports now supplied by the continental countries and by Japan and a consequent additional burden on the poorest classes of consumers of foreign goods.

In an examination of the effect of the preferences granted to India in the British market it is on the other hand the position of the Indian producer that we need chiefly to study. The obvious goal of inquiry being to find out what is the benefit derived by Indian producers from the trade agreement and balance it against the burden imposed on the Indian consumers. A great many considerations will have to be taken into account in determining the benefit to be derived by the Indian producer. Firstly, the nature of competition met with in the U. K. market by Indian exports thereto. If, for example, there is little or no competition and the Indian products are in a semi-monopolistic position little benefit is likely to be derived by preferential treatment ; or if again the competition is mainly from the produce of other Empire countries then also the Indian producer is not likely to benefit. We shall further have to consider to what extent the foreign market is important to the Indian producer. If for example only an insignificant portion of the total Indian production is available for export it is obvious that the Indian producer with a large home market does not depend to any material extent on the foreign demand. Lastly also it will have to be taken into account what portion of the total Indian exports are taken up by the U. K. market. For the value of preference will depend essentially on this proportion and the likelihood of



increasing it. Bearing these general propositions in mind we shall proceed to examine in some detail the more important of the articles of Indian export on which preference has been granted by the Ottawa agreement.

*Tea* :—The importance of the United Kingdom market to Indian tea is most undoubted. It had indeed been said that the growth of the Indian tea industry has depended on the expanding British market. On the eve of the war India held a dominant position in the British market. India together with Ceylon supplied the large bulk of the tea consumed and there was no serious non-Empire competitor. During the last decade however, competition from Java and Sumatra has affected this position seriously and has caused much anxiety to Indian planters. We have an authoritative exposition of this position in the report on tea of the Imperial Economic Committee. The Committee writes : "The great bulk of these foreign teas are of a low grade useful mainly as a cheapener or make-weight and buyers are not inclined to pay more than a comparatively low price for them. For this the better grade (and the greater part) of the Empire product can maintain its ground through superior quality. The Empire grown teas most affected are those produced in the less favoured districts such as Cachar and Sylhet in India and part of the low country in Ceylon (constituting from 15 to 20 p. c. of their respective sales in London) and the newer areas in Africa..... In so far as world demand since the war has led to an increased production of foreign tea, Empire producers, whose product is for the most part of a superior article and at its best the finest in the world, have no ground for complaint and so long as they maintain the quality and combine to extend the sale of their teas in new and developing markets, they should on a long view have little cause for anxiety". Even so the committee was of opinion that in the United Kingdom there was some room for anxiety because of the intense competition of Java and Sumatra teas. Preference to Empire tea in the United Kingdom was introduced in 1919 and was fairly substantial till 1924. In that year, however, it was reduced to only two-thirds of a penny and ceased to exist entirely on the abolition of the duty in 1929. It has been reintroduced in 1931. The Imperial Economic Committee found that imports of non-Empire tea into the United Kingdom tended to increase after 1924 and were exceptionally large in 1929. The lowering and the subsequent abolition of the preference may have had something to do with this, but the more

general cause for the high imports in their opinion was the high level of the prices of tea during these years which induced blenders to seek additional sources of low grade teas in order to keep down the cost of their blend. For, it has been noted by the committee that a very small proportion of the tea retailed in U. K. is of pure Empire blend. In almost all cases the foreign teas are used as fillers and this makes it difficult to say what exactly would be the results of preference given to Indian tea. Preference may react in most unexpected ways in a case like this. For if the filler becomes costly it is bound to react unfavourably on the price of tea and the statistics given by the Imperial Economic Committee do not show that there are enough cheap teas grown within the Empire to provide the filling for all the Empire production of high grade teas. For example the Economist commenting on the disastrous fall in tea prices during recent months writes. (11.6.1932). "There is a definite danger involved in an increase of the retail price of tea to the consumer of about 20 p. c. on the cheapest 'canister' at times of increasing pressure on individual standards of living. That has been the inevitable result of the reimposition of a preferential tea duty in the last budget. As we suggested last April, the benefits of Imperial preference may be two-edged if they involve the imposition of higher prices on Empire products in order that still higher prices may be paid on non-Empire goods."

It is considerations, of this nature that have led the Imperial Economic Committee to emphasise the need for maintaining the high quality of Empire tea as the chief safeguard against foreign competition. That Committee does not consider that the past rate of expansion in the U. K. market can continue for a long time and already Empire producers take up such a large share of the Empire market that for future expansion we must look for extension of markets outside the Empire\*. As the Committee writes, "The object is the wider consumption of tea in the world. In this object Empire producers, are primarily interested. Competition from foreign sources will grow, but Empire producers have such a start in the trade that they have most to gain from a vigorous effort to extend markets."

\* Percentage share of India and Ceylon in United Kingdom imports of tea.

		1927	1928	1929	Average
India	...	56.5	56.8	54.9	56.1
Ceylon	...	26.6	27.3	27.4	27.1
					83.2

*Dressed and Tanned Hides* :—The Indian exports of these to the United Kingdom rank next in importance to tea. The Indian exports of hides and skins comprise of two sections :—Raw and Tanned. The large majority, however, of raw hides and skins are exported to countries other than United Kingdom and the United Kingdom takes only the tanned varieties. And of the total tanned exports from India more than nine-tenths are taken up by the United Kingdom. At the very outset we may point to some decisive figures cited by the Imperial Economic Committee about the percentage of the imports of hides and skins into the United Kingdom drawn from Empire countries.

( Figures for the year 1927-28. )

Partially tanned Hides and Skins:—	Percentage.
Hides (excluding sole leather)	91·9
Sheepskins	69·3
Goatskins	90·6

In the case of both tanned hides and goatskins India is the sole Empire supplier and in the sheepskins India takes up four-fifths of the Empire supply, Australia furnishing the rest. The obvious comment by the Committee on these figures is that “there is no considerable opening for substituting Empire for foreign produce”<sup>\*</sup> In the special section dealing with the United Kingdom trade with India the Committee point out that since the war the export of the partially tanned hides and skins has increased while that of the wholly untanned has decreased. So that the number of tanned and raw skins exported is nearly equal, while tanned hides number about two-thirds of the number of raw hides exported. Further except for a small proportion in tanned sheepskins almost the whole of the tanned exports are taken up by the United Kingdom. The reason for this seems to be that, “the duties imposed on tanned hides by foreign countries close in large measure those markets, although they take Indian raw hides freely.”<sup>†</sup> It is obvious therefore that United Kingdom affords an important market for the products of the Indian tanning industry.

The question with which we are concerned, however, is the additional benefit which a preference in the United Kingdom market is likely to afford to the tanning industry in India. There does not

<sup>\*</sup> Imperial Economic Committee. Report on Hides and Skins. p. 13.

<sup>†</sup> Ibid p. 34.

seem to be any prospect of such additional benefit. It is important to us that a free market should be available for our tanned hides and skins in the United Kingdom and it may be supposed that so long as these partially tanned Indian products are appreciated by the leather industry of the United Kingdom our exports are not likely to diminish. But as we have already pointed out Empire goods already occupy the market so completely that there is little scope for its expansion because of the grant of preference. In both raw and tanned hides and skins Empire production is so varied and large that preferential treatment to it in the United Kingdom market is not going to lead to any greater absorption of the products. Except in the class of the heaviest hides ( which India does not and cannot produce ) the Empire produces a very large proportion of the total world production. "It is probable that in sheep and goat skins over half the total quantity entering into international trade come from Empire sources. Of these skins and, to a lesser degree, of hides, Empire production greatly exceeds the present demand of its tanning industry. The surplus is sold to foreign countries."\* It is thus clear that preference is not likely to help the position of our tanned products in the United Kingdom market.

*Jute raw and manufactures*:—India sends large supplies of both raw jute and manufactures thereof widely to all countries of the world. Jute growing is an entire monopoly of India and for certain products the Indian jute mill industry is unrivalled. Jute is an absolutely essential import for the Dundee industry. No substitute for jute or jute products is yet in the field. It is, therefore, difficult to see what preferential treatment is going to do for the Indian grower. Of the jute manufactures from India exported to the United Kingdom the vast bulk is of jute sacks and bags and over 95 p. c. of the imports of these into the United Kingdom are from India. Of jute cloth imports into the United Kingdom also India supplies over three quarters. Both in raw jute and manufactures, therefore, the position of India is as unassailable as can practically exist.

