

REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1941.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON TUESDAY, 24th MARCH 1942.



Bombay :

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1942.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

REPORT FOR THE YEAR 1941.

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THE MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

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CHAIRMEN AND SECRETARIES OF THE MILLOWNERS' ASSOCIATION, BOMBAY.

Chairmen.

- H. MAXWELL, 1875, 1876-77, 1877-78.
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SIR DINSHAW MANEKJI PETIT, 1879-80, 1880-81, 1881-82, 1882-83,
1883-84, 1884-85, 1886-87, 1888-89, 1889-90, 1891, 1892.
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SIR NESS WADIA, 1911.
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T. V. BADDELEY, 1939.
SIR VITHAL CHANDAVARKAR, 1940, 1941.
KRISHNARAJ MADHAVJI D. THACKERSEY, 1942.

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- JOHN GORDON, 1875-84.
DAVID WATSON (Acting), 1881-82.
JOHN MARSHALL, 1884-98.
FREDERICK NOEL-PATON, 1898-1905.
J. B. LESLIE-ROGERS, 1905-11.
R. E. GREGOR-PEARSE, 1912-20.
C. B. SAYER, 1921-24.
T. MALONEY, appointed 1924-41.
N. S. V. AIYER, (Ag.) 1941.

Millobners' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 24th MARCH, 1942.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS of the ANNUAL GENERAL MEETING of the MEMBERS of the MILLOWNERS' ASSOCIATION, BOMBAY, held in the rooms of the Association (Second Floor, Patel House, Churchgate Street, Fort) at 11-30 a.m. (S.T.) on Tuesday, the 24th March 1942, to transact the following business :—

- (1) to receive and adopt the Committee's Report for the year 1941 ;
- (2) to appoint Auditors of the Association's Accounts for the current year and to fix their remuneration ;

and any other business that may be brought forward.

SIR VITHAL CHANDAVARKAR, M.L.A., Chairman of the Association, presided.

The following gentlemen were also present :—

Sir B. Rama Rao, C.I.E., I.C.S., Chairman, Bombay Port Trust ; Mr. F. A. I. Richardson, I.C.S., Collector of Customs ; Mr. H. E. Butler, O.B.E., Commissioner of Police ; Mr. J. B. Shearer, Commissioner of Income-tax ; Mr. D. Symington, I.C.S., A.R.P. Controller ; Mr. J. M. B. Gibbons, Chairman, Bombay Chamber of Commerce ; Mr. A. W. Percy of Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. ; Prof. M. J. Antia, Principal, Sydenham College of Commerce and Economics ; Mr. T. Maloney, Director of Textiles ; Mr. Sankalchand G. Shah, Chairman, Bombay Yarn Exchange ; Mr. P. N. Joshi, Principal, Victoria Jubilee Technical Institute ; Dr. Nazir Ahmad, Director, Technological Laboratory ; Dr. K. Venkataraman, Head of the Department of Chemical Technology, University of Bombay ; Mr. N. G. Kewalramani, Inspector of Factories on Special Duty A.R.P. ; Mr. Jal Rutnagar ; Mr. J. N. Mody ; Sir Ness Wadia, K.B.E., C.I.E. and Mr. Neville N. Wadia representing the Bombay Dyeing and Manufacturing Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I. representing the Century Spinning and Manufacturing Co., Ltd. ; Sir Sorab Saklatvala, M.L.A., and Mr. T. V. Baddeley representing the Ahmedabad Advance Mills Ltd., the Central India Spinning, Weaving and Manufacturing Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills Ltd. ; Sir Joseph Kay, Kt., Mr. A. H. Baker, Mr. D. Moir and Mr. H. G. H. Everitt representing the Colaba Land and Mill Co., Ltd., the New City of Bombay Manufacturing Co., Ltd., and the New Great Eastern Spinning and Weaving Co., Ltd. ; Mr. Krishnaraj M. D. Thackersey and Mr. Hurgovandas Jamnadas Ramji representing the Crown Spinning and Manufacturing Co., Ltd., the Hindoostan Spinning and Weaving Co., Ltd., the Indian Manufacturing Co., Ltd., and the Western India Spinning and Manufacturing Co., Ltd. ; Mr. F. F. Stileman and Mr. H. F. Milne representing the Kohinoor Mills Co., Ltd. ; Mr. R. W. Bullock, Mr. J. C. Lancashire and Mr. F. H. Kemple representing the Gokak Mills Ltd., and the Simplex Mills Co., Ltd. ; Mr. A. Pether and Mr. C. R. M. Tippet representing the New Union Mills Ltd. ; the Sassoon and Alliance Silk Mills Co., Ltd., and the Sassoon Spinning and Weaving Co., Ltd. ; Mr. W. B. Bryden and Mr. B. G. Davy representing the Apollo Mills Ltd., the David Mills Co., Ltd., the E. D. Sassoon United Mills Ltd., the Edward Sassoon Mills Ltd., the Elphinstone Spinning and Weaving Mills Co., Ltd., the Loyal Mills Ltd., the Meyer Sassoon Mills Ltd., and the Raymond Woollen Mills Ltd. ; Mr. L. F. H. Goodwin representing the Lakshmi Cotton Manufacturing Co., Ltd., the New Pralhad Mills Ltd., and the Vishnu Cotton Mill, Ltd. ; Mr. V. D. Sirur representing the Minerva Mills Ltd., the Modern Mills Ltd., and the Mysore Spinning and Manufacturing Co., Ltd. ; Mr. J. Edwards representing the Dhanraj Mills Ltd. ; Mr. M. L. Tapuriah representing the Kamala Mills Ltd. ; Mr. Ramnath A. Podar, Mr. Sagarmall Doongarmall and

Mr. M. Subba Rao representing the Podar Mills Ltd. ; Mr. Laldas Tribhowandas representing the Khatau Makanji Spinning and Weaving Co., Ltd. ; Mr. Gordhandas Vandravan representing the Digvijay Spinning and Weaving Co., Ltd. ; Mr. Vandravan Purshotam representing the Jam Manufacturing Co., Ltd. ; Mr. M. M. Amersey representing the Madhusudan Mills Ltd. ; Mr. Mathradas Dwarkadas representing the Jam Shri Ranjitsinghji Spinning and Weaving Mills Co., Ltd. ; Mr. Cavasji Cursetji Dalal representing the Khandeish Spinning and Weaving Mills Co., Ltd. ; Mr. Maganlal B. Patel representing the Shri Dinesh Mills Ltd. ; Mr. P. M. Panpalia representing the Raja Bahadur Motilal Poona Mills Ltd. ; Mr. B. L. Malpani representing the Shree Niwas Cotton Mills Ltd. ; Mr. Pratap Bhogilal representing the Shree Ram Mills Ltd. ; Mr. G. N. Vaidya representing the Ruby Mills Ltd. ; Mr. Charles Lister representing the Usha Woollen Mills Ltd. ; Mr. N. S. V. Aiyer (Acting Secretary) ; and Mr. R. G. Gokhale (Labour Officer).

The notice convening the meeting having been read by the Secretary, the CHAIRMAN said :—

GENTLEMEN,

In proposing the adoption of the Report and Accounts of the Association which are already in your hands, I shall be failing in my duty if I omitted to refer to certain matters which engaged the serious attention of the Committee in the year under review.

In my presidential address at the last Annual General Meeting, I sounded an optimistic note which, I thought, was justified by events which were then developing. General Wavell had then just cleared Libya of the combined German and Italian forces, and Admiral Cunningham had confined the much advertised Italian Navy to its home ports, and India's lines of communication with the Dominions and Allied Countries in Africa, Middle East and Far East, were comparatively free from danger. As the year advanced, the war spread to Bulgaria, Yugoslavia, Greece and Russia, the last mentioned country becoming involved in June. Nevertheless, the Indian Textile Industry, in spite of several military setbacks to the Allied cause later in the year, and in spite of the shortage of and high prices which had to be paid for raw materials and stores, played a very important role in satisfying both Government and civil requirements, domestic as well as overseas. Our order book position improved from 280,000 bales at the end of December 1940 to 360,000 bales at the end of November 1941. The spindleage and loomage working double shift improved in the same period from 58 per cent. to 80 per cent. and 58 per cent. to 76 per cent. respectively. There was a corresponding reduction in the idle spindleage and loomage, the reduction being from 14.5 per cent. at the end of December 1940 to 7.2 per cent. at the end of November 1941 in the case of idle spindleage and from 7 per cent. at the end of December 1940 to 2 per cent. at the end of November 1941 in the case of idle loomage. Production of cotton piecegoods in Bombay went up from 1,200 million yards in 1940 to 1,500 million yards in 1941, and of yarn from 311 million lbs. to 454 million lbs. During the greater portion of the year till Japan joined the war, there was a considerable improvement in price level. Exports also improved. Exports, which stood at 331 million yards in 1940, totalled 644 million yards in 1941. The position in regard to the supply of textile piecegoods against Government and civil requirements became so acute that Government had to hold a conference of textile interests in Bombay in September 1941. The Conference was attended by the Supply Member as well as the Commerce Member. As a result of this Conference, steps were taken to encourage mills to increase output to their maximum capacity, and as a result, India's *monthly* production shot up from an average of about 340 million yards of cloth in 1940 to well over 400 million yards in the latter half of 1941, the exact figure not being available as production figures from September to December have not yet been published. I have already said that fairly reasonable prices were obtained for our manufactures, and I shall not be exaggerating if I say that, on the whole, satisfactory profits were made by mills in 1941.

Then, towards the end of the year, a series of events took place one after the other with lightning rapidity, which not only held the horrified attention of the whole world, but also affected our industry. Japan struck at U.S.A. and Britain in the Far East early in December. The initial blow was as powerful as it was unexpected, and the results achieved could not have failed to surprise even the most optimistic militarists in Japan. Taken by

surprise, the Allies sustained a series of reverses, which helped Japan not only to wrench the mastery of the sea in South-west Pacific from the United States and Britain, but also to land troops in Malaya and other places without any serious opposition. Subsequent events are well known, but they had very tragic repercussions in India. For one thing, with the fall of Singapore and the occupation of Rangoon, we lost our markets in Burma and the Far East, and what is even more serious is that the war with all its horrible consequences has been brought to our very doors. Moreover, the lack of preparations on the part of the Allies, as evidenced by the progressive successes achieved by Japan's armed forces, led to a panic which resulted in the flight of substantial numbers of civilian population from cities like Calcutta, Madras and Bombay to their inland homes. This created complications with our merchants who were unable in the conditions obtaining, to take delivery of the goods according to contract. Prices collapsed, demand from internal market disappeared to a very great extent due to unsettled conditions, and these led to an increase in the uncleared stocks of the mills from 73,000 bales before Japan commenced hostilities to 109,000 bales at the end of February 1942. The order book position worsened by about a lakh of bales in the same period. The panic also spread among our workers, and in spite of every effort which we made to keep them at work, it is reported that as many as 38,000 workers or 17 per cent. of our normal complement have already left Bombay. The exodus of such a large number of workers has created gaps which perhaps could only be made up by closing down one shift, and this matter is at present receiving the closest attention of the Committee. I am aware that the closing down of night shifts will raise difficulties for our mills in connection with the orders they have booked for Government and for the civilian trade, but speaking on behalf of members of the Association, we shall do everything possible to ensure that our supplies of cloth to the armed forces of the country are kept up according to Government's requirements, even though we realise that such a step may mean the allocation of more than 40 per cent. of our machinery working on single shift on Government orders, and the cancellation and/or postponement of delivery in the case of bazaar contracts entered into by the mills. The shrinkage in mill activity will doubtless affect the supply of cloth available in the country for home and export markets with serious consequences to everybody, but a lot depends on how long the present panic lasts and on the trend of future events.

I have referred to the war being brought to our very doors. Nobody wants India to be made a battlefield as that would mean the entire destruction of everything which this country stands for and has so far lived and worked for, and the only way by which we could avoid such a contingency is to mobilise our resources to the utmost and keep the enemy away from our frontiers. I do not propose to minimise the gravity of the situation, but my faith in the ultimate victory of the Allied Powers remains unshaken. The vast resources of the British Commonwealth of Nations and the United States of America will be the deciding factor of the war, and let us hope that the full weight of these resources would be mobilised and brought to bear on the enemies before further wounds are inflicted on us.

CLOTH REQUIREMENTS OF THE DEPARTMENT OF SUPPLY.

As you are aware, this Association had, from the very commencement of the war, expressed in no uncertain terms its dissatisfaction with the organisation of and the purchase policy adopted by the Supply Department. The Committee of the Association had from time to time a series of discussions with various officers of Government without tangible results. We had asked for the establishment of a separate textile purchase office in Bombay ; we asked for technical and business people to be associated with Government ; we had suggested that the tender system should be discarded as far as possible and running contracts entered into with mills at least in respect of difficult and major items ; again, we had pointed out that Government should discard middlemen and deal with mills direct and that steps should be taken to distribute orders as widely as possible ; we had also complained of delays in securing payment in respect of cloth supplied to Government and of the lack of facilities in Bombay for testing our experimental samples. These discussions led us nowhere on vital issues, and Government's unholy love for red-tapism and out-of-date methods came in the way of a satisfactory solution being evolved. Things continued to be unsatisfactory till the end of August, when Sir Homi Mody became Member for Supply, and let it be said to his credit that various problems affecting supplies have since been tackled in a businesslike manner ; a compact organisation consisting of the planning and purchase side of the Department

of Supply has been transferred to Bombay ; mills have been given six months' running contracts and Government have established a non-official Panel of Industrial Advisers to help them in all matters concerning their purchase activities. From my own personal knowledge, this Panel has relieved Government as well as the industry of a considerable portion of their worry, and the day-to-day contact between representatives of the Panel and the Bombay Office has facilitated prompt and satisfactory decisions on various matters which previously were taking their own leisurely course. Here I should like to pay my tribute to Mr. Krishnaraj M. D. Thackersey, our Deputy Chairman, and Mr. T. V. Baddeley, for undertaking the responsible and thankless task of working as our representatives on the Textile Advisory Panel. Both of them, especially the Deputy Chairman, have devoted a considerable portion of their time and energy to their duties as members of the Panel. I am sure Mr. Baddeley will agree with me that the Deputy Chairman has spared no pains to safeguard the interests of the industry and to secure for it a fair and square deal from the Supply Department. I am particularly grateful to Mr. Krishnaraj and Mr. Baddeley because they have relieved me of a considerable amount of burden and anxiety which otherwise I would have had to face in my capacity as the Chairman of the Association. I should also like to place on record our appreciation of the services rendered by Sir Frederick Stones who, though not our representative, is the Honorary Adviser to Government. In regard to yarn, Sir Ness Wadia, Mr. J. C. Lancashire and Mr. S. H. Batliwala of the Empress Mills, Nagpur, have been rendering equally valuable services as members of the Yarn Panel. I do not propose to refer in detail to the work of the Panels. The Deputy Chairman of the Association who has been very closely associated with the activities of the Bombay Organisation, and has no doubt taken a very prominent part therein, will review in detail the work done by the Panel and its associate bodies. Before I pass on to the next subject, I must congratulate Government on their choice of Sir Homi Mody for the Supply Membership. His close association with commercial and industrial interests of the country generally, and his intimate knowledge of the Indian textile Industry in particular, has made his selection an extremely happy one from every point of view. Sir Homi has already made his mark in various fields and he enjoys the confidence of the Indian Textile Industry and the establishment and the successful working of the Bombay branch of the Supply Organisation is in no small measure due to his powerful personality. I assure Sir Homi Mody and the Government of India of our sincere co-operation and assistance in all matters concerning Government's requirements of cotton textiles.

LABOUR MATTERS.

I shall now turn to another matter, namely, labour. As you are aware, the Association granted, as recommended by the Rangnekar Enquiry Committee, a dearness allowance at a flat rate of As. 2 per day from December 1939, payable to all employees drawing less than Rs. 150 per month. This dearness allowance was intended to cover variations in the official cost of living index figure between 105 and 123, and it was made clear that an adjustment in the rate would be necessary if—and only if—the index number fell outside the limits of 105 and 123 for a period of three consecutive months. Towards the middle of July 1941, it was understood that the cost of living index number was likely to be in the neighbourhood of 126 for the month of July. Though the question of adjusting the dear food allowance did not arise immediately, it was taken up by the Committee promptly, and on their recommendations a new sliding scale of dear food allowance was given effect to from July 1941. In this connection, I must refer to the fact that the Association would have been justified in delaying action for a period of three months under the terms on which the dear food allowance was originally introduced, but consistent with their policy of giving labour a fair deal, the Committee thought that no time should be lost in giving relief to the workers against rising prices. The new scale of dear food allowances provided for a gradual increased rate of allowance in proportion to the rise in the working class cost of living index from 124 to 143, a dear food allowance of Rs. 4-8 per month being payable at 124 and Rs. 9 at 142 for a month of 26 working days. The highest allowance so far received by workers was Rs. 7-14 in the month of January 1942 when the official cost of living index number stood at 137. In this connection, it is very interesting to note that with the addition of the interim increase, which we introduced immediately on the publication of the Interim Report of the Bombay Textile Labour Enquiry Committee and the new scales of dear food allowances, the wages in the industry are the highest on record, and compare very favourably with those paid in 1926 when a 10-hour day was being worked.

At one stage in the strike which took place in 1940, the Committee were asked by Government as to whether they could give an undertaking to the effect that the owners would be prepared to give a war bonus to their workers if increased profits were made by the industry as a result of war conditions as soon as the extent of these profits had been determined. The Committee felt that the distribution of war profits if and when earned should be considered not only in relation to the mill industry of Bombay, but also in other centres as also with reference to all other industries in the country, and in their reply indicated that the principle of allowing employees a share at times when abnormal profits were made would similarly entitle employers to demand that workers should accept the logical corollary of a reduction in wages at a time when losses were incurred, which labour had not agreed to in the past. Moreover, discussion on the question of a war bonus and the giving of an undertaking as desired by Government in regard to the distribution of profits, which had yet to accrue at some day, and might not accrue at all, would, the Committee pointed out, create false hopes in the minds of workers, and instead of facilitating the restoration of peaceful conditions in the industry, such an undertaking would undoubtedly lead to a state of continued unsettled conditions. The Committee, however, indicated that the Association, consistent with its desire to give a square deal to labour, would be prepared to give an assurance to Government that the Cotton Mill Industry of Bombay would consider sympathetically any reasonable proposal for the grant of a war bonus or allowance if the industry were to make profits on the same scale as those made in the years 1918 to 1921 inclusive, provided similar assurances were obtained from all other large-scale industries throughout the country. The Committee also made it clear that before making appropriations for the grant of war bonus or allowances, it would be necessary to take into consideration not only the levels of increments in wages and other taxation then in operation and claims of the shareholders to an adequate return on their investments, but also the fact that a very large section of the industry in Bombay had for many years only been able to make meagre allowances for depreciation, renewals and replacements of machinery, and they had in addition, very large capital and funded debts and other liabilities to discharge. The question of war bonus was again raised by Government in our discussions with them on the question of the revision of the scale of dear food allowance, but the Committee reiterated their objection to the payment of such bonus, and stated that the time had not arrived for the consideration of this question. Early in November 1941, the attention of the Committee was drawn to notices which had been served on certain members by their operatives asking for a bonus, an increase in dearness allowance and an increase in basic wages. Government at this stage again got into touch with the Association for two reasons : firstly, they were anxious to avoid dislocation of work and, secondly, they felt that the profits made by mills in recent months justified the grant of a war bonus to workers. The matter was carefully considered by the Committee, and although some of my colleagues felt that there was no justification for the grant of a war bonus, taking a long and broad view of things, the Committee unanimously came to the conclusion that a war bonus equivalent to As. 2 in the rupee on the workers' total earnings in the year 1941 may be granted, provided Government, who had moved in this matter and who in the absence of any recognised trade union are the only authority to speak for labour, would be prepared to express their view publicly regarding the adequacy of bonus granted by us and that if in spite of the grant of such a bonus, mischief-mongers were to make an attempt to stir up labour, Government would view such action with grave concern and take suitable action. More than one interview with His Excellency followed the meetings of the Committee, and finally we were informed by Government that they considered what the Committee had to offer to the workers as reasonable and fair and that they would be prepared to express their views in public by means of a Press *communique*. On the strength of this assurance, a recommendation for the grant of a bonus to the operatives employed in cotton mills equivalent to As. 2 in the rupee on their total earnings in the period 1st January 1941 to 31st December 1941 inclusive was placed before an urgent general meeting of members held on 3rd December 1941, when the Committee's recommendation was unanimously adopted, and a bonus as laid down in the Committee's resolution was actually distributed on 21st February 1942. Here, I would like to acknowledge with gratitude the immense help rendered to the Association, and to me particularly, by His Excellency the Governor, who, throughout the consideration of the question of varying the dearness allowance as well as the question of grant of war bonus, was most anxious to understand our point of view and to see that a decision fair to millowners as well as to labour, was reached.

The total payment made by Bombay cotton mills in the shape of bonus is in the neighbourhood of a crore of rupees. When we recommended the bonus, we knew that the actual trading profits for 1941 had not been ascertained, but we were actuated by a sincere desire to keep up production as a war effort and it was thought that the bonus which we were recommending would serve as an incentive. This hope has not been fully realised for, as many as 38,000 workers left our mills after taking their bonus and their wages for the month of February. This exodus has been to a very great extent due to panic, and it is very difficult to say when things will settle down, but it is very unfortunate that the dislocation of production caused thereby is bound to cripple seriously our chances of making any profits in the year 1942 as well as the workers' chances to secure a bonus.

The employment position throughout the year showed an unprecedented improvement. The additional demands placed on the industry for cloth and yarn resulted in an increase in the total complements to 219,000, a record figure, and it is a fact that at one time certain mills which really wanted to increase their activity in the night shift or to start additional shifts were unable to do so on account of scarcity of labour. The rise in the volume of employment together with the increase in wages which I have already referred to, could not have failed to improve the economic position of the workers in the sense that not only would the total earnings of the family have improved, but the number of unemployed dependents would also have decreased.

Labour was comparatively quiet in the year under review. There were 225 notices of change given by employers and workers as against 214 in the previous year. Agreements were reached between managements and representatives of workers in respect of a very large proportion of these notices, and only a small number which went up to conciliation failed to bring about a settlement. The Labour and Technical Advisory (Managers) Sub-Committee were kept busy as usual, and my periodical meetings with the Government Labour Officer were also kept up, and consideration was given to and action taken on various proposals which came up before the Association from time to time. A detailed account of the action taken has been given in the Report which is now in your hands. There was, however, one unfortunate feature in the labour situation, namely, lightning strikes which amounted to 18 in all in the year. These strikes were of varying duration and some of them, at any rate, were on trivial grounds, or for reasons over which the management had no control. It is unfortunate that in spite of the machinery provided under the Act, workers resort to lightning strikes as and when they please, and I think it is the duty of everybody who professes to speak on behalf of workers to impress upon them the incalculable harm they are doing not only to the industry and to themselves, but also to the State and its war efforts.

TRADE MARKS LEGISLATION.

The enactment of legislation to provide for the registration of trade marks and the enforcement of Sections 1 and 85 of the Act from 11th March 1940 have already been referred to in the Report which is in your hands. The procedure proposed by Government for the deposit of trade numbers and trade names appeared to be unworkable in practice, and the fee of Re. 1 for every trade number and trade name was deemed to be unnecessarily high. The former question was taken up with the Deputy Registrar of Trade Marks in Bombay, and the latter with the Government of India, Department of Commerce. The Government of India refused to reduce the deposit application fees, but it was possible to arrive at a workable solution on the procedure to be adopted in the deposit of trade numbers and trade names of member mills. This work was taken up by the Association on behalf of its member mills, and, by the end of June, 80,000 trade numbers and 5,000 trade names were deposited by the Association at a very small cost to its members.

While our efforts to reduce the deposit application fees in the case of trade numbers and trade names were generally unsuccessful, our case for a concession in regard to the fees for application for registration of trade numbers and trade names was favourably considered by Government, and the draft Rules under the Act recently published fairly meet our case.

In passing, I cannot refrain from pointing out that the arrangements provided in Chapter IX of the Trade Marks Act for the registration of cotton marks cannot be deemed

to be entirely satisfactory. No doubt, the Deputy Registrar of Bombay would have jurisdiction over 90 per cent. of the trade marks used in India, but the allocation of jurisdiction on the basis of the principal place of business of the applicant for registration is unsatisfactory, and the best solution of the problem would have been to take out cotton marks from the Registrar in Calcutta and concentrate them in the hands of the Deputy Registrar in Bombay. Here, I should like to express my appreciation of the very sympathetic and helpful manner in which Mr. Shavaksha, the Deputy Registrar, and his Assistant Dr. Venkateswaran have dealt with the various points raised by the Association in connection with the deposit and other preliminaries connected with the introduction of the Act.

WAR RISK INSURANCE FOR FACTORY BUILDINGS AND MACHINERY.

Another matter of grave importance which has been receiving the attention of the Committee in the last few months is the question of insurance against war risks of factory buildings and machinery. The Association had put forward a case for such insurance as long ago as July 1940, but at that time Government did not consider that an insurance scheme applicable to buildings and machinery was a suitable manner for dealing with possible damage to immovable property resulting from war risks. With the commencement of hostilities in the Far East, which brought India within the war zone, the necessity of such a scheme became urgent, and bearing in mind the unfortunate experience of property-holders in Malaya and Burma, the matter was strongly represented by the Committee to the Government of India. The Committee suggested that Government might issue forthwith an Ordinance which would empower them to make a scheme to grant relief in respect of war damage sustained by factory buildings and machinery, this Ordinance being followed later by a scheme of relief setting forth details. Government were reminded that the very same procedure had been followed by them in regard to war injuries where the Ordinance was followed by the scheme after an interval of five months. What the Committee felt was that the Ordinance should provide for compulsory insurance on an all-India basis at a flat rate of premium irrespective of the varying degrees of risk to which properties in different centres might be exposed. It was expected that, in view of the forthcoming session of the Assembly, Government would place their proposals before the Assembly in the form of a Bill. Now that the Assembly session is almost over, I doubt whether it would be possible for Government to deal with this question through the ordinary process of legislation. I hope Government will take urgent action even if they have to legislate by means of an Ordinance.

EXPORT MARKETS.

Ever since the commencement of the war, considerable difficulties have been experienced in getting adequate freight space to facilitate our exports to foreign countries. From time to time, as your representative on the Export Advisory Council, I had made representations to Government and had suggested that the ban on ships registered in the Indian Register for carrying goods to overseas markets should be removed, but at that time, the question was more or less of an academic interest because our coastal steamers, which were not requisitioned by Government, appeared to be fully engaged on the Indo-Burma trade. With the occupation of the Malayan Peninsula, the Dutch East Indies and the loss of trade with Burma, the position changed considerably, and a substantial number of ships, which were previously engaged on the Indo-Burma trade, seem to have been rendered idle in India. I may mention that, when I was in Delhi last week, I took the liberty of further pressing upon the attention of the Commerce Member the desirability of lifting the ban on ships registered in the Indian Register, to carry goods to African and Middle East Ports at least for the duration of the war. This matter, I understand, is now receiving the attention of Government, and I do hope that early orders will be issued lifting this irksome ban.

DOMESTIC AFFAIRS.

It now only remains for me to thank all those who were very closely associated with me in the conduct of the Association's affairs. While the scope and functions of the Association have increased out of all expectations in recent years, the year which has just ended has been an extremely strenuous one, but the Deputy Chairman and the Committee responded nobly to all calls that I made on them. I have been associated with the Committee of the

Association since 1932, and it has given me no small satisfaction to find that, while individual members of the Committee may hold strong views on certain matters, they sink their differences, stand shoulder to shoulder, and speak with one voice, which is really the Association's voice, when matters relating to the industry are discussed outside. This is an asset to the Association, and makes the task of its Chairman for the time being an extremely simple one. I must also pay my tribute to the various Standing Sub-Committees of the Association, particularly to the Special A.R.P. Sub-Committee over which my friend Mr. Neville N. Wadia presides, and who, in passing I may say, is a chip of the old block. As regards Mr. Maloney, it is very difficult to express adequately his usefulness to the Association. It was with the greatest reluctance that I, at the request of Sir Homi Mody, undertook the task of persuading the Committee to lend his services for the purpose of running the new Textile Supply Organisation in Bombay. I did so and, I think, events have proved that I was right because I felt that it was essential for the successful working of the Bombay Organisation to have at the head of the Purchase Branch one who knew all that was worth knowing about the textile industry, who was in intimate contact with the viewpoint of the industry and who had a complete knowledge of the sources of supply of the different kinds of materials required for war purposes. Moreover, as Government had agreed to the demand of a substantial section of the industry in Bombay as well as outside, for the transfer of the Textile Directorate to Bombay, I felt it was our duty to respond to the request of the Supply Member for the loan of Mr. Maloney's services. But one condition we made before we agreed to lend Mr. Maloney's services, and that was that we should be allowed to recall Mr. Aiyer, our permanent Assistant Secretary, whom we had lent to the Supply Department in April 1941, to take Mr. Maloney's place as the Acting Secretary of the Association. Mr. Aiyer has been doing the work of the Secretary as well as of the Assistant Secretary, and all those who have come in contact with him will agree with me that he has discharged this most difficult task with entire satisfaction to all members of the Association. I must also not forget to pay our tribute to our Labour Officer, Mr. Gokhale, who has had a very difficult year, especially in connection with the working out of the schemes of the dearness allowance and war bonus. He is a very capable and loyal officer. The Association has been indeed very lucky in having a very efficient staff from top to bottom, and so long as this tradition continues, we can look forward to greater success and greater confidence in the working of the Association.

Our General Fund which stood at Rs. 3,32,000 at the end of last year, has increased to Rs. 3,37,499 at the end of the year under review. This, I hope, you will consider satisfactory.

I now take this opportunity of bidding good-bye to you as the Chairman of the Association, an office which I had held for the last two years and which I am handing over to a very distinguished member of the Association, and who belongs to a family which has rendered very distinguished services to the Association. Mr. Krishnaraj has already proved his mettle on previous occasions, and I am sure that in his safe keeping, the interests of the Association will be zealously and faithfully safeguarded. I am particularly grateful to him, and I am sure the Committee are also equally grateful to him for accepting the Chairmanship in addition to his duties as the Member of the Textile Advisory Panel. I know he has an arduous task before him, but he can rely upon the Committee to give him their most loyal co-operation.

One word more. We are passing through most critical and momentous times. As far as the war is concerned, it is a titanic struggle in which the Commonwealth of British Nations and the Democracies of the United States of America, Russia and China are engaged against aggression. As far as we are concerned, we have unfortunately certain differences of a vital character with the United Kingdom awaiting settlement, and it is of the greatest importance that a solution of these problems should be found to secure the wholehearted co-operation of India in the war effort not only in the interests of democracy, but also in the interests of peace and humanity, but this should not be allowed to blur our vision. On your behalf and on behalf of the industry, I would like to tender our most cordial welcome to Sir Stafford Cripps whom Britain has sent out to bring about a settlement of the Indian problem. Times are very difficult, and it is almost impossible to say what the outcome of Sir Stafford's visit will be, but if all concerned realised that prosecution of the war to a successful end is our main concern, it will not be difficult to solve the problem, and we must, therefore, with united hearts do all that we can to help Sir Stafford Cripps to bring about an honourable understanding between India and Britain as he has been able to do between Russia and Britain.

Gentlemen, I now formally propose "that the Report of the Committee of the Association for the year 1941 be and is hereby approved and adopted."

MR. KRISHNARAJ M. D. THACKERSEY, Deputy Chairman, in seconding the adoption of the Report, said :—

GENTLEMEN,

Our Chairman in his very able speech has just dealt with some of the more important phases of the Committee's activities during the year, and I feel there is very little which he has not touched upon and which deserves special mention by me. He has already referred in brief terms to the setting up of the Cotton Textiles Directorate in Bombay and the appointment of the Cotton Textiles Advisory Panel, on which our Association is represented by Mr. T. V. Baddeley and myself, and he has left it to me to give you a short review of the functions and work of this Panel and an indication as to how far the Panel has been able to achieve the main purpose for which it has been constituted, namely, to meet Government requirements of cotton textiles during the period of the war most effectively and expeditiously and in a manner which would be satisfactory both to Government and ourselves.

I may at first refer to the terms of reference of the Panel. These, *inter alia*, are to advise the Directorate-General, Supply, on matters concerning the cotton textile industry with special reference to the demand placed upon it in war-time, and when called upon to advise specifically upon the best methods of stimulating production, the allocation of war supply orders to the various units of the industry and the basis on which prices should be fixed. The Panel consists of 12 representatives drawn from the various Millowners' Associations in the country and representatives of the Department of Supply. Subsequently, on the suggestion of the Hon'ble the Commerce Member, the scope of this Panel was extended to permit consultation by the Department of Commerce on questions relating to "standard cloth," supply of yarn to the handloom industry, etc.

At the first meeting of the Panel held at Delhi early in December to discuss Government's bulk purchase programme for the year 1942-43, the view was expressed that it would be difficult for the Panel, as then constituted, to put forward recommendations in regard to Government's requirements of yarn and sewing thread, since the important yarn producers were not directly represented on the Panel. In these circumstances, an *ad hoc* Sub-Committee was appointed to whom has been delegated full authority in respect of all matters arising out of yarn supplies to Government. Our Association is represented on this Sub-Committee by Sir Ness Wadia and Mr. J. C. Lancashire, in addition to Mr. S. H. Batliwala from Nagpur.