*Oil Seeds*:—The oil seeds exports of India are of very great importance to that country and form a very large proportion of our total exports. The United Kingdom is a large buyer of some of

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\* Ibid p. 11.

them. The oil seeds on which preference has been granted by the Ottawa agreement are linseed, groundnut, castor seed and cotton seed. The average annual exports of these from India to all countries and to United Kingdom are shown in the following table.

	Lakhs Rs.	
	To all countries	To U. K.
Linseed	451	110
Groundnut	1713	103
Cotton seed	111	105
Castor seed	239	59

It is clear that the position of the United Kingdom in the various products differs very widely. In cotton-seed the United Kingdom takes up almost all the exports of India ; in linseed and castor seed the United Kingdom takes up a little less than a quarter of the total exports while in groundnut the United Kingdom market is unimportant from the Indian point of view.

In linseed the competition is encountered from the Plate Crop. Argentine has been increasing rapidly her imports especially in the post-war period and Indian exports have correspondingly declined. In the United Kingdom market Indian linseed provided in recent years on an average less than a fifth of the total imports of linseed in that country, most of the rest being from Argentine. It is interesting to note that in the French and the Italian markets India takes up a larger share of the trade than in the United Kingdom.\* It may be presumed therefore, that preference to linseed will be helpful to the Indian grower of that commodity, especially in view of the fact that the proportion of the crop exported is large in the case of linseed than in that of any other oilseed.†

In cotton seed India depends almost entirely on the United Kingdom market where it has to meet the formidable competition of Egypt which is the main supplier of cotton-seed to that country. The exports of cotton seed from India have declined very considerably during the post-war decade. They amount only to a small quantity and the home market absorbs almost the whole of our production of cotton seed. The production was estimated to be about 10,733 thousand tons by the Agricultural Commission for the

\*On an average 30 and 60 p. c. respectively.

† Vide table on P. 9.

period from 1920-21 to 1924-25. The exports in recent years have averaged about 110 thousand tons; which means that they amount now-a-days to little over 1 p. c of our total production. Considering this it is extremely unlikely that the grower of cotton will be affected by a small movement of these exports up or down.

The value of castor seed imports from India is small and of these the United Kingdom absorbs a quarter. The United Kingdom market for these seeds is itself very small. For the years 1927, 1928 and 1929 the United Kingdom imports averaged annually about £ 615,000, of which the average Indian share was £ 554,000. Thus more than nine-tenths of the U. K. market is already held by India. According to the statement issued by the Committee of Seed Traders Association "With regard to castor-seed the United Kingdom will render little help to India. In fact Indian castor-seed has not had till now to meet with much competition, as she has practically the monopoly of this product with the exception of Brazil and Manchuria."

In the case of groundnuts whose exports are to-day more important to India than that of any other oilseed the United Kingdom is as already indicated an extremely unimportant market. The whole United Kingdom market for groundnuts is also a small one. For, this small Indian supply forms the bulk of the total imports of decorticated groundnut into the United Kingdom.

One important consideration applying to the whole class of oilseeds must lastly be indicated. In the pre-war period India was one of the most important sources of oil-seed supply to all the oil and fat industries of the world. And a variety of Indian oilseeds—rape, seasamum, linseed, castor etc. occupied important positions in various types of oils and fats industries. The war period brought about considerable progress in the industry, the most important result of which was the possibility of substituting one oilseed for another in the various uses. The war period also encouraged new producers, especially Argentine, China, W. Africa etc. to come into the field. So that today in the edible fats and soap industries a great many products drawn from various sources compete with each other as raw materials with the result that the old markets have been lost entirely to Indian rape and seasamum. The following extract from a recent survey of Oil Palm Products will make this clear. "The main causes of the diminution in apparent consump-

tion in recent years are the competition offered by substitutable oils of which coconut oil, groundnut oil and whale oil are the most important ; and the competition of fodder crops with palm kernel cake and meal. The part played by whale oil in the market for oils and fats has increased considerably in importance during recent years\*". It is to be remembered that except for soya beans the rest of the important raw materials i. e. copra, groundnut, oil palm and whale oil are largely produced within the Empire and have very largely to be sold to industries outside the Empire. This is an all-important consideration proving the futility of a preference for these products in the United Kingdom. Linseed for which the market is of a specialised character is, of course, an exception.

*Rice*.—Rice is an important crop of India and Burma and is a foodgrain of which about 5 p. c. of total production is exported.§ So far as India proper is concerned the rice exports of that country are negligible forming on an average less than 15 p. c. of the exports of Burma and India together. And if we take into account the imports into India from Burma then the resultant will be found to be that India is a net importing country of rice. In view of the impending separation of Burma it is perhaps unnecessary to enquire into the possible consequences of preference to Burma rice in the United Kingdom. Even if, however, we take the present position into account it will be found that a British preference is of little use to Burma rice. The average figures show clearly what an insignificant portion of Burma and India rice is taken up by the United Kingdom. In 1930 which was a somewhat unusual year, it was only 5 p. c. The U. K. market for rice is extremely small. While for the years 1926-30 the average exports of Indian rice were well above 20 lakh tons, the average imports into the United Kingdom during the same period were just a little above 1 lakh tons¶ It will thus be seen, that it would not help Burma much if the United Kingdom took up only Burma rice and none other. But as a fact since the war the movement has been the other way not only in the United Kingdom but also in the other European markets. Burma

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\* Empire Marketing Board: Survey of vegetable oilseeds and oils vol. 1 (1932) p. 121. § This is an estimate of the Empire Marketing Board. Grain Crops p. 41. For a somewhat different estimate see table on p. 9. ¶ For detailed figures see Ibid. pp. 39-44.

rice has not the bold translucent appearance favoured by the European customer and hence Spain, Italy and U. S. A. are able to oust Burma rice from these markets.† As the review of the trade of India for 1930-31 has it. "As far as Burma is concerned her principal markets have always been the deficit rice producing countries of the East. The demand from the West has never been a powerful factor in the determination of Burma prices; and such demand for Burma rice as existed in Europe has shown a remarkable tendency to shrink from the prewar level."‡

*Teak and other hardwoods:*—Teak is another product, whose exports are almost entirely drawn from Burma. The following extracts from the valuable report of the Imperial Economic Committee on timber will make the position regarding this export abundantly clear.

"Teak, of which over one million pounds worth is imported into the United Kingdom each year, is obtained entirely from the countries of the East. India, particularly Burma, is the most important source of supply. Siam is at present a competitor, but we are informed that on account of overcutting in the past, supplies from that country are likely to be restricted. It is evident, therefore, that the Empire enjoys something approaching a monopoly in the supply of this valuable wood....Future supplies are ensured though any large increase in production within the next thirty years is not to be expected. There is a wide and steady market for teak in India and only some 10 p. c. of the output is shipped for use in other countries. The limitation of the supply of teak makes an opportunity for other varieties of timbers drawn from within the Empire. Thus Douglas Fir from Canada and Kauri Pine from Australia are being tried for decks of ships, whilst Pyinkado from Burma and Greenheart from British Guiana have proved successful for under-water work such as piling and bridge construction"\* Teak being thus a valuable wood of which we hold almost a monopoly. Imperial Preference cannot strengthen its position any further. With regard to other hardwoods, whatever their potentialities may be, their existing importance is very small. The figures given in Appendix II of the

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† Lindsay. Report on the work of the Indian Trade Commissioner 1930-31. p. 26. § Report 1930-31 p. 92. \* Report on Timber 1928 p. 21.



Imperial Economic Committee Report show that of the total imports of Indian hardwoods into the United Kingdom in 1926 teak imports represented 95 p. c. in value and other hardwoods only 5 p. c. and further that while India supplied almost 90 p. c. of the total imports of teak and was almost the only Empire supplier, in other hardwoods the Indian supplies were only 5 p. c. of the total Empire supplies under this category. The benefits, whatever they may be, of the restricted supply of teak and of Imperial Preference on hardwoods will be derived almost entirely by other Empire producers and not by India.