The whole question of Government's war requirements and the prices at which the various materials should be supplied were discussed at a meeting of the Panel held in December, and it was decided that 20 per cent. of weaving output from mills in India should provisionally be reserved for supply to Government for defence purposes, subject, however, to Government reserving the right to demand the full output of mills who are specially equipped to produce specialised items, such as mineral khaki, flannelettes, canvas, etc. As regards the basis on which prices should be fixed, Government put forward, in the first instance, two proposals, for the consideration of the Panel. These were (a) to take April/May/June 1941 as the basis period, and the maximum prices which were paid by Government in this period to be taken as the basic prices to which were to be added differentials in respect of cotton, wages, stores, fuel, etc.; and (b) the cost plus profit basis. After careful consideration, the Panel came to the unanimous conclusion that the cost plus profit basis should not be taken for purposes of calculating prices, and decided to go by the differential method. This, I may say, has now been found to be more satisfactory than the cost plus profit basis, as will be evident from the spontaneous response which has come forward from every mill and the anxiety to meet Government's demand in full. The Panel delegated their authority to a Standing Sub-Committee consisting of Mr. Kasturbhai Lalbhai, Mr. B. W. Batchelor and myself to fix in consultation with Government, the prices to be paid in respect of Government's requirements of cloth on the basis decided upon by the Panel. It was agreed that prices fixed should be firm for a period of three months, but that orders for quantities should

be firm for a period of six months, and that periodical adjustments in prices at quarterly intervals should be made in consultation with the Standing Sub Committee. This Sub-Committee subsequently met at Bombay and fixed the prices on the basis agreed to at the Panel meeting. The requirements of Government for the period of six months, viz., February to July 1942 were estimated to be about 450 million yards, which quantity was allocated to the different regional areas in proportion to the number of looms installed. It was agreed that regional allocations should be decided by the Cotton Textiles Directorate, but the allocation between individual mills in a particular area should be done by the Panel Member of the area concerned. The tender system ceased to exist except in so far as quantities less than 50,000 yards are concerned. Demands over 50,000 yards and upto 300,000 yards were to be dealt with by the Standing Sub-Committee, but demands over 3 lakh yards in respect of any particular material should have to be dealt with in consultation with the full Panel. The quantity allotted to the mills in the Bombay area in the period February to July 1942 was about 200 million yards, and I am glad to be able to say that with the active support and co-operation of the mills, the whole of Government's requirements have been covered, except flannelettes. The question of meeting Government's demands in respect of these materials is at present being considered, and it is hoped that with the voluntary and willing support of these mills who are specially equipped for the manufacture of such materials, it will be possible to come to amicable arrangements for supplies, without Government being compelled to requisition such plants. The prices which have been fixed for the first quarter of the current year are due for revision at the end of this month, and although conditions have vastly changed, let us hope that the prices which will eventually be fixed will be satisfactory to ourselves and reasonable to Government. In this connection, I think I will be failing in my duty if I do not record my appreciation of the readiness of Government to accept and follow the advice and suggestions which have been made from time to time by the Panel as well as the Standing Sub-Committee in any matter arising out of supplies to Government. I may say this much, that there has not upto now been a single instance in which the Department of Supply have turned down any of the recommendations made by the Panel.

I have already stated that the scope of the Panel has been extended so as to permit consultation by the Department of Commerce on questions relating to "standard cloth." The question of introducing a scheme for the production and sale of standard cloth in India for the benefit of the poorer classes of the people was discussed at a meeting of the Panel held in early December, following which certain proposals framed by Mr. Kasturbhai Lalbhai were forwarded to the various Millowners' Associations for expression of opinion. The Committee of our Association expressed the view that in view of the slump in prices of cotton piecegoods following the entry of Japan into the war there was no necessity for the introduction of a scheme on the lines contemplated by Government. It was, however, suggested that if Government still desired to pursue the matter, all the requirements of Government in the shape of standard cloth and the demands from the Department of Supply should be aggregated and mills should be asked to contribute a fixed percentage against these demands. The Panel met again on the 20th January to discuss this question, and a Sub-Committee consisting of Mr. Kasturbhai Lalbhai, Sir Shri Ram, Lala Padampat Singhania and myself was appointed to study, in consultation and collaboration with the Technical Officers of the Commerce and Supply Departments, the types of standard cloth which should be introduced if and when a scheme for the actual manufacture of standard cloth was brought into operation. This Sub-Committee subsequently met, and certain tentative decisions were reached in regard to the types of standard cloth, prices to be paid, etc. These proposals are still under consideration by Government. The question of the method of distribution of standard cloth has not also been finally decided upon by Government, but the Panel Sub-Committee as well as the Panel have unanimously suggested that the main distribution of the cloth should be done through Government agencies. I may also point out that any scheme which may be finally settled will be introduced only after full consultation with the Panel.

As in the case of cloth, a Standing Sub-Committee consisting of Sir Ness Wadia, Mr. John Tinker and Mr. J. M. Doak, has been appointed to whom full authority has been delegated by the Yarn Sub-Committee in the matter of allocations between individual mills of yarn requirements.

Gentlemen, I thank you for the honour you have conferred on me by electing me as your Chairman for the year 1942, and have much pleasure in seconding the resolution moved by the Chairman.

The resolution was then put to the meeting and carried unanimously.

On the motion of Mr. T. V. BADDELEY, seconded by Mr. NEVILLE N. WADIA, it was resolved :

“ RULES FOR THE REGISTRATION OF TRADE MARKS.

- (a) “ That the amendments made by the Committee in Rule 20 and 23 of the Association's Rules for the Registration of Trade Marks by their resolutions dated 30th June 1941 and 7th July 1941 and circulated to members on 8th July 1941 be confirmed and adopted and that Rules 20 and 23 as amended by the Committee be incorporated in the Association's Rules for the Registration of Trade Marks.”

SUPPLEMENTARY PROVISIONS REGARDING DEALERS' TRADE MARKS.

- (b) “ That Rule 8(a) of the ‘ Supplementary Provisions regarding Dealers' Trade Marks ’ approved by the Committee by their resolution dated 30th June 1941 and circulated to members on 8th July 1941 be confirmed.”
- (c) “ That effect be given to the ‘ Supplementary Provisions regarding Dealers' Trade Marks ’—as amended by the Committee by their resolution dated 30th June 1941—for a further period of one year from 1st April 1942.”

SUPPLEMENTARY PROVISIONS FOR CIRCULATION OF DEALERS' TRADE NAMES.

- (d) “ That the ‘ Supplementary Provisions for circulation of Dealers' Trade Names for use on goods exported from India ’ approved by the Committee by their resolution dated 30th June 1941 and circulated to members on 8th July 1941 be confirmed.”
- (e) “ That effect be given to the ‘ Supplementary Provisions for circulation of Dealers' Trade Names for use on goods exported from India ’—approved by the Committee by their resolution dated 30th June 1941 and circulated to Members on 8th July 1941—for a further period of one year from 1st April 1942.”

“ SUPPLEMENTARY PROVISIONS FOR CIRCULATION OF DEALERS' TRADE NUMBERS.

- (f) “ That the ‘ Supplementary Provisions for circulation of Dealers' Trade Numbers for use on goods exported from India ’ approved by the Committee by their resolution dated 30th June 1941 and circulated to members on 8th July 1941 be confirmed.”
- (g) “ That effect be given to the ‘ Supplementary Provisions for circulation of Dealers' Trade Numbers for use on goods exported from India ’—approved by the Committee by their resolution dated 30th June 1941 and circulated to members on 8th July 1941—for a further period of one year from 1st April 1942.”

SIR NESS WADIA proposing, and MR. A. PETHER seconding, it was resolved :

“ That Messrs. A. F. Ferguson & Co. be and are hereby appointed as Auditors of the Association's Accounts for the current year on a remuneration of Rs. 300 per annum.”

On the proposal of SIR SORAB SAKLATVALA, seconded by MR. H. F. MILNE, it was resolved :

“ That the following donations be sanctioned and paid out of the Association's Funds for the current year :

	Rs.
The Victoria Jubilee Technical Institute	1,500
The Police Comforts Fund	1,000
The Textile Technical School	700
The Sir J. J. Hospital Nursing Association Fund	500
The K. E. M. Hospital Poor Box Fund	400
The Naigaum Social Service Centre	350
The Goculdas Tejpal Hospital Nursing Association Fund	200
The Bombay Textile and Engineering Association	200
The Maharashtra High School	150
Total ..	Rs. 5,000”

SIR CHUNILAL V. MEHTA proposed a vote of thanks to the outgoing Chairman and Committee for their very able conduct of the Association's affairs during the year, which was carried with acclamation.

Millowners' Association, Bombay.

Section II.

FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.

REPORT
OF THE COMMITTEE OF THE
MILLOWNERS' ASSOCIATION, BOMBAY.

For the period 1st January to 31st December 1941.

FOREWORD.

THE year 1941 commenced with encouraging news as regards the general war situation, but during the progress of the year events took place which made it clear that still greater efforts would be necessary if victory was to be achieved.

In the beginning of the year, Bardia on the Libyan front was lost followed by the siege of Tobruk which was heroically defended and tenaciously retained for as long as eleven months till finally relieved about the end of the year. The reverses on the Libyan front were, however, compensated by the successes in Abyssinia and the Italian Somaliland, and both of these places were entirely cleared of all enemy forces, enabling the former Abyssinian Emperor to re-enter his kingdom.

The signing of the Lease and Lend Bill by President Roosevelt about the middle of March was one of the outstanding events of the year. It was a measure which enabled President Roosevelt to render full and speedy aid to Great Britain and her allies. It had a very stimulating effect on all the markets, which responded very cheerfully in the expectancy of extensive preparations by America.

With the advent of spring, the Germans occupied Bulgaria with the consent of her people who had always been inclined towards the Axis. This was followed by an attack on Yugoslavia and then on Greece. Although Britain sent an expeditionary force to help the Greeks, that country could not stand against the attacking hordes, which continued to come in overwhelming numbers. The country soon fell into the hands of the Germans, and the British Army had to be evacuated. The Germans, then, put pressure on the island of Crete, and soon gained possession of that place. These losses had a very depressing effect on trading in all countries throughout the world.

There were rumours of an impending attack on Russia by the Germans, and though it was hard to imagine that Hitler would think of such a hazardous venture, the fact remained that the Germans were hard pressed for supplies of grain and oil, and they could draw ample supplies of both from the neighbouring districts of the Ukraine and the Caucasus. The fact that Russia

was an ally of Germany did not at all weigh upon Hitler who made all alliances merely to suit his own convenience. He decided to invade Russia which he hoped to conquer within a short space of time. The early and speedy victories of the Germans first in the Ukraine and subsequently in Russia, enhanced and confirmed the fears that the conquest of Russia would be accomplished in a few weeks' time, but the fighting qualities of the Russian soldiers were under-estimated; the Germans had to pay very dearly both in men and materials for whatever places they captured, and although they were at the very gates of Moscow and Leningrad, they could not take either of those cities. The advent of winter gave the Russians breathing time to reorganise their forces for counter-attack, and they did so successfully that the Germans had to withdraw against the attacks by the Russians. The Russian victories proved very timely and revived the hopes of allied countries throughout the world. The fillip which such victories gave to preparations in the allied countries also imparted a buoyant feeling to all the markets.

The successes of Russia in throwing back the German armies synchronised with the British successes in Libya where a fresh campaign was started after long and careful preparations. The places that had been lost in the beginning of the year were recaptured and with the capture of Benghazi the campaign almost came to a successful conclusion.

Fearing German designs in the East through the Caucasus and via Iraq and Iran, Britain tried to forestall the Germans in these places. After the flight from Iraq of Rashid Ali who, instigated by the Germans, raised the standard of revolt against Britain, Iraq was brought under the ægis of the British Army. Britain also fought against Syria which was under the rule of the Vichy Government, and brought it under their influence. Joint action was taken by Britain and Russia against Iran where the Shah had a strong inclination towards the Axis, which resulted in the Shah's abdication in favour of his son and the country becoming an ally of Britain and Russia. This not only frustrated Hitler's plans for a campaign in the Middle East, but also had a very favourable bearing on the course of the war in the Middle East. In addition, it removed the fear of an immediate German attack on Egypt, and also served to keep the war away from India, which had, therefore, a reassuring effect on Indian markets.

Turning towards the Far East, the year was full of events which had a great bearing on the trend of both cotton and textile markets. Being a partner of the Axis, Japan kept up her hostile attitude which she however took good care to disguise under the cloak of a desire for a "New Order" in the Far East and in the Pacific both of which places she claimed as her own particular "co-prosperity sphere." Every slight political breeze that blew in the Far East had always a corresponding echo in the markets in India. The economic sanctions imposed on Japan by England and America soon after Japan's encroachment on Indo-China brought all trading with Japan to a standstill. This caused a decline in cotton, and the cloth markets were affected similarly. Due to Japan's inability to finish the "China Incident" and her reverses at the hands of China, it was believed by many that Japan's resources had been strained to the point of exhaustion and that Japan would not

therefore commit herself into a war against the Allied Powers. But the belief was soon falsified. Japan was secretly preparing herself for an attack on the British and American possessions in the Far East, but in order to gain time and to camouflage her real intentions, she continued the show of injured innocence and went to the length of making a request to President Roosevelt to receive her special emissaries to explore the possibilities of maintaining peace in the Far East. It was while President Roosevelt was in the midst of discussions with such special emissaries, that Japan suddenly attacked and then declared war on England and America. Being thus taken unawares, both England and America had to meet with series of reverses in their Far Eastern Possessions. The Philippines and the other neighbouring possessions of America were seriously threatened with Japanese occupation. England lost Hongkong and Penang and the continuance of the Japanese offensive in Malaya brought a very serious and imminent menace to Singapore, the mainstay of all the British possessions in the Far East. The occupation of Thailand by Japan gave her a very strong foothold for an invasion of Burma, the Malay peninsula and the Dutch East Indies—places from where Japan could replenish her fast dwindling stocks of oil, rubber and tin. Great Britain also sustained a serious disaster by the loss of two of her battleships.

To co-ordinate plans for a joint and successful campaign against the Axis Powers Mr. Churchill paid a visit to President Roosevelt in Washington where he had the unique opportunity of addressing a joint session of the American Senate and the House of Representatives. This was Mr. Churchill's second visit to the American President, the first one being in August when President Roosevelt and Mr. Churchill met in the Atlantic, the visit culminating in the famous Atlantic Charter.

Soon after the declaration of war by Japan, the markets became entirely disorganised. An infectious panic ran through all the principal commercial centres in India and the news of Japan's successes brought total demoralisation. The entry of Japan into war brought the war to the doors of India, the effects of which on the markets are mentioned elsewhere. The political situation in India, however, remained more or less the same throughout the year, although H.E. the Viceroy formed a National Defence Council composed entirely of Indian leaders, and also included eminent non-official Indians in his Executive Council.

The succeeding paragraphs will serve to show the repercussions of political and military events on the cotton and cloth markets. It should, however, be stated here that throughout the year there was no dearth of rumours spread by interested parties in order to sway the markets in their favour and the way the markets responded to such rumours indicated how sensitive they had become.

Cotton.—The year opened with the following rates for cotton :—

Broach April/May 1941	..	Rs. 183
Broach July/August 1941	..	Rs. 189
New York May 1941..	..	10.34 cents
Liverpool May 1941 ..	..	8.12 <i>d.</i>

The pressure of hedge sales brought about by movement of the Broach crop tended to keep the prices down during the greater part of January and the rate went down to Rs. 176. Good demand, however, both from the mills and the exporters served to raise the prices and the rate touched Rs. 195 about the beginning of February, but that level could not be maintained, and the price came down again to Rs. 182, owing to slackness on the part of the exporters who were beginning to feel the scarcity of freight.

About the middle of February, the British Government took an important step. All private imports of cotton into England were stopped. Government became the sole importers and they distributed the supplies to the spinners in proportion to their respective requirements. The Liverpool Futures market then ceased to function.

The beginning of March saw an improvement to Rs. 192. The passage of the Lease and Lend Bill in America gave an impetus to the cotton markets in America and India. There were free arrivals of Broach cotton in March, but the cotton was found weak and short in staple, and could not come up to the tenderable standard. This was a very strong handle in the hands of speculators, who rigged up prices to Rs. 249 by the middle of March. Fluctuations were naturally very wide and frequent. The unfavourable news from the different war fronts brought prices down again and the rate was Rs. 218 on 7th April. There were heavy tenders of Broach cotton against forward sales, but nearly a half of all such tenders were rejected on account of inferior quality. This led to a widening of the difference in rates of old and new Broach contracts, and the former was quoted Rs. 30 over the latter. After some steadiness an improvement was again noticeable, and on 3rd May the rates stood as under :—

Broach April/May 1941	..	Rs. 249
Broach July/August 1941	..	Rs. 218
Broach April/May 1942	..	Rs. 202

Encouraged by higher prices of American, the bull operators began to manipulate the prices, which advanced to Rs. 265 on 6th May for April/May 1941 delivery, and thereafter the market witnessed a steep rise to Rs. 324 on the 15th of that month. This rate was for April/May 1941 delivery, while the rate for July/August 1941 stood on the same day at Rs. 249—a difference of Rs. 75. Some of the mills who had tenderable qualities in their stock took advantage of such a situation by tendering the cotton in their hands, covering their requirements simultaneously by purchase of later deliveries. A plea was also put forward that Broach contract did not stipulate for any particular length of staple, and that the fair average quality of the season should be a good tender. Under such circumstances, the rapid advance in the rates could not be sustained, and the rates began to decline. On 25th May when the April/May 1941 contract came to an end, the prices were ruling as under :—

Broach April/May 1941	..	Rs. 299
Broach July/August 1941	..	Rs. 255
Broach April/May 1942	..	Rs. 235

After that the market continued dull with narrow fluctuations till 17th June, when again a decline started and the situation regarding the rates for forward delivery was reversed. Broach July/August 1941 was quoted at Rs. 236, while April/May 1942 stood at Rs. 249. Stability was imparted to the prices at this stage by very good demand from the local mills, especially for stapled varieties. In the wake of rapid advance in Americans to 17 cents, local rates once again flared up, due principally to large shipments to Japan, and prices touched Rs. 303 for April/May 1942. But at this level several factors combined to bring about a fall: fitfulness of the monsoon which gave scanty rains in some districts and caused flood havoc in others, especially in Gujerat, deterioration in the Far Eastern situation, and finally the embargo on all trade with Japan, and the rate consequently declined to Rs. 265 on 1st August.

The decline in the price of Oomra contract was a marked one. Owing to cessation of trade activities with Japan the contract suffered a setback of nearly Rs. 48 and its price stood at Rs. 190. Owing to lack of direct shipping to China, the spinners there began to get their shipments made via Calcutta and they could afford to bear an extra burden of Rs. 18 per bale which such a deviation entailed. Prices in America continued to show firmness and the rates were firmly maintained there, but stoppage of exports had a very deleterious effect on Indian cotton which continued to be depressed and lost contact with American prices. In the beginning of the year, Broach cotton was about 335 points below American, but this parity widened gradually and at the close of the year was about 900 points.

The first U.S.A. Bureau Report was issued on the 8th of August estimating a production of 10,817,000 bales against last year's production of 11,429,000 bales.

Broach cotton prices kept steady during August, and when the July/August contract came to an end on 25th August, it closed at Rs. 231, while April/May 1942 was at Rs. 262. The market thereafter gained strength and the rate firmed up to Rs. 281 on 1st September. The American Bureau Report issued on 8th September showed a small reduction in the estimate of the crop.

Worsening of the Far Eastern situation caused a heavy decline in Indian cotton with the result that Broach went down to Rs. 225 about the middle of September and to Rs. 220 on 4th October.

The Bureau Report issued in America in October showed an increase in the estimate of the crop to 11,061,000 bales which caused a recession in the prices there. Broach prices declined a little in sympathy, but were again on the upward trend on account of failure of last rains and consequent reduction in the size of the crop. At the end of October, Broach was quoted at Rs. 235. The Government of India made an announcement allowing Indian textile mills to work more hours. There were also good exports of Indian mill cloth to Empire countries overseas. All this had a good effect on cotton and Broach rate rose again to Rs. 247 about the middle of November.

The American Bureau Report of 8th December placed the estimate of the crop at 10,976,000 bales. Broach continued to show a firm tendency and

advanced to Rs. 254 in the beginning of December. Heavier arrivals of cotton brought in a reaction and the situation became aggravated on the entry of Japan into the war. There was a panic in the market, and the collapse on the local Stock Exchange caused heavy selling in cotton and the rate came down to Rs. 212. Short covering then ensued which steadied the prices and at the close of the year prices stood as under :—

Broach April/May 1942	..	Rs. 218
Broach July/August 1942	..	Rs. 223
New York May 1942	..	17.42 cents

Prices of African cotton which had gone very high during the previous year began to come down as it gradually became clear that the imports of this cotton would continue without hindrance. The prices hardened again in the course of the year, especially towards the closing part of the year, in the wake of advancing rates of all long-staple varieties.

Cloth and Yarn.—A review of the cloth and yarn markets during the year 1941 shows three different stages, the first ending with the aftermath of Bombay and Ahmedabad riots of April, the second upto the time Japan entered the war, and the last till the end of the year.

During the year under review, cloth and yarn prices were entirely divorced from cotton prices. In spite of weakness in cotton during January, February and the first half of March cloth and yarn prices remained steady to firm, with good business passing to the mills. The rise in cotton prices, which began with the third week of March and which reached its apex in the middle of May, was not followed by a corresponding rise in cloths and yarns. As a result, the margin between raw cotton and manufactured goods narrowed considerably. From June onwards there was a continuous sustained rise in cloth prices, mostly accelerated by political events, Russia joining the fight against Germany and freezing of Japanese assets. A further impetus to prices was given by "urgent" orders for cloths issued by the Supply Department of the Government, and by a large volume of export enquiry. As a result of all these factors, in many cases goods did not pass into actual consumers' hands but passed from merchant to merchant at ever rising prices. The highest prices were reached the day following that on which Japan declared war. The initial successes of Japan shook confidence, prices receded rapidly and by the end of the year prices had reached the levels ruling at the end of June.

In January very good business was put through by the mills at what were then fair prices. 30s/40s dhoties were sold at 16 to 16½ annas a lb. Sale of 20s/20s shirting by a large group towards the end of the month at Re. 0-9-7½ astonished the market, as it was considerably below ruling rates. However this sale did not affect the market except for a day or two, markets remained steady during February, and in March 30/40 dhoties were reported to have been sold at 17½ annas. Drills and twills fetched very good prices, and at one time during this period drills were reported to have been sold at 3 annas a lb. higher than calendered shirtings. Early in April, 20s/20s shirtings were sold at 12½ annas to 13 annas a lb., 24s/32s dhoties at 15 annas a lb. With the commencement of the riots in Ahmedabad and Bombay, however, speculative demand which had sustained prices fell, and prices declined. While

mills were not sellers, calendered shirtings changed hands among merchants at as low as 10½ annas a lb., in spite of strong and rising cotton markets. While sales were reported during May, they were not in considerable quantities, and considering ruling cotton prices, the rates realised could be hardly considered remunerative. With the entry of Russia in the war, confidence appeared to be restored, and fair contracts were entered into by the mills at continually rising prices, each new contract being at a higher price than the previous one. Fall in cotton prices did not affect cloth prices, as export demand was large, Government requirements continued to be increasing, and imports of foreign cloths were dwindling, reaching comparatively negligible figures by the end of the year. In June 20/20s shirtings were sold by mills at 13 to 14 annas a lb., 30/40s dhoties at Re. 1-4 per lb. The highest reported sales by mills towards the end of November were Re. 1-3-6 for 20/20s shirtings, and Re. 1-14 for 30/40s dhoties. Prices reached their culminating point the day following Japan's entry into the war, when calendered shirtings changed hands among merchants at as high as Re. 1-8 a lb. Confidence was, however, severely shaken when Japan scored her first success against the Allied Powers, and prices tumbled rapidly. At the end of the first week of December, 20/20s were sold at Re. 1-8. By the end of the month prices had fallen to 15½ annas a lb. with buyers scarce. No sales were made by mills at these low prices, particularly as they wished to know to what extent and at what prices they would have to supply cloths to the Government of India.

Yarn markets were particularly lifeless during the first three months of the year prices ruling round 8½ annas for 20s. Prices firmed up a little towards the middle of March owing to the rise in cotton prices, and 20s yarns were quoted at 10 annas. The riots in Bombay and Ahmedabad stopped all demand for a time, but from June onwards there was a continued rise till yarn prices for some time were comparatively higher than cloth prices for the same yarns. In the first week of December 20s sold at Re.1-4 per lb. By the end of the year, however, prices were back to 13 annas only. There was heavy speculation in the yarn market, particularly for imported yarns, and fluctuations in the prices of these were heavy and frequent and very much so during the last quarter of 1941.

During the year, productive capacity of the textile industry continued to rise, more and more spindles and looms working double shift. More spindles and looms were working by the end of the year than at any time previously. In spite of increased working, offtake continued very satisfactory till the end of November. December end stocks showed a small increase over the previous month.

It is difficult to judge the trend of prices during 1942, as this will depend in no small measure on the fluctuations in the fortunes of war. With India practically in the war zone now, confidence has been badly shaken, and any adverse news affects prices considerably. With the demands that are likely to be made on the textile industry by all parts of the allied world, however, there appears to be some ground for optimism so far as this industry is concerned.

The year 1941 has proved one of the most eventful years in the history of the world.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1942.

The annual ballot for the office of the Chairman of the Association for the year 1942 was held on the 12th January 1942 and resulted in the election of Mr. Krishnaraj M. D. Thackersey of the Crown Spinning and Manufacturing Co., Ltd., the Hindustan Spinning and Weaving Mills Co., Ltd., the Indian Manufacturing Co., Ltd., and the Western India Spinning and Manufacturing Co., Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1942.

The ballot for the election of the Deputy Chairman of the Association for the year 1942 was held on the 19th January 1942, and resulted in the election of Sir Vithal Chandavarkar, M.L.A., Managing Director of Messrs. N. Sirur & Co., Ltd., Managing Agents of the Mysore Spinning and Manufacturing Co., Ltd., the Minerva Mills, Ltd., and the Modern Mills, Ltd.

ELECTION OF THE COMMITTEE FOR 1942.

The ballot for the election of the 18 members of the Committee was held on the 26th January 1942, and the following gentlemen were duly elected:—

Sir Ness Wadia, K.B.E., C.I.E.; Sir Chunilal V. Mehta, K.C.S.I.; Sir Sorab Saklatvala, M.L.A.; Sir Frederick Stones, O.B.E., M.L.C.; Mr. T. V. Baddeley; Mr. W. B. Bryden; Mr. Dharamsey Mulraj Khatau; Mr. H. G. H. Everitt; Mr. A. Geddis; Mr. L. F. H. Goodwin; Mr. Hurgovandas Jamnadas Ramji; Mr. J. C. Lancashire; Mr. H. F. Milne; Mr. A. Pether; Mr. Ramniwas Ramnarain; Mr. G. D. Somani; Mr. Camar S. Tyabjee; and Mr. Neville N. Wadia.

INDIAN LEGISLATIVE ASSEMBLY.

ASSOCIATION'S REPRESENTATIVE.

A vacancy having occurred in the Central Legislative Assembly by reason of the acceptance of office as Member for Supply in the service of the Crown in India by Sir Homi Mody, the Association's representative in the Assembly, the Association was called upon to elect a representative. Sir Vithal Chandavarkar was returned unopposed as the Association's representative to fill up this vacancy.

BOARD OF TRUSTEES OF THE PORT OF BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. T. V. Baddeley, the Association's representative on the Board of Trustees of the Port of Bombay expired on the 31st March 1941. In accordance with Section 6 of the Bombay Port Trust Act, the

Association was called upon to elect a representative to serve on the Board for a period of two years commencing from 1st April 1941. Mr. Baddeley was again returned unopposed as the Association's representative on the Board for the biennium commencing 1st April 1941.

BOMBAY MUNICIPAL CORPORATION.

ASSOCIATION'S REPRESENTATIVE.

Sir Homi Mody, the Association's representative on the Bombay Municipal Corporation, having resigned his seat, the Association was called upon to elect a representative to fill the vacancy. An election held in accordance with the prescribed rules and regulations resulted in Mr. Krishnaraj M. D. Thackersey being returned unopposed as the Association's representative.

B. B. & C. I. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Sir Homi Mody having resigned from the Local Advisory Committee of the B. B. & C. I. Railway, the Committee appointed Mr. B. S. Dabke as the Association's representative on the Advisory Committee.

INDIAN CENTRAL COTTON COMMITTEE—TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVES.

Towards the middle of February, in response to an invitation from the Indian Central Cotton Committee, the Committee of the Association recommended Mr. A. D. Walwyn and Mr. F. F. Bignell for co-option as the Association's representatives on the Technological Research Sub-Committee of the Indian Central Cotton Committee.

BOARD OF MANAGEMENT OF THE NOWROSJI WADIA MATERNITY HOSPITAL.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of August, the Committee appointed Sir Vithal Chandavarkar as the Association's representative on the Board of Management of the Nowrosji Wadia Maternity Hospital in the vacancy caused by the resignation of Sir Homi Mody.

BOMBAY SMOKE NUISANCES COMMISSION.

ASSOCIATION'S REPRESENTATIVES.

The term of office of the existing Bombay Smoke Nuisances Commission expired on the 31st December 1941, and the Association was requested to elect two representatives for appointment on the new Commission to be

constituted for a further period of two years. The Committee reappointed Mr. Mark Binnie and Mr. W. F. Webb as the Association's representatives on the new Commission.

PROHIBITION RESEARCH ADVISORY BOARD.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of August, Mr. B. S. Dabke was appointed as the Association's representative on the Prohibition Research Advisory Board in the vacancy caused by the resignation of Sir Homi Mody.

ELPHINSTONE TECHNICAL HIGH SCHOOL ADVISORY BOARD.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of August 1941, the Association was informed that the Government of Bombay had decided to convert the Elphinstone High School, Bombay, into a Technical High School in order to provide alternative vocational education for boys who had no aptitude for higher literary studies but who had a bent for vocational education. It was understood that Sir Chunilal V. Mehta had given a donation of Rs. 2 lakhs towards the conversion of the School on certain conditions, one of which was that Government should appoint for the School an Advisory Board, whose recommendations would be given careful consideration and such action, as was necessary, would be taken. The constitution of the Board was to be as follows :—

- (1) The Director of Industries.
- (2) Head of the Mechanical Department of the Victoria Jubilee Technical Institute.
- (3) One representative of the Managers' Sub-Committee of the Millowners' Association, Bombay.
- (4) One representative each of the G. I. P. and B. B. & C. I. Railways.
- (5) One nominee of the Vice-Chancellor of the Bombay University.
- (6) The Director of Public Instruction or his nominee.
- (7) The Principal, Secondary Training College, or his nominee.
- (8) Two nominees of the donor or his heirs.
- (9) Three persons to be nominated by the Government of Bombay, one of whom should represent artisan interests.

The main functions of the Board were stated to be :—

- (a) to see that the School was run on proper lines and that the plan of technical education in the School was pursued vigorously ;
- (b) to review periodically the working of the School and to submit to Government, through the Director of Industries, suggestions in respect of courses, practical training, etc., which were considered necessary ; and
- (c) to assist the students to find employment on completion of the course in the School.

The Association was called upon to elect a representative to serve on the proposed Advisory Board. Mr. F. Guthrie, General Manager of the Century Spinning and Manufacturing Co., Ltd., and a member of the Managers' Sub-Committee of the Association, was appointed to represent the Association on the Board.

MEMBERSHIP.

The total membership of the Association as at the end of 1941 was 113 as against 107 at the beginning. The undermentioned five mills were elected as members during the year :—

- (1) The Hirjee Mills, Ltd., Bombay.
- (2) The Shree Ram Mills, Ltd., Bombay.
- (3) The R. G. Cotton Mills Co., Ltd., Lucknow.
- (4) The Sultania Cotton Manufacturing Co., Ltd.
- (5) The Navsari Cotton and Silk Mills, Ltd.

The Shri Chitrai Mill, Alwaye, which originally formed a part of the David Mills Co., Ltd., under the Agency of Messrs. E. D. Sassoon & Co., Ltd., was converted into a Limited Company in the name of the Travancore Industries Ltd., Alwaye.

TRUSTEES OF THE ASSOCIATION'S FUNDS.

Sir Homi Mody, who had been one of the Trustees of the General and Provident Funds of the Association since the year 1925, having resigned, the Committee appointed Mr. Krishnaraj M. D. Thackersey in his place.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Wednesday, the 5th March 1941, the following donations were sanctioned and paid out of the Association's Funds :—

	Rs.
The Victoria Jubilee Technical Institute	1,500
The Police Comforts Fund	1,000
The Textile Technical School	700
The Sir J. J. Hospital Nursing Association Fund	500
The K. E. M. Hospital Poor Box Fund	400
The Naigaum Social Service Centre	350
The Goculdas Tejpal Hospital Nursing Association Fund	200
The Bombay Textile and Engineering Association	200
The Maharashtra High School	150
Total ..	Rs. 5,000

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of the members of the Association held on Wednesday, the 5th March 1941, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on a remuneration of Rs. 300 per annum.

DOMESTIC AFFAIRS.

The Annual Dinner of the Association was held on Wednesday, 5th March 1941, with His Excellency the Governor of Bombay, as the principal Guest of Honour.

Deputy Chairmanship.—Mr. R. L. Ferard, Deputy Chairman of the Association, resigned in September on his being called up for military service, and a ballot held on the 26th September 1941, in accordance with Rule 64 of the Association's Rules and Regulations, resulted in the election of Mr. Krishnaraj M. D. Thackersey as Deputy Chairman for the remaining portion of the year.

Four members of the Association, Mr. V. N. (now Sir Vithal) Chandavarkar, Mr. S. D. (now Sir Sorab) Saklatvala, Mr. (now Sir) Frederick Stones, and Lala (now Sir) Shri Ram, received the honour of Knighthood and Sir Homi Mehta, another prominent member of the Association, became K.B.E.

Mr. Jamshedjee Ardaseer Wadia who had a long connection with the Association and was on the Committee from 1897 to 1911, died early in June, and the Committee placed on record their appreciation of the valuable work done by him on behalf of the industry.

Mr. Amoobhai M. Mehta, who had been a member of the Committee since 1935, died early in July, and at their meeting held on 7th July the Committee placed on record their appreciation of the valuable work done by him to the industry.

APPOINTMENT OF SIR HOMI MODY AS MEMBER FOR SUPPLY.

An event of outstanding importance to the Association, and the cotton mill industry of the country, as a whole, was the appointment of Sir Homi Mody, K.B.E., as Member for Supply to the Government of India. Referring to this appointment, the Chairman said at a special meeting of the Committee held on the 28th July, that the honour done to Sir Homi was in a way an honour done to the Association, and in congratulating Sir Homi, he congratulated the Government of India as well, who, he felt sure, would benefit very materially from Sir Homi's wide knowledge and business experience. The congratulations of the Association were subsequently conveyed to Sir Homi.

DEATH OF THE MARQUESS OF WILLINGDON.

At a meeting of the Committee held on the 18th August 1941, the Chairman referred to the sad death of the Most Honourable the Marquess of Willingdon, and the following resolution was unanimously adopted, all members standing :—

“ This meeting of the Committee, Millowners' Association, Bombay, on behalf of the cotton mill industry of India, desire to place on record its profound sorrow at the untimely death of the Marquess of Willingdon. The late Marquess of Willingdon occupied a very special place in the affections and esteem of our Association ever since he came to India as Governor of Bombay in April 1913. Our Association recognised with deep admiration his long and distinguished career of service to India and to the British Empire in many varied spheres. His name will always be specially remembered and revered in the Province of Bombay where he made so many lasting friendships amongst the business community.”

The text of the resolution was subsequently conveyed to the Most Honourable the Marchioness of Willingdon.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1940.

In accordance with the usual practice, a combined balance sheet and profit and loss account of the Bombay cotton mill industry for the year 1940 was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The statement which covered the returns from 68 mills disclosed a total profit on the year's working of Rs. 50,72,272. This profit would, however, have been reduced to Rs. 21,11,150 if managing agents had not voluntarily given up interest, commission and allowance of Rs. 29,61,122 due to them for the year. It might be pointed out that in the year 1939, the industry suffered a loss of Rs. 28,94,658 excluding a sum of Rs. 19,52,465 voluntarily given up by managing agents from their claims for interest, commission and allowance.

MEETING WITH THE HON'BLE SIR ALAN LLOYD.

The Hon'ble Sir Alan Lloyd, C.S.I., C.I.E., I.C.S., Secretary to the Government of India, Department of Commerce, visited Bombay towards the end of July, and during his brief stay in the city, the Deputy Chairman and the Secretary of the Association met him for an informal discussion of various matters which had formed the subject of correspondence between the Association and the Department of Commerce.

MEETING WITH MR. T. S. PILLAY.

At a special meeting held on the 15th April 1941, the Committee of the Association met and discussed with Mr. T. S. Pillay, Deputy Secretary to the Government of India, Department of Commerce (in the unavoidable absence of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Commerce Member) various matters which had previously been the subject of correspondence between the Association and the Commerce Department,

more particularly in relation to the question of (a) amendment of the Trade Marks Act, 1940 and (b) matters arising out of the draft rules to be framed to give effect to the provisions of that Act.

MEETING WITH THE HON'BLE MR. H. C. PRIOR.

On 13th October 1941, at the request of the Government of India, the General Purposes Sub-Committee of the Association met and discussed with the Hon'ble Mr. H. C. Prior, Secretary to the Government of India, Labour Department, and Mr. Gordon Peace, Chief Inspector of Explosives, the question of A.R.P. measures in cotton mills with particular reference to structural precautions in factories.

MEETING WITH MR. SHEEHY AND MR. AYERS.

Towards the end of July, the Income-tax Sub-Committee of the Association took advantage of the opportunity provided by the visit to Bombay of Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, and Mr. C. W. Ayers, C.I.E., Excess Profits Tax Adviser, for a discussion of certain matters arising out of the administration of the Indian Income-tax and Excess Profits Tax Acts which had previously formed the subject of correspondence between the Association and Government.

THIRD PRICE CONTROL CONFERENCE.

Towards the middle of September 1941, the attention of the Committee was drawn to a Press Note announcing Government's decision to convene another Price Control Conference to consider the sharp rise which, it was stated, had taken place during the last few months in the prices of various commodities including cotton textiles, and to discuss the advisability of adopting measures of price control. The announcement, however, did not make it clear whether the Conference would be composed exclusively of Government representatives—Central, Provincial, and those drawn from Indian States—or whether non-officials would be invited to attend and participate in the deliberations. As the question of control of cloth and yarn prices was likely to loom large in the deliberations of the Conference, a representation was submitted to the Government of India, Department of Commerce, suggesting that prominent representatives of the Indian cotton mill industry all over the country should be invited to attend the Conference.

Subsequently, the views of the Association were requested on the subject of control of prices at the primary wholesale stage, generally, and with special reference to the prices of food-grains and cotton yarn and cloth. The Committee pointed out that if the representation asked for were accorded to the industry, the Association's views on the question of cloth and yarn price control would be elaborated by the industry's representatives at the Conference.

The Government of India accepted the suggestion, and early in October, the Association was invited to send a representative to attend the Conference to be held on the 17th October. Sir Victor Sassoon, Bart., subsequently represented the Association at the Conference.

The Conference took place at New Delhi on the 16th and 17th October 1941 under the presidency of the Honourable Sir A. Ramaswami Mudaliar, Member in charge of Commerce with the Government of India. No official version of the proceedings has yet been made available, but it would appear from reports published in the Press that the Conference came to the unanimous conclusion that no price control was called for under the circumstances then existing.

DYESTUFFS CONFERENCE.

Towards the end of December 1940, the attention of the Committee was drawn to the following Press Note issued by the Government of India, Department of Commerce, on the 17th December 1940, in connection with the control of import of dyes derived from coal-tar as a means of conserving dollar exchange :—

“(1) To conserve dollar exchange, the Government of India have decided to bring dyes derived from coal tar, the bulk of the imports of which have recently been from difficult currency countries, on to the list of goods subject to the import trade control.

At the outbreak of the war, great anxiety was felt as to the maintenance of adequate supplies of coal-tar dyes, since 80 per cent of the imports into India were from Germany. Recently, the position has changed. Imports during the period beginning with April 1940, have actually been in excess of those for the corresponding periods in previous years. At the same time, the bulk of these imports has been from difficult currency countries, those arriving from the United States alone having involved expenditure at the rate of more than Rs. 2 crores a year. The Government of India have come to the conclusion that this involves a consumption of dollar exchange which is not justifiable at a time when it is so important for the successful prosecution of the war to conserve such exchange.

(2) Actual restriction below the present level will not, however, be enforced until after it has been possible to consult the various interests concerned about the application of the restriction to different classes of dyes and the question whether it should be accompanied by any rationing of supplies. In these consultations the interests of those manufacturing coloured textiles for the export market, in which they will have to compete with manufacturing countries not subject to the same restrictions, will be taken into account. Similarly, the desirability of preventing an expansion of imports into India of foreign finished goods so as to fill any gap created by reduced production in India of coloured cloth for consumption within the country will be given due attention.”

In accordance with paragraph 2 of the above Press Note, Government convened a conference at Delhi of dyestuffs, importers and consumers on 15th January 1941, which Sir Frederick Stones attended on behalf of the Association.

It is understood that some form of regulation of imports from difficult currency countries has since been instituted.

THIRTEENTH INDUSTRIES CONFERENCE.

Towards the middle of August 1941, the Government of India in the Department of Commerce requested the Committee to express an opinion on the following provisional agenda before the Thirteenth Industries Conference which it was proposed to convene during the course of the following cold weather :—

- I. Handloom weaving industry :—
 - (i) Progress of the schemes of the handloom industry in the various provinces and the allotments for 1942-43, if it was decided to extend the grants-in-aid.
 - (ii) Consideration of the Report of the Fact Finding Committee, if ready.
- II. Minutes of the seventh meeting of the Imperial Sericultural Committee.
- III. Minutes of the sixth meeting of the Woollen Industry Committee.
- IV. Matters arising out of the proceedings of the meetings of the Board of Scientific and Industrial Research.
- V. Establishment of a permanent Industrial Museum at the Imperial Capital (Provisional).
- VI. Action taken on the recommendations of the Twelfth Industries Conference.

With regard to item I (ii), so far as the Committee of the Association were aware, the Fact Finding Committee (Handloom and Mills) had not yet completed their investigations, and even if these investigations were to be completed before the date of the Conference, it was doubtful whether it would be proper to bring it up for discussion at the Conference before Government had had an opportunity of examining it in conjunction with the interests involved. In these circumstances, it was suggested that this particular item should be deleted from the agenda of the Conference.

Government subsequently informed the Association that the Conference was not likely to be held in the near future.

TRADE MARK RULES OF THE ASSOCIATION.

(See also page 21 of Report for 1926.)

Rule 20 of the Association's Rules for the Registration of Trade Marks read as under :—

“ If any member, being the owner of a trade mark which shall have been registered in the Permanent Register shall so alter the trade mark as in the opinion of a majority of the Trade Marks Sub-Committee to render it likely to deceive, or materially different, either in name or design, from the registered trade mark, and shall use the mark so altered on goods of a class or classes similar to the class or classes of goods for use on which registration of the original mark was obtained, the member concerned may be required to apply in the manner prescribed for registration of the altered trade mark as a new trade mark and in default of compliance with any such requisition within one month after receipt thereof by the member concerned, the altered trade mark shall be deemed an unregistered trade mark.”

In view of certain difficulties which were experienced early in the year in giving effect to the provisions of this rule, the question of a revision of the rule was taken up by the Committee and in consultation with the Association's solicitors, the following amended rule was incorporated in the Rules :—

“ 20. If any member being the owner of a trade mark which has been registered in the Permanent Register desires to use the mark so registered in a form which differs from that in which it was originally registered, such member shall send to the Secretary an application to enter such altered mark in the Permanent Register as an associated mark, and with such application shall send to the Secretary such number of copies of the altered mark as the Managing Committee of the Association may prescribe. The Secretary shall thereupon enter the altered mark in the Suspense Register as an associated mark. Copies of the altered mark shall then be sent by the Secretary to all other members of the Association. If an objection to the entry of such mark as an associated mark in the Permanent Register on the ground that the mark has been so materially altered that it has become an imitation colourable or otherwise of another mark already registered in the Permanent Register by the objecting member, is received within fourteen days, the objection shall be referred to the Trade Marks Sub-Committee. Unless in the unanimous opinion of the members present at the meeting of the Trade Marks Sub-Committee met to decide this matter in dispute the trade mark so altered is not an imitation colourable or otherwise of the mark already registered in the Permanent Register by the objecting member, the objection shall be referred to arbitration in the manner provided by these rules for the determination of the disputes mentioned in Rule 23.

N.B.—For the purposes of this rule, at least one-half of the total number of the Trade Marks Sub-Committee shall be present at a meeting of the Sub-Committee and constitute a quorum.”

Briefly stated, the effect of the new rule is to provide for the circulation and recording of variations of trade marks already in the Permanent Register, as “ associated marks ” on the lines of section 12(i) of the Trade Marks Act, 1940. Every variation of a registered mark would, in the first instance, after a preliminary examination by the trade marks staff of the Association, be circulated amongst all members. Objections would be received within fourteen days of the circulation of an “ associated mark ” on the ground that the “ associated mark ” had been so altered as to make it materially different from the mark already registered and to make it a colourable imitation of another mark which, on the application of the objecting member, had already been registered with the Association. Such objections would be referred to the Trade Marks Sub-Committee for opinion, and if the verdict of the Sub-Committee was unanimous that the objection was invalid on the ground mentioned above, then the “ associated mark ” would be transferred and recorded in the Permanent Register. If, on the other hand, there was a difference of opinion amongst the members of the Sub-Committee, the matter would be decided in arbitration in the manner provided in Rule 23 *et seq.*

This necessitated a consequential addition to Rule 23 as under :—

“(d) Applications to record in the Permanent Register as ‘ associated marks ’ variations of trade marks already in the Permanent Register.”

The new rule was put into force from the 1st July 1941, and will be placed before the members at the annual general meeting to be held in March 1942.

ARBITRATION ON DEALERS' TRADE MARKS.

(See also pages 16 and 109 of Report for 1940.)

On pages 16/18 of the Association's report for 1940, reference was made to certain amendments made in the "Supplementary Provisions" for dealing with disputes in connection with dealers' trade marks circulated under Rule 7 of the Association's Rules for the Registration of Trade Marks, first introduced in November 1938.

Rule 8 of the "Supplementary Provisions" reads as under :—

"If any member shall object to a dealer's trade mark on the ground set out in Rule 6, then unless the two members can come to an agreement with each other the difference between them shall be determined by arbitration in the manner prescribed by the rules for the determination of questions relating to any application to register the trade mark or to an application to remove a trade mark from the Suspense Register or from the Permanent Register as to which notice of refusal to refer to arbitration has not been given. The sole arbitrator, two arbitrators, umpire or referee as the case may be, shall award either that the member may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, and subject to the provisions of Rule 9 both members shall abide by such award."

Rule 6, to which reference has been made in the above rule, provides that any member may object to any such dealer's trade mark on the ground that such dealer's trade mark is an imitation, colourable or otherwise, of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which such dealer's trade mark is intended to be applied, and that such trade mark so already entered has habitually been applied by such objecting member to such class or classes of goods. Disputes in regard to the use of dealer's marks intended for use on goods marketed in India had to be decided by arbitration on the lines provided by the Supplementary Provisions. During the year, the question of securing speedy disposal of disputes in respect of dealer's trade marks was considered by the Committee, and it was decided to impose a time limit of two months within which the applicant member should take specific action to have the matter settled, either by resort to arbitration or by withdrawing his application. Power was given to the Trade Marks Sub-Committee to extend this time limit where the circumstances of any particular case warranted the adoption of such a course. The following new rule designed to give effect to the above decision was incorporated in the Supplementary Provisions and was put into force on the 1st July 1941 :—

"8A. If, after an objection has been raised, no agreement is reached between the two members concerned and if no arbitration proceedings are commenced by either party within a period of two months from the date on which the objection was first notified to the member at whose instance the dealer's mark was circulated, or within the period as extended by the Trade Marks Sub-Committee, the applicant member shall be deemed to have withdrawn his application for the use of the mark."

CIRCULATION OF DEALERS' TRADE NUMBERS AND TRADE NAMES USED ON EXPORT GOODS.

The "Supplementary Provisions" for dealing with disputes in connection with dealers' trade marks circulated under Rule 7 of the Association's

Rules for the Registration of Trade Marks, as amended in 1940, provides that dealers' trade marks which are intended to be applied on goods sold in specified markets outside India should be circulated as usual, but that objections, if any, received from any member of the Association would not be referred to arbitration by the Association, the parties to the dispute being free to decide the matter between themselves.

Towards the middle of the year, it was suggested that the Committee might consider the advisability of introducing a set of rules on the lines of the "Supplementary Provisions" relating to dealers' trade marks, so as to provide for the circulation of dealers' trade numbers and trade names for use on goods exported out of India. The proposal was approved by the Committee, and in consultation with the Association's solicitors, draft rules, designed to give effect to the suggestion, were framed and introduced with effect from 1st July 1941.

Briefly stated, under these rules, dealers' numbers and names used on goods exported out of India would not be registered with the Association, but as in the case of dealers' marks intended for use on goods exported to overseas markets, objections to the use of any particular dealer's number or name which had been circulated, would be communicated to the applicant mill, and the members concerned would be left free to settle the dispute between themselves.

CONTINUANCE OF THE ASSOCIATION'S SCHEME OF REGISTRATION OF TRADE MARKS, TRADE NUMBERS AND TRADE NAMES.

The question of continuing the Association's scheme of registration of trade marks, trade numbers and trade names even after the Trade Marks Act became operative, was considered by the Committee in the year under review. It was felt that a continuance of the scheme would be an advantage, more particularly since it was not yet certain as to when the new Act would commence to work. It was understood that the draft rules designed to give effect to the Act were under consideration by Government, and in any event, it seemed unlikely that the Act would be brought into force within the next few months. Even after the whole Act was brought into force, it would be some time before the Government scheme was in full working order and the position of existing marks was clarified. In this view of the case, it was decided that the Association's scheme of registration of trade marks, numbers and names should be continued until such time as the Governmental scheme was in good working order. This decision was subsequently communicated to all members of the Association.

PANELS OF ARBITRATORS AND UMPIRES.

Early in March, in accordance with Rules 3 and 4 of the Association's Rules for Arbitration on Indian Piecegoods, the Committee appointed the

undermentioned gentlemen to constitute the Panels of Arbitrators and Umpires for the triennium ending 31st March 1944 :—

List of Arbitrators appointed in accordance with Rule 3 of the Rules for Arbitration on Piecegoods.

MILLOWNERS' PANEL.	PIECEGOODS MERCHANTS' PANEL.
1. Sir Sorab Saklatvala.	1. Mr. Devidas Madhowji Thackersey.
2. Mr. E. M. Solomon.	2. Mr. Vithaldas Damodar Govindjee.
3. Mr. B. S. Dabke.	3. Mr. T. A. Patel.
4. Mr. R. L. Ferard.	4. Mr. Harkisondas Premchand.
5. Mr. Hurgovandas Jamnadas Ramji.	5. Mr. Laxman Vaman Apte.
6. Mr. G. D. Somani.	6. Mr. Devjibhai Damodar.
7. Mr. Ramgopal Ganpatrai Ruia.	7. Mr. Premjee Virjee.
8. Mr. Pranjiwandas Vussonji.	8. Mr. Gordhandas Vandravandas.
9. Mr. Krishnaraj M. D. Thackersey.	9. Mr. Maganlal Chakubhai.
10. Mr. B. G. Davy.	10. Mr. Gordhandas Goculdas Morarji.
11. Mr. A. D. Walwyn.	11. Mr. Bhimji Jethabhai.
12. Mr. H. F. Milne.	12. Mr. Dahyalal Mathradas.
13. Mr. A. M. Mehta.	13. Mr. Ratansey Champsey.
14. Mr. A. Pether.	14. Mr. Jamnadas Mathradas.
15. Mr. T. V. Baddeley.	15. Mr. Nandlal Kapoor.

List of Umpires appointed in accordance with Rule 4 of the Rules for Arbitration on Piecegoods.

1. Sir Sorab Saklatvala.
2. Mr. Krishnaraj M. D. Thackersey.
3. Mr. Devidas Madhowji Thackersey.
4. Mr. Hurgovandas Jamnadas Ramji.
5. Mr. Premjee Virjee.
6. Mr. T. V. Baddeley.
7. Mr. A. Pether.
8. Mr. Devjibhai Damodar.
9. Mr. Vithaldas Damodar Govindjee.
10. Mr. A. D. Walwyn.

WATER TAX PAYABLE BY MILLS.

(See page 22 of the Report for 1928.)

On page 22 of the Association's report for 1928, it was stated that, through the efforts of Sir (then Mr.) Homi Mody, the Association's representative in the Corporation, the rate for water tax payable by cotton mills in

Bombay was reduced to 10 annas per 1,000 gallons. Since then the rate has remained unchanged at this level, but towards the middle of May 1941, the Committee were informed that the water charges payable by mills might be increased.

The matter was taken up with the Municipal Commissioner, but no reply was received till the end of the year. Early in 1942, however, the Standing Committee of the Corporation recommended an increase in the water rate to mills from 10 to 14 annas per 1,000 gallons on the ground that mills were now in a prosperous condition, working two and three shifts and making large profits and that a slight increase in the rates would not in any way hamper the present progress of the mill industry. The Committee saw no justification for the increased rates, particularly since the Standing Committee proposed to continue the existing rates to the Development Department, the Railways, Government and Municipal properties, etc. Moreover, not being satisfied with the profit of approximately Rs. 13.5 lakhs which they had been making from water sold to the city every year, the Municipality proposed to increase it to Rs. 20 lakhs and the mill industry had been singled out to pay a substantial portion of that increase, whereas the Railways, Municipal and Government properties, etc., which were in the same position as mills had been excluded altogether. In these circumstances, the Association's representative on the Municipal Corporation, Mr. Krishnaraj M. D. Thackersey, was instructed strongly to oppose the proposal. When the motion for the proposed increase came up for discussion in the Corporation, Mr. H. Chamberlain, representing the Bombay Chamber of Commerce, moved an amendment to get the rate reduced to ten annas. He was supported by Mr. K. M. D. Thackersey, but the amendment was not accepted by the House. (*Appendix 1.*)

MUNICIPAL ASSESSMENT OF MILL CANTEENS AND TEA SHOPS.

(See also pages 11 and 112 of Report for 1935 and also page 23 of Report for 1936.)

In the Association's report for 1935, reference was made to the judgment given by the Chief Judge of the Small Causes Court in the Meyer Sassoon Mill municipal assessment appeal, fixing the "gross" letting value at the rate of Rs. 3 per month per 100 sq. ft. for "main buildings" and Rs. 2 per month per 100 sq. ft. for sheds, godowns and the like. It was also indicated in the report for 1936 that, on a reference made by the Association for a clarification of certain issues arising out of the judgment, the Court held that the higher rate was applicable to "all buildings containing machinery (motive or process) used in or for the manufacture of articles" and the lower rate to "all other buildings," subject to the statutory deduction under the Municipal Act of 10 per cent.

Early in 1941, the Committee were informed that a number of mills had been separately assessed in respect of their tea shops, in some cases, at unduly high rates, on the ground that these shops had been let out to contractors. The matter was, therefore, taken up with the Municipal Commissioner.

It was contended on behalf of the mills that the arbitration award which fixed the method of assessment of mill properties in 1934-35 did not contemplate any separate assessment of tea shops. Apart from the general contention that mill tea shops of all kinds were not strictly liable to separate assessment, it was maintained that no case whatsoever existed for the separate assessment of mill-managed canteens. The establishment of mill-managed canteens as distinct from tea shops run by outside contractors had in most cases necessitated the provision or allotment of special buildings and considerable capital outlay on the part of the mills concerned. Moreover, any surplus accruing from the running of these canteens was entirely devoted to welfare work.

As regards canteens run by outside contractors, the Committee suggested that the assessment should be based on a rental value of Rs. 100 per month in the case of tea shops in mills working single shift and Rs. 150 per month in the case of tea shops in mills working more than one shift.

The Municipal Commissioner regretted his inability to agree to the Committee's proposal to assess canteens managed by mills on the basis of a gross letting value of Rs. 2 per month per 100 sq. ft. for the reason that no specific mention was made in the judgment as to the assessment of tea shops and that, in his opinion, the judgment could not have contemplated the assessment of mill premises for which rent was derived from outsiders, or which were run for purposes other than the legitimate textile industry and from which profits were made from sale of commodities to workers. As regards mill canteens let out to outside contractors on a monthly rent, the Municipal Commissioner pointed out that ordinarily the assessment thereon ought to be levied on the basis of rents actually recovered from year to year after making due allowance for the facilities given to the contractors by millowners for running the canteens and for the collection of the sale proceeds of commodities supplied to the workers in the mills. However, he had no objection provisionally to determine the rateable value of mill canteens, whether actually rented to outside contractors or managed by the mills themselves on a uniform rent of Rs. 100 per month for mills working single shift and Rs. 150 per month for mills working double or treble shifts, on the undertaking given by the Association that the surplus profits from rent or running of the tea shops would be utilised for the workers' welfare.

The Committee accepted the proposals made by the Municipal Commissioner subject to the proviso that, where mills were running their own tea shops and did not collect any rent, the gross letting value should be Rs. 2 per month per 100 sq. ft.

The Municipal Commissioner regretted his inability to accept the counter-proposal made by the Committee for the reason that under section 154 of the City of Bombay Municipal Act, canteens were to be assessed on the basis of rents which they were expected to fetch from year to year, and that the uniform rents suggested were far lower than what the canteens were expected to fetch from year to year.

The Committee accepted the proposals of the Commissioner and informed him accordingly. (*Appendix 2.*)

POWER COST.

(See also pages 43 and 172 of Report for 1940.)

On pages 43-45 of the Association's report for 1940, reference was made to the representations submitted by the Committee to Messrs. The Tata Hydro-Electric Agencies, Ltd., requesting (i) a revision of the minimum monthly bill clause in power contracts so as to make the payments for power during strike periods more equitable, and (ii) a further reduction in power charges during normal working periods.

In a reply received towards the end of 1940, the Power Companies regretted their inability to accept the suggestion made by the Association. The Committee were disappointed with the decision reached by the Hydro Companies. In their view, charges for hydro-electric power should be at least as favourable as the rates charged to large consumers of electric power in Calcutta, but in view of the altered conditions created by the war and the undertaking given by the Power Companies that rates would not be increased during the war or during the tenure of existing contracts, they felt that no useful purpose would be served by pursuing the matter further for the present. At the same time, they expressed the hope that the policy of progressive rate reduction would not be lost sight of and that in the event of the financial position of the Hydro Companies warranting such a step during the war, concessions in rates would be given to the mill industry of the City and Island of Bombay in view of its valuable contributions to the Hydro Companies' revenues.

 FUEL OIL SUPPLIES TO COTTON MILLS.

(See also pages 46 and 184 of Report for 1940.)

(1) *Fuel Oil Price for 1940.*—On page 46 of the last year's report of the Association, it was indicated that the price of furnace oil from 1st January 1940 was fixed at Rs. 31-4 per ton, subject to the usual 2 per cent. cash discount for prompt payment, with a war emergency surcharge of Rs. 2 per ton with effect from 10th January 1940. It was further indicated that, on an examination of actual cost on account of freight and war risk insurance on the first three months' deliveries, the surcharge amounted to Re. 1-8-0 only and that a refund of As. 8 per ton was allowed to consumers for the first three months of 1940. Reference was also made to an agreement reached with Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, that similar refunds or recoveries should be made with retrospective effect at three-monthly intervals after the actual extra cost incurred by the Oil Company had been ascertained.

Since then, a refund of As. 3-6 was allowed to consumers for the second quarter of 1940, and towards the end of March 1941, the Association was advised by the Oil Company that on the basis of actual extra charges for freight and war risk insurance in respect of shipments of furnace oil to Bombay, an additional payment of As. 13-6 per ton would be due to be recovered from mills for supplies of oil for the third quarter of 1940 and an additional amount of Re. 1 per ton for the fourth quarter of 1940.

(2) *Fuel Oil Contract.*—On page 47 of the report of the Association for 1940, it was indicated that the terms of the new contract for cotton mill consumers of furnace oil from 1st January 1941 were under negotiation with Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India. Several meetings were held between the General Purposes Sub-Committee of the Association and the representatives of the Oil Company, and as a result of the discussions which ensued, a new contract was framed. Briefly stated, the new contract was of unlimited duration, terminable by six months' notice on either side. It provided for changes in the price of furnace oil during the life of the contract. A reduction in price of any amount could be effected without notice, but provision was made whereby an increase in price not exceeding Rs. 2 per ton, called in the contract "special variation" could be made with three months' notice, and a general increase, which might exceed Rs. 2 per ton could only be made with six months' notice. In the event of a general increase being considered excessive by any consumer, he was given the option to cancel the contract by giving ninety days' notice. On the suggestion of the Association, a war-time specification clause was also incorporated in the contract.

All mills in Bombay using furnace oil were advised of the terms of the new contract, and were recommended to accept the contract when offered by the Oil Company. (*Appendix 3.*)

(3) *Fuel Oil Price for 1942.*—On page 47 of the report of the Association for 1940, it was pointed out that the price of furnace oil to be supplied to cotton mills for 1941 would be Rs. 36-6 per ton, variations in tariffs, duties, etc., being on account of the buyer.

Early in December, 1941, the attention of the Committee was drawn to the fact that notices had been given by the Oil Company under clause 12 of the oil contract of the intention to advance the rate for furnace oil from Rs. 36-6 per ton of 2,240 lbs. to Rs. 38-6 on 1st March 1942, and to Rs. 40-14 per ton on 30th May 1942. The matter was considered at a meeting of the Committee held on 8th December 1941, and it was agreed that the variations notified by Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, might be accepted by member mills using furnace oil.

SUBSTITUTION OF COAL FOR FURNACE OIL AND RESERVE STOCKS OF COAL.

Early in February, the Government of Bombay requested the Committee to express an opinion as to whether in the event of the import of furnace oil to India being stopped or restricted by a war emergency, special to India, or affecting the Empire as a whole, mills could revert to the use of coal or hydro-electric power. As regards switch-over to electric power, most mills in Bombay were already using hydro-electric power, and possibly the hydro-electric companies would be in a position to take over the load of some of the mills at present producing their own power, but such a switch-over would take considerable time, as the internal driving arrangements would require to be altered in most cases and there might be difficulties

in obtaining the necessary motors, transformers, etc. Even in these cases, mills required a considerable quantity of coal or furnace oil for the production of process steam, necessary for heating purposes. For the purpose of raising process steam, the use of furnace oil was more convenient and more common than coal, but in certain cases mills could, it was indicated, if given sufficient notice, switch over to coal. In others the types of boilers used might rule out the use of anything but furnace oil. Another difficulty in switching over from furnace oil to coal was, in the opinion of the Committee, connected with the stacking accommodation.

Numerous complaints had been received by the Association regarding the difficulties experienced in connection with transport of coal and piece-goods to their destination, and it appeared that unless the transport problem could be satisfactorily dealt with, the working of mills would be seriously interfered with if furnace oil supplies were restricted or stopped altogether. At the same time, the Committee assured Government that everything possible would be done to persuade mills to lay in or increase reserve stocks of coal if an assurance could be given by Government that in the event of mills having to revert to the use of coal, adequate and regular supplies of coal would be made available.

The Government of Bombay, in reply, indicated that the Government of India would do their best to ensure the supply of coal, but could give no stronger assurance than that. They went on to say that there would unquestionably be difficulty in moving the increased quantity of coal specified by the Association to Bombay, especially during the busy season, and that in the event of an emergency arising, transport would be even more difficult than at the moment, which would mean that coal would have to be obtained from the collieries nearest to Bombay and as much of the supplies as possible would have to be moved during the slack season. Great importance was, therefore, attached to the suggestion made by the Association that some mills might be prepared to lay in or increase their reserve stocks of coal. Given adequate stacking space and a gradual increase in reserves, the transport position might, in the opinion of Government, be considerably eased. In conclusion, Government observed that it might be impossible to allow a high priority for the coal required for the textile industry in Bombay.

The matter was subsequently taken up again and a representation was submitted to the Government of India, Department of Supply, fully setting out the position in regard to fuel oil supplies in Bombay and enquiring :—

- (i) whether Government would be prepared to consider the advisability of building up reserve stocks of coal in Bombay, which could be drawn on by the mill industry in case of an emergency; and
- (ii) whether more adequate assurance could be given regarding the transport facilities for coal in the event of an emergency occurring in which supplies of furnace oil became unavailable or were restricted.

As regards the first suggestion, Government considered it as impracticable. In regard to the question of adequate amount of transport for

coal, Government were unable to guarantee any higher priority for coal in the event of an emergency, as it was not possible, in their opinion, to foresee all the circumstances that might arise at that time. Nevertheless, Government were prepared to do their level best, and stated that so far as could be foreseen at that moment, there would be no difficulty in delivering the required quantity of coal provided coal was ordered by the mills from coal-fields nearest Bombay, i.e., the Pench Valley and Singareni in the Nizam's State.

While the Committee were grateful for the assurance conveyed in regard to the transport problem, they felt that it did not go far enough. It was understood that coal from the Pench Valley Coalfields and the Singareni Collieries in the Nizam's State was inferior to Bengal coal. Bombay mills ordinarily used Bengal coal, and in these circumstances, Government were requested to extend the assurance regarding transport facilities to all coal-irrespective of the source from which it was drawn.

Government, however, regretted their inability to meet the Association's demand, but pointed out that the Association should realise that the utmost economy in rail transport was essential. In these circumstances, they requested the Association to impress upon the mills concerned the necessity of using coal obtainable from the nearest coal fields, e.g., Nizam's State or the Central Provinces, in case the transfer to coal became imperative.

The advisability and desirability of laying in mill premises, as far as possible, reserve stocks of coal and/or furnace oil in order to ensure the running of the mills in the event of any special emergency, was taken up by the Committee with Messrs. The Burmah Shell Oil Storage and Distributing Co. of India, Ltd., and on their suggestion, certain proposals for increasing furnace oil tankage were communicated to member mills, who were requested to consult the Oil Company before taking any action in the direction indicated, regarding the type and size of the tankage to be selected and the materials to be used, and in the matter of obtaining the necessary licence from the Inspector of Explosives. On the question of granting additional latitude in regard to reserve stocks of coal in mills using furnace oil, the Oil Company eventually agreed to the following arrangement :—

“(1) For the period 20th May 1941 to 20th November 1941, mills under contract to take furnace oil from Messrs. Burmah-Shell might take delivery of and store as reserve stocks such quantities of coal as they considered desirable.

(2) It was understood that no coal would be burnt without previous consultation with the Oil Company, since, unless they were consulted and were aware of mills' proposals for meeting their (mills) fuel requirements, the stock and forward supply position of the Oil Company might be disorganised.

(3) In order to cover the problem which might arise from the fact that coal deteriorated after some months of storage, the Burmah-Shell Company made the following reservation :—

(a) In the event of any mill desiring to burn any quantity of coal on account of deterioration, then for this purpose they should not without prior reference to the Oil Company convert to coal firing more of their plant than would result in their daily consumption of furnace oil being less than one-third of their total consumption by weight of furnace oil and coal combined.

- (b) Mills who also operated coal-fired plant would not avail themselves of but would use such deteriorating coal in their existing coal-fired plant.
- (c) The Oil Company did not make any reservation regarding the period or periods selected for burning such deteriorating coal."

Members of the Association using furnace oil were advised of the final arrangement, and requested to furnish the Association at the end of each month commencing June 1941, a return showing :—

- (i) the extent of reserve stocks of coal in tons held by them,
- (ii) the period during which the mill could be kept running on these reserve stocks if no fresh supplies of furnace oil were available ; and
- (iii) the extent of reserve stocks of furnace oil in terms of months' consumption.

The position will be reviewed early in 1942 in the light of actual experience. (*Appendix 4.*)

FIRE INSURANCE PREMIUM: EXTRA FOR NIGHT SHIFT WORKING IN COTTON MILLS.

The existing fire insurance tariff regarding night shift reads as under :—

"Night work.—If any process of manufacture be carried on between the hours of midnight and 5-30 a.m. (S.T.) an additional percentage extra of 50 per cent. on normal working rates should be charged only to those departments actually worked at night and departments communicating therewith. This extra should be calculated on the rate arrived at after other tariff extras applicable have been added."

In other words, no extra payment was due for working from 5-30 a.m. up to 12 midnight.

Early in May 1938, the Bombay Fire Insurance Association proposed to revise the night shift tariff as under :—

"Additional rates—night work :—

If any process of manufacture be carried on after the day shift has ended, then, providing the second shift is not for a period of more than 5 hours (inclusive of any recess) 25 per cent. extra on normal working rates, etc., etc. ; If otherwise, 50 per cent. extra on normal working rates, etc."

Although the proposals of the Fire Insurance Association were tentatively accepted by the Committee, certain issues arising out of the new wording of the clause were taken up by the Committee with that Association. The Committee also suggested the desirability of instituting a system of rebates on policies in respect of which no claims for fire loss had been

submitted. Subsequently, the Fire Insurance Association proposed the following revised wording :—

“ If any process of manufacture be carried on beyond the period of 10 hours (inclusive of any recess, on any one day, an additional percentage extra on the normal working rates shall be charged as under :—

If the total number of working hours (inclusive of any recess) per day	Per cent.
does not exceed 15 hours	25
Without such limitation	50

This extra is to be calculated on the rate arrived at after other tariff extras applicable have been added, and should be charged only in respect of those departments where work is carried on, and all departments communicating therewith.”

The matter was discussed at a joint meeting of representatives of the two Associations on the 29th July 1938, at which the Association's representatives suggested that 17 hours inclusive of recess should be permitted for a 25 per cent. additional premium. It was further suggested that the Fire Insurance Association should consider what reduction in premium should be given when a single shift of less than 10 hours, including recess, was being worked.

The Fire Insurance Association subsequently put forward the following scale of additional premium for night shift working :—

“ Total hours inclusive of recess :—	Extra Per cent.
Exceeding 13 hours but not exceeding 15 hours	15
Do. 15 do. do. 18 „	25
Do. 18 do. do. 23 „	50
Do. 23 hours	100

Periods between shifts not to be counted as recess.

Note.—The procedure to be followed will be that, on the commencement of the insurance, the insured will declare its working shifts and the policy will be prepared accordingly. If any change is made in the working shifts thereafter, of a nature to call for a change in premium, the policy will be endorsed accordingly and such endorsement will be made as frequently as circumstances require.”

The Committee were unable to accept the scale of charges proposed by the Fire Insurance Association mainly for the following reasons :—

- (a) Mills were apparently to be called upon to give up their right to work between the hours of 5-30 and 12 midnight without any extra charge, without obtaining an adequate *quid pro quo*. It was considered that an adequate *quid pro quo* would be a reduction in the day shift tariff to compensate for the 54-hour week ;
- (b) An extra of 15 per cent. for mills working between 13 and 15 hours per day was unjustified for the reason that mills were now entitled to work two shifts of 8½ hours per day without any extra premium.
- (c) A hundred per cent. extra proposed for an additional hour's work (from 23 to 24 hours) was unreasonable.