*Tobacco:*—We are fortunate in possessing also the results an exhaustive enquiry into the tobacco trade conducted by the Imperial Economic Committee. The total imports of tobacco into the United Kingdom, the committee have divided into two main classes: Pipe tobacco and Cigarette tobacco. Of these imports while cigarette tobaccos of Empire origin were negligible the percentage of Empire pipe tobacco amounted to nearly 37 p. c. of the total imports in 1927. All Indian tobacco the committee classes as pipe tobacco together with all imports from Canada and the Union of South Africa and 85 p. c. of the imports from Nyasaland. A preference has been operating on Empire tobaccos since 1919. The extent of the preference was however increased in 1925 and it was stabilised at this higher level for ten years in 1926.\* The increase in the U.K. percentages of Empire tobacco had in the opinion of the committee been largely a result of the preference and preference has had important results on the acreage under tobacco in Empire countries like Canada and more especially Nyasaland and Rhodesia.

The Committee found that cigarette smoking has been gaining ground enormously in U. K. and that pipe smoking has proportionately receded in the background. Further at the time when the Committee reported initial success had induced large production especially in those Empire countries where tobacco was grown chiefly for export and the Committee had, therefore, to advise curtailment of production for some years. The great opportunity for Empire producers is not so much in pipe as in cigarette tobaccos

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\* Ten years have been reguaranteed by the Ottawa Agreements to Canada and S. Rhodesia.

and these are not at present grown in India. Even in pipe tobaccos India is not the sole Empire supplier. Rather more than half of the supply is taken up by Canada and parts of the Empire in Africa. This preference will help a little. But the most important consideration in this case is that the export market is of little importance from the point of view of the Indian grower. According to the estimates prepared by the Imperial Economic Committee Indian production amounts to annually 1,000 million lbs.; of this 970 million lbs. are used locally and only 30 million lbs. i. e. 3 p. c. of total production only is left as exportable surplus.

*Coffee*:—The position with regard to coffee may be made clear by the following extracts and information from the Imperial Economic Committee report on that commodity (1931). The coffee industry of India differs from that of tea in many respects. It is not so widely spread and does not hold the dominant position in world production as tea does. It has a somewhat larger home market and the United Kingdom takes up in the case of coffee a very much smaller share of the total Indian exports. France has usually been the most important customer for Indian coffee; the United Kingdom taking the second place. It is also imported in considerable amounts by many countries of the European continent. The Empire countries together do not produce even as much as 3 p. c. of the total world production and among the producers of the Empire India ranks second; East Africa taking the first place. India is thus, from the point of view of quantity not important in the coffee market. But like Indian tea Indian coffee has a reputation for its high quality. Coffee is usually divided into two classes: "bulk" and "mild." The largest producer in the world, Brazil produces only bulk coffee. "The difference in flavour between the two types is so marked as to form a difference in kind rather than degree and in the opinion of competent judges, those markets which are buyers of mild coffees will continue to buy them no matter how low the price of Brazilian coffee falls, while the influence of Brazilian prices would be indirect rather than direct"\* Empire coffees are all in the mild category and compete with the finer mild coffees of Central America rather than with Brazilian coffee. Thus even in mild coffees Empire production is only a small proportion of the total of the

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\* Imperial Economic Committee Report, p. 17,

world. The United Kingdom market for coffee is a small and select one and it is likely that the per capita consumption of coffee in that country has now become stationary. Preference to Empire coffee now obtains in the United Kingdom market and Empire imports into U. K. have increased considerably in the post-war period. But that has been due not to any increase of Indian imports into the United Kingdom but entirely to the rapid development since the war of coffee production in East Africa. It should be further noted that with this expanded Empire production the United Kingdom market would not suffice to absorb the present Empire exports even if no foreign coffee was consumed in U. K. The latest information about U. K. imports of coffee is that its main sources of supply are Central America which supplies nearly 50 p. c. of this trade and British East Africa whose share is over 40 p. c.\* Indian coffee being excellent in quality commands a high price in the London market and is largely used for the purpose of blending with foreign coffee in order to impart to them a superior flavour. With this result, however, that a "straight" Indian coffee is rarely marketed and it does not therefore get any advantage that there may be had of Empire sentiment. All of which shows that the real advantages possessed by Indian coffee are its high quality and its restricted supply. On these accounts it has an assured and a varied market and it is noteworthy that even in the year 1930-31 the coffee exports showed a tendency to increase. Further the home market for coffee has now become important. It is estimated that on an average about a quarter of the crop is now retained in India for home consumption and the proportion is rapidly expanding. Indeed "some producers state that they rely more and more for their sales on the local Indian markets and less and less on the export trade. It is authoritatively stated that better prices are secured at home than abroad." ‡ The conclusion reached by the Imperial Economic Committee is similar. They say, "The general level of quality of Empire grown coffees has, however, served in some measure to protect them from the severity of the slump and is the best guarantee of their future. There is a broad distinction between the older and the newer coffee producing areas of the Empire that the older areas, while showing no signs of expanding production, are relative-

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\* Lindsay. Report for 1931-32 p. 30. ‡ Lindsay Report 1928-30 p. 30.

ly more sure of their markets. Particularly is this true of India coffee which is finding a steadily increasing market in India itself."

While in the case of tobacco the exports show a decisive increase following the grant of preference, they are equally decisive in the reverse direction so far as coffee is concerned. These exports have varied widely but there is, if anything, a slight tendency towards diminution in the exports to the United Kingdom. These exports for the three years just before the war averaged annually 84 thousand cwts; for the years 1923-24 to 1925-26 the average was 74 thousand cwts; while for the years 1927-28 to 1929-30 it was only 62 thousand cwts. Preference has been in operation during all the recent years.

*Oilcakes* :—In this group groundnut cake is the most important article of export. Nearly two-thirds of the total exports in quantity being of this commodity. Of the exports of groundnut cake the United Kingdom has been taking during recent years a share of somewhat more than 40 p. c. On the other hand, of the total imports of ground-nut cake into the United Kingdom India takes up more than six-sevenths of the total share. The British market for groundnut cake is thus seen to be small. India has already a dominant position in it and even if the very small share of the British market now held by others were to be diverted to India it would not dispense with the necessity of our finding purchasers among the continental countries for more than half of our total exports of this article. Among the other oil cakes exported the only important are linseed cake and rape and sesamum cake. In the latter group the United Kingdom is not interested at all, our principal customers for it being Ceylon and Japan. The United Kingdom takes only a small share of the linseed cake exports. There is another important consideration which must be mentioned in connection with this class of exports. The complaint has been voiced for many decades that an export of oilseeds and especially oil-cakes robs our soil of a valuable manure. This has been felt so keenly that the Board of Agriculture in 1919 and a majority of the Indian Taxation Committee urged that a tax be levied on these exports, and some witnesses before the Agricultural Commission went even so far as to urge their total prohibition. The Royal Commission on Agriculture

while fully recognising the advantages that would follow to Indian agriculture from a greatly extended use of certain oilcakes as manure opposed any restrictive measure as likely to defeat its very object.\* There is no doubt that the Commission was right in considering as futile restriction or prohibition of exports. It is at the same time worth nothing that this is a class of exports whose extension is not to be welcomed and in whose case with a proper development of our agricultural and industrial opportunities we might expect and should welcome a considerable decline.