In these circumstances, the following counter-proposals were placed before the Fire Insurance Association :—

		<i>Extra.</i>
Total hours inclusive of recess :—		Per cent.
Exceeding 13 hours but not exceeding 15 hours ..	..	15
Do. 15 do. do. 20 do. ..	..	25
Do. 20 hours ..	.. .. .	50

This would, in the opinion of the Committee, enable a mill to work two shifts of 9 hours each at a 25 per cent. extra premium, though it would also mean additional payments in the case of those mills which found it necessary to work some of their process departments for an extra half shift. (At present this latter class of mills pay no extras.)

The Fire Insurance Association, however, intimated their inability to accept the Committee's proposals, inasmuch as these would enable mills working normal shifts in Bombay to work two full shifts of 9 hours each for 25 per cent. extra as against 50 per cent. extra which they were now paying.

The Committee were unable to agree that the proposals of the Fire Insurance Association adequately met the situation, and suggested that they might be given a further opportunity of discussing the matter with the representatives of that Association. On the 19th January 1939, the Fire Insurance Association indicated that the existing scale would remain in force until agreement had been reached and that the new charges, when decided, would become effective only from that date and would not be given retrospective effect.

On 4th October 1940 the Fire Insurance Association intimated that their proposals regarding the extras for night shift working had been approved by the Fire Offices Committee (Foreign) and that they saw no reason to alter their views regarding the alternative proposals submitted by the Association. In these circumstances, they enquired whether the Association had any further comments to offer and whether it still desired the matter to be discussed at a further joint meeting of the two Associations.

The Committee still adhered to the views which they had previously expressed, and the whole question was again discussed at a joint meeting held on 21st February 1941, and it was eventually agreed that the matter should again be placed before the Committee of the Fire Association and that, in the meantime, the revised scale proposed by the Fire Insurance Association and approved by London should not come into operation, i.e., the existing arrangements would stand, namely, no extra premium so long as mills confined their operations to between 5-30 a.m. and 12 midnight; where mills worked beyond midnight, the extra premium was to be 50 per cent.

The final proposals of the Fire Insurance Association have not so far been received.

WAR RISKS (GOODS) INSURANCE ORDINANCE.

(See also pages 47 and 188 of Report for 1940.)

Rate of Premium.—On pages 47-51 of the Association's report for 1940, reference was made to the War Risks (Goods) Insurance Ordinance promulgated by the Government of India. It was also indicated that the Ordinance was put into force from 1st October 1940, insurance being compulsory throughout British India with effect from 1st November 1940. In pursuance of rule 6 (2) of the War Risks (Goods) Insurance Rules, Government fixed the rate of premium payable on any policy under the scheme at one-thirty-second per cent. (or half an anna per hundred rupees) per month or part of a month, reserving to themselves the right to vary the rate from time to time according to the necessities of the case. The above rate continued to remain unchanged until the end of March 1941, but towards the end of that month, Government announced that the rate of premium for war risk insurance of goods would be raised from half an anna to one anna per hundred rupees per month or part of a month for the quarter beginning with 1st April 1941. This rate continued to be in force until the end of the year 1941, when it was raised to two annas for the quarter ending 31st March 1942.

Insurance by Cotton Commission Agents.—Early in July 1941, the attention of the Committee was drawn to a representation submitted by the East India Cotton Association to the Advisory Committee of the War Risks (Goods) Insurance Ordinance, 1940, Bombay, suggesting, *inter alia*, an amendment of the Ordinance so as to enable commission agents in Bombay to insure cotton consigned to them for sale. Briefly stated, the facts of the case were that cotton was consigned to Bombay for sale in large quantities to commission agents who, subject to a margin, advanced against such cotton pending sale. The question as to whether these commission agents had an insurable interest in cotton against which they had advanced moneys was considered by the East India Cotton Association, and counsel's opinion obtained by them appeared to indicate that such commission agents could not insure unless the legal owner of the cotton was a person who did not carry on business in British India as a seller of goods. Thus these commission agents, even though desirous of protecting their interests by insurance under the war risk scheme, could not do so, if the cotton was consigned from any person in British India, whether such person was or was not a seller of goods; nor could they obtain an assignment of a policy even if the consignor could insure, because policies under the scheme could not be assigned, with the result that if the cotton, while it was in Bombay and while it had been advanced against, was lost owing to war risk, the commission agents would lose the entire value of their security in cases where the consignor was not bound to insure, and could only hope that the consignor would not part with the insurance proceeds without paying them in cases where the consignor was bound to insure. This, it was pointed out, was not only unjust but would also adversely affect a trade which had been carried on for generations in Bombay. It was unjust to the grower of cotton in that his ability to obtain finance was restricted, and to the commission agent because a bank in the same position was given the right to insure.

Another point made in the representation submitted by the East India Cotton Association was that the Ordinance was defective, inasmuch as it did not permit insurance by an unpaid seller with a lien. Government would appear to have admitted the weakness of this position by issuing departmental instructions that an unpaid seller having a lien might insure.

The Committee of the Association were in general agreement with the proposals made by the East India Cotton Association, and in a representation supporting the case put forward, Government were urged to take early steps to remove the difficulties of commission agents.

This demand was met, and the Ordinance was amended towards the end of the year, so as to allow persons, in certain circumstances, to insure goods in which they had an interest not amounting to ownership. (*Appendix 5.*)

CURTAILMENT OF ACREAGE UNDER SHORT-STAPLE COTTON.

Towards the middle of May 1941, the Committee were requested by the Government of Bombay to express an opinion on a suggestion made by the Indian Central Cotton Committee regarding the possibility of curtailing the area under short-staple cotton.

The Committee of the Association were inclined to agree with the proposal made by the Indian Central Cotton Committee that the possibilities of curtailing the area under short-staple cotton might be re-examined in consultation with the agricultural and commercial interests concerned, but expressed the hope that before any steps were taken with this object in view, the Association would be consulted. (*Appendix 6.*)

CONSUMPTION OF SHORT-STAPLE COTTON BY INDIAN MILLS.

Early in May 1941, the Government of India, Department of Commerce, requested the Committee to express an opinion on a suggestion made at the third meeting of the Export Advisory Council that Indian mills should be compelled to consume larger quantities of short-staple cotton and that the Government of India should convene a conference of all interests concerned in order to decide on a course of action to achieve this object. The proposal referred to by Government arose from a suggestion made by Mr. Isaardas Varindmal at the third meeting of the Export Advisory Council that Indian mills should be forced to use at least 20 per cent. short-staple cotton for their requirements as a means of solving the problem of surplus short-staple cotton produced in India. From statistics compiled by the Indian Central Cotton Committee, it appeared that the offtake of Indian cotton by Indian mills during the last two or three years had been considerably greater than ever before and that over 45 per cent. of the total receipts of Indian cotton at the Indian mills were accounted for by short-staple cotton of a

staple length of under $\frac{7}{8}$ ". Taking the specific growths of Bengals and Oomras, the proportion of the receipts of these two growths of cotton to the total Indian cotton receipts at the mills was found to be 23.6 per cent. in the year ended 31st August 1940 as against 19.4 per cent. in the previous year and well over 20 per cent. in the preceding three years. In other words, the proposal made at the meeting of the Export Advisory Council appeared to have been more than complied with by the cotton mill industry as a whole. If, however, the suggestion was that every individual concern should be forced to utilise short-staple cotton to the extent of 20 per cent. of the total consumption, then the Committee submitted that the proposal would be impracticable for the reason that it would make the position of mills laid out only for fine counts untenable. As regards Government convening a conference to discuss the problem of the disposal of short-staple cotton, it was indicated that the Association would be willing to depute representatives to participate in the deliberations. (*Appendix 7.*)

BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

DELIVERY MONTHS OF VARIOUS TYPES OF HEDGE CONTRACTS.

Towards the end of March 1941, the attention of the Committee was drawn to a notification published in the *Bombay Government Gazette* dated the 10th March 1941 regarding certain amendments in the bye-laws of the East India Cotton Association with special reference to delivery months for the various types of hedge contracts. In the case of fully good M. G. Bengal contract, for instance, it was proposed to change the existing delivery months of December, January, March, May and July to December, February, April and July. In the case of fully good M. G. Broach contract, the existing delivery months which were April/May and July/August were sought to be changed to March, May and August. In the case of fine M. G. Oomra contract, the present delivery months which were December/January, March, May and July were proposed to be changed to December, February, April and July. In the case of good M. G. Southernns Contract, it was proposed to change the existing delivery months of May/June and August/September to May, June, August and September.

The notification apparently sought to do away with double delivery months in the case of certain contracts. This in itself was not objectionable, but the Committee felt that by permitting tenders in March in the case of Broach, and December in the case of Oomra contract, a situation was likely to arise which would have very grave consequences on *bona fide* cotton trading interests. In the case of Oomras, so far as the Committee were aware, in the past ten seasons, except perhaps when the crop was unusually early, there had been very few tenders in the month of December, and, therefore, if the Oomra crop was late for any reason, there was every possibility of the Oomra contract being manipulated if delivery was permitted in December. Similarly, in the case of Broach, March delivery was, in the opinion of the Committee, too early. This was borne out by the fact that even in the 1941 season with delivery April/May, a squeeze had occurred owing to the lateness of the crop and the low proportion of tenderable cotton. If the position were similar next year, and delivery was for March instead of April/May,

then a squeeze would almost be inevitable. In these circumstances, the Committee suggested to Government that the delivery months in the case of Broach contract should be April, June and August, and in the case of Oomra, January, March, May and July.

The attention of the Committee was subsequently drawn to a representation addressed to Government by the Cotton Buyers' Association dealing with the events as they occurred in the cotton market during the months of April and May 1941. The facts set out in this communication fully bore out the apprehensions entertained by the Committee regarding the probable effect of the changes proposed by the East India Cotton Association in the delivery months for the Broach and Oomra Hedge contracts. In these circumstances, the matter was once again taken up with the Government of Bombay, who were requested to withhold sanction to the amendments proposed by the East India Cotton Association.

It is understood that the matter is receiving the attention of the Government of Bombay. (*Appendix 8A.*)

FIXATION OF "CALL" COTTON.

(*See also pages 67 and 233 of Report for 1940.*)

On page 67 of the last annual report of the Association, reference was made to the views expressed by the Committee on certain proposals put forward by the Cotton Buyers' Association to the East India Cotton Association regarding "on call" contracts.

The East India Cotton Association's final decisions in this respect were published on 10th March in the form of a new bye-law which it was proposed to incorporate in the bye-laws of that Association.

The Committee were not entirely in agreement with the proposed bye-law, but they were prepared to give it a trial, on the understanding that, at the end of a year, it would be revised in the light of experience gained and in consultation with the interests concerned.

The proposed bye-law has since been sanctioned by Government and incorporated in the bye-laws of the East India Cotton Association. (*Appendix 8B.*)

UGANDA COTTON.

In May 1941, the Indian Central Cotton Committee requested the Committee of the Association to express an opinion on an inquiry made by the Senior Botanist, Agricultural Research Station, Kampala, as to the possibility of disposing of about 100,000 bales per annum of the

new variety of Uganda cotton, B. P. 52, grown by the Agricultural Department, Uganda Protectorate. The point was whether Indian mills would be in a position to absorb this quantity if the cotton was only suitable for the production of combed yarn.

From inquiries made of member mills largely using East African cotton, it transpired that in respect of length of staple and strength, this cotton was approximately the same as A. R. Kampala imported from East Africa, the quality of which had consistently deteriorated during the last few years. The cotton was stated to be a soft silky variety with a good class staple of about $1\frac{1}{8}$ " and with a loss of 3.5 per cent. and 4.00 per cent. respectively in the blow and card rooms. The resultant yarn was found to be soft and fuzzy. The cotton gave a better spinning performance than selected A. R. Kampala, and owing to its extra staple length, the new variety was reported to be capable of giving a good 50s combed yarn. In these circumstances, the view was expressed that the new variety of cotton could at the most replace the deteriorating Kampala cotton, but that there was no possibility of its finding a market in India as a speciality cotton for spinning combed yarn. This view was communicated to the Indian Central Cotton Committee. (*Appendix 9.*)

RAILWAY FREIGHT RATES ON COTTON PIECEGOODS AND YARN.

(*See also pages 26 and 220 of Report for 1940.*)

Reference was made in the report of the Association for 1940 to the efforts made by the Committee to secure the exemption of textile manufactures from the operation of the enhanced freight rates imposed by the Railway Budget of 1940. Nothing came out of these efforts, and despite the unexpectedly large surplus realised by the railways on the year's working, the Government of India did not even remove the surcharge on freights imposed a year ago. The least Government could have done was to remove the surcharge which experience had proved to have been unjustified; in any event, the Committee requested an assurance from Government that the surcharge on freights and fares would be removed at the earliest opportunity and would not in any circumstances be continued longer than the duration of the present war.

The Committee also drew the attention of Government to the difficulties experienced by mills in regard to freight space, and urged that immediate steps should be taken to ensure that a fair proportion of wagons was released for the transport of textile goods from one part of the country to another in order that mills might be spared the loss and inconvenience caused by the continuous accumulation of stocks of finished goods for want of adequate transport facilities.

Upto the time of writing, however, no reply has been received from Government. (*Appendix 10.*)

LABOUR CONFERENCE.

Early in December 1941, the President of the Employers' Federation of India requested the Committee to appoint a representative to attend a Conference of Employers' Interests in January 1942 in Calcutta, convened by the Hon'ble Member for Labour with the Government of India to discuss certain proposals for labour legislation. The agenda of the Conference included the following items :—

1. Night shift work.
2. Amendment of the Workmen's Compensation Act.
3. Amendment of the Payment of Wages Act.
4. Sickness insurance.
5. Industrial fatigue resulting from exemptions from the hours of work section of the Factories Act.

A memorandum on the subjects on the agenda prepared by the Government of India was furnished to the Committee, with a request that their views thereon might be communicated to the Association's representative.

The Committee appointed Sir Victor Sassoon, Bart., to represent the Association at the Conference. A comprehensive note setting out the Association's views on the various items included in the agenda of the Conference was also furnished to Sir Victor.

BOMBAY TEXTILE LABOUR INQUIRY COMMITTEE.

APPOINTMENT OF STANDARDISATION COMMITTEE.

(See also pages 19 and 121 of Report for 1939.)

Reference was made in the Association's report for 1939 to the written and oral evidence submitted by the Association's representatives on the main terms of reference of the Bombay Textile Labour Inquiry Committee appointed by the Government of Bombay in October 1937 to investigate the question of adequacy of wages and kindred matters in connection with the textile industry of the Province of Bombay. The final Report of the Inquiry Committee, which was submitted to Government on 22nd July 1940, was published on 4th June 1941.

Standardisation Committee.—One of the recommendations of the Bombay Textile Labour Inquiry Committee was that the Provincial Government should appoint as early as possible after the scheme of standardisation of wages was brought into operation, a Standardisation Committee for Bombay for the purpose of attending to the working out of the details of the scheme, watching its operation and making suitable adjustments in it. Early in July, the Committee of the Association were informed that the Government of Bombay had decided to set up a Standardisation Committee on the lines recommended by the Inquiry Committee and were requested to nominate three representatives to serve on that Committee.

The Committee of the Association felt that Government's decision to appoint a Standardisation Committee was not in accordance with the recommendations made by the Textile Labour Inquiry Committee in their Report. The Inquiry Committee stated that the appointment of the Standardisation Committee should be made as early as possible *after the scheme of standardisation of wages was brought into operation*. From this it appeared that the decision of Government to set up a Standardisation Committee was premature, since neither the representatives of employers nor of employees had yet expressed their views on the standardisation scheme recommended by the Inquiry Committee. Government's attention was also drawn to the assurance given to the Association as to the procedure which would be followed before Government arrived at a decision upon the Report. This assurance explicitly contemplated the ascertainment of the industry's views on the recommendations contained in the Report before decisions were arrived at by Government.

The Committee made it clear that they were not prepared to accept the scheme of standardisation which would definitely increase the average wages of the industry substantially, in addition to paying a dearness allowance. They further pointed out that they had not yet had sufficient time to examine the scheme set out in the Report, but that even a superficial examination showed it to be unacceptable and impracticable in many respects. Another reason for deferring the introduction of a standardisation scheme was that the classes of goods at present being manufactured by many mills in Bombay were, as a result of the war requirements, very different from normal, and conclusions regarding the suitability of any standardisation scheme, in these circumstances, would be very misleading.

For these reasons, the Committee pointed out that no useful purpose would be served by nominating their representatives to serve upon it. (*Appendix 11.*)

BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

PROVISION OF COMPULSORY ARBITRATION.

(*See also pages 88 and 276 of Report for 1938 and also pages 22 and 131 of Report for 1939.*)

On page 88 of the annual report of the Association for 1938, reference was made to the passage by the Provincial Legislature of the Bombay Industrial Disputes Bill, 1938. It was also indicated in the report for 1939 that the Act, together with the rules framed thereunder, was brought into force on 1st June 1939.

Towards the end of May 1941, the attention of the Committee was drawn to an amendment of the Act published in the *Bombay Government Gazette* dated 29th May 1941. This amendment introduced the principle

of compulsory arbitration in the Act and, *inter alia*, empowered the Provincial Government to refer any industrial dispute to the arbitration of the Industrial Court if it was satisfied that :—

- (a) a serious outbreak of disorder or a breach of the public peace was likely to occur ; or
- (b) a serious or prolonged hardship to a large section of the community was likely to be caused by reason of the continuance of the industrial dispute ; or
- (c) the industry concerned was likely to be seriously affected and the prospects and scope for employment curtailed as a result of the continuance of the industrial dispute.

The implications of the new provisions introduced in the Act were carefully examined by the Committee, and a protest against the manner in which the amendment was brought into force was submitted to the Government of Bombay on 18th June.

At the outset, the Committee referred to the prolonged debate on the original Bombay Industrial Disputes Bill in which practically every clause was bitterly contested by certain sections of the Assembly. At no stage during the debate on the Bill was it suggested, either by the representatives of employers or the representatives of labour, that the scope of the measure should be extended to include the principle of compulsory arbitration. In these circumstances, it was submitted that Government might well have consulted the parties mainly concerned before amending legislation incorporating this principle was framed.

As far as the Committee were aware, except as a war-time emergency measure, the principle of compulsory arbitration had never been applied even in an industrially advanced country like the United Kingdom, for the reason that it was strongly opposed by employers' and employees' organisations alike. The main objections of the Committee to the introduction of the principle of compulsory arbitration in the Bombay Industrial Disputes Act were :—

- (a) Compulsory arbitration was a reversal of the policy of settlement by agreement.
- (b) No judicial or quasi-judicial system could work with general assent unless it administered a set of known and established rules based upon generally accepted principles. No such principles could be defined in respect of trade disputes.
- (c) It would be impossible in practice to enforce an unacceptable award upon labour.
- (d) Compulsory arbitration might tend to lessen the desire of the parties to come to a settlement by agreement ; the knowledge that if a dispute went on long enough it would be referred to a Court with compulsory powers, would almost certainly tend to make a recalcitrant party put forward extreme claims, and avoid a friendly settlement in the hope of getting larger concessions

from an arbitrator. In general, the use of compulsory arbitration would weaken the sense of responsibility of employers and employees, thus retarding the practice of settlement by discussion and agreement.

- (e) The penalties which might be imposed for participating in or instigating illegal strikes were not of such a character as to prevent their occurrence after arbitration had taken place, whereas the penalties laid down in the case of illegal lockouts were deterrent. In any case, such penalties would be practically inoperative so far as labour was concerned.

Appreciating the anxiety of Government to remove the possibility of dislocation of the war effort of Indian industries owing to cessations of work during the period of the war, and the desirability of taking effective steps to achieve this end, it was pointed out that the Committee had already brought this matter to the notice of the Director-General of Supply, and had suggested that if action was taken, it should be taken under the Defence of India Act; that it should be of an all-India character; that the special measure might include some speedy and effective procedure for adjudicating finally on matters in dispute; that special protection against cessations of work should be limited to factories actively engaged in the production of war supplies; that the right to strike and lockout should only be taken away for the period of the war; and that, after the war, the pre-war legislative position should be re-established. The attention of Government was also drawn to the fact that the Central Government had under consideration an amendment of the Trade Disputes Act, 1926, and that, at the special conferences which the Honourable Member for Labour with the Government of India had with representatives of employers' organisations in Calcutta in January 1941, the Honourable Member had indicated that it was the intention of the Central Government to lay down a "norm" or model in respect of various measures of labour legislation, and that the Provinces might be expected to follow this "norm" as far as possible. The Labour Member had further indicated that in those Provinces where section 93 of the Government of India Act was in force, it would be possible for the Central Government to ask them not to go further than the "norm" laid down by the proposed Central Act.

In conclusion, the Committee pressed for an assurance that the Amending Act would be withdrawn if it failed to prevent dislocation of production owing to wanton and unnecessary strikes at a time when all endeavours should be devoted to the development of nation-wide war effort.

Government, in reply, indicated that the new provision did not make arbitration compulsory in the sense in which conciliation, for instance, was compulsory under the Act. In their opinion, it only empowered the Provincial Government to refer an industrial dispute to arbitration in certain exceptional circumstances and compulsory arbitration was not intended to supplant conciliation. Government further pointed out that their experience of industrial disputes over the question of dearness allowance in Bombay Province made it abundantly clear that power to refer to the arbitration of the Industrial

Court, a dispute which had reached the state of a deadlock, was necessary not only in war-time, but in peace-time as well. In the opinion of Government, arbitration entrusted to a judicial body like the Industrial Court would be less arbitrary than that of a public man or an *ad hoc* tribunal and would build up "industrial norms." In these circumstances, Government found it unable to give an assurance of the kind desired by the Association.

At about this time, Government furnished the Association with a draft Bill to amend certain sections of the Act which it was proposed to discuss at a conference of the representatives of employers and labour constituencies in the Bombay Legislative Council and the Bombay Legislative Assembly, to be held about the middle of August, and requested that the views of the Committee on these amendments might be forwarded to the Association's representative in the Legislative Assembly. Briefly stated, the proposals made in the draft Bill were largely devoted to the removal of difficulties which had been experienced in the actual administration of the Act since it was introduced in 1939. There was, however, one important change in the construction of the Act, namely, the deletion of all references to "qualified" and "recognised" unions. In other words, the Act, if amended, would only provide for representative unions of an occupational or general character. None of the major criticisms which the Committee had advanced at the time when the Bombay Industrial Disputes Bill was discussed in the Assembly appeared to have been given effect to. Government's proposals were carefully considered, and a note setting out the amendments which the Committee desired should be made in the Act was furnished to Sir Sorab Saklatvala, the Association's representative in the Bombay Legislative Assembly. Sir Sorab was also requested to press for the deletion of the amendments in the Act relating to compulsory arbitration.

The conference referred to above took place on the 27th August, but up to the time of writing, Government's decisions in this connection have not been announced. (*Appendix 12.*)

DEARNESS ALLOWANCE.

(*See also pages 26 and 145 of Report for 1940.*)

On pages 26-30 of the last annual report of the Association, reference was made to the acceptance by the Association and its members of the majority recommendations of the Rangnekar Board of Conciliation, which led to the payment of a dearness allowance at a flat rate of two annas per day as an addition to the wages of cotton textile mill workers to cover the variations in the official working class cost of living index figure between 105 and 123. It was further indicated that if the cost of living index number remained below 105 or exceeded 123 for a continuous period of three calendar months, the question of making adjustments in the rate of allowance would be discussed at a further meeting of members duly convened for the purpose, and pending such meeting, no individual action should be taken to reduce or increase the allowance.

Towards the middle of July 1941, it was understood that the cost of living index number was likely to be in the neighbourhood of 126 for the month of July. The question of compensating future rises in the cost of living index number was considered, and on the recommendation of the Committee, the following resolutions were passed at a general meeting of members held on the 8th August 1941 :—

“(1) Resolved that the following sliding scale of dearness allowance shall be paid by all Bombay City and Island and Kurla mills, which are members of the Association, so long as the Official Working Class Cost of Living Index Number, as now compiled, falls between 124 and 143 (inclusive):—

<i>Official Working Class Cost of Living Index No.</i>		<i>Dearness Allowance per 26 working days.</i>
		Rs. a. p.
124	..	4 8 0
125	..	4 12 0
126	..	5 0 0
127	..	5 3 0
128	..	5 7 0
129	..	5 11 0
130	..	5 15 0
131	..	6 3 0
132	..	6 6 0
133	..	6 10 0
134	..	6 14 0
135	..	7 2 0
136	..	7 6 0
137	..	7 9 0
138	..	7 13 0
139	..	8 1 0
140	..	8 5 0
141	..	8 9 0
142	..	8 12 0
143	..	9 0 0

(2) Further resolved that the dearness allowance payable for July shall be calculated according to the Official Working Class Cost of Living Index Number for July 1941 and for August 1941 according to the Official Working Class Cost of Living Index Number for August 1941 and so on.

(3) Further resolved that, in the event of the Official Working Class Cost of Living Index Number falling below 124, the scale of dearness allowance recommended by the majority of the Rangnekar Board of Conciliation, namely, 2 annas per day shall again become operative.

(4) Further resolved that the sliding scale of dearness allowance referred to in the main resolution shall be payable to all those classes of employed workers to whom the dearness allowance recommended by the Rangnekar Board of Conciliation was made applicable (*vide* circular letter No. 945/52, dated the 26th February 1940).

(5) Further resolved that for the July 1941 pay-day, namely, 9th August, dearness allowance according to the scale of the Rangnekar Board of Conciliation shall be payable along with the wages, and the difference between the dearness allowance according to the scale of the Rangnekar Board and the new sliding scale shall be paid separately to the employed workers entitled to it on the 23rd August 1941.

(6) Further resolved that all member mills be supplied with a ready reckoner capable of showing at a glance the dearness allowance payable for any number of working days on

any cost of living index number between 124 and 143. The figures in the ready reckoner to be compiled by the Association should be rounded off to the nearest anna by moving up six pies and more to the nearest higher anna and by neglecting any sum of less than 6 pies."

The recommendations of the Association were communicated to the Government of Bombay and all members, and were announced to the operatives through posters put up at all mills on the 8th August 1941.

WAR BONUS TO BOMBAY MILL WORKERS.

(See also pages 30 and 150 of Report for 1940.)

On pages 30-32 of the last annual report of the Association, reference was made to an enquiry made by the Government of Bombay, during the strike in March/April 1940, as to whether the Association would be prepared to give an undertaking that the millowners would be prepared to give a war bonus to their workers if increased profits were made by the industry as a result of war conditions as soon as these profits had been determined. What Government apparently wanted was an undertaking from the Association that the owners would be prepared to give a war bonus to their workers if increased profits were made as a result of war conditions, but in leading up to this request, Government also referred to the wider principle of profit sharing. The Committee then felt that it could not be Government's intention to raise this larger issue, since it would not be fair to raise such an issue with reference to a particular industry located in a particular centre especially when that industry was passing through a critical time. If such a principle was at all to be considered, it should, in the opinion of the Committee, be considered not only in relation to the mill industry in Bombay but also in other centres as also with reference to all other industries in the country. The question of a war bonus raised by Government was, in the opinion of the Committee, more or less of an academic character, which could be dealt with satisfactorily as and when increased profits due to war conditions had been made. Discussion of such a question and the giving of an undertaking as desired by Government in regard to the distribution of profits which had yet to accrue at some future day and which might not accrue at all, would, it was felt, create false hopes in the minds of the workers, and thus instead of leading to the restoration of peaceful conditions in the industry, would undoubtedly lead to a state of continued unsettled conditions. The Committee, however, indicated that the Association, consistent with its desire to give a square deal to labour, would be prepared to give an assurance to Government that the cotton mill industry in Bombay would consider sympathetically any reasonable proposal for the grant of a war bonus or allowance, if the industry were to make profits on the same scales as those made in the years 1918 to 1921 inclusive, provided similar assurances were obtained from all other large-scale industries throughout the country.

Early in November 1941, the attention of the Committee was drawn to notices which had been served on about ten member mills by their operatives asking for (a) a bonus, (b) an increase in dearness allowance, and (c) an

increase in basic wages. The matter was examined by the Committee, who decided to make the following recommendations to the General Body of Members :—

- “ 1. (a) that a war bonus equivalent to two annas in the rupee on their total earnings in the period 1st January 1941 to 31st December 1941 inclusive, be granted to all cotton mill workers who are on the musters of permanent and *badli* workers in member mills in Bombay City and Island on 31st December 1941, and who continue to be on such musters till the date of payment, with the exception of those *badlis* who have worked for less than an aggregate period of 75 days in the said period ;
 - (b) that bonus should be calculated on earnings exclusive of dearness allowance ;
 - (c) that, in the case of women who have been on maternity leave in the period referred to, the actual maternity allowance drawn by them be included in their wage for the purpose of calculating the bonus payable.
2. That bonus as laid down in the preceding clauses should be calculated and paid to the workers on Saturday, the 21st February, 1942.
 3. That notices declaring the grant of bonus and the conditions attached thereto be put up in all cotton mills in the City and Island of Bombay which are members of the Association on Thursday, the 4th December, 1941.”

The recommendations of the Committee were discussed at an urgent General Meeting of all mills in the City and Island of Bombay held on 3rd December 1941, at which the following resolution was passed :—

“ Resolved that the Committee’s recommendations in connection with the grant of a war bonus to the operatives employed in cotton mills situated in Bombay City and Island, which are members of the Association, be approved and adopted.”

The recommendations of the Association were communicated to the Government of Bombay and all members, and were announced to the operatives through special posters put up at all mills on the 4th December.

It may be recorded that the management of the five mills in Sholapur and the Agents of the Gokak Mills have since notified their intention to grant a bonus to the workers employed in their mills on the same scale as that recommended by the Association for Bombay mill workers. (*Appendix 13.*)

GRAIN SHOPS.

SUPPLIES OF BURMA RICE.

Early in April 1941, the attention of the Committee was drawn to the abnormal increase in the prices of Burma rice in Bombay since November 1940. An examination of the prices paid by mill grain shops for the various

types of rice showed that the price last paid was nearly 40 per cent. higher than that paid a year ago. The main reason for this increase appeared to be scarcity of supplies, chiefly brought about by lack of transport. In view of the adverse effects which such a situation would have on the position of the mill industry, the matter was represented to the Government of India and to the Provincial Government, who were requested to take steps to ensure the receipt of greater supplies in Bombay.

Subsequently, the Government of Bombay notified their intention to fix fair wholesale and retail selling prices for various types of Rangoon rice every week in order to keep them in parity with Rangoon prices. Government further indicated that they would continue their efforts to secure increased shipping facilities for transport of rice from Burma so that the local stocks could be supplemented to meet the normal requirements of the Province.

RECOMMENDATIONS ON LABOUR MATTERS.

(See also page 34 of Report for 1940.)

In previous reports of the Association, reference has been made to various recommendations made by the Committee during the last few years with the object of improving the relations between the mill managements and the workers employed in the industry. A resume of the important recommendations issued during the year 1941 is given below :—

(1) *Assistant to the Association's Labour Officer.*—Mr. D. D. Kale, who had been Assistant to the Association's Labour Officer since the year 1937, left the Association's services towards the end of the year, and Mr. S. G. Annegiri, formerly employed as Labour Officer of the Standard and New China Mills, was appointed in his place. Mr. Annegiri will be taking over Mr. Kale's work early in 1942.

(2) *Leaving Employment Without Due Notice.*—Towards the middle of March, the attention of the Committee was drawn to certain instances in which recruitment of jobbers and other supervisory staff had been made from persons employed in other mills. While there would be no objection to such recruitment, it was represented to the Committee that it led in a few cases to employees leaving the services of the mill in which they were employed without giving the requisite notice. All member mills were recommended to ensure that no employee engaged on work of a supervisory nature left the services of any employer without giving due notice. It was further pointed out that no employer would be justified in engaging new hands unless he had previously ascertained that such new employees had given proper notice to their previous employers. In other words, new recruitment should always be preceded by a reference to the employers in whose service the applicant was previously employed.

(3) *Revision of Dismissal Pass.*—Early in the year, the attention of the Committee was drawn to an opinion given by the Industrial Court in a case pertaining to the dismissal of an operative for theft, that an order of

dismissal should state whether the management took the nature of the misconduct and all extenuating circumstances into consideration before passing the order. In view of this expression of opinion, the question of the amendment necessary in the summary dismissal pass to make the position clear was considered by the Committee, in conjunction with the Labour and Technical Advisory (Managers) Sub-Committee, and on their suggestion, members were recommended to include the following remark on the dismissal pass :—

“ In issuing this order of summary dismissal,
discharge with 13 days' wages in lieu of notice, the nature of the
suspension,
 misconduct, the previous record of the operative concerned and all other extenuating circumstances have been considered.”

(4) *Fixation of Rates of Wages for New Posts.*—Towards the middle of April, it was reported to the Association that in the case of a few occupations, particularly of time workers, such as fitters, muddums, jobbers, head jobbers, clerks and in cases of new posts created, mill managements had fixed wages for the new incumbents, inclusive of interim increases and dear food allowance. It was pointed out that this practice of not showing the interim and dear food allowance separately from the basic wages and fixing a flat rate for new posts was likely to create an impression in the minds of workers that they were being deprived of those additions. In order to avoid these anomalies, a recommendation was sent to all members that mill managements in fixing rates of wages for new posts or for certain posts outside the wage list should show the three component parts separately and distinctly as follows :—

- (a) Basic wages—both time and piece rates of wages.
- (b) Interim increases granted as a result of the interim recommendations of the Textile Labour Inquiry Committee since February 1938.
- (c) Dear food allowance.

(5) *Workers Asking for Discharge.*—Early in July, the attention of the Committee was drawn to certain difficulties which arose when workers asked for immediate discharge owing to disagreement with the management or for other reasons. In this connection, two classes of cases arose : firstly, where the workmen got dissatisfied with the management and wished to get away at any cost ; and, secondly, where the workmen had no quarrel with the management, but were anxious to go on leave for an indefinite period and desired to draw their pay before they left. In the former case, it was recommended that the proper solution would be for the management to ask for a written application for discharge so that there would be evidence on record to show, in case of any enquiry by the Government Labour Officer, that the worker did apply in writing for a discharge. As regards the second class of cases, the standing orders allowed a workman the privilege of one month's leave for every year's service, and where the workman had such leave to his credit and could be spared, it was suggested that the management should, as far as possible, allow him to go on leave ; and if the worker so desired, should also allow him to draw the whole or a substantial portion of

his earned wages up to the date of his going on leave. This step would, it was felt, considerably reduce the number of applications for discharge from workers.

(6) *Attendance of Mill Doctors.*—At a conference to consider labour matters held in June, the Government Labour Officer drew the attention of the Committee to certain cases in which it had been alleged that workers were reluctant to consult mill doctors, probably because the time of attendance of mill doctors was either not convenient to them or not known to them. This complaint was considered by the Committee, and all mills were instructed to post notices in all departments informing workers of the time of the mill doctor's attendance and to afford the workers the necessary facilities to visit the doctor during his presence at the mills.