*Wheat* :—In the case of wheat the average of Indian exports has recently been only 2 p. c. of production. And the fluctuations in these exports have been in the post-war period particularly violent. With a mediocre crop India produces just enough to satisfy her domestic requirements. It is only with good crops that there is a surplus available for export. The demand in India for wheat is elastic and it is only when good harvests coincide with high world prices for wheat that considerable shipments take place now-a-days. ‡

*Barley* :—India has the largest area under barley but on account of her low per acre production is down in the list of total production. She is, however, among Empire countries the second largest producer of barley. But as in the case of other foodgrains the production is almost entirely for the purpose of home consumption. So that on an average India exported for the years 1926 to 1930 only 2 p. c. of her total production. Canada is the only important Empire exporter and supplies a large part of the U. K. demand. During the years 1926-30 the average annual exports from all countries from the Empire countries were (in thousand tons). Canada 530. India 44. Australia 30. ¶

*Pig lead* :—The development of pig lead exports is recent. They are drawn entirely from Burma from the mines in the north. The Burma ores are exported in raw ore form to be refined and the larger share of the export is taken off by the United Kingdom. India, however, is not the most important source of supply of lead ore for the United Kingdom. Australia is an important producer of lead in the world and takes up a large portion of the

\* Report pp. 87-89. ‡ India as a producer and exporter of wheat. California University (1927). ¶ Empire Marketing Board. op. cit. p. 21.

annual imports of lead ore into the United Kingdom. The average annual imports of lead ore into the United Kingdom during the three years 1927-1929 were valued at £ 53,000; of these British countries supplied ore worth £ 36,000, the share of Australia being £ 24,000 and of India £ 8,000 annually. Lead is one of the articles included in Schedule D of the Australia-United Kingdom agreement concluded at Ottawa and article 4 of the agreement provides that the 10 p. c. duty imposed on foreign imports of it into the United Kingdom shall not be reduced without the previous consent of the Australian Government. Article 5 of this agreement also provides that the duty is conditional on the Empire producers of lead (among others) continuing to offer these commodities on first sale in the United Kingdom at prices not exceeding world prices. § It is expected that in case of an agreement with India a similar condition will be incorporated. Australia is thus seen to be much more keenly interested in lead exports than India and so large a share of the total United Kingdom market being held by British countries and with the proviso of the price clause, it is not clear what this preference will yield to Indian producers.

*Carpets and Rugs* :—The class of carpets and rugs exported from India to the United Kingdom chiefly consists of cheap carpets of oriental design. In this the chief competitors of the Indian goods are carpets from Persia, Turkey, Russia etc. There is no large supply of this article from other Empire countries and it is likely that this Indian export may profit somewhat from the preference given.

*Fodder, Bran and Pollards* :—Of bran and pollards Indian exports to United Kingdom are small, and of the total exports in this class rice bran etc. form the bulk. Rice meal and rice dust is drawn by United Kingdom almost entirely from India there being no Empire or foreign competitor of any significance.

*Coir manufactures* :—Of the total Indian imports into the United Kingdom of coir manufactures nearly two-thirds are made up of coir yarn, of which India is almost the sole supplier. The remaining consist of Indian coir mats and matting. Even in this India holds a dominant position supplying in recent years on an average about 70 p. c. of the annual United Kingdom imports of this group.

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§ All these provisions also find a place in the agreement with Canada which has during recent years become an important producer of lead.

Germany, Netherlands and Belgium are the chief buyers of Indian coir manufactures and rank above the United Kingdom.

*Spices*.—The United Kingdom share in this trade is small not exceeding on an average 15 p. c. of our total exports. The important articles in this group taken up by the United Kingdom are cardamoms, ginger and pepper. The Indian Trade Commissioner mentions a difficulty that has arisen since 1929 in the case of Indian exports of ginger to United Kingdom on account of an order of the United Kingdom ministry of health prohibiting the sale in the United Kingdom of ginger treated with sulphur dioxide. As most of the Malabar exports are so treated this export trade has almost ceased so far as United Kingdom is concerned for the time being at least. Other preservatives are being tried but so long as they are not introduced and utilised on a commercial scale there is no possibility of a revival. The result is that the export of spices to United Kingdom now form even a smaller than 15 p. c. share of our total spice exports. With regard to pepper it has to be remembered that some of the most important pepper producing countries of the world such as the Strait Settlements and Ceylon lie within the Empire and preference could be of no use in competition with them.

The Ottawa agreement also provides for the continuance of free entry to certain types of Indian produce into the United Kingdom. These products are shellac, raw jute, myrobolans, broken rice, mica and Indian hemp. It may be noted at the outset that these are all raw materials almost all of which are important to British industries. A free entry guaranteed to them is, therefore, no boon especially granted to the Indian producer as such. Further it has been admitted in the agreement itself that there is no direct competition of Empire or non-Empire products with these imports. Wherever competition may come in it is indirect in the form of substitutes. The case of raw jute, it is unnecessary to examine at all. There is no substitute found for it yet and its imports are absolutely essential to the Dundee industry. Broken rice exports are so small that they need not be considered. The really important constituents of this free entry group are shellac and mica.

On the subject of mica it would be sufficient to quote the following extracts. "For electrical purposes, no efficient substitute for

mica has yet been found and the mineral continues to be in constant demand, which is greater than the supply. Although India is still the largest producer of sheet mica the output from South Africa and Rhodesia is continually increasing and is now little short of the amount produced in India. It is probable that in the course of a few years the African will overtake the Indian output in quantity. The Indian trade (70 p. c.) is now largely in the form of splittings, and in this India is pre-eminent.\* Or again "Intensive search for a cheap efficient synthetic substitute in this country and abroad has not been successful and the electrical industries must continue to use mica. † Which means that mica is invaluable to the British electrical industries and free entry is at least as much to their interest as to that of India.

*Shellac* :—As in the case of mica so in shellac, efforts have been continuously made for finding synthetic substitutes and they have in this case been more successful. Thus in all trades in which natural lac products were formerly used synthetic products compete more and more. At present the principal industries in which lac is used are the gramophone disc record industry ( 50 p. c. of total lac products ); the spirit varnish trade, electrical, paint and varnish and general ( 35 p. c. ), felt and hat and crape industries ( 5 p. c. ). Fluctuating prices, adulteration and unreliable quality have done a great deal to undermine the position of lac and it is significant that of recent years exports of stick lac and seedlac have tended to increase due largely to dissatisfaction in the consuming countries with Indian methods of manufacture. U. S. A. it is estimated, takes about half of world's lac products, the United Kingdom 25 p. c. and the rest of the world ( principally Germany ) the balance. The emergence of synthetic substitutes has also been accompanied by a demand for better and more uniform qualities of shellac to conform to the standards set up by synthetic substitutes. If, therefore, shellac is to maintain its position the production of a cheap article obtained in a pure form showing as few variations as possible from the standard accepted by the consumer must be produced. The difficulties of the lac industry are such as cannot be solved or even partially got over by preference or free entry. Calcutta is today practically the world's clearing house for lac products as lac from Burma,

\* Lindsay Report. 1928-30 p. 22. † Lindsay Report. 1931-33 p. 22.



Indo-China and Siam reaches Europe and America largely via Calcutta. Shellac is not exported from any country other than India and it is only in seed and stick lac that some competition is encountered from Indo-China. Further though synthetic substitutes have made some headway in other trades they have as yet not found it possible to compete with natural lac in the important manufacture of gramophone disc records. Here again, therefore, a free entry to a cheap, well established and in some important trades well-nigh indispensable raw material is at least as much to the interests of the British manufacturer as to that of the Indian producer.

*Pig iron* :—The exports of pig iron from India are a post-war phenomenon, the result of the development of the iron and steel industry. India has special advantages in the production of pig iron and we are told that, "Indian pig iron is much appreciated in overseas markets, wherever local products are not too heavily protected, on account of its combining to a singularly successful degree both quality and cheapness."‡ Japan has been the best customer for our pig iron from the very beginning and still continues to be so. For the period from 1927-28 to 1929-30 the average annual exports of pig iron from India were 470 thousand tons of which Japan took on an average 325 thousand tons. In 1930-31, however, its takings showed considerable decline on account of accumulation of stock and increased domestic production. It has only been during the last two or three years that the United Kingdom has attained some importance as a buyer of Indian pig iron. Even so U. S. A. still ranked higher in 1930-31 than the United Kingdom whose total imports from India during that year amounted to 99 thousand tons. The extent of the United Kingdom market is in any case small. The imports during recent times have been as follows. (In thousand tons). 1930, 290; 1931, 283; first five months of 1932, 75.¶ Every effort is being made by the United Kingdom industry to further expand the domestic production of pig iron. The exports from India of pig iron during 1930-31 were 439,000 tons which would show that even if Indian pig iron occupied the entire United Kingdom market it would not be possible to dispose of more than

\* Lindsay. Report for the years 1930-31 and 1931-32, Appendices F.

‡ Lindsay Report, 1930-31 p. 12. ¶ The Economist, 18-6-32.

half of India's exportable surplus. The difficulty in disposing of Indian pig iron is again of an entirely temporary nature and with the undoubted advantages that India possesses in this production we have no need to buy a free entry to a small and shrinking market at the pice paid in the supplementary agreement. It may also be emphasised here that our aim has been and should be to build up a self-reliant steel industry in India and not to sink to the position of mere suppliers of pig iron and semi finished steel to a United Kingdom steel industry. If the latter were the real aim the imposition of a whole scheme of protective iron and steel duties for a series of years would be utterly indefensible..

*Raw Cotton*:—Little need be said with regard to this. The total exports to the United Kingdom are very small and liable to considerable fluctuations. They are also of a type and quality of which India has no exportable surplus. The Lancashire industry is definitely a fine counts and fine cloth industry and can absorb only the finer varieties of Indian cotton. The Indian industry on the other hand does not make much headway in the finer branches because of the lack of home-grown fine cotton. Our preponderant production is of coarse cotton and almost all our exportable surplus is of this kind. Hence it is not possible to think of Lancashire as becoming ever a steady or important market for Indian cotton. No preferential treatment is to be given to Indian cotton and only vague promises of devising other means of increasing its consumption have been held out.

Certain points will immediately stand out from this survey and the appended tables regarding exports. The contrast between the treatment of imports and exports is very striking. On all the most important articles of import into India excepting machinery, sugar and kerosene preference will be given and they will become liable to higher duties. On the other hand our most important articles of export are raw jute, raw cotton and the manufactures thereof and rice. These form in value more than half of the total exports of India and on these no Imperial Preference or free entry can help us nor any Empire competition harm us. More than half of the total exports of India thus do not enter into the calculations at all and it is as from the remaining half that preferences have been given. But these preferences again as we have seen, cannot help much in the large majority of cases.

The question can be examined from two entirely independent points of view. Firstly we can ask ourselves as to what additional benefit the Ottawa agreement has brought to the Indian producer. Secondly we could study the possible effects of a non-participation in an all-Empire arrangement and balance the loss averted against the burden imposed on the Indian consumer. From the angle from which the first question is posed it is likely that even the Indian delegation at Ottawa would agree that we gain but little. That is if we take the situation as it existed before the levy of the import duties in England with the preferential treatment of tea, coffee and tobacco and the equal treatment of Empire goods in England and the cotton manufactures and iron and steel duties in India the advance made on this by Ottawa is very small indeed. The duties on linseed and carpets and rugs would perhaps be the sum total of it as against the preferences on the various U. K. commodities put down in the Ottawa schedules.

The case is entirely otherwise when, however we look at the Ottawa agreement from the point of view which has been so much emphasised in the report of the Indian delegation. The delegation freely admits that India has nothing to gain from the adoption of a general scheme of tariff preferences within the Empire and if it had not been for the threat of the withdrawal of the present free entry of Indian goods into the United Kingdom after November 15 even this delegation would not have committed us to a policy of Imperial Preference. The situation is briefly this. The imposition of the import duties by the United Kingdom was for the purpose of attaining a bargaining position with respect to other countries. This bargaining position has been to begin with used astutely in the case of the Dominions and the Colonies. But in so far as the Dominions have all these years been only too willing to enter into a scheme of Imperial Preference it can hardly be said that the imposition of the import duties was a necessary condition precedent to the United Kingdom entering into the type of agreements effected at Ottawa with the Dominions. It is also clear that the Ottawa agreement has to such a large extent tied down the hands of the British Cabinet that it is not in a position now to bargain advantageously with non-Empire countries. Thus the simple result is that India has been the sole victim of this attainment of a

"bargaining position" on the part of the United Kingdom. For even on the admission of the Indian delegation we have now been forced into arrangements which we would never have entered had it not been for the imposition of the import duties in March and the threat of their application to India from November 15.

On such a presentation of the question it is natural to enquire whether India is really in such a weak bargaining position as against the United Kingdom. If, for example, the United Kingdom could threaten to worsen considerably the position of Indian trade in the United Kingdom was there not a counter-threat available to the Indian delegation? The importance in this connection of the preferences that are at present being extended by India to the United Kingdom imports of cotton piecegoods and iron and steel is obvious. These are among the most important of the classes of imports into India and preferences on these are of the utmost value to British industry. The folly of having gratuitously given away these preferences has now become only too apparent. We do not believe, and have explained above our reasons for not believing, that the preferential treatment of British goods in these cases is really to the interest of the Indian consumer. It is not possible to say anything in respect of the difficulties of customs administration. But in so far as the first Tariff Board on iron and steel could devise a satisfactory scheme of protective duties—ruling Imperial Preference out deliberately—and as the imposition of specific duties on cotton piecegoods has been found even by Mr. Hardy to be not altogether impossible, a system of protection without preference does not appear to be too difficult a task to accomplish. While the United Kingdom has been attaining a bargaining position we have been deliberately undermining ours and the danger of Imperial Preference by the "back-door" has become demonstrably clear. But surely it was not too late for the Indian delegation to mend these matters. The Government of India could have been communicated with and the possibility of doing away with the element of preference in our protective system could have been canvassed. It would then not have been necessary for the Indian delegation to praise the generosity of the British delegation for giving some weight to the existing preferences; the existing preferences could have been made to weigh properly.

Apart from this, some quantitative measurement of the loss that we would really have suffered if the Ottawa agreement had

not been entered into is necessary. The Indian delegation has taken the figures of the value of the imports into United Kingdom of Indian produce. We think it more proper to take the figures of exports from India. These have been given in detail in Appendices C and D. It will be seen that the average value of Indian exports to United Kingdom on which either preference has been given or to which free entry has been guaranteed is approximately Rs. 56 crores. Out of these there are certain types of goods which can obviously be omitted. There is for example raw jute and jute manufactures. The first is a monopoly and the second almost so; for even though the Indian delegation may express fear that a duty on jute manufactures may lead to an undermining of that trade it should be remembered that the type of sacking and bags exported by India are really not produced by the U. K. industry. There, perhaps, can be no better indication of a country's confidence in finding ample markets for certain of its exports than the levy of an export duty. India levies an export duty on jute and jute manufactures, raw hides and skins (the delegation is also unnecessarily apprehensive about goat skins,) and rice. The average value of the exports of jute and jute manufactures is about Rs. 9 crores. Teak is also almost a monopoly with no Empire competitor at all and its exports average over Rs. 80 lakhs. Then in judging of the importance to us of the United Kingdom market we must take into account two things. Firstly, the importance of the export trade in a commodity to the Indian producers of that commodity and secondly, the importance in our entire export market of the United Kingdom. If, for example, we see that on average 95 p. c. of a certain product is consumed in India itself foreign markets do not really count much therein. Wheat, barley, pulses, tobacco, cottonseed etc. are such products. Again if the United Kingdom only takes about 5 p. c. of our total exports a diminution in that market which might take down the percentage to three or four should not seriously alarm us. Among important products the United Kingdom does not count as a market in rice, cotton manufactures, groundnut, manures etc. Coffee again we have seen holds its position entirely owing to its merits and has not profited at all from preference. These are definite deductions to be made. In others the degree of possible loss can hardly be determined. What, for example, will happen to such constituents of the free entry group as mica, shellac or myrabolans. The position of mica is strong but

that of shellac comparatively weak. Again the rising exports of tanned hides and skins to the United Kingdom in the post-war period shows that this material is much appreciated there. We have also shown above that there is in this class of goods no competition from Empire or even non-Empire sources. What then would be the effect on the consumption in the United Kingdom of Indian tanned hides and skins of the imposition of a 10 p. c. revenue duty? It does not seem probable that the effect would be large. It is absolutely essential that a detailed survey of the position in such matters be conducted and we believe that if it is so conducted it will certainly be found that the Indian delegation has considerably overestimated the loss that would be entailed on the export trade of India by our being denied preferential treatment in the United Kingdom market.