(7) *Salaries of Departmental Clerks.*—Towards the end of September, the attention of the Committee was drawn to the increases in salaries granted by certain mills to their departmental clerks. While the Committee had no objection to individual mills dealing with the problem relating to salaries and allowances to mill clerks, they felt that the attention of mills should be drawn to the fact that the majority of mill clerks came within the scope of the Bombay Industrial Disputes Act and that care should be taken to ensure that the procedure laid down in that Act was followed. A communication was accordingly sent to all members of the Association, and it was suggested that the Association and its Labour Officer should be consulted when changes in salaries or conditions of service of mill clerks were contemplated.

(8) *Mill-Managed Canteens.—Utilisation of Profits.*—On page 27 of the Association's report for 1939, reference was made to a recommendation of the Committee for the establishment of mill-managed canteens, with the help of the Indian Tea Market Expansion Board. The suggestion was adopted by a number of mills, and permission to make deduction from the wages of workers on account of canteen coupons sold to them was granted by the Chief Inspector of Factories, Bombay, on the understanding that the canteens were run on a non-profit basis. The experience of working these canteens in several mills, however, showed that small surpluses were being made, and in cases, where mill managements did not charge rents or interest on loans, the surpluses were sometimes substantial.

The question of utilising canteen surpluses was considered by the Committee during the year under review, and the following principles for the guidance of mills in running the canteens were laid down :—

- (a) that mills should not be called upon to incur losses on any loans made towards the establishment or equipment of mill canteens ;
- (b) that reasonable rents should be paid ; and
- (c) that the net surpluses should be devoted to welfare work, the nature of which should be left to mill managements.

The following suggestions for the utilisation of canteen profits were also made :—

(1) During early years, profits should be spent on the improvement of the canteen itself, e.g., adequate supplies of crockery, thermos kettles, canteen furniture, increments for canteen clerks and supervisors, better wages for kettle boys, uniforms for kettle boys, etc.

(2) Later on any additional surpluses might be drawn upon for :—

(a) Special dispensary equipment ;

(b) Creche equipment—milk and biscuits for children, etc.

(c) Installation of cold drinking water facilities in departments ;

(d) Recreation club equipment, including books, journals, radio ;

(e) Health exhibitions ;

(f) Dramatic performances, special social functions, etc.

(g) Scholarships to workers attending the Social Service League Textile Technical School.

(9) *Fly Menace in Mill Canteens.*—Towards the end of June, the attention of the Committee was drawn to the excessive prevalence of typhoid in Bombay and the fly menace, and it was suggested that special steps might be taken to deal with this problem in canteens and tea shops established by mills in the city and island of Bombay. The matter was considered by the Committee, and all member mills were requested to instruct their canteens and tea shop staff to pay special attention to the covering of utensils containing milk and foodstuffs and the frequent cleaning of floors, counter tops, etc. It was further suggested that free use might be made of disinfectants and that cups should be turned upside down in their saucers before and after use.

(10) *Complaints from Workers Received Through Pleaders.*—Towards the middle of April, the attention of the Committee was drawn to several instances in which mill managements had received letters on behalf of their workers from pleaders and advocates of High Courts calling upon the managements concerned to pay outstanding wages with notice pay to their clients or to reinstate them. Sometimes such letters were dealt with by mill managements. The Committee felt that having regard to the provisions of the special statutes, such as the Factories Act, the Payment of Wages Act, the Bombay Industrial Disputes Act, etc., it was quite unnecessary and also undesirable that the cotton mill workers should go to pleaders and advocates to secure redress of their grievances. All member mills were, therefore, recommended not to reply to letters received from pleaders and advocates forwarding complaints from workers beyond asking them to direct their clients to the Government Labour Officer for the redress of their grievances.

(11) *Handbook on Labour Recommendations.*—Reference was made in the report for 1938 to the publication by the Association of a handbook summarising the more important recommendations issued during the last

few years on labour matters. Substantial additions to the number of recommendations had since been made and it became necessary to bring the booklet up-to-date; a revised and enlarged edition was, therefore, published towards the middle of the year.

WAR INJURIES ORDINANCE, 1941.

PAYMENT OF COMPENSATION FOR WAR INJURIES.

(See also pages 51 and 197 of Report for 1940.)

Reference was made on page 51 of the last year's report to a representation submitted by the Association to the Government of India urging the need for emergency legislation for relieving employers of their liability to pay compensation under the Workmen's Compensation Act in respect of injuries caused by the acts of an enemy or acts done in repelling an enemy.

The suggestion made by the Association and other organisations in the country was accepted, and the Personal Injuries Ordinance, 1941, was accordingly promulgated by the Government of India on the 25th of July, 1941, empowering the Central Government to frame a scheme or schemes providing for the grant of relief in respect of war injuries sustained by gainfully occupied persons and by persons of such other classes as might be specified, and for war service injuries sustained by civil defence volunteers. The Ordinance also relieves employers of any legal liability that they may be under, to grant compensation to their employees in respect of such injuries.

DEVELOPMENT OF EXPORT TRADE IN COTTON PIECEGOODS AND YARN.

The question of the possibilities of Indian mills developing and retaining a greater export trade in cotton piecegoods and yarn with territories overseas, and in particular with countries within the Empire, had, since the beginning of the war in September 1939, been engaging the attention of the Committee of the Association. As to the desirability of a greater overseas trade from the point of view of the benefit of India's industrial economy, there appeared to be hardly two opinions, but the immediate need was all the greater in view of the fact that a very substantial market for Indian raw cotton with certain countries had been cut off as a result of the war in Europe. Various estimates had been made as to the extent to which the Indian raw cotton market had been affected, but the general view appeared to be that a market for between 500,000 and 1,000,000 bales of cotton had been temporarily lost. This situation, in the opinion of the Committee, was serious and it appeared that unless a large additional amount of cotton could be exported to Great Britain or consumed by Indian mills in manufacturing much greater quantities of piecegoods than ever before, a large quantity of Indian cotton might be left with growers at the end of the 1940-41 season and that this unsold cotton would be added to from year to year as long as the war lasted

with detrimental effects on cotton prices generally. The Indian cotton mill industry was naturally anxious to do what it could to help, but at the then existing prices for Indian agricultural commodities, the potential additional market in India itself for Indian cotton piecegoods and yarn would not, it was thought, be sufficient to ensure the utilisation of all the raw cotton formerly sent to European markets. In these circumstances, the main hope of easing the situation lay, in the view of the Committee, in the development of a very much greater export trade.

The matter was carefully considered by the General Purposes Sub-Committee of the Association early in the year; the sub-Committee had also the benefit of the views which were expressed when the subject of export markets for cotton goods was discussed at the meeting of the Export Advisory Council held in January 1941. The sub-Committee also had an opportunity of examining certain recommendations made to the Government of India by the Indian Central Cotton Committee in this connection. There were, however, a number of points on which assurances from the Government of India seemed necessary before the Association could arrive at conclusions as to the prospects of building up and retaining a larger export market, and these were set forth in a representation submitted to Government on the 25th February, 1941.

At the outset, the Committee indicated that unless mills and merchants were assured of obtaining enough freight space for various overseas markets from month to month, the maintenance even of the existing volume of business, let alone its expansion, was likely to prove difficult. Government were also requested to give an assurance that dyestuffs of the requisite type would be made available for dyeing goods intended for export market, as otherwise any substantial development of the export trade of coloured goods would not be possible, since the major portion of the goods consumed by the export markets which India might be in a position to supply consisted of bleached and coloured goods. The Committee further suggested :—

- (1) the desirability of removing the handicap which India suffered in relation to her competitors in overseas markets, owing to the customs duty of one anna per lb. on imported long-staple cotton. As a remedy, it was proposed that a refund or bounty of half an anna per lb. should be paid on all exports of cotton piecegoods irrespective of whether they had been manufactured either wholly or partly from imported cotton and that a refund of one anna per lb. should be paid on all yarn exports of counts over 40s;
- (2) that a stimulus by way of a subsidy similar to that given by the United States of America on exports of cotton manufactures should be introduced in India. It was contended that the problem of the disposal of the American cotton crop was somewhat similar to the war-time problem involved in marketing the whole of India's cotton crop, and even if Government were not prepared to assist to the same extent as the Government of the United States of America, they might follow the same method of encouraging exports of manufactured cotton products for the

purpose of ensuring the greatest possible offtake of Indian cotton in the interest of the cotton grower; and

- (3) that the Government of India should seriously consider whether anything could be done to ensure equality of treatment in the matter of the import duties imposed on Indian and British goods in the case of commonwealth territories like Australia and South Africa.

As regards the suggestion made at the last meeting of the Export Advisory Council that a Mission should be sent out under Governmental auspices to study and report on the prospects of increasing India's trade including that of cotton yarn and piecegoods to some of the more important export markets, the Committee pointed out that the Association on behalf of that section of the cotton mill industry which it represented, would be prepared to consider the idea of bearing a portion of the costs of any such mission provided that the industry itself was represented directly on the Mission and that other representative organisations in the industry also agreed to contribute.

In so far as the recommendations of the Indian Central Cotton Committee were concerned, the Committee of the Association were generally in agreement with the suggestion that the Government of India, in co-operation with manufacturing and trading interests, should take effective measures to expand the consumption of cotton goods in this country and their export overseas. They also agreed that it would be advisable for the Government of India to make representations to all Colonial and Empire Governments for the purpose of ensuring that India's cotton goods were admitted to those countries on the same terms and conditions as were accorded to British cotton piecegoods.

As regards the Indian Central Cotton Committee's recommendations for the establishment by Government of a central export organisation with suitable arrangements for the inspection of goods before export, it was indicated that any such central organisation, if and when established, would receive the fullest co-operation from the Association and from its member mills. In this connection, it was pointed out that the Indian Central Cotton Committee had already been informed that the Committee of the Association agreed in principle to the proposal for the establishment of a central organisation, whose function would be to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India and to explore the possibilities of increasing exports to such countries as Ceylon, Malaya, Australia, etc., and that, as regards the sharing of the expenses, the question would be sympathetically considered when full details relating to the organisation had been worked out.

It is understood that the matter is receiving the attention of the Government of India and that a memorandum on the subject of development of Indian mills' export trade with overseas markets generally will shortly issue for the consideration of industrial and commercial interests in the country. (*Appendix 14.*)

FREIGHT SPACE FOR EXPORT MARKETS.

(See also pages 76 and 252 of Report for 1940.)

On page 76 of the last annual report, it was indicated that, as a result of representations made by the Association and other commercial organisations in the country, the Government of India had appointed an Indian Shipping Adviser in Bombay for the purpose of co-ordinating the use of ships based on India to meet defence requirements, requirements of the coastal trade, and where freight was available for the purpose, requirements of the export trade also.

Early in March 1941, the attention of the Committee was again drawn to the very serious difficulties which mills continued to experience in obtaining freight space for cotton yarn and piecegoods to various markets. The matter was, therefore, once again taken up with the Export Trade Controller, Bombay and the Controller of Shipping. The Committee recognised that essential military stores should always have priority over all other exports, but urged that special efforts should be made by Government to relieve the situation so far as cotton goods were concerned.

Shortly afterwards, the following telegram was received by the Association from the Uganda Cotton Association, Kampala :—

“In view shortage freight Mombasa Bombay fear abnormal delays in shipments Uganda cotton resulting scarcity staple cotton your end request make representations Shipping Controller for India arrange immediate freight 70,000 bales monthly for three months.”

The Committee were most anxious that such steps as were possible should be taken to ease the situation in regard to the shipments of East African cotton to India for the reason that staple cottons of East African type and even of the Indian type were extremely scarce. Premiums for all staple cottons, Indian and African, had already been forced to very high levels, and unless matters were set right by making adequate supplies of East African cotton available as early as possible, many mills might be compelled to curtail their production. India had always been the chief consumer of African cotton, and she was more than ever dependent on this cotton in future since the imports of similar American cotton had been drastically restricted to conserve the dollar exchange.

In these circumstances, a further representation was submitted to the Government of India setting out the difficulties experienced in regard to freight space for overseas markets and pointing out that goods were awaiting shipment in very large quantities in Bombay warehouses including the special warehouses taken over by Government for storing military supplies. As regards military supplies awaiting shipment, the Committee urged that the possibilities of utilising the accommodation understood to be available in military transports plying between India and Australia and India and the Near East should be thoroughly investigated. While appreciating the serious general difficulties which existed in regard to shipping space, they expressed the hope that these difficulties would not prevent some alleviation of the present situation being achieved.

Although Government did not see their way to meet the Association's demands, they enquired whether Indian mills anticipated any difficulties in supplying cotton piecegoods, particularly grey and bleached goods, to the Gold Coast and Nigeria during the main buying season opening in October 1941, or in obtaining freight space for the shipment of cotton piecegoods to these West African markets.

It appeared that there would be no insuperable difficulty in obtaining grey and bleached plain woven cotton piecegoods for the West African market from Indian mills. These types of goods were produced in very large quantities for the Indian trade, and some of the cloths had been found suitable for the West African market, and fairly large orders were understood to have, up to that time, been placed. However, at the time when Government made the enquiry, owing to their heavily booked position, Indian mills were believed to have been generally unable to accept orders in bulk for very near deliveries and similarly, owing to rapid variations in the prices of cotton, mill stores, etc., mills had not been anxious to book business too far ahead. In so far as goods of special types were concerned and particularly coloured goods, merchants apparently had some difficulty in placing orders, as mills had naturally been somewhat unwilling to switch on to new lines as long as their ordinary running lines were in heavy demand.

The main trouble about the West African trade appeared, in the view of the Committee, to be one of freight. It was quite impossible to make any estimate of the time which was likely to be taken between delivery from a factory in India and arrival of goods in West Africa. The situation had become very much worse since 1941, and it appeared impossible to get shipping with any certainty beyond Durban. Briefly stated, the position was that there were no shipping facilities to the West African ports either direct or indirect, and the Committee felt that unless something was done to improve the position, it was more than likely that the bulk of the goods which had already been ordered from Indian mills would either not reach their destination at all or not reach it within a reasonable period of time, and consequently repeat orders for next season (October 1941 onwards) might not be forthcoming and some of the goods already booked might be thrown back on the Indian market.

Subsequently, the Committee were informed that the question of providing voyage for West African ports rested with the Ministry of Transport in London, and any direct sailings arranged would load at Calcutta and Rangoon only, because the bulk of the cargo required in West Africa moved from these ports.

While this was possibly true, exports of cotton manufactures from Bombay to West Africa were extremely important and had latterly been very heavy. Orders in hand awaiting shipment were also large, and it was suggested that if direct transport from India did become available, a fair proportion of space on such ships should be made available for shipment of cotton manufactures from Bombay which at that time could not be moved any further than Durban from which port there was understood to be no carriage of goods further than Matadi in the Belgian Congo. In these circumstances, the matter was once again taken up with the Government of India,

and it was suggested that ships destined for West Africa from Rangoon and/or Calcutta should, on their outward journey, call and pick up cargo at Bombay, since the cotton goods which Indian mills were manufacturing were understood to be urgently required in West Africa. It was also pointed out that it would not be a practicable proposition to rail piecegoods intended for West Africa from Bombay to Calcutta owing to (a) the heavy expenses involved and (b) the shortage of railway wagons. It was further suggested that the matter should be taken up with the Controller of Shipping in India with the object of avoiding the possibility of injustice being done to Indian shippers and manufacturers on this side of India. (*Appendix 15.*)

PROPOSED ESTABLISHMENT OF AN EXPORT ORGANISATION.

(*See also pages 75 and 251 of Report for 1940.*)

On page 75 of the last annual report of the Association, reference was made to a proposal put forward by the Indian Central Cotton Committee for the establishment and maintenance of an organisation, whose function would, *inter alia*, be to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India, to explore the possibilities of increasing the export of piecegoods and to take such steps as might be found feasible for facilitating exports of piecegoods. It was also indicated that the Committee of the Association had agreed in principle to the proposed establishment of a central organisation, but that as regards the sharing of the expenses, etc., they had pointed out that the question would be sympathetically considered when full details relating to the organisation had been worked out.

Early in September 1941, the Indian Central Cotton Committee requested the Association to express an opinion on a tentative scheme outlining the objects, constitution, personnel, and financial aspect of the proposed organisation. Briefly stated, the scheme provided for the establishment of a central export organisation for the purpose of exploring the possibilities of developing India's export trade in manufactured articles such as textiles, sugar, cement, iron and steel, paper, chemicals, drugs, pharmaceutical preparations, etc., in the Near and Far Eastern countries, Africa and China. The objects in view were sought to be achieved by means of trade missions to be deputed to the various markets concerned, the establishment of commercial museums both in India and abroad, close liaison with Indian Government Trade Commissioners in the markets concerned, etc. It was also proposed to take power to inspect and certify Indian goods exported to foreign markets.

The organisation, it was proposed, should be a full-time working body with an experienced and prominent industrialist as Chairman with representatives of important manufacturing interests on the Board. As the immediate work of the Board would almost wholly be concerned with the export of textile goods, it was proposed that the Board should consist mainly of representatives of Indian cotton textile interests.

It was further proposed that the organisation should be a non-official body with statutory powers to enforce certain requirements laid down by the Board, and representation was to be accorded to the Central Government. The head office of the organisation was proposed to be situated in Bombay, and arrangements were to be made for representatives in the major ports concerned with exports of the various foreign markets. It was intended that the export organisation should be financed partly by a fixed contribution from the Central revenues and partly by the realisation, through the Textile Associations or Associations representing organised industries, of a small cess on the annual production of the industries in the country.

The proposal was examined by the Committee. It was understood that the question of the development of export market for the Indian cotton mill industry was being examined by the Government of India and that a memorandum on this subject would shortly issue for the consideration of industrial and commercial organisations throughout the country. In these circumstances, the Committee of the Association suggested to the Indian Central Cotton Committee that consideration of the scheme framed by that Committee might be postponed pending receipt of Government's communication. (*Appendix 16.*)

LICENSING OF EXPORTS OF COTTON MANUFACTURES TO EMPIRE COUNTRIES.

Early in November, the attention of the Committee was drawn to a notification issued by the Government of India in the Department of Commerce, which, *inter alia*, sought to bring the exports of cotton manufactures (other than mosquito netting) to Empire countries (including Mandated Territories) within the export licensing scheme. In other words, exports to these countries would henceforward be permitted only if accompanied by a licence from the Export Trade Controller. As the Government notification did not prescribe the procedure to be followed by exporters in securing licences, the Chairman of the Association discussed the matter with the Hon'ble the Commerce Member when, it was understood, he was given to understand that the details connected with the notification had not yet been fixed up, but that before anything was settled finally, the interests concerned would be consulted. This was almost immediately followed by a notification issued by the Export Trade Controller outlining the procedure to be adopted when applying for licence. Briefly stated, it was indicated that when applying for a permit, the following information should be submitted by the exporters:—

- (1) Applications for permission to ship during any month should be submitted to the Export Trade Controller so as to reach his office not later than the 20th of the preceding month.
- (2) Shippers should apply for the licence in a letter form giving the following details:—
 - (a) nature and quantity of the goods ;
 - (b) name and address of the consignee ;

- (c) name and address of the ultimate purchaser (if known);
 - (d) port of landing.
- (3) Information regarding the vessel on which the goods were proposed to be shipped and also the route that the ship might be taking on her journey to the destination should also be supplied, if possible.
 - (4) Applications should be accompanied by evidence of sale.
 - (5) Licence granted for one month would be valid only for the duration of that month.
 - (6) If, for any reason, either the whole or part of the goods licensed for shipment during a particular month was not shipped during that month, it would be necessary for shippers to apply again and obtain a licence for shipment during the following month.

The Committee had no information regarding the circumstances under which Government found it necessary to extend the scope of the export restriction scheme to Empire countries, but whatever these might be, it was hoped that the scheme would not lead to a curtailment in the volume of India's exports of cotton manufactures to Empire countries. Turning, however, to the data called for by the Export Trade Controller in connection with each application for licence, the Committee made the following comments :

(1) It would not always be possible to say by the 20th of the preceding month what goods would be ready for shipment in the succeeding month. It was not also clear whether one general application would be sufficient for all goods exported to one market by the same shipper irrespective of the number of consignees.

(2) The nature and quantity of the goods were required to be shown in the application for licence. It was not clear whether it would be sufficient if shippers merely indicated the aggregate quantity of piecegoods and/or yarn proposed to be shipped for each consignee or whether the various types of piecegoods and counts of yarn, and the quantities under each of these heads, should be shown separately for each consignee.

(3) It would not be possible to give information regarding the name of the vessel and its movements, for the reason that such details were not ordinarily made known until four or five days previous to the actual fixing of a steamer. Even in such cases, the agents of shipping companies would not be in a position to say definitely what space would actually be available for the carriage of private merchandise by such boats.

(5) and (6) The condition about licence granted for one month not being valid for the following month would create serious hardship. Taking a hypothetical case, a ship scheduled to sail on or about the 20th of December might not finally leave the port till the 2nd or 3rd of January. According to the Export Trade Controller's scheme, a fresh application would have to be made, and unless such application was dealt with within a few hours, the goods might miss the ship altogether,

Another matter arising out of the procedure laid down by the Export Trade Controller was that, supposing the mills had on hand goods ready in December which were for shipment only in January, it might happen that there were no sailings in January. In this event, would exporters be allowed to ship such goods in December itself? What the Committee suggested was that mills should be allowed to take advantage of every inch of space available and should not be prevented from shipping goods when space was available even though the licence was for shipment during the following months. As it was, there were very few boats available for export of cotton piecegoods, and in some cases ships were available only at intervals of two months. In these circumstances, the Committee urged that exporters should be allowed to ship ready goods by the earliest available boats.

The attention of Government was also drawn to the fact that under the Export Trade Controller's scheme, exporters had only to apply for permission to ship from month to month, and if, as it seemed, permission was likely to be given freely, no difficulties were likely to be experienced, but the point which the Committee thought Government should bear in mind was, that forward business had been entered into for manufacture and shipment six months or more ahead so that any refusal of permission to ship at some future time would create a serious situation for manufacturers in India and importers overseas.

A reply was received from Government towards the end of the year in which the following points were made:—

(i) Export Trade Controllers have been given discretion to admit applications for export of cotton manufactures a few days later than the stipulated date. Applications will, however, have to be made for each consignment separately.

(ii) While quantities must always be stated on applications, it will suffice for the present if a description of the goods in very general terms is given together with an indication, wherever possible, of the market names for the goods in question. Export Trade Controllers may also permit at their discretion changes in the grades or qualities of the goods to be shipped within the broad description given in the application if such changes are found necessary at any time before shipment.

(iii) The names of the vessel and route need only be given if known to the applicant.

(iv) Export Trade Controllers have instructions to grant at their discretion, a reasonable extension of time for shipment."

The Committee felt that Government's communication did not go far enough. For instance, there was no answer given by Government to the point regarding forward contracts. It was pointed out that mills usually booked large orders for forward delivery, and if export licences were granted freely, no difficulties were likely to be experienced, but if for any reason this was not possible, a serious situation might arise. Every market had its own

particular requirements and the goods manufactured for one market would not ordinarily be saleable in India or in any other market, with the result that if licences were not regularly available, mills in India would have on hand quantities of goods which would not find a ready sale in this country. In this view of the case, the method of issuing export licences instituted by Government would compel mills to take considerable risks in booking orders for forward delivery for export markets. It could not certainly be the intention of Government to hinder legitimate export trade, and especially the exports of goods specially manufactured for export markets; on the contrary, it might be to Government's advantage, it was thought, to know as far ahead as possible what mills either directly or through their agents intended exporting. In the circumstances, the Committee suggested that in cases where contracts for forward delivery had been entered into, special facilities should be granted by the Export Trade Controller which would ensure regular allocation of freight space and enable mills or their agents to keep up the terms of the contract. (*Appendix 17.*)

IMPORT DUTIES ON COTTON PIECEGOODS ENTERING SOUTH AFRICA.

Towards the end of April 1941, the attention of the Committee was drawn to the substantial preference enjoyed by the United Kingdom over India in respect of cotton piecegoods in the tariff of the Government of the Union of South Africa. Under item 76(a) of the Union Government's Customs Tariff, duty was charged as under:—

<i>Cotton piecegoods.</i>	<i>Minimum duty.</i>	<i>Intermediate duty.</i>	<i>Maximum duty.</i>
(i) Of 50 per cent. or more by weight of cotton but no rayon, the f.o.b., price of which did not exceed 15d. per yard.	5 per cent. <i>ad valorem</i> U.K. Preference.	10 per cent. <i>ad valorem</i> or 1½d. per yard whichever is higher.	15 per cent. <i>ad valorem</i> or 2d. per yard whichever is higher.
(ii) Of cotton and rayon containing 50 per cent. or more by weight of cotton, the f.o.b., price of which did not exceed 15d. per yard.	Do.	Do.	15 per cent. <i>ad valorem</i> or 3d. per yard whichever is higher.

The minimum duty applied only to imports from the United Kingdom, and the intermediate duty to imports from India. The maximum duty applied to imports from Japan and certain other countries. The intermediate duty was almost prohibitive against India, particularly on lower priced cloths in which Indian manufacturers were mainly interested, and worked out at:—

50 per cent. on cloth priced at 3d. per yard;			
37½ per cent.	do.	4d.	do.
30 per cent.	do.	5d.	do.
25 per cent.	do.	6d.	do.,

whereas the *ad valorem* duty paid on United Kingdom cloths of the same kind was 5 per cent. only.

The average values of the cloth exported from India to South Africa in 1939-40 were as under :—

Grey unbleached	..	..	As. 2-10	per yard.
White bleached	..	..	As. 4-0½	„
Coloured	..	..	As. 7-8	„
All cloths	..	..	As. 5	„

In other words, Indian cloths paid duties of nearly 50 per cent. on greys, 35 per cent. on whites and 17 per cent. on coloured goods.

The Committee felt that there existed a strong case for a revision of the duties levied by the Union of South Africa and that if the preferential rates of duty which South Africa gave to England were extended to India, a fairly substantial increase in trade could be expected. In this connection, it would be remembered that even as far back as 1928, the Trade Mission to Africa and the Near East stated in their Report: "If the preferential rates of duty which South Africa gives to England were extended to India, and if shipping freights from and to India were lower, a fairly substantial increase in trade could be expected." In these circumstances, the matter was taken up with the Government of India, Department of Commerce, and it was pointed out that the situation brought about by the war had temporarily offset some of the disadvantages which India suffered in relation to her export trade in manufactured goods generally and had naturally created a greater interest in the development of trade in both directions between India and South Africa. In the case of cotton piecegoods, however, development was being hindered, and the pre-war position in regard to South Africa was likely to be re-established after the war, unless measures were taken to remove the special disabilities from which India suffered *vis-a-vis* her competitors. It was further contended that the present was not the time when an important alternative Empire source of supply should be so severely penalised, and that there seemed to be no reason why, under existing conditions, consumers in the Union of South Africa should be denied the full benefits which the Indian industry was able to offer them.

In the opinion of the Committee, the main points in favour of India were as under :—

- (a) The existing duty on Indian-made cotton piecegoods amounted to as much as 50 per cent. on the cheaper grades of cloth against the U. K. preferential duty of 5 per cent.
- (b) The duty was, in practice, largely prohibitive at a time when an alternative Empire source of supply was becoming more and more essential to South Africa.
- (c) The United Kingdom's present inability to cater fully for the needs of the Union.
- (d) A general desire of merchants in South Africa to be placed in a position to develop Empire trade with a neighbouring country so well fitted to supply their requirements.

- (e) The paramount need for conserving shipping space, to and from the U. K., for the much greater urgency of war requirements.
- (f) The exportable surplus of Indian cotton, particularly under war-time conditions, and its suitability for the manufacture of the medium and lower cloths imported by the Union of South Africa.
- (g) An adjustment of the tariff would, so far as Indian cotton spinning in Lancashire was concerned, only affect a comparatively small section of the Lancashire industry. The main and finer count spinning interests would be little affected.
- (h) The probability of trade which might come to India being diverted to the United States of America owing to the subsidy of 3½ cents per lb. granted by the U. S. A. Government on exports of cotton manufactures.

In these circumstances, it was suggested that the Government of the Union of South Africa should be approached and asked to agree to revise the duties which were permanently penalising India's piecegoods export trade. It was further suggested that the support of Mr. F. J. Fahey, Chairman of the Board of Trade and Industries of the Union Government, who was in India as a representative of the Eastern Group Supply Council, should be enlisted by the Government of India to any representation which they might make to the Union Government in this matter.

Subsequently, it was indicated to the Committee that if any representations regarding adjustment of import duty on Indian cotton piecegoods in South Africa were to succeed, the proposals would necessarily have to come from the Government of India and that they might have to be concurred in by His Majesty's Government in the United Kingdom. The view was expressed that if, for various reasons, Lancashire manufacturers had not been able to cater for certain types of cotton piecegoods in the South African market, the natural and fair attitude for the United Kingdom Government to take up would be to press that the business should go to India or some other part of the Commonwealth keeping in mind the desirability of conserving exchange within the Empire. It was also suggested that a representation from the Government of India would be more likely to succeed now than a few months ago because with the passing of the Lease and Lend Act in America, the British Government appeared to be adopting rather a different attitude towards the export trade. Whereas previously, England appeared to be desirous of maintaining her export trade in all possible lines, at the moment the policy appeared to be to switch over as many factories as possible to war production to the detriment of any other class of business including exports.

The matter was once again represented to Government, and they were requested to take it up with the Union Government in consultation with His Majesty's Government in the United Kingdom. (*Appendix 18.*)

RESTRICTION ON THE IMPORT OF INDIAN COTTON TEXTILES INTO NEW ZEALAND.

Since the outbreak of war in September 1939, the Committee of the Association had been making very strenuous efforts to increase India's cotton piecegoods and yarn exports to Empire countries with the dual object of decreasing Indian mills' dependence upon the home market and of utilising some, if not all, of the Indian cotton previously exported to European markets which were now closed to India on account of the war. A substantial measure of success had been achieved, and it was understood that Government themselves were anxious that the overseas markets for cotton yarn and piecegoods should be extended. Among the markets which had been receiving attention was that of New Zealand, and the Committee were, therefore, surprised to learn early in January that the New Zealand Government Import Control Regulations Schedule for 1941 prohibited the importation of cotton piecegoods from all countries except from the United Kingdom. Jute and hessian piecegoods, cotton piecegoods, viz., tubular woven or knitted, for meat wraps, etc., were, however, excluded, but in these cases special application had to be made to the Minister for licence. The Committee felt that unless the New Zealand Government Import Control Regulations schedule was suitably amended, New Zealand would be a closed market for Indian cotton textiles during the war emergency. The matter was, therefore, taken up with the Government of India.

From a reply received from Government towards the middle of October, it would appear that although the Import Licensing Schedule issued by the New Zealand Government for the fifth period ending 31st December 1941 provided for the total restriction of imports of cotton piecegoods from India, in view of the inability of manufacturers to obtain supplies of cotton duck from the United Kingdom, permission had been given in certain cases for the transfer to India, of licences granted for the importation of cotton duck from the United Kingdom. Licences had also been granted for the importation from India in preference to Japan of calico for use in the manufacture of flour bags. Applications for licences for essential requirements of cotton goods which, under existing circumstances, could not be imported from the United Kingdom or for the transfer of United Kingdom licences for such goods would, it was understood, be considered favourably. It was further indicated that the restrictions on imports had been adopted for the purpose of adjustment of the adverse trade balance and the conservation of foreign exchange. In view of the fair attitude adopted by the New Zealand Government in dealing with imports from India, the Government of India thought it unnecessary to make any representations in the matter. (*Appendix 19.*)

STANDARDISATION OF INDUSTRIAL PRODUCTS.

Towards the end of May 1941, the Committee were requested to express an opinion on the question of standardisation of industrial products and to suggest the ways and means of bringing about some kind of standardisation of products. It would appear that the proposal was sponsored by the

Government of Bombay and that at the last Industries Conference held in December 1940, when this question was considered, the following conclusion had been reached :—

“ This Conference considers most desirable that the question of standardisation should be examined and is of the opinion that this could only be done in the closest consultation with the Export Advisory Council which may be able to get valuable help with respect to export markets, etc. It recommends that such investigations as may be necessitated may be taken by the Government of India.”

The matter was examined by the Committee, and as far as textile goods were concerned, they were inclined to doubt whether very much could be done in the way of standardisation except in regard to the lines required for Governmental use; in this case, however, a substantial measure of standardisation had already been achieved. As regards the civil trade, the types of goods in demand from time to time depended very largely on individual tastes and fashions and on the course of competition from other textile manufacturing countries. In any event, standardisation of the finished textile material did not, in the opinion of the Committee, appear to be so important as the standardisation of the raw materials used in the production of the finished article, for instance, yarn. The Committee, therefore, urged that such standardisation as was necessary or desirable in regard to the cotton trade might best be left to be achieved by the efforts of the trade itself. (*Appendix 20.*)

COMPETITION BETWEEN THE HANDLOOM INDUSTRY AND THE MILL INDUSTRY.

FACT FINDING COMMITTEE.

. (*See also pages 79 and 259 of Report for 1940.*)

Reference was made in the last annual report of the Association to the unanimous conclusions reached at the conference of representatives of millowners and the handloom industry convened by the Government of India to consider the problem of safeguarding the position of the handloom industry and, at the same time, reconciling the conflicting interests of the handloom and the mill industries. One of the recommendations made by the conference was that a Fact Finding Committee should be constituted by Government to investigate certain facts relating to the handloom and mill industries. This recommendation was subsequently endorsed by the Twelfth Industries Conference held at Lucknow in December 1940. Accordingly, on the 25th January 1941, Government announced the appointment of a Fact Finding Committee consisting of Dr. P. J. Thomas, Professor of Economics, University of Madras, as Chairman; Rai Bahadur Hrishikesh Mookherjee, Custom House, Calcutta, as Member; and Mr. B. P. Adarkar, Reader in Economics, University of Allahabad, as Secretary, with the following terms of reference :—

- (1) To make a survey, with the assistance of Provincial and State Governments, of the extent of the handloom industry in each Province and of the kinds of handloom products produced and the number of persons engaged in the industry;

- (2) to make a report on the marketing organisations both for the purchase of yarn by the handloom weavers and for the sale of the handloom products ;
- (3) to compare the nature of the products of the handloom industry in each area surveyed with the corresponding mill products and to find the nature of the competition between the two ;
- (4) to investigate the kinds of yarn used in the handloom industry and types of production for which different kinds of yarn were used ; and
- (5) in particular, to investigate how far an enactment prohibiting the mills from using yarns of low counts would help the handloom industry in maintaining its production.

Soon afterwards, the attention of the Committee of the Association was drawn to a note which appeared in the *Free Press* dated 4th February 1941, in which it was stated : " It is understood that a general questionnaire has been prepared for despatch to Provincial Governments and the final questionnaire will be prepared at Calcutta . . . "

The view taken up by the Committee of the Association, when the question of assistance to the handloom industry was raised by Government in October 1940 and also at the conference which followed on 6th December 1940, was that any discussion on the question of the nature and extent of the assistance to be rendered to the handloom industry should be preceded by a comprehensive enquiry with a view to ascertain all relevant facts with regard to the scope of the industry and the factors which were responsible or had contributed to its difficulties. When the Committee made this suggestion, they were conscious of the incomplete, misleading and sometimes biased nature of the data available on the subject, and it was for this, among other reasons, that they urged a comprehensive enquiry to collect and present facts as they were, inasmuch as such report would, in their opinion, facilitate subsequent discussion as to the nature of the assistance to be rendered to the handloom industry if the enquiry disclosed a necessity for such assistance.

The Government announcement setting out the terms of reference not only failed to throw any light on the procedure which the Fact Finding Committee proposed to follow, but the terms of reference in themselves were incomplete and calculated gravely to prejudice the issue.

Term of reference No. (1) provided for the ascertainment of the extent of the handloom industry, but did not make it clear that the cottage handloom industry weaving cotton goods had to be separated from all other types of minor weaving establishments. Similarly, it did not insist on detailed information being obtained in regard to the extent to which goods were produced for sale or for domestic consumption, and the extent to which the cottage handloom industry gave seasonal, full-time or part-time occupation.

Term of reference No. (2).—It was presumed that the Fact Finding Committee would be entitled to collect data regarding cost of marketing of

handloom fabrics. It was felt that there should be two additional paragraphs to this term of reference to elicit cost of manufacture on handloom and the nature and extent of assistance at present given to the handloom industry from official and non-official sources.

Term of reference No. (3) assumed that there was competition between handloom and mill-made fabrics. It was felt that having ascertained the nature of the goods produced on handlooms, the Fact Finding Committee should also go into the question of the appropriateness or suitability of particular fabrics for manufacture by handlooms.

Term of reference No. (5).—The Committee felt that this was a matter which was entirely beyond the functions of the Fact Finding Committee, since it raised issues of a far-reaching character which could not be handled except with the assistance of technical experts. It would have been much better if Government had kept this issue pending till the Fact Finding Committee had submitted their report.

In these circumstances, a representation was submitted to the Government of India setting out the Association's views on the procedure which should be followed in making the enquiry and the data which should be collected by the Fact Finding Committee.

It was further indicated that the Association attached very great importance to the Fact Finding Committee's enquiry and was anxious that everything possible should be done not only to make it as comprehensive as possible but also to ensure that it was confined to the ascertainment of facts only. The Committee also expressed the hope that they would be consulted at all stages of the enquiry, and that the questionnaire should provide for the ascertainment of all the facts and data relating to the enquiry. It was further indicated that Government should bear in mind the observations made about the terms of reference, and if it was not possible for them to supplement the resolution at that stage, they should bring the views expressed by the Association to the notice of the Fact Finding Committee with a strong recommendation that they should be followed.

Subsequently, the Committee were invited to submit their answers to a preliminary questionnaire framed by the Fact Finding Committee. The Committee of the Association were of the opinion that the questionnaire needed considerable modification and extension in certain directions in order to enable the Enquiry Committee to obtain the basic facts relating to the handloom industry. A suggestion was, therefore, made that the Association should be given an opportunity of discussing the matter fully with the Enquiry Committee before the questionnaire was issued to individual member mills. At the same time, a special sub-Committee consisting of the Chairman, Deputy Chairman, Sir Chunilal V. Mehta, Sir Homi Mody, Mr. T. V. Baddeley, Sir Frederick Stones, Mr. A. L. Hutson and the Secretary was also appointed to deal with all matters concerning the Handloom Fact Finding Committee's investigations. This sub-Committee met the Fact Finding Committee informally on Wednesday, the 19th March. The Association's representatives once

again made it clear that the Association attached considerable importance to the results of the Fact Finding Committee's investigations and that they considered it absolutely essential that a comprehensive survey of the facts concerning the handloom industry as also the village weaving industry—hand or power—should be undertaken by special field investigators in all Provinces and Indian States, and that complete information should be obtained as to the extent to which the handloom weaver was in the hands of the *sowcar*. It was further indicated that an enactment prohibiting mills from using yarn of low counts would be an unwarranted restriction on the mill industry and would not help the handloom industry to maintain its production or increase its prosperity and that the improvement of the handloom weaver's position was to be sought in other directions and particularly in the direction of better organisation of buying and selling and specialisation in cloths suited to that type of weaving as regards design and cloth structure.

Following the meeting a note showing the heads under which the Association considered it essential that complete information should be collected concerning the handloom industry and the products it manufactured was submitted to the Fact Finding Committee.

From the discussions which the sub-Committee had with the members of the Fact Finding Committee, it appeared that they were obsessed by the instructions that their report had to be ready within a period of nine months. The need for an early report on the enquiry was, in the opinion of the Association, not very urgent, for the reason that the war had brought about a considerable improvement in the position of the handloom weaver. It was, therefore, suggested that the instructions regarding the time limit for the submission of a report by the Enquiry Committee might be relaxed and the opportunity taken to order an exhaustive survey of the extent and position of the handloom and cottage weaving industry of the country by means of a detailed field investigation.

The views held by the Association on this question were reiterated at a conference which the Committee had with Mr. T. S. Pillay, Deputy Secretary to the Government of India, Department of Commerce, towards the middle of April, at which it was urged on behalf of the Association that unless the Enquiry Committee were given authority to appoint expert field investigators of their own for the purpose of collecting accurate data, the results of the enquiry were likely to prove unsatisfactory and misleading, and that an unfair picture might be presented regarding the handloom industry and the extent and nature of the competition existing between it and the power-loom industry. As a result of these discussions, it was understood that although the enquiry would, in the main, be conducted through provincial agencies, Government proposed to ask the Enquiry Committee themselves to take steps, in necessary cases, to have the facts placed before them through such agencies, fully verified and established.

The Committee of the Association were unable to agree that an arrangement such as that contemplated was likely to yield satisfactory

results. In these circumstances, the matter was once again taken up with the Government of India, Department of Commerce, and it was indicated that while it was true that the Directors of Industries in the various Provinces had already done a certain amount of useful work in this direction, it was nevertheless a fact that, at successive Industries Conferences held during the last few years, the Directors of Industries had themselves admitted the lack of reliable information concerning the hand and cottage weaving industry. This absence of adequate data had not, however, prevented some of them, at any rate, from putting forward proposals for assisting the hand weaving industry at the expense of the power weaving industry. Such being the position, an enquiry through provincial agencies, however unprejudiced and unbiased their individual views might be on the subject-matter of the enquiry, was scarcely likely to produce impartial results on which to base far-reaching proposals for the solution of the problems and difficulties confronting the handloom industry.

Any action directed towards penalising the power-loom industry of the country, ostensibly with the object of assisting the hand weaving industry, must, the Committee maintained, be preceded by the establishment of the need for such assistance by a comprehensive enquiry and survey on the lines suggested by the Association. The means which, in their opinion, was best calculated to ensure the ascertainment of reliable data concerning the nature and extent of the hand weaving industry, and to set out its problems in true perspective, had already been made known to the Government of India and the Enquiry Committee. As had already been indicated, the need for an early report was not at present very urgent ; and in these circumstances, the Committee strongly urged that Government should take early steps to direct a detailed field investigation to be carried out, more especially since the present afforded an excellent opportunity for ascertaining once for all the true relationship which existed between the hand and power weaving industries of the country. This work would, of course, necessitate the appointment of a fairly large number of experienced investigators or field workers who should tour and ascertain facts in all Provinces and in the Indian States. These field workers should conduct their enquiries on the basis of a uniform set of instructions drawn up by the Central Committee, and should endeavour to elicit true facts concerning the hand and cottage weaving industry. Unless such an investigation were carried out, it was contended that the results of the enquiry were likely to prove of doubtful utility, and any conclusions or actions based thereon would lend themselves open to the charge of having been built on pre-conceived ideas, entirely unrelated to, and dissociated from, the real needs of the situation.

Immediately afterwards, the Enquiry Committee requested the Association to answer a detailed questionnaire issued by them. This matter was referred to the special sub-Committee who also tendered written and oral evidence on behalf of the Association.

The findings of the Enquiry Committee have not, upto the time of writing, been published. (*Appendix 21.*)

THE WAR AND GOVERNMENT REQUIREMENTS OF COTTON TEXTILES.

(See also page 91 of Report for 1940.)

Reference was made in the last year's report to the steps which had been taken by the Committee and the Government of India in the matter of ensuring that Government's requirements of cotton textiles both for civil and military use during the period of the war were effectively and expeditiously met. Towards the middle of February 1941, the Committee were informed that in 1941-42 the Government of India were likely to place a very much heavier load than in the previous year on the cotton textile industry, and that it was necessary to consider what measures might be taken to stimulate production. Government believed that the best method of approaching the problem would be to appoint an Advisory Panel representing the various Millowners' Associations in the country, and suggested that if the Association agreed with this proposal, the Secretary might be allowed to act as a member of the Panel. Government thought that it would be best if the secretaries of the various associations were permitted to act on the Panel, as the work involved in organising any expansion of production could best be performed by executive officers such as the secretaries. Government's communication did not, however, make it clear as to what the exact functions of the Advisory Panel would be. The matter was, therefore, taken up with the Department of Supply, and it appeared :—

- (a) that the initial meeting of the Panel at Delhi was intended to give explanation as to Government's additional requirements for the next two years and to discuss how best to place these in various areas with the object of dividing the total load by areas ;
- (b) that individual panel members would then be asked to accept responsibility for finding capacity subject to certain qualifications and prices ;
- (c) that subsequent work would be carried out by individual correspondence with Delhi ;
- (d) that further meetings of the Panel would be held from time to time as and when necessary at different centres such as Bombay and Cawnpore ; and
- (e) that the essential point of the whole proposal was that Government hoped to secure considerable amount of executive assistance from the Panel.

The Committee doubted whether an Advisory Panel of the type suggested would be able to accomplish all that was expected of it, but agreed to the appointment of the Secretary of the Association as a member of the Advisory Panel for the initial meeting in Delhi, at which the exact position in regard to demand and supplies for the various types of goods, it was stated, would be made clear. Without in any way prejudging the case, the Committee suggested that it might be advisable for the Director-General of Supply to visit Bombay and Ahmedabad and explain to representative

meetings of millowners at these two centres the exact situation. This suggestion was accepted, and at a conference convened by the Director-General of Supply, on the 9th May 1941 and attended by representatives of all the Millowners' Associations in the country, various suggestions were put forward for the purpose of ensuring that Government's requirements were met. Among other things, it was suggested that a self-contained unit of the Department of Supply with full executive, purchasing and financial power should be moved to Bombay to control future purchase and supply of cotton textiles required for war purposes.

Subsequently, the following proposals were placed before the Committee by Government :—

- “(a) There should be set up a panel of the prominent members of the industry to advise and assist Government in matters pertaining to the supply of cotton textiles for war purposes, and mainly to consider the burden of any increased war supply demands over the largest number of units of the industry.
- (b) To facilitate the required expansion of production, an office in Bombay will be set up by Government.
- (c) There shall be set up a separate committee of officials drawn from industry and from Government for consultation in the matter of specifications. The main purpose of this Committee will be to prepare specifications for new cloths to meet particular purposes where it is found impossible to meet the full requirements of a given standard cloth within the time laid down for supply.”

Government also indicated that steps had already been taken to set up an office in Bombay and the Standardisation Committee, and requested the Association to nominate two representatives to serve on the Advisory Panel proposed in paragraph (a).

It was stated in Government's memorandum that the main purpose to be served by the Advisory Panel proposed was to spread the burden of any increased war supply demands over the largest number of units of the industry. This being the case, the Committee doubted the desirability of constituting an Advisory Panel for this definite purpose, more especially since the powers and functions of the Panel had not been clearly defined. In these circumstances, they regretted their inability to nominate representatives of the Association to serve on the proposed Panel.

Soon afterwards, Sir Homi Mody, K.B.E., was appointed Member for Supply with the Government of India, and towards the end of August the Committee were invited to nominate representatives to attend a conference of all-India textile interests convened in Bombay by the Hon'ble Commerce and Supply Members for the purpose of discussing the best means of securing an assured flow of supplies as and when required by Government and also the problems arising from the trend of prices of cotton yarn and piecegoods.

The Committee appointed Sir Vithal Chandavarkar (Chairman), Mr. R. L. Ferard (Deputy Chairman), Sir Ness Wadia, Sir Chunilal V. Mehta, Sir Victor Sassoon, Bart., Sir Frederick Stones, Mr. T. V. Baddeley, Mr. Krishnaraj M. D. Thackersey and Mr. A. L. Paramor as the Association's representatives. The Conference took place on the 8th and 9th September 1941 and was attended by prominent representatives of the mill industry from all over India, and the following agreements were reached in the matter of effectively meeting Government's full war requirements of cotton textiles, viz :—

- (a) that portion of the Supply Department concerned with cotton textiles should be moved down to Bombay from Delhi ;
- (b) A panel of industrialists should be appointed to be associated with the new Government organisation to facilitate and expand supply of cotton textiles for war purposes ; and
- (c) A Specification Committee consisting of textile experts and Government officials should be set up for the purpose of considering matters relating to Defence Department specifications for cotton textiles.

Cotton Textile Advisory Panel.—Following the decision of Government to appoint a Panel of Industrialists, the Association was called upon, towards the middle of September 1941, to nominate two representatives to serve on the Panel. Mr. Krishnaraj M. D. Thackersey and Mr. T. V. Baddeley were appointed as the Association's representatives on the proposed Advisory Panel for Cotton Textile Purchases, whose function would, *inter alia*, be to advise the Directorate-General of Supply on matters concerning the cotton textile industry with special reference to the demands placed upon the industry in war-time and when called upon to advise specifically upon :—

- (a) the best methods of stimulating production ;
- (b) the allocation of war supply order to the various units of the industry ; and
- (c) the principles on which prices should be fixed.

The full constitution of the Advisory Panel is as under :—

1. Mr. Krishnaraj M. D. Thackersey	}	representing	Bombay.
2. Mr. T. V. Baddeley ..			
3. Mr. Kasturbhai Lalbhai ..	}	"	Ahmedabad.
4. Mr. Sakarlal Balabhai ..			
5. Dewan Bahadur C. S. Ratnasabapati	}	"	Madras.
Mudaliar ..			
6. Mr. B. W. Batchelor ..	}	"	Cawnpore.
7. Lala Padampat Singhania ..			
8. Sir Jwala Prasad Srivastava ..	}	"	Baroda.
9. Sheth Chaturbhujdas Chimanlal			
10. Mr. B. M. Bagri ..	}	"	Bengal.
11. Mr. R. C. Jall ..			
12. Sir Shree Ram ..	}	"	Delhi.

Subsequently, the Committee were requested to express an opinion on a suggestion made by the Hon'ble the Commerce Member to extend the scope of this Advisory Panel so as to permit consultation by the Department of Commerce on questions relating to "standard cloth", supply of yarn to the handloom industry, etc. The Committee did not object to the proposal made by Government, but suggested that the Panel might be reinforced by the addition of at least one member from each centre. This was accepted by Government, and Mr. Goculchand Morarka of the Sholapur Spinning and Weaving Co., Ltd. was appointed as the third representative of the Association on the Panel.

Standing Committee on Specifications (Cotton Textiles).—The third suggestion made at the all-India Conference of cotton textile interests was also given effect to by Government, and towards the middle of September, the Controller-General of Inspection invited the Association to nominate a representative to serve on a Standing Committee which it was proposed to set up, with Sir Frederick Stones as Chairman, to consider matters relating to Defence Department specifications for cotton textiles. The terms of reference were stated to be :—

- “(a) to consider alterations to specifications where they are found to be faulty ;
- (b) to consider alterations to specifications where such alterations would result in increased production or would lessen the demands for shipping space by greater utilisation of indigenous production ;
- (c) to consider alterations to specifications which would achieve a greater measure of standardisation combined with increased output ; and
- (d) to consider alterations to specifications which would cheapen production without unduly lessening durability.”

Mr. Krishnaraj M. D. Thackersey was appointed as the Association's representative on the Standing Committee on Specifications (Cotton Textiles). The full constitution of this Committee is as under :—

Chairman.—Sir Frederick Stones, O.B.E.

Members :

- | | |
|---|--|
| 1. Major J. C. Morton | } Defence Department
representatives. |
| 2. Capt. R. D. R. Bell (Secretary) | |
| 3. Mr. C. O. Tattersall, O.B.E. | |
| 4. Mr. John Tinker, representing the Upper India Chamber of Commerce, Cawnpore. | |
| 5. Mr. Krishnaraj M. D. Thackersey, representing the Millowners' Association, Bombay. | |

6. Mr. Sakarlal Balabhai, representing the Ahmedabad Millowners' Association, Ahmedabad.
7. Dewan Bahadur C. S. Ratnasabapati Mudaliar, representing the Southern India Millowners' Association, Coimbatore.
8. Mr. Mohanlal Shah, representing the Bengal Millowners' Association, Calcutta.
9. Mr. J. H. Boardman representing the Indore Millowners' Association, Indore.
10. Sheth Chaturbhujdas Chimanlal, representing the Federation of Baroda State Mills and Industries, Baroda.
11. Sir Chunilal V. Mehta, K.C.S.I., representing the Indian Central Cotton Committee, Bombay.

Sub-Committee of the Cotton Textile Panel (Yarn and Sewing Threads).—

At a meeting of the Cotton Textile Advisory Panel held at Delhi on the 5th and 6th December 1941 to discuss Government's bulk purchase programme for the year 1942-43, the view was expressed that it would be difficult for the Panel, as then constituted, to put forward recommendations in regard to Government's requirements of yarn and sewing thread, since the important yarn producers were not directly represented on the Panel, and it was agreed that an *ad hoc* sub-committee should be appointed to whom should be delegated authority in respect of yarn. Accordingly, the Committee of the Association were requested to nominate two representatives from Bombay and one representative from Nagpur to assist Government in securing their supplies of yarn, and Sir Ness Wadia, K.B.E., C.I.E., and Mr. J. C. Lancashire from Bombay and Mr. S. H. Batliwala from Nagpur were appointed. The full constitution of this Yarn Sub-Committee is as under :—

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|-----------------------------------|-------------------|--------------------|
| 1. Sir Ness Wadia, K.B.E., C.I.E. | } .. representing | Bombay. |
| 2. Mr. J. C. Lancashire | | |
| 3. Mr. S. H. Batliwala | | Nagpur. |
| 4. Mr. John Tinker | .. .. | Cawnpore. |
| 5. Mr. John Doak | } | Southern
India. |
| 6. Mr. R. K. Kandaswamy Chettiar | | |
| 7. Mr. G. V. Doraiswamy Naidu | | |

Bulk Purchase Programme for 1942.—Early in October 1941, the Director-General of Supply informed the Association that the Government of India would be requiring during 1942 at least the same quantities of war supplies as had been and would be provided during 1941 from those mills which were then in production for such goods, and requested the Association to instruct mills which had been on war orders that something upto 20 per cent. of their capacity should be reserved as available for war supply work, the percentage depending in each case on the adaptability or otherwise of any mill for such work. The question of supplying Government's

requirements for the year 1942-43 was thereupon discussed at an Urgent General Meeting of the members of the Association held on the 17th October 1941, at which it was agreed that members of the Association should do their utmost to assist Government in securing their requirements.

The whole question of Government's war requirements and the prices at which various materials should be supplied were discussed at a meeting of the Cotton Textile Advisory Panel held at New Delhi on the 5th and 6th December, 1941, and it was decided that 20 per cent. of all weaving output from mills should provisionally be fixed to cover the Department of Supply's requirements of cloth during the period February 1942 to January 1943 inclusive. The basis on which prices should be fixed was also decided upon, and the Panel delegated their authority to a Standing Sub-Committee consisting of Mr. Kasturbhai Lalbhai, Mr. Krishnaraj M. D. Thackersey and Mr. B. W. Batchelor to fix in consultation with Government the prices to be paid in respect of Government requirements of cloth. It was further agreed that prices fixed should be firm for a period of three months, but that orders for quantities should be firm for a period of six months, and that periodical adjustments in prices at quarterly intervals should be made in consultation with the Standing Sub-Committee. This Sub-Committee subsequently met at Bombay and fixed the prices on the basis agreed to at the Panel meeting. These prices would be firm for a period of three months, viz., February, March and April 1942, but the contracts placed with mills would be firm for a period of six months, viz., February to July 1942 inclusive. The requirements of Government for this period of six months are estimated to be about 450 million yards, of which the quota allotted to the mills included in the Bombay area is about 200 million yards; and it is understood that almost the entire quantity required has been booked and the necessary contracts have been placed by the Cotton Textiles Directorate. (*Appendix 22.*)

EXTENSION OF HOURS OF WORK IN COTTON MILLS.

Reference has been made elsewhere in this report to the all-India conference of textile interests in Bombay convened by the Hon'ble Commerce and Supply Members on 8th and 9th September 1941. At this conference the question of soaring prices for cotton yarn and piecegoods and the deficiency in supplies compared to the demand from the home and foreign markets, both for civil and military purposes, was discussed, and it was suggested that if a general extension of hours of work in all cotton mills in India were permitted, production could be increased to such an extent as to make it possible to cope with the present and future demand and supply position. On the 4th November, the Government of Bombay issued a notification under Section 8 of the Factories Act 1934 exempting cotton spinning and weaving mills for a period of six months from the operation of Section 34 of that Act. The effect of the notification was that such factories could work a six day week of 60 hours instead of 54 hours, the workers being paid overtime for the extra six hours at $1\frac{1}{4}$ times the ordinary rate of pay. It was Government's opinion that this provision would have the effect of stimulating production of textiles with a view to ease the general price situation and to ensure adequate war supplies.

Ordinarily, before mills could take advantage of this exception, it would be obligatory on them, under the Bombay Industrial Disputes Act, 1938, to give a notice of change intimating their intention to make a change in the total weekly hours of work ; and if there was no agreement with the representatives of employees, to take the dispute into conciliation. To avoid the delay involved in this procedure which might adversely affect production, the Bombay Industrial Disputes Act was amended so as to make it unnecessary on the part of employers to give a notice of change.

Early in December, the Government of India drew the attention of the Committee to the notification issued by Provincial Governments exempting cotton spinning and weaving factories from the provisions of Section 34 of the Factories Act and indicated that they were studying the effect on production over a reasonable period, of the longer hours of work now permitted, and requested the Association to compile comparative production figures for the normal 54-hour week and the extended 60-hour week. The information was required to be compiled on a weekly basis beginning Sunday, production figures for the normal 54-hour week periods for the 8 weeks preceeding the notification being placed alongside in the same form if possible. It was pointed out by Government that although the immediate purpose of obtaining the above information was to review the effect on production, resulting from increased hours of work, "it will no doubt be clear that the statistics will be of considerable value both to the industry and to Government, in formulating policies in future on the question of hours of work in industry." Government also pointed out that it was necessary to examine carefully and quickly every means of developing the country's war effort, and added, as experience in other countries had shown that increase in working hours did not necessarily result in permanent increase in production, it was necessary to consider whether there was some scope for increase in production by more intensive resort to double or treble shifts. Government recognised that the question of resorting to double or multiple shifts or extending such working where double shifts were already working, involved inevitably the question of the supply of skilled and semi-skilled labour, and desired to be supplied with information regarding the number of persons employed in each shift and details of apprentice schemes which might be in operation in individual mills or centres.

On the question of the extension of the weekly hours of work from 54 to 60 and its effect on production, the Committee pointed out in their reply that, so far as Bombay city and island cotton mills were concerned, it had not been possible to introduce the 60-hour week to any extent. 20 mills which adopted the 60-hour week following Government's notification withdrawing the provisions of Section 34, had to give it up, in several cases after working for a few days on account of the opposition from labour, and as a matter of fact, operatives of four mills came out on strike as a protest against the 10-hour day, and there was no likelihood of any further efforts being made by employers in this direction unless labour itself came forward and offered to work on the basis of 60 hours per week. The 60-hour week or the 10-hour day per shift system was at present in operation only in 17 mills where it had been introduced by the management by agreement with labour before the publication of Government notification announcing the repeal of

Section 34 of the Factories Act. (Out of the 17 mills referred to above, only 5 mills were working their main productive departments on the 10-hour basis, the rest confining themselves to preparatory or finishing processes.) In view, therefore, of the very small number of mills in which the 60-hour week was now in operation, the Committee regretted that the data available was inadequate to enable them to express an opinion as to the effect of the longer hours of work on production. They further felt that no useful purpose would be served by asking the mills concerned to compile statistics on the lines required by Government.

As regards the practical utility of statistical data, the Committee pointed out that mere examination of production figures tabulated on the lines required by Government would not lead to accurate conclusions being drawn therefrom for the reason that such figures would not take into account variations in types of production from week to week, variations in conditions of work, seasonal or otherwise; from mill to mill and from centre to centre, and changes in personnel employed from week to week on various machines and several other factors which influenced output. If Government really desired to correlate output, fatigue and hours of work, then it was thought that this matter should be the subject of a detailed and exhaustive analysis and very close investigation by a committee of experts.

On the question of increasing industrial output as a war effort, it was indicated that there could not be any difference of opinion on the desirability of raising output of the industry as a war measure, but the point which had to be remembered was that labour in Bombay had so far been found generally unwilling to work 60 hours per week, and progress in the matter of increase in production by working double or treble shifts depended to a considerable extent on the availability of skilled labour in sufficient numbers and the mechanical equipment installed in individual mills. In any event, it was pointed out that these matters were receiving the closest attention of the millowners of Bombay, and Government were assured that everything possible would be done to increase output. As regards the total number of operatives employed in Bombay cotton mills, the Committee thought that it would serve Government's purpose if the information was made available to them once in three months.

On the question of adequacy or otherwise of skilled labour in Bombay cotton mills, it was pointed out that the Association had received reports of shortage of skilled labour from certain members of the Association who wanted to work double or treble shifts, but in view of the large numbers required to assist the institution of double or treble shifts on a large scale, it would perhaps be very difficult to meet the situation within a measurable space of time. Although the Victoria Jubilee Technical Institute and the Textile Technical School attached to the Social Service League provided facilities for the training of labour, and certain mills had also taken apprentices, it was pointed out that the total number of students trained per year by all the institutions was not likely to be very considerable. There was also a limit to the number of apprentices which could be taken by mills at a time, and the Committee doubted whether the present requirements of mills

could be met by increasing the number of apprentices in each mill. Any increase in the number of apprentices in the mill would be a decided nuisance apart from the overcrowding in the departments it would lead to, and another factor which would have to be considered was that the present rate of production would not perhaps be necessary after the war, and unemployment of trained personnel would be a serious problem for employers when production was reduced to normal levels. (*Appendix 23.*)

IMPORT DUTY ON ARTIFICIAL SILK YARN.

The Finance Bill introduced in the Indian Legislative Assembly by the Hon'ble the Finance Member on the 28th February 1941, provided, *inter alia*, for the imposition, as a revenue measure, of an additional duty of 2 annas per lb. on artificial silk yarn imported into India. The Committee considered that the additional duty would adversely affect the handloom industry which used the bulk of the artificial silk yarn imported into India. They were further strongly opposed to any increase in the artificial silk yarn duty unaccompanied by an increase in the duties on rayon piecegoods. The imports of the latter from Japan were not limited by any quota as in the case of cotton piecegoods, and the result would, it was felt, be that cheaper imports of rayon piecegoods from Japan would increase, thereby placing the Indian artificial silk weaving industry in a very difficult position. In the course of a telegraphic representation submitted to the Government of India early in March, the Committee urged that the import duties on artificial silk piecegoods and artificial silk mixtures should also be increased and that a rebate equivalent to the import duty paid on artificial silk yarn should be granted on exports of artificial silk piecegoods and mixtures manufactured in India.

By a notification issued by the Government of India, Department of Commerce, on the 21st July, the minimum specific duties applicable to imports of artificial silk piecegoods, not of British manufacture, were, with effect from that date, raised from 5 annas to 7 annas per square yard in the case of goods wholly made of artificial silk and artificial silk mixture goods containing less than 50 per cent. cotton, and from 4 annas to 5½ annas in the case of goods containing 50 per cent. or more of cotton. (*Appendix 24.*)

INDIAN INCOME-TAX ACT.

(*See also pages 107 and 326 of Report for 1938.*)

Reference was made in the report for 1938 to the views expressed by the Association on a Bill further to amend the Indian Income-tax Act. This Bill was ultimately passed by the Legislature and became law on 17th February 1939.

Carry forward of business losses.—Under section 10 (2) of the Act as amended, depreciation allowance was permitted to be carried forward and claimed from future profits, and no time limit was prescribed for claiming arrears of depreciation. Under section 24 (2), business losses were allowed to be carried forward, but there was a time limit prescribed for the same. The result was that where an assessee had both losses and arrears of depreciation to be set off against the year's profits, the question arose as to which he was entitled to carry forward in priority to the other. It appeared that the Income-tax authorities set off the depreciation allowance first and the business losses afterwards. When depreciation and losses were allowed to be carried forward, the former for an indefinite period and the latter for a limited period, the Committee felt that in equity that which was allowed to be carried forward indefinitely should be set off after that which was allowed for a limited period. In the English Act, there was a specific provision that, on such occasions, the assessee was allowed the option to carry forward the loss which was most essential to him. In these circumstances, the desirability of priority being given to the allowance for carry forward of business losses over depreciation was taken up with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, and Mr. C. W. Ayers, C.I.E., Excess Profits Tax Officer, at a meeting which the Income-tax Sub-Committee of the Association had with them towards the end of July 1941. The attention of Government was drawn to the fact that Mr. Sheehy himself had agreed that the provisions of the Indian Income-tax Act on this point were unfavourable to the assessee as compared with the position in the United Kingdom and had promised that this would receive consideration when further amendments of the Act were contemplated.

Depreciation prior to 1st April 1922.—Section 10 (5) (c) of the Indian Income-tax Act, as amended, provided that in computing written-down value, the cost in respect of the assets acquired before 1st April 1922 would be reduced, for each financial year since the acquisition prior to that date, by the rates of depreciation in force on the 1st April 1922. It, however, appeared from an assessment of one of the member mills that in the case of buildings acquired before 1912, although before 1912 depreciation on buildings was not allowable as a charge, the written-down value had been computed as if depreciation had been allowed from the year of acquisition up to 1912. For example, in the case of a building acquired in 1901, 10 years' depreciation, that is, 25 per cent. of the original cost, had been deemed to be allowed, and the written-down value had been reduced accordingly. There would be no objection to this if the depreciation for the period 1901 to 1912 was allowed to be added back as depreciation to which full effect had not been given when arriving at the written-down value. The income-tax authorities, however, claimed that the proviso under sub-clause (c) required that for depreciation to be added back, it should have been *due* for a year which ended prior to 1st April 1939. The depreciation on buildings for the years 1901 to 1912 was not due as it was not admissible under the Income-tax Act then in force. The Committee felt that there was no justification whatever for such a provision in the Act. The matter was, therefore, taken up with Messrs. Sheehy and Ayers, and it was urged that only depreciation allowed, i.e., actually set off against profits, should be deducted from the original cost so as to arrive at the written-down value.

Depreciation Allowance in respect of Buildings, Machinery and Plant when used by the owner himself and when leased.—Section 12 (3) of the Act, as amended, provided that where an assessee let on hire machinery and plant belonging to him, he would be entitled to depreciation allowance as provided under section 10 (2) of the Act.

The Committee suggested that suitable amendments might be incorporated in the Act in order to enable the owners of buildings on the one hand and machinery, plant or furniture on the other to claim depreciation thereon when let for use for purposes of business, profession or vocation, thereby giving option to such building owners to be taxed either under the head "property" or "business," as was the case in the United Kingdom.

The above three points raised by the Association were met in the Indian Income-tax Amendment Bill published by the Central Government on 14th October.

As regards depreciation and carry forward of losses, the Bill proposed that losses should be set off before depreciation. The Bill made a radical alteration in the method of arriving at written-down value in the case of assets acquired before the previous year, and proposed that only depreciation actually allowed would be deducted from the original cost. The Bill further provided that where an assessee let on hire machinery, plant or furniture belonging to him and also buildings, and the letting of the buildings was inseparable from the letting of the said machinery, plant or furniture, he would be entitled to allowances in accordance with the provisions of clauses (iv), (v) and (vi) of sub-section (2) of Section 10 in respect of such buildings.

The Bill was taken up for consideration in the Assembly on the 4th November, and was referred to a Select Committee of the House. The Select Committee inserted a new clause designed to postpone until the assessment year 1942-43 the operation of certain provisions of the Bill including those covering the matters above referred to, on the ground of putting all assessees on an equal footing, for they feared that if immediate effect were given to these amendments, assessees, whose current assessments were uncompleted, would get the benefit of the amendments, while those whose assessments were completed, would be shut out.

The Bill, as reported by the Select Committee, was taken up for consideration by the Assembly on the 10th November and was passed.

EXTRA DEPRECIATION FOR ABNORMAL USER.

Another subject which the Income-tax Sub-Committee discussed with Messrs. Sheehy and Ayers related to the case for extra depreciation allowance for abnormal user. It was contended on behalf of Government that so far no case had been put forward, but that if a representation were put in by the Association, the matter would be looked into.

The subject was subsequently considered by the Committee, and a representation setting out their views as to the directions in which factories employed on war work should be given additional relief was submitted to Government on the 4th November.

At the outset, the Committee expressed satisfaction at the assurance given through the Director-General of Supply, that the cost of alterations made to their plant by textile mills in order to fulfil Supply Department orders would be allowed for purposes of income-tax, super tax and excess profits tax as a revenue expense of the business in the year in which it was incurred, and further that the cost of again altering the plant to restore it to its original form would also be allowed as a revenue expense. This assurance did not, in the opinion of the Committee, go far enough, for the excess profits tax might be taken off immediately after the termination of the war, and in that event the cost of altering the plant back to its original form might not become allowable for excess profits tax, and it was, therefore, suggested that sufficient safeguards might be provided to ensure that the cost of reconversion was allowed in the last chargeable accounting period if incurred, say, within a period of twelve months thereafter. Similar safeguards were also required in respect of plant which would practically be worked to destruction on war orders, e.g., ordinary looms converted into heavy looms for the manufacture of canvas. Those looms suffered such heavy deterioration that they might not, it was thought, be worth reconvertng to their original use. If such plant was not scrapped within the life of the Excess Profits Tax Act, the set-off of the written-down value (less any scrap value) against the profits which might be chargeable to excess profits tax, would be lost, and it was for this reason that additional safeguards were asked for. What the Committee suggested was that the present written-down value of plant worked to destruction should be allowed to be written off completely during the period the Excess Profits Tax Act was in operation, and if complete set-off was not possible during the life of the Act, an extension of one further year should be permitted.