For our part, we believe that the loss would no doubt be very considerable in the case of tea. There is also the possibility of loss which we ought to take into account in cases such as tanned-hides and skins, pig lead, pig iron, pepper, raw hemp and shellac; and further if the Ottawa agreement is not ratified we lose the possible advantages of the preferences on linseed and carpets and rugs. But does the whole of this amount to a great deal? If we count the value of the average exports of all these it does not come up to much more than Rs. 33 crores, allowing for the increased importance of pig iron in recent years, we may put it at Rs. 34 crores as a whole. But then it has to be remembered that one industry tea accounts for Rs. 24 crores out of this sum. The 168 commodities on which we have got preference have been much talked of since the delegation returned to India. But whatever is the use of a large list of commodities whose annual exports to the United Kingdom do not amount even to a lakh of rupees? Large possibilities about the future have been painted in glowing colours but on the stand taken by the Indian delegation the real position has to be judged by the possibility of loss that we have to face on November 15 and we believe that the commodities we have enumerated and the figures we have given represent correctly the situation in its main features. We are being, therefore, committed to a policy from which we stand to gain very little because of the concern for the welfare of the tea industry and of other exports whose average annual value in normal years did not amount at the outside to more than Rs. 10 crores,

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## CHAPTER III

### Conclusion.

What then on the balance can the verdict be on the Ottawa agreement? We have on the one hand the enormous additional cost to the consumer. The approximate value of the total imports into India of all the articles subject to preferential treatment is on an average for the normal years we have taken into account nearly Rs. 132 crores.\* Out of these, the imports from the United Kingdom were valued at Rs. 76 crores. We are, therefore, invited by the agreement to impose an additional burden on the consumers of Rs. 56 crores worth of non-British imports. It might be argued that of these the cotton manufactures and part of the iron and steel preferences obtained already before the Ottawa agreement. The obvious reply to this argument would be to say that the preferential treatment of tea, coffee and tobacco has similarly obtained in the United Kingdom for some years past and if the United Kingdom is now to be given credit for the renewal of these preferences we are equally entitled to the credit of the preferences on cotton manufactures and iron and steel. Or the balance may be presented deducting the old preferences on both sides. In that case it would be found that on average the value of the imports of commodities coming in for the first time for preferential treatment under the Ottawa agreement and its supplement has approximately been Rs. 71 crores of which about Rs. 31 crores represent the value of United Kingdom imports. The non-British imports in this category are of the average annual value of Rs. 40 crores.

It is the loss to India that has to be balanced against the gain under the Ottawa Agreement. The loss is the additional duty on the enormous import values mentioned in the preceding paragraph. We have already explained in detail that this burden will inevitably fall on the poorest classes of the consumers of imported commodities and that in a number of cases it falls also on the basic materials of a number of miscellaneous Indian industries. It should also be remembered that even if a certain proportion of the trade is diverted from the non-British to British hands the burden on the consumer is not lessened. For, the

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\* See Appendix, A.

consumer is in this case merely forced to purchase a dearer British good which he does not buy under present competitive conditions and the element of the loss of satisfaction is, therefore, still present. It is no doubt difficult to visualise the enormity of this cost and it has been often explained how protectionist policies spread chiefly because their advantage to particular sections are obvious and direct while the cost involved is spread over a large body of consumers and thus escapes notice.\* The cost is none the less real and in the case of a poor country like India especially hard to bear. As against this the advantages or rather negatively the losses that we seek to escape have been indicated in the last chapter. The certain loss to be averted is with respect to the sales of tea in the United Kingdom. These come up on an average to more than Rs. 24 crores annually. The other important export on which there is probability of loss is that of tanned hides and skins amounting to nearly Rs. 7½ crores in value annually. There is not sufficient data available to us to determine what the reaction of a 10 p. c. U. K. duty on tanned hides and skins exports will be and this needs more investigation. The exports of other commodities which also may lose and which are important from the Indian point of view do not amount to more than Rs. 2 crores. It is difficult to balance figures when so many incalculable elements enter into the account but the facts as we see them do not point to the Ottawa agreement as a profitable bargain. A further notable point needs to be stressed. It is that the incidence of the gain is highly particularised. The staple exports of India, the exports on which the prosperity of the large mass of our population depends are products like cotton, rice, jute, groundnut, linseed, raw hides and skins and raw wool.† On none of these do we stand to lose if the Ottawa agreement is not ratified. And if the agreement is ratified we gain an additional benefit only on the least important of these articles viz linseed. For at present all linseed being granted free entry in the United Kingdom we are competing on equal terms with Argentine in that market. While, therefore, the burden is to be widespread the gain, what-

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\* Cf. Beveridge:—Tarriff, Chaps. IX and X. † The value of these together with the value of cotton and jute manufactures formed in the period, 1927-28 to 1929-30 on an average more than 68 p. c. of the value of our total exports.



ever it may be, will be purely sectional and preponderantly in favour of only one highly localised industry—the tea plantations. All of which leads to the conclusion that at Ottawa India's bargaining position has been ill used. It is not in the first instance to our interests that we should adopt a general preferential tariff. This has been emphatically laid down by the Fiscal Commission and endorsed by the Ottawa delegation. Secondly if we are deliberate about protection even to our industries it is imperative that preferential treatment should as deliberately be granted. The Indian delegation should have refused to be hustled. There was not, we repeat, any need for such hurry on our parts. If the policy of Imperial Preference had to be adopted preferential treatment may have been granted to a few selected British commodities after due enquiry in return for a few selected preferences to Indian goods in the United Kingdom. It is hard to believe that the British delegation would not have agreed to the grant of the *status quo* for a further period of six months for making such an enquiry or that the British Cabinet will refuse such a request even now if put forward by the Assembly. On the basis of a few selected commodities Imperial Preference may be excusable under pressure; as a general system it should never be tolerated.

We have reserved for treatment last the consideration that weighed most with Lord Curzon's government—the fear of retaliation. It has been stated by the Indian Fiscal Commission that the fear of retaliation had been exaggerated; but then the Indian Fiscal Commission made the statement under the belief that the position of Indian exports generally was invulnerable. The whole case of the Indian Delegation on the other hand, rests on the premise that it is highly vulnerable. The difference between the two points of view arises because the Ottawa delegation has produced its report at the time of a severe agricultural depression and when agricultural countries are finding it difficult to sell their supplies of foodstuffs and raw materials. On a long term point of view we believe that the vulnerability of our trade position has been exaggerated by the Ottawa delegation. No doubt at the moment the balance of trade terms as between the agricultural and the industrial countries is heavily against the former. But this cannot but be a passing phase and in a determination of policies it is the long term

point of view that should predominate. Whatever that may be, the Ottawa delegation cannot have it both ways. If our position is highly vulnerable even in the United Kingdom market then the fear of retaliation from other countries is a real one and the effects of such retaliation are likely to be disastrous to the export trade of India.

We invite attention, in a consideration of the question, to the tables printed in Appendices E. and F. These have been compiled from the Reviews of the trade of India and indicate the direction of our foreign trade. It will readily be observed that while for the average period chosen by us India bought 45.6 per cent of her imports from the United Kingdom, that country on the contrary bought only 22.7 p. c. of our total exports. It will also be observed that in the case of all other countries, with the exception of Java and the Straits, we manage to sell to them a greater percentage of our exports, than the percentage of our imports that we buy from them. If then it is stated that the disposal of agricultural produce has at the moment become difficult it will be possible for these countries to inflict very serious damage on our exports without laying themselves open to any serious injury from ourselves. Indeed the figures by themselves do not disclose completely the gravity of our position. We have stated above that the really important articles of our export are cotton, jute, groundnut, linseed, rice, raw hides and skins etc. Ruling out jute as a monopoly our position today is fairly precarious in cotton, oilseeds and rice. Japan has been our most important customer for raw cotton and pig iron; China buys our cotton and rice in large quantities; U. S. A. takes the bulk of our exports of raw skins and lac and the continental countries are large buyers of all sorts of our raw materials, especially oilseeds. It has been indicated above that the one group above all in which we really have to fear competition is the group of oilseeds; and among oilseeds groundnut is by far the most important. It is also a crop whose cultivation in India is more widespread than that of any other oilseed crop. We have in the former chapters and the tables furnished enough statistics to substantiate the following quotation from the statement issued by the Committee of the Oilseeds Traders' Associa-

tion. "It can definitely be said that the agreement is likely to have a very adverse effect on the seeds trade, which otherwise is growing by leaps and bounds. The United Kingdom has not the capacity to buy the bulk of what India has to offer and in the circumstances, her task to dispose of her surplus crop on the continent will be rendered difficult." Thus not only is our position with respect to countries other than the United Kingdom weak but it is weak in those parts which we must take special care to guard well. Already the trade of India is unduly centred in one channel and preferential treatment will still further accentuate this false emphasis. And it will by doing this make our position still weaker in respect of our other customers.

Whether retaliation actually comes or not it is clear that by endorsing the Ottawa agreement we lay ourselves open to its possibility. And if it comes the harm that it will bring will be much greater and will affect us in more vital parts than the loss supposed to be averted by the Ottawa agreement. Indeed, the most curious feature of the whole situation is that we should have come so badly out of Ottawa when our bargaining position *vis-a-vis* the United Kingdom is by far the strongest. If it comes to a tariff war we could inflict infinitely greater harm on the United Kingdom trade than ever United Kingdom could on us. We conclude therefore, by emphatically stating that our bargaining position has not been properly used at Ottawa; that we have been committed to a general preferential policy which is entirely against the interests of India and that the whole agreement has been conceived and brought forth in a hurry for which there is not the least justification.

## Appendix A

[ Note. The preparation of the tables had to be taken into hand long before the report of the Ottawa delegation was published. There have consequently crept into them a few mistakes of additions and omissions. There have for example, been included in tables A and B camphor, asphalt and pruning knives. On the other hand apparel, cordage and rope, knitting machines and type-writers have been omitted. These few imperfections however, do not, it is believed detract much from their utility or the broad validity of their conclusions. ]

### Value of Imports into India from all countries [Rs. Lakhs.]

	1927-28	1928-29	1929-30	1930-31	Average for 3 years 1927-28 to 1929-30	Average of U. K. imports	Percentage of col. 7 to col. 6
1 Cotton Piecegoods.							
Grey.	2125	2019	2093	687	2079	1369	65.9
Whites.	1542	1534	1328	621	1468	1319	91.8
Coloured.	1752	1735	1515	682	1667	1136	68.3
2 Metals.							
Aluminum.	119	108	142	101	123	41	33.3
Brass.	234	253	223	163	237	76	32.5
Copper.	129	142	93	104	121	41	33.0
German silver.	15	21	17	13	18	3	16.7
Iron and steel.	2144	2024	1721	1089	1963	1161	59.1
Lead.	12	9	9	7	10	5	50.0
Zinc.	36	33	40	31	36	16	44.4
3 Cotton Twist and Yarn.	679	629	600	308	636	320	50.3
4 Motor Cars etc.	515	648	629	407	597	164	27.5
5 Hardware	524	523	507	360	518	192	37.1
6 Woollen manufactures.	537	502	428	231	489	168	34.3
7 Instruments and Apparatus.							
Electrical.	283	313	361	311	319	200	62.7
Musical.	23	25	35	26	23	16	57.0
Photographic.	23	30	31	31	28	17	60.7
Surgical.	23	21	22	17	22	14	63.7
Scientific.	22	22	18	17	21	14	67.0
Wireless.	16	14	7	8	12	8	66.7
Other kinds.	23	27	28	31	26	19	73.0
8 Paper and Paste-board.	301	330	372	287	334	118	35.4
9 Rubber Manufactures.	272	286	333	258	297	99	33.3
10 Chemicals.	265	248	297	261	270	151	55.9
11 Provisions etc.							
Confectionery.	28	27	26	20	27	20	74.0
Milk condensed and Preserved.	83	89	88	79	87	28	32.2
Canned & bottled fruit.	13	13	14	12	13	1	67.7
Canned Fish	34	23	26	18	28	4	14.3
Canned & bottled others.	63	66	67	62	65	44	67.7
Cocoa and chocolate.	4	6	3	4	4	2	50.0
12 Drugs and Medicines	198	202	226	194	209	89	42.5
13 Paints and painter's materials	155	144	147	112	149	105	70.5

## Appendix A—(Contd.)

	1927-28	1928-29	1929-30	1930-31	Average for 3 years 1927-28 to 1929-30	Average U. K. in insta	Percent- age of col. 7 to col. 6
14 Lubricating oils other than bat- tobing	141	135	130	130	135	17	12.5
15 Building and Engi- neering materials.	129	122	134	110	128	70	54.7
16 Cycles.	118	129	119	72	122	102	83.6
17 Haberdashery and Millinery.	127	134	104	73	122	28	23.0
18 Liquors.							
Ale, beer and porter	104	100	111	102	105	64	60.9
19 Stationery.	92	102	105	81	100	55	55.0
20 Earthenware and Porcelain.	81	73	72	48	75	28	37.3
21 Toilet requisites.	62	65	73	54	67	26	38.8
22 Toys and requisites for games.	64	67	65	49	65	16	24.6
23 Umbrellas etc.	62	57	44	31	54	14	25.9
24 Toilet soap.	47	50	50	31	49	38	77.6
25 Miscellaneous Lea- ther manufactures	41	39	39	29	40	32	80.0
26 Cutlery.	39	36	41	26	39	11	23.2
27 Furniture and cabi- netware.	31	37	38	28	35	13	37.1
28 Asbestos manufac- tures.	37	33	32	28	34	26	76.5
29 Boots and Shoes of leather.	29	26	21	13	25	20	80.0
30 Oils.							
Fish.	5	6	6	7	6	3	50.0
Vegetable essen- tial.	10	10	15	10	12	3	25.0
Vegetable non- essentials.	9	8	8	5	8	8	100
31 Firearms.	24	22	19	16	22	14	63.7
32 Cartridges and car- tridge cases.	15	19	15	13	16	11	68.8
33 Vehicles not mechanically pro- pelled.	17	17	14	11	16	8	50.0
34 Brushes and Brooms	14	15	14	12	14	5	35.7
35 Perfumed spirits.	13	12	11	8	12	6	50.0
36 Oil cloth and floor cloth.	9	10	12	7	10	5	50.0
37 Ghee.	4	7	9	8	7	2	28.6
38 Smoker's requisites.	6	5	4	2	5	2	40.0
39 Leather cloth and artificial leather.	4	4	6	4	5	3	60.0
40 Engine and boiler packing.	5	4	4	4	4	4	100
<b>Total</b>	<b>13233</b>	<b>7624</b>					

\* Column 6 from Appendix. B

## Appendix B.

*Value of Imports into India from the United Kingdom.*

	1927-28	1928-29	1929-30	1930-31	Average for the 3 years 1927-28 to 1929-30
1 Piece goods—					
Grey	1554	1378	1176	281	1369
White	1420	1423	1203	523	1349
Coloured	1259	1199	950	448	1136
2 Metals—					
Aluminium	48	36	40	21	41
Brass	89	84	56	28	76
Copper	45	49	30	30	41
German Silver					
Iron or Steel	1364	1190	929	513	1161
Lead	7	4	4	3	5
Zinc	20	15	12	5	16
3 Twist and Yarn	309	356	296	127	320
4 Motor cars, etc.	170	163	159	94	164
5 Hardware	206	189	180	131	192
6 Woollen Manufactures	211	165	128	67	168
7 Instruments and Apparatus—					
Electrical	185	199	215	174	200
Musical	12	11	20	15	14
Photographic	17	18	17	17	17
Scientific	15	15	13	10	14
Wireless	11	9	4	5	8
Other kinds	17	21	20	23	19
Surgical	15	13	13	10	14
8 Paper and Pasteboards	110	123	122	89	118
9 Rubber Manufactures	96	90	111	74	99
10 Chemicals	147	147	159	141	151
11 Provisions—					
Confectionery	21	21	19	15	20
Milk Condensed and Preserved	32	23	28	25	28
Canned and bottled fruit	1	1	1	1	1
"                    fish	4	4	4	3	4
"                    others	41	44	46	40	44
Cocoa and Chocolate	2	3	2	2	2
12 Drugs and Medicines	84	89	95	64	89
13 Paints etc.	112	104	100	74	105
14 Lubricating Oils	14	13	24	20	17
15 Building and Engineering Materials	75	70	65	48	70
16 Cycles	101	107	97	47	102
17 Haberdashery and Millinery	30	27	26	18	28