Turning to the extra depreciation allowance for abnormal user occasioned by (a) running of machinery at abnormal speeds, (b) working double shifts of ten hours each instead of nine hours, and treble shifts, and (c) working on heavier sorts for which the plant was not originally designed, it was pointed out that the present scale of depreciation was inadequate. The position was that the plant deteriorated very rapidly, requiring a higher rate of depreciation, as it would wear out much more rapidly than would otherwise be the case. If the existing machinery prices were steady, the situation could be met by an allowance which would roughly represent the interest on the replacement price for the period by which the life of the machinery had been shortened, but if the experience of the last war was any guide, there was likely to be a great rise in machinery prices lasting for a number of years after the war, and in this view of the case, in addition to a higher rate of depreciation, it was suggested that the industry should be allowed half the replacement cost of such machinery as a charge against profits. In support of this, it was contended that Section 26 (3) (a) of the Excess Profits Tax Act gave the Central Board of Revenue power to make an allowance in the computation of the profits of any chargeable accounting period owing to

“any postponement, or suspension, as a consequence of the present hostilities, of renewals or repairs.” The proposition, in the opinion of the Committee, was really the converse of the case contemplated by the section referred to. Bearing these facts in mind, the Committee suggested the following depreciation rates for double and treble-shift working :—

<i>Total number of hours worked.</i>	<i>Rate of depreciation.</i>
9	.. Normal as laid down in the Act.
10 to 18	.. Add 60 per cent. to normal.
19	.. „ 70 do.
20	.. „ 80 do.
21	.. „ 90 do.
22	.. „ 100 do.
23	.. „ 115 do.

(Appendix 25A.)

EXPENDITURE INCURRED ON A.R.P. MEASURES.

The question of allowing expenses incurred on air raid precautions as an admissible deduction from business income for the purpose of assessment to income-tax and excess profits tax has for some time past been engaging the attention of the Committee of the Association. The subject was discussed at a meeting which the General Purposes Sub-Committee had with the Honourable the Commerce Member as early as September, 1941, and it was indicated on behalf of the Association that, irrespective of the share of the cost to be borne by the Government of India, which, it was thought, should be 100 per cent. in the case of firms engaged largely on war work, any expenditure to be suffered by an industrial concern should be allowed to be treated as a working expense in the year in which it was incurred. The Association was subsequently furnished with copy of the undermentioned circular issued by the Central Board of Revenue in this connection :—

“The question has arisen whether expenditure incurred by an assessee on air raid precautions in connection with property used for business purposes is an admissible deduction under section 10 of the Indian Income-tax Act. The general principle is, of course, that if expenditure brings an asset into being, it is of a capital nature and hence inadmissible, but it is not desired that in the case of expenditure for the purpose in question there should be any disallowance unless an asset is brought into being that is of a durable character. On this basis fees paid to air raid precaution wardens for lectures on air raid subjects and cost of literature, etc., are clearly allowable. Expenditure on whistles, gas masks, etc., is on the border line, as these articles last much longer than a year. A strictly correct way to treat them would be as loose tools and consumable stores and allow them to be valued at the end of the year. The Board, however, considers that such a strict view should not be taken in regard to this purely war expenditure which should be wholly allowed. As regards any additions or alterations made to the buildings, plant or machinery as a precaution against air raid, the expenditure should also be allowed, unless it is clear that these are additions or alterations to the buildings, plant or machinery that may have a post-war value. In that case the expenditure should be treated as capital and depreciation thereon should be allowed according to the rules.”

These instructions apply equally to the computation of profits for excess profits tax purposes."

The Committee, however, felt that the decision of Government was not wholly satisfactory, since it left some doubt as to whether the cost of any structural alterations or additions carried out in compliance with orders under the Defence of India Rules would always be debitable to revenue account. What the Committee wanted was a definite undertaking from Government that the cost of any A.R.P. work carried out as a result of an order under the Defence of India Rules or as a result of an order by any recognised A.R.P. authority would be treated as revenue expenses in the year or years in which it occurred.

The Central Government subsequently deputed the Honourable Mr. Prior, Secretary to the Government of India, Department of Labour, and Mr. Gordon Peace, Chief Inspector of Explosives, to discuss the whole question with the Association. This meeting took place on the 13th October, and it was contended, on behalf of Government, that the expenses involved in giving effect to air-raid precautionary measures had already been dealt with by the Central Board of Revenue in the circular quoted above. The Association's representatives, however, pointed out that the proposals contained in the circular might lead to endless dispute and that in order to avoid all future misunderstanding or complications, the quantum of post-war value, if any, should be determined at the time of incurring the expenditure. Regarding the method which should be adopted in assisting the mills in securing the amount spent on A.R.P. measures as a business deduction under Section 10 of the Indian Income-tax Act, it was agreed that if A.R.P. authorities issued orders under the Defence of India Act, there would be no difficulty in getting these deductions admitted by Income-tax officers.

The Government of India, Department of Labour, subsequently furnished the Association with the draft of a revised scheme in connection with the recovery of cost of A.R.P. measures in factories and requested an expression of opinion thereon. Briefly stated, Government's proposals left it to the A.R.P. officers to decide "after the work had been completed," the amount which should be treated as allowable revenue expenditure and the amount which should be treated as capital expenditure, it being understood that the Income-tax officers would treat such certificates as final for purposes of assessment. It was also made clear that the concessions offered applied not only to expenses incurred in connection with structural alterations or additions, but also to expenses incurred in providing fire-fighting apparatus, construction of special tanks, etc.

The proposals drawn up by Government appeared to the Committee to be fair and reasonable. It was, however, felt that where A.R.P. expenditure was not recovered under the scheme, it would be equitable if a grant be made either by the Central Government or by the Provincial Government out of funds received for air raid damage insurance, in proportions that might be settled after discussion by the authorities in question. Government were informed accordingly. (*Appendix 25B.*)

EXCESS PROFITS TAX ACT, 1940.

(See also pages 53 and 200 of Report for 1940.)

(1) *Calculation of Depreciation Allowance for Purposes of Arriving at Excess Profits Tax.*—On pages 53/57 of the Report for the year 1940, reference was made to the views expressed by the Committee on the provisions of the Excess Profits Tax Bill, which was subsequently passed into law and came into force from 13th April 1940. The Bill originally introduced in the Legislative Assembly provided for the computation of the assessable profits in the “standard” year after providing for depreciation on the “original cost” basis and in the “chargeable” year after providing for depreciation on the “written-down value.” The Committee then pointed out that it would be manifestly unfair to calculate depreciation on varying basis in the chargeable year and the basic standard year, as a mill might have to pay excess profits tax on the difference between the amounts of depreciation allowance permitted in the two years. This point was conceded by Government and rule 2 of Schedule I of the Excess Profits Tax Act, 1940, as amended, lays down that “the profits of a business during the standard period shall be computed on the same basis and in the same manner as the profits of that business are . . . computed for the chargeable accounting period,” and specifically provide that the profits shall be computed on the basis of the amended Income-Tax Act of 1939, notwithstanding the fact that the Act “may not have been in force in the standard period.” According to this provision, therefore, depreciation, in particular, would be calculated on written-down value basis and not on cost basis.

Early in May 1941, the attention of the Committee of the Association was drawn to a representation submitted by the Indian Chamber of Commerce, Calcutta, in connection with the above rule. Briefly stated, it was pointed out that in the standard as well as in the chargeable accounting period, depreciation having to be calculated on the written-down value basis instead of the original cost basis, the amount of calculated depreciation deducted from gross profit in the standard period in order to arrive at the standard profit, was much more than the amount of depreciation allowed in the chargeable accounting period, for, according to the written-down value basis, the amount of depreciation was reduced year after year, with the result that even though the amount of gross profits made by the assessee in the chargeable accounting period and in the standard period be the same, the assessee became liable to pay excess profits tax on account of the amount of depreciation in the chargeable accounting period being less than in the standard period. This provision, the Chamber Committee pointed out, was working to the great detriment of the assessees in relation to the calculation of depreciation, and they, therefore, suggested, in equity, the desirability of making a provision that, subject to extensions and obsolescence taking place after the standard period, the same amount of depreciation should be taken into account in the standard as well as the chargeable accounting periods for the purpose of arriving at the assessable profits.

The Committee of the Association were in general agreement with the views put forward by the Indian Chamber of Commerce, and took

the matter up with the Central Board of Revenue, who, however, regretted their inability to accept the suggestion for the following reasons :—

(a) that it was generally admitted in both this and other countries and by the business community as well as by the accountancy profession that the written-down value basis of calculating depreciation was much more closely in harmony with the physical facts than was a method that assumed an equal loss of value by depreciation of buildings, plants and machinery in each year of the assets' life ; and

(b) that it was a fact beyond dispute that in the earlier years of life of such an asset the depreciation was much greater than in the final years and a diminishing series was recognised on all hands as corresponding to the facts.

The matter was further taken up with Messrs. Sheehy and Ayers of the Central Board of Revenue at a special meeting which the Income-tax Sub-Committee of the Association had with them during their visit to Bombay towards the end of July, but Government did not see their way to meet the Association's demand, and held that the written-down value basis of calculating depreciation was the fairest basis to the assesseees. (*Appendix 26A.*)

(2) *Business with Little or no Profits in Standard Periods.*—On page 58 of the last year's report, reference was made to a representation submitted by the Association suggesting an amendment of the Excess Profits Tax Act, 1940, so as to provide that, in respect of business which had no profits during the standard period or which had profits so low that it would not be just to ascertain the standard profits by reference to the actual profits of the standard period, the standard profits would be fixed in relation to the share capital. It was also indicated that although the Act was subsequently amended, the specific amendment suggested by the Committee was not made. This point was, therefore, raised at the meeting which the Income-tax Sub-Committee of the Association had with Mr. J. F. Sheehy, Member, Central Board of Revenue, and Mr. C. W. Ayers, Excess Profits Tax Adviser, towards the end of July, and it was suggested on behalf of Government that such companies should be asked to put up their case to the requisite authorities without delay. An enquiry was subsequently addressed to the Excess Profits Tax Officer for a clarification of the position regarding the exact procedure to be followed by industries having little or no profit in the standard period in relation to a claim for special treatment under the provisions of the Excess Profits Tax Act.

The Central Board of Revenue stated, in reply, that they were unable to make any general statement as to the directions that would be given by them on applications made to them under section 26(1) of the Excess Profits Tax Act. It was pointed out by them that while the fact that a business belonged to a depressed industry would be a circumstance that would be taken into consideration by the Board, the circumstances generally of each business for which an application was made would need separate consideration.

The Committee felt that the position was still vague. What they desired to know was whether the Central Board of Revenue had yet come to any decision as to what constituted a depressed industry. It was not clear, for instance, whether the fact that a business had no profits during any of the standard periods or had profits so low that it would not be just to determine a standard profit by reference to the actual profits, would be considered sufficient proof of depression. Moreover, it was stressed that no business could continue to make losses indefinitely. A business, once prosperous, might conceivably have to be "nursed" through a period of depression, but there was always a reasonable expectation of future profits from such a business. In these circumstances, the Committee requested an assurance from Government that a business employing a large share capital would be allowed to make a reasonable return to its shareholders and would not be restricted to the statutory minimum standard of Rs. 36,000. The Committee also desired to be informed as to whether the Central Board of Revenue had yet decided any applications under section 26 (1) from businesses belonging to depressed industries, and if so, what circumstances had been taken into consideration in such cases and the basis on which relief, if any, had been granted. In other words, Government were requested to give an indication of the nature of the evidence which would be required to satisfy the Board that a company was entitled to the relief to be given to a depressed industry. No reply has been received to this communication. (*Appendix 26B.*)

(3) *Excess Profits Tax Amendment Bill : Borrowed Capital.*—Rule 5 of Schedule I of the Excess Profits Tax Act, 1940, laid down :—

"If at any time after the close of the standard period any increase in the capital employed in a business has been effected by means of a loan from a bank carrying on a *bona fide* banking business, or by means of a public issue of debentures secured on the property of the company, the interest on so much of the loan or debentures as has been utilised in effecting the increase in the capital shall not be deducted in computing the profits for the purposes of excess profits tax and, notwithstanding the provisions of rule 2 of Schedule II, the amount of such loan or debentures shall not be deducted in arriving at the amount of the capital employed in the business."

Rule 2 of Schedule II of the Act to which reference is made above read as under :—

"(1) Any borrowed money and debts shall be deducted, and in particular any debt for income-tax or super-tax or for excess profits tax in respect of the business shall be deducted . . ."

In other words, Rule 5 made a distinction between money borrowed from a person carrying on a *bona fide* banking business and other borrowed money.

The Excess Profits Tax Bill originally introduced in the Assembly did not provide for such a provision, but the Select Committee of the Legislature, to whom the Bill was referred, introduced rule 5 in order to provide relief in cases where a business had been extended with capital borrowed from a bank carrying on *bona fide* banking business or on debentures, by securing that the interest paid on the loan should be disallowed and the loan itself should be treated as addition to the capital. The effect of this, in the opinion of the Select Committee, was to substitute as a charge in

computing the profits liable to excess profits tax, the statutory percentage for the interest actually paid on the loan.

Sir Homi Mody, the Association's representative in the Assembly, added the following minute of dissent :—

“The distinction sought to be drawn between capital borrowed from a bank and a capital raised by means of deposits and loans from firms and private individuals is unsound and goes counter to a very widely adopted practice of raising finances in this country. It is only fair that this type of borrowed capital should be recognised.”

No change was, however, made by the Assembly and the rule as suggested by the Select Committee was incorporated in the Act and subsequently passed.

Towards the end of July, the attention of the Committee was drawn to the fact that the United Kingdom Excess Profits Tax Act, on which the Indian law had been modelled, had been amended as a result of which increases of capital and the capital of the new business would be computed by reference to the total capital employed, whether owned or borrowed, and that the interest paid on the borrowed capital would no longer be allowed as a deduction in computing profits. In these circumstances, the matter was taken up by the Income-tax Sub-Committee at a meeting which they had with Messrs. Sheehy and Ayers towards the end of July, and it was urged on behalf of the Association that borrowed money should be treated as capital for the purpose of excess profits tax assessment.

The Excess Profits Tax (Second) Amendment Bill, which was published on 18th October, had as one of its main objects the removal of the discrimination between money borrowed from a person carrying on a *bona fide* banking business and money borrowed from any other person. Opportunity was also taken, at the same time, to strengthen the provisions dealing with device for avoiding or reducing liability to excess profits tax, to provide relief for the premature exhaustion of mineral deposits owing to the war-time requirements, and following the Income-tax Amendment Bill, to provide for the exemption of business and parts of businesses the profits of which accrued or arose in an Indian State.

The Bill was carefully examined by the Committee, in conjunction with the Income-tax Sub-Committee, and while it was agreed that the provisions of the Bill were generally satisfactory, it was decided that the Association's representative in the Legislative Assembly should press for retrospective effect being given to the provisions relating to borrowed capital from the commencement of the Excess Profits Tax Act.

The Bill was introduced in the Assembly on 5th November and was referred to a Select Committee of the House. So far as the treatment of borrowed money was concerned, no change was made by the Select Committee in the amendments proposed in the Bill, but three members of the Select Committee, Sir Cowasji Jehangir, Mr. Hooseinbhoj A. Lalljee and Mr. Baijnath Bajoria added the following minute of dissent suggesting that

retrospective effect should be given to the provisions of the Bill relating to the treatment of borrowed capital :—

“ Under the provisions of the Act, moneys borrowed by a company or a person from a bank or by the raising of debentures are to be taken as capital employed in the business. It was then argued that this principle should apply to all moneys borrowed by a company or a person even if it be from a bank or by the raising of debentures, as, in India, a large number of companies and persons are financed by managing agents or by deposits from private persons. This argument at that time did not appeal to Government, but they have now, under this Bill, accepted the principle, although they refuse to give it retrospective effect. We contend that, if Government now see the validity and force of our arguments and legislate to put them into effect, there is no reason why they should not give such legislation retrospective effect.”

The Bill, as reported by the Select Committee, was taken up for consideration by the Legislative Assembly on the 11th November. An amendment seeking to give retrospective effect to the provisions relating to borrowed money moved by these members was, however, negatived and the Bill, as reported by the Select Committee, was passed into law.

THE TRADE MARKS ACT, 1940.

(See also pages 37 and 158 of Report for 1940.)

Reference was made on page 37 of the last year's report to the passage of the Indian Trade Marks Bill, 1940, into law. It was also indicated that Sections 1 and 85 of the Act were brought into force on the 11th March 1940.

(1) *Powers of the Deputy Registrar.*—Section 65 of the Act gave the Deputy Registrar of Trade Marks identical powers with the Registrar in regard to applications for the registration of textile marks, but similar powers were not vested in him in regard to rectification and correction proceedings under the Act, with the result that the Deputy Registrar was not in a position to satisfactorily exercise these powers. The matter was taken up with the Government of India, Department of Commerce, and it was urged that the Act should be amended so as to vest the Deputy Registrar with all the powers which are exercised by the Registrar in regard to all matters arising under the Act in relation to such marks.

This demand was met by Government, and according to a Bill to amend the Trade Marks Act, 1940, which was introduced in the November session of the Indian Legislative Assembly, the Deputy Registrar of Trade Marks was endowed with all the powers necessary to carry through to its final stages the registration of a textile trade mark. The Bill, in effect, provided for the setting up of an independent registry of textile trade marks at Bombay under an officer exercising all the powers of the Registrar in respect of such marks within his own jurisdiction. This jurisdiction was defined by reference to the Provinces in which the applicant for registration had his principal place of business and included all except the eastern portion of British India, which continued to remain within the jurisdiction of the Registrar at Calcutta. The Bill was passed into law, and received the assent of the Governor-General on 26th November 1941.

(2) *Amendment of Section 64.*—Towards the middle of October, the Deputy Registrar of Trade Marks requested the Association to express an opinion on a suggestion made by him for the deletion of the words “being piecegoods” in the first line of section 64 of the Trade Marks Act, which reads as under :—

“ 64. In respect of textile goods *being piecegoods* :—

- (a) No mark consisting of a line heading alone shall be registerable as a trade mark ;
- (b) a line heading shall not be deemed to be adapted to distinguish ;
- (c) the registration of a trade mark shall not give any exclusive right to the use of a line heading ;
- (d) the registration of letters or numerals, or any combination thereof, shall be subject to such conditions and restrictions as may be prescribed.”

It would appear that the draft rules to be framed under the Act had been based on the Association's Rules for the registration of trade numbers, which, for purposes of registration, sub-divided textile goods into 94 different sub-heads, some of which could not be regarded as piecegoods in the sense that they were not ordinarily sold in the piece. According to section 64, as at present worded, however, any rules which might be framed under sub-section (d) would have effect only in reference to textile piecegoods. The result, it was indicated, was somewhat anomalous, because the rules which had been provided for purposes of the Trade Marks Act with reference to letters or numerals were applicable to piecegoods, but not applicable to goods which were not piecegoods. In these circumstances, the Deputy Registrar suggested that the words “being piecegoods” in the first line of section 64 should be deleted. This, if acceptable, would mean that the whole of section 64 would become applicable to textile goods. The Deputy Registrar also desired the Committee's views as to whether “line headings” would be registrable in respect of textile goods other than piecegoods.

The Trade Marks Sub-Committee of the Association agreed with the suggestion made by the Deputy Registrar. As regards the second point, namely, whether “line headings” would be registrable in respect of textile goods other than piecegoods, it was indicated that “line headings” were not considered distinctive in respect of textile goods.

Although the Trade Marks Act was amended subsequently, the amendment suggested by the Association did not appear to have been given effect to. In these circumstances, the matter was once again taken up with the Government of India, Department of Commerce, early in December, and it was urged that a further amending Bill should be introduced in the next session of the Assembly to make the position quite clear. No reply has yet been received from Government.

(3) *Fees for the Registration of Trade Marks.*—The schedule of fees to be payable for (i) application and (ii) registration of trade marks under the Trade Marks Act, 1940, was discussed with the Registrar and the Deputy Registrar of Trade Marks, at a meeting which the Chairman and the Secretary had with him in April 1941, and the Association's representatives

suggested a tentative scale of fees in respect of application and registration of trade marks which, in their opinion, was reasonable.

Early in December, the Deputy Registrar informed the Committee that the Government of India appeared to be in sympathy with the suggestions made by the Association, but that they required a categorical assurance from him that if the fees suggested by the Association were adopted, the revenue of the Bombay Office would be sufficient to meet the expenditure. He indicated that he was unable to give such an assurance and that he had pointed out that if the total fee in respect of application and registration of each trade mark consisting of numerals or letters or any combination thereof, suggested by the Association, were doubled, it would be possible for him to give such an assurance. Before forwarding this suggestion to Government, the Deputy Registrar considered it fair to apprise the Association of the proposed fee in respect of trade numerals and desired to have the views of the Association thereon.

The Committee were unable to agree with the principle underlying the suggestion that a department of Government should be made entirely self-supporting from the fees raised by its operations nor were they in agreement with the suggestion that the Bombay Office should be taken as a separate unit for this purpose. Even if revenue considerations necessitated strict economy in expenditure, they saw no reason why the whole department including the Bombay and Calcutta Offices should not be taken as one unit so that any margin which might be available in one branch might, to start with, at any rate, be utilised in supporting the other. Otherwise, the principle which Government sought to lay down might result in different scales of fees being levied for registration in different Provinces. The Committee further urged that the scale of fees suggested by the Association might be given effect to for a period of three years, and that if at the end of this period they were found to be low, the position might be reviewed.

(4) *Deposit of Trade Marks.*—Reference was made in the last year's report to the detailed procedure recommended by the Association for adoption by member mills in connection with the deposit of trade marks under Section 85 of the Trade Marks Act. Deposits of trade marks were required to be completed by the 31st March 1941. The information called for in the deposit application form, particularly in connection with the date on which a stamp or label was first used, was very difficult to obtain on account of the fact that past records had in several cases been destroyed and also on account of the fact that several mills had changed hands. Moreover, the deposit application form designed by Government in the case of stamps and labels did not appear to be suitable for the purpose of depositing trade numbers and trade names. In these circumstances, a representation was submitted to the Government of India on 12th February suggesting that pending Government's decision on the question of fees and taking into consideration the elaborate form in which information in regard to each trade number and trade name had to be submitted, the time limit allowed for the deposit of trade marks might be extended. This was accepted, and Government extended the time for the submission of deposit applications to the 30th June 1941. (*Appendix 27.*)

THE INDIAN MERCHANDISE MARKS ACT.

(See also pages 32 and 169 of Report for 1938.)

(1) *Merchandise Marks (Amendment) Bill.*

On pages 32-37 of the report of the Association for 1938, reference was made to the views expressed by the Committee on certain tentative conclusions embodied in the report and draft Bill prepared by Mr. R. K. Nehru, Special Officer appointed by the Government of India, in connection with the revision of the Indian Merchandise Marks law. Government subsequently framed a "Bill further to amend the law relating to fraudulent marks on merchandise" which was introduced in the Legislative Assembly on 5th November 1940, and on the motion of the Hon'ble the Commerce Member, was referred to a Select Committee of the House consisting of the Hon'ble Sir Mohammed Zafrulla Khan, the Hon'ble Sir A. Ramaswami Mudaliar, Sir Muhammad Yamin Khan, Syed Ghulam Bhik Nairang, Mr. J. D. Boyle, Dr. P. N. Bannerjea, Rao Saheb N. Sivaraj, Sir Homi Mody and Mr. T. S. Pillay. The statement of objects and reasons appended to the new Bill read as under :—

"The Indian Merchandise Marks Act, which was enacted in 1889, is directed to the suppression of false marking on goods and does not require a positive statement of their actual origin, except in the case of goods which bear false or misleading indication. Marking of the country of origin is thus not generally compulsory under the Act. Since the passing of this Act, there has been no substantial modification of it, while there has been a large increase of imports and a very substantial development of industries in India. Public opinion has, therefore, been pressing for amendment of the law, chiefly in two directions.

In the first place, it was suggested that a provision to make the marking of the country of origin on foreign goods imported into British India, whether from the United Kingdom or elsewhere, compulsory had become necessary. A direct statutory provision requiring such marking on all imported goods will, it is apprehended, create almost insuperable difficulties and cause considerable inconvenience to the public. The Bill, therefore, seeks to provide for the marking of the country of origin in all necessary cases by vesting power with the Central Government to require, by notification, any class of goods to be marked with the country of origin. In the second place, the law relating to marking was found to require tightening, and it has, therefore, been proposed that the name of the manufacturer or wholesale merchant should be stamped on cotton piecegoods. A similar provision is also proposed in regard to imported cotton yarn as well as cotton yarn made in Indian factories. The occasion has also been utilised to bring the definition of 'trade mark' in this Act and in the Indian Penal Code into line with the corresponding definition in the Trade Marks Act which was recently passed into law by this Legislature."

The Bill appeared to be an improvement on the draft Bill prepared by Mr. Nehru in 1938, and some of the suggestions and criticisms made by the Association seemed to have been given effect to.

Clause 7 : Stamping of Piecegoods and Cotton Yarn.—Proposed new section 12(1) laid down that piecegoods such as were ordinarily sold by length or by the piece which had been manufactured, bleached, dyed or finished in premises which were a factory as defined in the Factories Act, 1934, should not be removed for sale from those premises without having conspicuously stamped in English numerals on each piece the length thereof in standard

yards . . . according to the real length of the piece and without being conspicuously marked on each piece with the name of the manufacturer or of the wholesale purchaser in India of the piece.

Proposed new section 12(2) laid down that "cotton yarn such as is ordinarily sold in bundles which has been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless the bundles are conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods and with an indication of the weight of each bundle and the count of the yarn contained in the bundle . . ."

The Committee were in agreement with the general principle underlying these two clauses. They, however, felt that in the case of piecegoods and yarns intended for direct export to overseas markets, manufacturers had to take into account the laws of the countries concerned and the wishes of overseas buyers, who, it was understood, would in certain instances prefer to buy Indian piecegoods without any indication as to the name of the manufacturer or wholesale distributor in India. It was, therefore, suggested that where manufacturers were in a position to give satisfactory guarantees that piecegoods and yarns produced by them would not be sold in this country, they should not be compelled to stamp either the name of the manufacturer or wholesale distributor on the piece or bundles as the case might be. In these cases, they should, in the opinion of the Committee, be deemed to have complied with the Act if the length of the piece, in the case of piecegoods, and the count of yarn and the weight of the bundle, in the case of yarn, were stamped on goods issued out of the mill premises. To prevent unscrupulous manufacturers or merchants taking advantage of goods not stamped with the name of the manufacturer being sold in this country, it was suggested that necessary and satisfactory safeguards should be incorporated in the Bill.

Another point raised by the Committee was that the proposed new sections 12(1) and (2) gave the option to the manufacturers of either stamping the manufacturer's name or the name of the wholesale purchaser in India. It was thought that the stamping of the name of the manufacturer should be compulsory where cloth or yarn sold was for consumption in this country. The Committee did not, however, object to the name of the wholesale purchaser or retail merchant being stamped in addition to the manufacturer's name, if so desired by the wholesale purchaser or retail merchant, but it should not, they pointed out, be an alternative to the stamping of the name of the manufacturer.

The next point concerned the application of sections 12(1) and (2) to goods which were bleached, dyed and/or printed outside the factories. Mills only supplied the grey cloth which was subsequently bleached, dyed, or printed elsewhere, or supplied bleached and/or dyed cloth which was subsequently printed outside the mills. Such processing outside the mills was not always done on account of the mills, and the proposed section 12(1) would, therefore, require the name of the manufacturer and the real length of the cloth to be stamped on each piece. In the case of bleached and dyed cloth

which was sold for printing outside, such stamping would probably necessitate an additional process in the processing establishment concerned to remove the original stamping, as otherwise it would come in the way of printing. The Committee, therefore, suggested that where a mill sold cloth for bleaching, dyeing and/or printing purposes, it should be permissible to issue the cloth without any stampings. It was understood that, in these cases, the requirements of the Act would be complied with by the final processor. It was, of course, realised that satisfactory safeguards would have to be provided to ensure that unstamped cloth or yarn issued outside the mill premises for subsequent processes were not sold for consumption in the state in which they were issued out of the mill premises. The intention of the Act was that all manufactures sold in this country should have stamped on them sufficient information to safeguard the buyer and facilitate ascertainment of source of supply in case of fraud, and this object should not, it was held, be lost sight of when framing safeguards.

The attention of Government was further drawn to the fact that the proposed new section only applied to cloth or yarn manufactured in premises which were factories under the Factories Act, 1934. In other words, establishments which did not come within the Factories Act would not be compelled to stamp the length of the piece in yards or the name of the manufacturer or wholesale merchant, etc., on their manufactures. There were, however, many manufacturing and processing establishments in the country which did not come within the Factories Act, but which, between them, made a substantial contribution to the total quantity of cloth marketed in the country. As one of the objects of the legislation was to prevent fraudulent trade descriptions being stamped on cloth sold, the Committee held that the manufactures of these establishments should also be brought within the purview of the Act. If, however, Government felt that there were insuperable difficulties in bringing these establishments within the scope of the Indian Merchandise Marks Act, then the Committee suggested that it might be possible to make them toe the line by bringing indirect pressure to bear upon them. What the Committee had in view, in this connection, was that the possession for sale or otherwise and the purchase of piecegoods which were not stamped in accordance with the Act, should be made a penal offence, somewhat on the lines mentioned below :—

“ Any person other than a manufacturer who has in his possession for sale or otherwise, full pieces of piecegoods or full bundles of yarn not stamped in accordance with this Act or any notification issued thereunder, shall be punishable with fine not exceeding Rs. for the first offence and Rs. for each subsequent offence. This section shall not apply if the person concerned proved to the satisfaction of the Court that the pieces of cloth or bundles of yarn when bought by him were stamped as required by the Act and that the stampings were obliterated or removed in the course of trade or, in the case of cloths or yarn purchased for personal use, in the course of putting them to such personal use.

“ Any person who buys a full piece of cloth or a full bundle of yarn which is not stamped in accordance with these provisions knowing that it is not so stamped, shall be liable to a fine not exceeding Rs. every time the offence is committed.”

It was understood that the proposed legislation would not apply to establishments situated in Indian States. The Committee were anxious to prevent mills in Indian States selling their goods in British India without the name of the manufacturer or the length of the piece stamped on each

piece. They were aware that the Sea Customs Act prohibited imports into British India by land or sea of piecegoods such as were ordinarily sold by length or by the piece which had not conspicuously stamped in English numerals on each piece the length thereof in standard yards . . . according to the real length of the piece. They were also aware that the proposed clause 10 prohibited the import of piecegoods which had not been conspicuously marked on each piece with the name of the manufacturer, exporter or wholesale purchaser in India of the piece, but still in view of the long line of customs frontier between British India and Indian States, there was a possibility of goods manufactured in Indian States being sold in British India without any indication as to the length or the name of the manufacturer, etc. Rather than detecting and punishing offenders, it would, in the view of the Committee, be in the interests of British India and Indian States to persuade the latter to adopt legislation on the lines of the Indian Merchandise Marks Act. It was understood that, for the purpose of obtaining preferential treatment in certain foreign countries, manufacturers in Indian States were allowed to stamp their goods as "Manufactured in British India" to enable them to secure the benefit of the lower duties, etc. If Indian States were not inclined to adopt the provisions of the Indian Merchandise Marks Act, then it was suggested that Government might consider the advisability of withdrawing this privilege.

Clause 8 : Power to Require Goods to show indication of Origin.—This clause sought to introduce a new section 12A after section 12 of the Act and provided that certain goods (except transit goods), whether Indian or foreign, and which might be specified by notification by the Central Government, should have applied to them marks of origin, and that such notification should be issued after enquiry by the Central Government either on their own initiative or on consideration of an application from the interests concerned.

While the Committee agreed to the principle underlying the amendment, they pointed out that cotton, silk, artificial silk, woollen and staple fibre goods imported into British India from the commencement of the Act should bear an indication as to the country of origin on the goods themselves in the case of piecegoods, or on the packages in which they were made up for retail sale in the case of yarn. In other words, they desired an assurance from Government that a notification as contemplated in the proposed section would be issued by Government on the introduction of the Act without observing the formalities laid down, viz., enquiry by Government on their own initiative or consideration of an application from the interests concerned, etc. The object underlying the requirement regarding the stamping of the country of origin was to prevent goods of foreign origin being passed off as Indian, and this would not, it was thought, be effectively achieved if it was not possible to secure relief the moment the Indian manufacturer or Government detected that imported goods with no indication of the country of origin were being sold as Indian. The Committee felt that it was quite conceivable that even when such detection took place, large quantities of imported goods might already have been landed in this country and gone into consumption, and in these circumstances, any further delay in getting relief might result in serious losses to the indigenous industry before a notification was issued.

Clause 9 of the Bill proposed to add a new sub-section to section 20 of the Merchandise Marks Act whereby the Central Government might make rules specifying the manner in which for purposes of section 12 cotton yarn should be marked with an indication of the weight of each bundle and the count of yarn contained in the bundle. In this connection, the Committee drew Government's attention to certain suggestions made by them in 1938 for a more practical working standard of tolerances prescribed under the Act, and urged that, before the proposed new provisions of section 20 were brought into operation, the yarn tolerances at present laid down in the Merchandise Marks Manual should be carefully scrutinised and amended by Government in consultation with commercial interests.

The Report of the Select Committee was presented to the Assembly on 11th February 1941, and in so far as the points raised by the Association were concerned, the Select Committee made the following changes:—

- (i) Clause 7 of the Bill was amended so as to provide for cases in which piecegoods were passed from the factory which manufactured them to other factories for the completion of the later processes of dyeing and printing, or merely of printing. The amended provisions provided that the goods should bear the name of the owner of the premises in which the last of the processes fitting the goods for sale was carried out.
- (ii) Clause 7 was also amended making it unnecessary to stamp the manufacturer's name upon goods which were destined for export to foreign countries.

The Select Committee made an important change in that they extended the provisions regarding the stamping of cotton yarn to cotton sewing or darning thread. Sir Homi Mody, the Association's representative in the Assembly, appended a minute of dissent suggesting that it should be made compulsory in clause 7 and other relevant clauses for the name of the manufacturer or the person, in whose premises the final processing of the goods took place, to be stamped on the goods.

The Bill, as reported by the Select Committee, was taken up for consideration by the Legislative Assembly on 17th February 1941, and was passed by both Houses of Legislature towards the end of February with certain minor modifications. The measure received the assent of the Governor-General in Council on 11th March.

It is understood that the rules necessary for the satisfactory operation of the amended Merchandise Marks Act are at present under consideration by the Government of India and that the amended Act will be brought into force in 1942.

(2) Marking of Country of Origin on Foreign Goods.

Section 8 of the Merchandise Marks (Amendment) Act, 1941, gives power to the Central Government to issue notifications, after enquiry by the

Central Government on their own initiative or on consideration of a representation from the interests concerned, requiring the marking of the country of origin in any cases where this should be found necessary. Accordingly, the Government of India issued a Press Note on the 27th March inviting representations from the commercial community on the question of the marking of country of origin on foreign goods on the lines contemplated by the above section.