## Appendix B—(Contd.)

	1927-28	1928-29	1929-30	1930-31	Average for the 3 years 1927-28 to 1929-30
18 Liquors Ale Beer and Porter	63	61	69	64	64
19 Stationery	53	55	56	44	55
20 Earthen ware and Porcelain	30	28	26	18	28
21 Toilet requisites	24	26	28	19	26
22 Toys and requisites for games	15	17	15	12	16
23 Fish Oil	4	3	3	4	3
24 Vegetable essential Oils	3	3	4	2	3
25 Vegetable non essential oils	9	8	7	5	8
26 Umbrellas	16	16	11	6	14
27 Toilet Soap	37	39	39	24	38
28 Miscellaneous Leather Manu- factures	35	31	31	20	32
29 Cutlery	10	11	11	8	11
30 Furniture and cabinetware	13	13	14	12	13
31 Asbestos manufactures	30	25	22	18	26
32 Boots and Shoes of Leather	22	20	17	10	20
33 Firearms	16	13	13	11	14
34 German silver	2	3	3	2	3
35 Cartridges and cartridge cases	11	11	11	9	11
36 Vehicles not mechanically Propelled	9	8	7	6	8
37 Brushes and Brooms	6	6	5	4	5
38 Perfumed spirits	5	5	5	3	5
39 Oil cloth and floor cloth	5	5	6	3	5
40 Metal Buttons	1	1	1	5	1
41 Glue	2	2	2	2	2
42 Smokers' requisites	3	1	2	1	2
43 Leather cloth and artificial Leather	2	2	4	2	3
44 Engine and Boiler Packing .	4	4	3	3	4
45 Cork manufacture	1	9	6	7	1.9

## Appendix C.

*Value of Exports from India to all countries.* [ Rs. Lakhs.

	1927-28	1928-29	1929-30	1930-31	Average for years 1927-8 to 1929-30	Average of ex- ports to U.K.*	Percent- age of col. 7 to col. 6.
1 Jute Manufactures	5356	5690	5193	3189	5413	203	3.8
2 Rice ...	3364	2599	3128	2582	3030	58	1.9
3 Raw Jute ...	3066	3235	2717	1288	3006	694	23.1
4 Tea ...	3248	2660	2601	2356	2826	2432	85.9
5 Ground nuts ...	1563	1937	1639	967	1713	103	6.0
6 Dressed & Tanned hides ...	412	440	343	260	398	383	91.2
7 Dressed and tanned Skins ...	495	491	462	368	483	403	83.4
8 Cotton Manufac- tures ...	867	780	719	522	789	35	4.4
9 Shellac ...	569	682	568	329	606	156	25.6
10 Linseed ...	452	331	572	541	452	110	24.3
11 Oil Cakes ...	314	384	312	208	337	112	33.2
12 Castor seed ...	258	246	315	156	240	89	24.6
13 Pig lead ...	215	215	245	217	225	116	51.6
14 Pig iron ...	179	211	259	170	216	15	6.9
15 Wheat ...	441	169	21	195	210	162	77.1
16 Spices ...	240	159	196	127	198	28	14.2
17 Coffee ...	232	169	145	192	182	54	29.6
18 Pulses (including beans) ...	187	181	164	105	177	37	20.9
19 Wood (mainly teak)	166	177	180	140	174	88	50.6
20 Fodder, bran and Pollards ...	137	145	119	77	134	93	69.4
21 Manures ...	128	123	135	123	125	4	3.2
22 Tobacco ...	106	129	106	104	114	38	33.3
23 Cotton seed ...	145	133	55	23	111	106	96.0
24 Mica ...	93	90	103	68	95	43	45.3
25 Myrabolans ...	122	80	78	78	93	39	41.9
26 Carpets and Rugs ...	92	94	85	67	90	44	48.9
27 Barley ...	85	165	7	1	86	26	30.2
28 Hemp Raw ...	81	88	68	39	79	12	15.2
29 Non essential Vegetable oils ...	29	37	32	24	33	7	21.2
30 Sandal wood oil ...	22	27	23	13	24	8	33.3
31 Coir manufactures.	7	1.1	8	6	9	2	22.2
Total					21659.9	5648.2	

\* Column 6 from Appendix D.



## Appendix D.

*Exports to United Kingdom from India.* [ *Rs. Lakhs.* ]

	1927-28	1928-29	1929-30	1930-31	Average for years 1927-28 to 1929-30
1 Jute manufactures	201	206	201	121	203
2 Tea	2844	2235	2219	1995	2433
3 Ground nuts	63	121	124	72	103
4 Dressed and tanned hides	335	393	310	251	363
5 Dressed and tanned skins	430	392	387	323	403
6 Cotton manufactures	36	27	41	19	35
7 Lac	189	205	159	70	174
8 Linseed	112	37	181	124	110
9 Oil cakes	104	112	119	92	112
10 Castor seed	71	55	50	33	59
11 Pig Lead	80	113	154	166	116
12 Spices	39	20	26	11	28.
13 Coffee	67	40	54	52	54
14 Pulses ( including beans )	40	37	35	19	37
15 Wood ( mainly teak )	74	89	101	74	88
16 Fodder bran and Polards	88	106	86	47	93
17 Manures	4	4	4	4	4
18 Tobacco	26	47	42	38	38
19 Cotton seed	141	122	54	22	106
20 Carpets and Rugs	48	46	38	38	44
21 Barley	40	32	6	1	26
22 Non essential vegetable oils	7	8	7	7	7
23 Sandalwood oil	9	8	8	2	8
24 Coir manufactures	18	20	20	18	19
25 Rice	773	50	50	97	58
26 Raw Jute	168	757	556	223	694
27 Shellac	163	174	131	154	156
28 Mica	43	43	43	35	43
29 Myrabolans	47	36	34	38	39
30 Hemp Raw	15	10	12	5	12
31 Pig Iron	10	2	33	38	15

## Appendix E.

### *Shares of Foreign countries in India's imports.*

#### PERCENTAGES.

Name.	1927-28	1928-29	1929-30	1930-31	Average for years 1927-28 to 1929-30
1 United Kingdom	47.7	44.7	42.8	37.2	43.6
2 Japan	7.9	7.0	9.8	8.8	8.6
3 U. S. A.	8.2	7.1	7.3	9.1	7.9
4 Germany	6.1	6.3	6.6	7.5	6.3
5 Java	5.9	6.5	5.7	6.3	6.0
6 Belgium	3.0	2.8	2.8	2.8	2.8
7 Italy	2.7	2.9	2.8	2.7	2.8
8 Straits Settlements	2.6	2.0	2.6	2.4	2.3
9 Netherlands	1.9	1.9	1.8	1.9	1.9
10 Persia and Austria	1.8	1.9	2.1	2.0	1.9
11 China	1.6	1.7	1.7	2.0	1.7
12 France	1.7	1.9	1.9	1.7	1.8
13 Australia	.8	.3	.3	1.5	.9

## Appendix F.

*Shares of Foreign Countries in the exports from India.*

PERCENTAGES.

Name of the Country	1927-28	1928-29	1929-30	1930-31	Average for years 1927-28 to 1929-30.
1 United Kingdom	25.0	21.4	21.8	24.0	22.7
2 U. S. A.	11.1	11.8	11.6	9.4	11.5
3 Japan	8.9	10.2	10.2	10.6	9.7
4 Germany	9.9	9.6	8.4	6.3	9.3
5 France	4.9	5.3	5.3	4.9	5.1
6 Ceylon	4.8	4.2	4.2	5.0	4.4
7 Italy	3.9	4.5	3.6	3.5	4.0
8 Belgium	3.3	4.0	3.8	3.4	3.7
9 China	1.4	2.8	4.1	5.9	3.7
10 Netherlands	2.4	2.6	2.8	2.9	2.6
11 Str. Settlements	2.8	2.4	2.5	2.8	2.5
12 Central and South America	3.3	3.3	3.2	2.3	3.2
13 Australia	2.0	2.2	1.8	2.0	2.0
14 Persia, Arabia, etc.	2.5	2.1	2.1	2.2	2.2

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*Publication No 1.* The Salaries of Public Officials in India,  
by D. R. Gadgil, M. A., M. Litt. Price Re. 1.

“The study is a very clear, able and valuable one. It should be gone through by all those who have the interests of the country at heart.”

*Indian Journal of Economics.*

*Publication No 3.* The Marketing of Fruit in Poona.

[ *In Preparation.* ]