The Committee, in reply, drew Government's attention to the suggestion made by them in January 1941 when submitting their criticisms on the Merchandise Marks Amending Bill that, from the commencement of the amended Act, cotton, silk, artificial silk, woollen and staple fibre goods imported into British India should bear an indication as to the country of origin on the goods themselves in the case of piecegoods, or on the packages in which they were made up for retail sale in the case of yarn. The object underlying the requirement regarding the stamping of the country of origin being to prevent goods of foreign origin being passed off as Indian, it was felt that the end in view could not be achieved unless it was possible to secure relief the moment the Indian manufacturer or Government detected that imported goods with no indication of the country of origin were being sold as Indian. It was also thought that even when such detection took place, large quantities of imported goods might have already been landed in this country and gone into consumption, and any undue delay in getting relief might result in serious losses to the indigenous industry before any notification was issued. In these circumstances, the Committee reiterated that a notification requiring an indication of origin in the case of foreign textile goods should be issued simultaneously with the enforcement of the provisions of the Merchandise Marks (Amendment) Act, 1941.

(3) *Rules for the Marking of Cotton Yarn and Thread.*

Section 12(2) of the Indian Merchandise Marks Act, as amended by section 9 of the Indian Merchandise Marks (Amendment) Act, 1941, provides that cotton yarn such as is ordinarily sold in bundles and cotton sewing or darning thread, which have been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless, in accordance with any rules made under section 20 of the Act, in the case of yarn the bundles are conspicuously marked with an indication of the weight of yarn in each bundle, and in the case of thread each unit is conspicuously marked with the weight of thread in the unit and the grist number, and, except where the goods are sold from the factory for export from British India, unless each bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods.

Towards the middle of August, the Committee were informed that the Government of India were considering the question of framing the necessary rules to give effect to the above provisions and were requested to furnish Government with the views and suggestions of the Association in the form of draft rules.

The matter was carefully examined by the Committee, and in regard to cotton yarn ordinarily sold in bundles, they suggested that the draft notification should read somewhat as under :—

“ In exercise of the powers conferred by section 16 of the Indian Merchandise Marks Act, IV of 1889, the Central Government is pleased to direct that the following instructions for the guidance of Criminal Courts, in giving effect to the provisions of the said Act in respect of trade descriptions of quantity, measure, or weight of the goods shall be substituted for those contained in Parts III and IV of the Government of India, Home Department Notification No. 1474, dated the 13th November 1891, as subsequently amended.

Trade Descriptions of Count.

III. A trade description of count or number, length or weight, applied to *grey or bleached, single or two-fold, cotton yarn*, shall not be deemed to be false in a material respect, unless—

(a) (i) in the case of *grey single yarn of which the count is 7s or higher or grey two-fold yarn of which the single count is 7s or higher*, the described count or number is greater or less than the actual count or number by more than 5 per cent., the actual count being equivalent to the average count of the yarn in one bundle ; or

(ii) in the case of *bleached single or two-fold yarn*, the count of the yarn in the *grey* state is not stamped on the bundle and the described count is greater or less than the actual count by more than 10 per cent., the actual count being equivalent to the average count of the yarn in one bundle ; or

(b) (i) in a bundle of *grey single yarn of which the count is 7s or higher or grey two-fold yarn of which the single count is 7s or higher*, the average length of the whole number of single hanks is less than 830 yards and of double hanks is less than 1,660 yards ; or

(ii) in a bundle of *bleached single or two-fold yarn*, the average length of single hanks is less than 809 yards and of double hanks is less than 1,618 yards ; or

(bb) (i) in the case of a bundle of yarn of counts 7s or over upto 16s and not exceeding 5 lbs. in weight, the variation between the stamped and actual weights thereof is greater or less than two ounces or four ounces in the case of a bundle exceeding 5 lbs. in weight ; or

(ii) in the case of a bundle of yarn of counts 16s and above, and not exceeding 5 lbs. in weight the variation between the stamped and actual weights thereof is greater or less than one ounce or two ounces in the case of a bundle exceeding 5 lbs. in weight ; or

(d) in the case of *bleached, single or two-fold yarn*, the *grey* weight is not stamped or the described weight exceeds the actual weight by more than 10 per cent. in counts upto 24s ; $8\frac{1}{2}$ per cent. in counts from 25s to 40s ; $7\frac{1}{2}$ per cent. in counts of 41s and upwards ; the allowance being 1 per cent. less than that specified in each of the above cases if the *bleached* yarn in the bundle is *two-fold*.

IV. A trade description of count or number applied to a bundle of cotton yarn below 7s count or dyed or folded yarn other than two-fold cotton yarn shall be accepted as indicating length only, the hank being taken to measure 840 yards, and it shall be deemed to be false in a material respect if the average length of the single hank in a bundle is less than 809 yards or if the length of the double hank in a bundle is less than 1,618 yards.”

As regards sewing thread and darning thread, members interested were consulted, and it appeared that unless the Act was amended, the provisions relating to the stamping of cotton sewing or darning thread might prove unworkable. As at present worded, the Act provides that cotton sewing and darning thread which have been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act shall not be removed for sale from those premises unless each unit is conspicuously marked with the weight of thread in the unit and the grist number, and unless each

bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods. "Grist" number was apparently not calculated on a uniform basis by all sewing thread manufacturers and appeared to be unknown to some Indian producers of thread. What appeared to be necessary in the case of thread was that merchants and manufacturers should ordinarily have the option of marking each unit of sewing thread or darning thread with the weight or the length, but in the case of small packages of 50 yards or less, the marking of the length in yards should be made compulsory. Satisfactory tolerances would need to be provided under the rules, and it was tentatively suggested that these tolerances should be as under :—

- (a) Where weight was marked :
- 3 per cent. for units exceeding .5 ounce.
 - 5 per cent. for units between .05 and .5 ounce.
 - 10 per cent. for units upto .05 of an ounce.
- (b) Where length was marked :
- 3 per cent. for units above 400 yards.
 - 5 per cent. for units between 25 and 400 yards,

the tolerances in regard to weight being applicable to yarn in dry condition, that is, subject to an allowance for regain of $8\frac{1}{2}$ per cent.

In conclusion, the Committee indicated that the proposals in respect of sewing thread were made on the assumption that the Act would be amended and that before any rules relating to the marking of sewing and darning thread were introduced, they would be circulated for the purpose of ascertaining the views of sewing thread manufacturers, who marketed their goods in large quantities in India.

It is understood that the matter is receiving the attention of the Government of India. (*Appendix 28.*)

BOMBAY WEIGHTS AND MEASURES ACT, 1932—EXEMPTIONS.

(*See also pages 40 and 167 of Report for 1940.*)

On page 40 of the last year's report of the Association, reference was made to a representation submitted by the Committee to the Government of Bombay suggesting the exemption of certain weights, measures, etc., used in industrial concerns for departmental purposes, from the stamping provisions of the Bombay Weights and Measures Act, 1932.

Government subsequently exempted tape measures used in finishing and calendering departments in textile mills from certain provisions of the Act, and the following notification was published in the *Government Gazette* on 10th July 1941 :—

"No. 2924/33, dated 10th July (General Department).—In exercise of the powers conferred by section 46 of the Bombay Weights and Measures Act, 1932, (Bom. XV of 1932), the Government of Bombay is pleased to exempt the class of measures specified in the first

column of the schedule hereto, when used or intended to be used for purposes other than trade specified in the corresponding entry in the second column thereof, from the provisions of the sections specified in the third column thereof:—

SCHEDULE.

Measures or measuring instruments to be exempted. 1	Purposes other than trade for which measures specified in column 1 when used or intended to be used would be exempted. 2	Sections from the provisions of which measures specified in col. 1 would be exempted. 3
Tape measures in use in finishing and calendering departments in Textile Mills.	For the purpose of checking width of cloth coming out from finishing and calendering machines to ascertain whether the width after these processes tallies with the predetermined width or not.	Section 4 so far as it does not relate to the establishment of standards of weights; section 13 and section 16 subject to the condition that the measures are clearly, indelibly and prominently marked 'Not for Trade.' "

The question of exempting other weights and measures used for departmental purposes in textile mills is still under the consideration of Government.

HOISTS IN MILLS AND FACTORIES.

AMENDMENT OF RULE 46(ii) OF THE FACTORIES RULES.

(See also pages 42 and 172 of Report for 1940.)

On page 42 of the Association's report for 1940, it was indicated that the Committee had agreed to a suggestion made by the Chief Inspector of Factories for amending Rule 46(ii) of the rules framed under the Indian Factories Act, 1934, with a view to ensuring (a) that the regular examination of hoists and ropes in factories took place at intervals of not more than three months, and (b) that in the case of new ropes or chains, the manager obtained a certificate from the maker or importer of the material as to the safe working load if the material was of wire or iron. This has since been accepted by Government, and for sub-rule (ii) of Rule 46 of the Factories Rules, the following sub-rules have been substituted:—

- “(ii) No new wire rope or chain shall be used in any hoist unless the manager has obtained a certificate of its safe working load from the manufacturer or importer. The manager shall produce such certificate when so required by the Inspector.
- “(iii) There shall be marked conspicuously on every hoist the maximum working load which it can safely carry and no load exceeding the load so marked shall be carried on any hoist.
- “(iv) All hoist ropes and chains shall be examined at intervals of not more than three months by a competent person nominated by the manager to ensure that they are

in a safe condition. The person making the examination shall submit a report of every such examination to the manager who shall maintain a record of such reports and shall produce it when so required by the Inspector."

The amendment will take effect from 1st January 1942.

AMENDMENT OF SECTION 5 OF THE FACTORIES ACT, 1934.

Section 5 of the Factories Act, 1934, read as under :—

(1) Notwithstanding anything contained in clause (j) of section 2, the Provincial Government may, by notification in the official *Gazette*, declare any place wherein a manufacturing process is carried on whether with or without the aid of power and wherein on any one day of the twelve months preceding the notification, ten or more workers were employed, to be a factory for all or any of the purposes of this Act.

(2) A notification under sub-section (1) may be made in respect of any specified place or class of places.

(3) A notification under sub-section (1) shall cease to have effect in respect of any place after the lapse of twelve months during which not more than nine workers were employed therein on any day."

In practice, this section had been found to be defective in two respects. In the first place, a notification under sub-section (1) could apply only to such factories as were in existence on the date of the notification and not to factories similar in all respects which might be established subsequently (though, of course, such later established factories could be notified separately). Secondly, factories once brought under the scope of the Act, by virtue of a notification under sub-section (1) might subsequently cease to be under it by the operation of the provisions in sub-section (3), if they employed less than ten workers continuously for twelve months, and if a factory went out of the ambit of the Act in this manner, a fresh notification would be necessary to bring it back within the Act when it again employed more than ten persons.

With a view to remedy these defects, a proposal to amend this section so as to empower Provincial Governments to notify once for all any establishments using power and employing ten or more persons as "factories" was discussed at the Second Conference of Labour Ministers held at the end of January 1941 and accepted by the representatives present. It was also suggested that it should be followed by appropriate Central legislation. A Bill to give effect to the above decision was published in the *Gazette of India* on the 9th August, and was introduced and passed in the Central Legislature in the November session. The Act received the assent of the Governor-General on 20th November 1941.

The new section 5 is reproduced below for the information of members :—

(1) The Provincial Government may, by notification in the official *Gazette*, declare that all or any of the provisions of this Act applicable to factories shall apply to any place wherein a manufacturing process is being carried on or is ordinarily carried on whether with or without the use of power whenever ten or more workers are working therein or have worked therein on any one day of the twelve months immediately preceding.

(2) A notification under sub-section (1) may be made in respect of any one such place or in respect of any class of such places or generally in respect of all such places.

(3) Notwithstanding anything contained in clause (j) of Section 2, a place, to which all or any of the provisions of this Act applicable to factories are for the time being applicable in pursuance of a declaration under sub-section (1), shall, to the extent to which such provisions are so made applicable but not otherwise, be deemed to be a factory."

BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

APPLICATION OF THE ACT TO CLERICAL DEPARTMENTS OF MILLS.

(See also pages 84 and 266 of Report for 1940.)

On pages 84-86 of the report of the Association for 1940, reference was made to the representation submitted to the Government of Bombay requesting a general exemption in favour of the clerical staff employed in cotton and woollen mills from the provisions of the Bombay Shops and Establishments Act, 1939, or failing that, the exemption of certain specified classes of workers from all provisions of the Act.

Government, in reply, indicated that while they were not prepared to grant total exemption from the operation of the Bombay Shops and Establishments Act, 1939, in respect of all the clerical staff of the mills, they were prepared to grant a temporary exemption to the classes of persons specified by the Association, provided Government were assured that mills would agree to comply with the provisions of the Factories Act as regards hours of work, holidays, maintenance of registers, etc., in respect of those employees mentioned by the Association who had been exempted from certain provisions of the Factories Act under Rule 78 of the Factories Rules. In the opinion of Government, it was desirable that such clerical staff in the mills should at least get the benefits of the provisions of the Factories Act when they did not get the benefits of the Shops and Establishments Act. It was further pointed out that these mills would be required to maintain records of hours of work, etc., of these clerks if they were not being kept, so that it might be possible to verify whether the mills carried out the assurance or not.

The Committee were of the opinion that if Government's intention was only to ascertain whether the benefits of the provisions of the Factories Act were being made available to the classes of persons specified, then separate records and registers on the lines suggested did not appear to be necessary, since the Standing Orders for clerks settled by the Industrial Court laid down that the periods and hours of work of all classes of employees should be posted up on the notice-board. Further, Standing Order No. 5 for clerks prescribed that notice specifying the days observed by mills as holidays should also be put up. In this view of the case, there appeared to be no point in Government insisting upon the maintenance of separate records, as the notices put up under the Standing Orders were in themselves records which could be checked up by Government inspectors. So far as the Committee were aware, most of the clerks specified were already in receipt of benefits equivalent to those

provided by the Factories Act, but it would, it was thought, be most difficult to apply the letter of the Factories Act to a class of employees whom the Act was never intended to cover. Pay clerks and the timekeeping staff, for example, had to be worked overtime and even on mill holidays in the first few days of the month to facilitate the payment of wages as laid down in the Payment of Wages Act. In this portion of the month, they might be required to put in more than 54 hours per week, work on holidays, and the hours of their employment might, in certain cases, contravene the spreadover provisions of the Factories Act. The extra time put in by the pay-clerks and the time-keeping staff in the first few days of the month could, however, be made up by allowing them time-off on the days following wage payment. Though such an arrangement would not comply with the provisions of the Factories Act in regard to the number of hours worked per day, recess hours, weekly holidays, spreadover provisions, etc., it would not be inequitable, because the total number of hours put in per month, the number of holidays given in the month, etc., would be made to correspond with the total normal hours, holidays, etc., given to departmental clerks covered by the Factories Act. In this view of the case, the Committee suggested that the hours of work, number of holidays, etc., of all mill clerks should be regulated on the basis of a calendar month, the total number of hours worked to be the number of mill working days multiplied by nine ; holidays being granted at the rate of four per month. Overtime might be calculated for the number of hours put in over and above the monthly limit calculated on the basis of the number of working days multiplied by nine, such overtime being paid on a basis equivalent to that set out in the Factories Act.

Government accepted the suggestion made by the Committee and issued a notification on the 29th January 1941, exempting the following classes of persons employed in member mills in the city and island of Bombay from the provisions of the Act for a period of six months from the 30th of January 1941 :—

1. Mixing and blow room clerks.
2. Waste clerks and waste plant clerks.
3. Card room and wrapping clerks.
4. Spinning clerks.
5. Reeling and bundling clerks.
6. Winding clerks.
7. Warping, sizing and beaming clerks.
8. Weaving clerks including weft clerks, piecework clerks, and folding clerks.
9. Cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Storekeepers and store issue clerks.
11. Yarn and cloth baling clerks.

12. Timekeeping staff including ticket boys and ticket clerks.
13. Costing and statistical clerks.
14. Bleaching, dyeing, printing and finishing departmental clerks.

The exemption was subsequently extended to cover member mills situated in the Poona City and Suburban Municipal Boroughs and Cantonment and in the Sholapur Municipal Borough, for a period of six months from the 6th February 1941. All member mills were advised of the position, and they were asked to adhere to the undertakings given by the Association on their behalf.

The exemptions which were originally granted by Government for a period of six months were due to expire at the end of June, and on 5th June a further representation was submitted to Government requesting permanent sanction of the exemptions granted. In the opinion of the Committee, the case for a continuance of the exemptions rested mainly on the following grounds :—

- (a) that the existing arrangements whereby mills were required to comply with the provisions of the Factories Act as regards hours of work, holidays, maintenance of registers, etc., in respect of the exempted classes of employees had worked satisfactorily during the period ;
- (b) that the conditions, hours of work and privileges enjoyed by departmental clerks in factories appeared favourable with those of shop assistants and workers whose conditions of work were regulated in accordance with the Factories Act ; and
- (c) that a continuance of the exemption was also desirable in view of the fact that Central legislation on the subject was imminent and the enactment contemplated by the Government of India would exclude clerks working in factories from its scope.

Government accepted the suggestion, and a notification was issued on the 17th July continuing the exemptions accorded to the classes of workers specified above and working in member mills in the Province of Bombay from the provisions of the Act, for the duration of the war.

Efforts were also made to secure Government's sanction for the extension of the list of exemptions referred to, to clerical employees working in cotton mill members of the Association, so as to cover (a) clerical employees working in mill grain shops and (b) clerical employees working in mill canteens and restaurants. It was pointed out that these grain shops and canteens had been opened by mills as "amenities" for their workers and were run on a non-profit-making basis and that the conditions and hours of work and the holidays enjoyed by clerical employees working in these shops compared very favourably with those prescribed in the Act, but that in the absence of an exemption such as was desired, it had been found necessary, in order to comply with the provisions of the Act, especially those relating to holidays, to keep shops closed on certain days on which the mills had to be kept working in

lieu of a religious substitute holiday with the result that the workers were deprived of the benefits accruing from patronising canteens and grain shops on such days.

Government, in reply, indicated that general exemption on the lines suggested by the Association did not appear to be necessary in view of the small number of occasions when the clerical employees of mill grain shops and canteen and restaurants would have to be given a holiday while the mills were working, and such occasions could, in their opinion, be met by the issue of special exemption orders in advance of the actual holidays concerned. (*Appendix 29.*)

WEEKLY HOLIDAYS BILL.

Towards the end of October 1941, the attention of the Committee was drawn to a Bill for the grant of weekly holidays to persons employed in commercial establishments, shops, theatres, eating houses, etc., published in the *Gazette of India* on 11th October. The Statement of Objects and Reasons attached to the Bill read as under :—

“ It was suggested at the first Conference of Labour Ministers held in January 1940 that the Central Government should consider the question of passing an enabling measure giving Provincial Governments power by notification to provide for the compulsory closing of shops and commercial establishments for a minimum period of one day in the week, leaving it to the Provincial Governments to provide an extra half-holiday, if they considered it necessary. The present Bill has been drafted after consultation with Provincial Governments and further discussion at the second Conference of Labour Ministers held in January 1941. The Bill will not come into effect in any Province until the Government of that Province directs its application by notification, either to the whole Province or any specified area within it. A further notification of the Provincial Government will be necessary to bring into application the provision about an extra half holiday. It is considered desirable that Provincial Governments should have power to introduce by notification certain minimum provisions on uniform lines as embodied in the Bill. The Bill provides for payment of wages for holidays declared under it. Certain classes of persons and establishments are excluded from its purview. It proposes to leave power with the Central Government in respect of establishments under its control and with Provincial Governments in respect of all other establishments within the Province, to make exceptions from or temporary suspension of the provisions of the proposed Act.”

Briefly stated, the Bill was an enabling measure applicable to the whole of India, but would come into force in particular Provinces or areas within the Provinces only if the Provincial Government concerned by notification so directed. So far as commercial establishments were concerned, the Bill provided that they “ shall remain entirely closed on Sunday or on such other day of the week in lieu of Sunday as may be fixed by the Provincial Government.” The expression “ commercial establishment ” was defined as under :—

“ ‘ Commercial establishment ’ means, any establishment in which there is carried on for profit the trade or business of an advertising, commission, forwarding or other commercial agency, or of insurance, banking, brokerage or exchange, or of a joint stock company,

and includes the clerical department of an industrial or commercial undertaking, and any other establishment or class of establishments which the Provincial

Government may by notification in the official *Gazette* declare to be a commercial establishment or class of commercial establishments for the purposes of this Act,

but does not include a restaurant, shop or theatre, or a factory (except the clerical department thereof) subject to the Factories Act, 1934, or a mine subject to the Indian Mines Act, 1923, or a railway as defined in the Indian Railways Act, 1890, or any establishment in which the hours of work are regulated by any law for the time being in force other than this Act."

Clause 5 of the Bill empowered the Provincial Government by notification in the official *Gazette* to require in respect of shops and commercial establishments that they should remain closed at one o'clock in the afternoon one day in every week in addition to a complete holiday on Sunday. Clause 6 laid down that no deduction or abatement of the wages of any person employed in an establishment to which the Act applied should be made on account of any day or part of a day on which the establishment had remained closed or a holiday had been allowed, and if such person was employed on the basis that he would not ordinarily receive wages for such day or part of a day, he would nonetheless be paid for such day or part of a day the wages he would have drawn had the establishment not remained closed or the holiday not been allowed on that day or part of a day. In other words, according to this clause, even a temporary employee engaged on a daily wage basis would appear to be entitled to wages for the weekly holiday.

The Bill was examined by the Committee, and while they had no objection to the principle of a weekly holiday to clerical employees, their main objection related to the inclusion in the Bill of clerical staffs employed in factories. The clerical department of a mill usually included the time-keeping staff, the godown and stores clerks, coal and cotton weighment clerks, production recording clerks, bundling and baling clerks, etc., whose presence in the mill was absolutely essential to ensure the smooth working of the various process departments. These people had all along been given the benefits of the Indian Factories Act in the matter of daily and weekly hours of work, rest intervals, weekly holidays, etc. Although the Bombay Shops and Establishments Act, 1939, sought to regulate the hours of work, rest intervals, weekly holidays, etc., of these people independently of the Indian Factories Act, the Government of Bombay had, on representations made by the Association and realising the difficulties which would arise if that Act was made applicable to the clerical staff of the factories, issued orders exempting them from the provisions of the Act for the duration of the war, on the understanding that such clerical staff in mills would at least have the benefit of the Indian Factories Act:

So far as the factory clerical staff was concerned, it was found that the Bill under consideration went even further than the Bombay Act. The Bombay Act sought to reduce the number of hours worked per day from 9 to 8, whereas the present Bill sought to grant an additional holiday amounting to half a day on one of the week days in addition to a full holiday on Sunday. It was pointed out that the presence of the clerical staff within the factory was absolutely essential for the smooth working of the various process departments, and if the departmental clerks concerned were granted an additional half holiday in the week, the factories also would have to be closed

down, thus bringing down the total number of hours worked by factories from 54 to about 50 per week.

In this connection, the attention of Government was drawn to the discussions which took place at a conference which the employers of the country had with the Hon'ble Sir Ramaswami Mudaliar in Calcutta on 6th January 1941, when Government's draft Bill was discussed, at which the following conclusions were understood to have been reached :—

- (a) Central legislation relating to the grant of weekly holidays to persons employed in commercial establishments and shops was favoured.
- (b) The grant of discretionary power to Provincial Governments to provide for the grant of an extra half holiday was not favoured.
- (c) Provision for the prompt payment of wages should be made in the Act.
- (d) Definition of the term "commercial establishment" should be re-examined with a view to exclude clerical staff engaged in factories.

The Committee pointed out that the conference was unanimously of the opinion that the proposal for the half holiday in a week should be dropped and that even the Hon'ble Member for Labour indicated that it was not the intention of Government to bring the clerks working in factories within the scope of the Central Act.

In conclusion, the Committee stated that the present was not the time when war efforts of industries in the country should be crippled by social legislation of this character, but that if Government desired to pursue the matter, the clerical staff of factories should be exempted from the provisions of the Act. It was further indicated that the Association's views on the detailed clauses of the Bill would be elaborated by its representative in the Assembly, Sir Vithal Chandavarkar, when the Bill came up for discussion in the Legislature.

It is understood that the Bill will be taken up for consideration by the Assembly early in 1942. (*Appendix 30.*)

CITY OF BOMBAY MUNICIPAL ACT.

PROPOSAL FOR THE ABOLITION OF SPECIAL CONSTITUENCIES.

Early in June, the attention of the Committee was drawn to the adoption on 24th April 1941 by the Bombay Municipal Corporation of certain recommendations made by their Law, Revenue and General Purposes Committee for the amendment of the City of Bombay Municipal Act with a view, *inter alia*, to secure the abolition of Special Constituencies provided for in the existing Act. This question arose out of certain statements made by the Municipal Commissioner when submitting his proposals for the redistribution

of all the elective seats on the Corporation between the different wards of the city. He suggested that as with the introduction of adult franchise, the voting strength of the working class would increase tremendously, a separate special constituency for labour interests was no longer necessary. This matter was examined by a special sub-committee of the Law, Revenue and General Purposes Committee of the Corporation, who held that, with the abolition of the labour constituency, the special representations granted to the Chambers of Commerce and the Millowners' Association, Bombay, should also cease, and that those bodies should no longer possess the special privilege of returning one representative each to the Corporation, as it would be invidious to cancel the labour constituency and to retain the other special interests. This suggestion was accepted by the Law, Revenue and General Purposes Committee, who further came to the conclusion that the representation accorded to "Fellows" should also cease. This view was accepted by the Corporation, and the Commissioner was requested to submit a draft Bill to give effect to it.

The main grounds on which the Commissioner recommended the abolition of the labour constituency, were:—

- (i) that labour was provided with special representation mainly because most members of that class were not ordinarily entitled to vote, and as such, there was every probability of that section of the community going without any representation in the civic affairs of the city; and
- (ii) that the privileges conferred on labour was not being used for the purpose for which it was originally intended and the arrangement resulted in non-working-class men being easily elected as Councillors.

Neither of these grounds was, in the opinion of the Committee of the Association, applicable to a commercial constituency.

As against the weighty reasons advanced by the Commissioner in support of his proposal to abolish the labour constituency, the sub-committee of the Law, Revenue and General Purposes Committee summarily disposed of the representation for commercial interests on the ground of "invidious distinction" which might result by the retention of special seats for the latter constituency. These two constituencies were not created either simultaneously or on parallel lines: the Chamber of Commerce was allotted two special seats in the Corporation in 1888. Later, in 1922, the Chamber of Commerce, the Indian Merchants' Chamber and the Millowners' Association were given a seat each, while the four seats for the "labour constituency," as such, came into existence only as late as 1928. Further, special representation was provided for labour, mainly because there was no "adult franchise" in 1928 and with the introduction of adult franchise there was no case for continuing such special labour representation. It was, therefore, illogical for the sub-committee of the Corporation to place all special constituencies on the same plane and to suggest that when one was abolished, others should also be withdrawn.

Quite apart from these considerations, it was submitted that representation on a functional basis had come to be regarded as the accepted means of ensuring the successful and smooth working of all forms of democratic administration. Even the Government of India, in their memoranda to the Simon Commission, supporting the principle of special representation, had stated :—

“ the recognition of Chambers of Commerce as electoral constituencies is a privilege which has long been enjoyed. The arrangement succeeds in securing men of weight in the commercial world as members of the Legislatures. It sends them to the Legislatures with a mandate from an authority which remains competent to enforce it, and it facilitates their continuous attendance. A chamber can always get its representative to resign if he cannot attend the Legislature, and can elect another without difficulty, whereas the process of substituting a representative of a general constituency is far more cumbrous.”

The Montagu-Chelmsford Reforms recognised the principle of special representation through public bodies, and the constitution provided for the creation of special constituencies in the legislative bodies. The continuance of this system of representation for obtaining expert advice in legislative bodies was also emphasised in the following clear terms by the Indian Franchise (Lothian) Committee in its Report issued in 1932 :—

“ The suggestion has been made that the general constituencies can be relied on to return in sufficient numbers, members whose experience is such as to enable them to speak with authority on commercial and industrial questions and that special representation for commerce and industry is unnecessary in the new Legislatures. We are unable to accept this view. Functional representation is assuming increasing importance under modern conditions, and the arguments in favour of making special provision for the presence in legislative bodies of business and economic experts are in our judgment a strong one. While general constituencies may not frequently return individuals whose knowledge and experience is such that they can make contributions of value in discussions on commercial and industrial questions, those members speak primarily as representatives of their general constituency, and they may on occasion find that the claims of that constituency are difficult to reconcile with a wholly dispassionate examination of particular economic issues. There is, moreover, no certainty that persons qualified to speak with authority on these largely technical matters will be returned through the general constituencies. The danger that in the absence of special representation for commerce and industry the new Legislatures may find themselves deprived of expert advice when it is most needed is in our view a real one. The civil service which advises the ministers, has indeed an expert and intimate knowledge of the ordinary administration of the country. But its members have, as a general rule, no first-hand experience of those great commercial, industrial and banking undertakings which play a rapidly increasing part in the life of every community in the modern world. It is, therefore, in our considered view, desirable, in order that the Legislature may be better equipped to deal with economic subjects, that a certain number of seats should be filled by representatives of commerce and industry, who will speak in the Legislatures from the expert and technical point of view.”

What was recognised to be beneficial for the larger Provincial Legislatures was surely bound to prove even more valuable to the smaller civic bodies, such as a municipality. The civic conditions of a town were closely inter-linked with the general economic elements which contributed to form the whole structure, and the city of Bombay did not derive its premier position by virtue of the number of adults occupying the town, but due mainly to the importance of its trade and commerce. In these circumstances, a representation was submitted to the Government of Bombay fully setting out the Association's views in the matter and urging that Government should not agree to an amendment of the Act so as to do away with the special representations accorded to “ commercial constituencies.” (*Appendix 31.*)

PROPOSED AMENDMENT OF THE CITY OF BOMBAY
MUNICIPAL ACT, 1888.

SANITARY PROVISIONS.

Towards the middle of July, the attention of the Committee was drawn to a draft Bill published in Part I of the *Bombay Government Gazette* dated 17th July 1941 for the amendment of the City of Bombay Municipal Act, 1888, for the purpose of supplementing the existing sanitary provisions of the Act.

Briefly stated, clause 9 of the draft Bill sought to add new sub-sections 368A and 368B to the Act. Section 368A was designed to empower the Municipal Commissioner, by written notice, to require the owner or occupier of premises wherein any manufacture, trade or business was carried on, to collect and cause all trade refuse to be removed at such time, in such receptacles, carts or other means of locomotion and by such routes and in such manner as may be specified, to the place of final disposal provided or appointed under Section 367. Alternatively, the Commissioner himself was empowered to cause such removal at the expense of the owner or occupier of the premises. Section 368B provided for the Commissioner to contract with the owner or occupier of the premises for the removal of all trade refuse.

The reason for the proposed addition was explained in the Statement of Objects and Reasons attached to the draft Bill which read as under :—

“ Under section 367 of the City of Bombay Municipal Act, 1888, the Commissioner has to provide or appoint in proper and convenient situations, public receptacles, depots and places for the temporary deposit and final disposal, *inter alia*, of ‘ trade refuse.’ As the place of final disposal of all rubbish should on grounds of public health and sanitation be necessarily in some remote part of the City, the cost of removal of such rubbish particularly of ‘ trade refuse ’ which alone exceeds over a lakh of tons annually, is a heavy drain upon the Corporation, and it is, therefore, fair that the manufacturer or business producing such ‘ trade refuse ’ should bear the cost of its removal to the place of final disposal in proportion to the quantity produced. In many places in England and in the cities of Madras and Calcutta and in provincial municipalities in Bengal, the occupier is required to remove such refuse to a place appointed for its disposal or to pay certain charges for its removal by municipal agency to the place of disposal. The draft amendment is intended to enable similar procedure to be followed in Bombay.”

The Committee were strongly opposed to the addition of the new sub-sections for the following, among other, reasons :—

Under section 367 of the Act, the Commissioner had to provide or appoint in proper and convenient situations, public receptacles, depots and places for the temporary deposit and final disposal, *inter alia*, of “ trade refuse.” By empowering the Commissioner to compel the owner or occupier of a business premises to remove all trade refuse to the place of final disposal, the proposed additional sections sought to transfer that responsibility to industrial establishments. The Committee felt that there was no justification for such a transfer of an obligation expressly imposed by the Act on the Municipality, to industrial establishments.

It was suggested in the statement of objects and reasons appended to the draft Bill that the cost of removal of such rubbish, particularly of "trade refuse," was a heavy drain upon the Corporation, and that it was, therefore, fair that the manufacturer or business producing such trade refuse should bear the cost of its removal to the place of final disposal in proportion to the quantity produced. The Committee maintained that this statement overlooked one of the most important fundamental functions for which a civic body like the Bombay Municipality had been constituted. While it might be that the collection and disposal of trade refuse might involve the Municipality in a "heavy drain," it was unfair, in the opinion of the Committee, to transfer this expenditure to industrial establishments, whose contribution to municipal revenues, directly and indirectly, was very great. The unfairness of the proposal was all the more striking when it was remembered that industrial consumers of water supplied by the Bombay Municipality were charged very much higher rates than were made applicable to other classes of consumers, who, incidentally, used a relatively larger volume of water supplied to the city.

Another argument advanced in favour of the proposal advocated by the Municipality was the practice, which, it was stated, was followed in the cities of Madras and Calcutta and by the provincial municipalities in Bengal. Without in any way disputing this assertion, the Committee indicated that the incidence of municipal taxation per head of the population in each of the cities and centres referred to was very much lower than in the city of Bombay, as was evident from the following figures extracted from "The Statistical Abstract for British India," 1937-38, published by the Government of India :—

	<i>Incidence of municipal rates and taxes per head of population</i>			<i>Percentage of incidence compared to Bombay City</i>
	Rs.	a.	p.	Per cent.
Bombay City	22	8	3	..
Madras City	7	6	2	33
Madras (excluding Madras City)	3	8	8	16
Calcutta	16	15	8	75
Bengal (excluding Calcutta)	3	5	0	15

In the past, whenever attention had been drawn to the higher incidence of municipal taxation in Bombay than in other cities in India, it had been asserted that the amenities and services rendered by the Bombay Municipality were better and greater, but the proposed amendment of the Municipal Act would, the Committee contended, reduce the extent of the services rendered without a corresponding reduction in taxation, which was manifestly unfair.

Moreover, the new sections proposed appeared to be in conflict with the provisions of existing section 367 of the City of Bombay Municipal Act which specifically laid the obligation for the removal of trade refuse on the Municipality. A representation on these lines was submitted to the Government of Bombay on the 20th August, and it is understood that the case put forward by the Association has been supported by other Chambers of Commerce and commercial interests in the city. (*Appendix 32.*)

BILL TO AMEND THE INDIAN LIMITATION ACT, 1908.

Towards the middle of January, the Committee were requested by the Government of Bombay to express an opinion on the provisions of a Bill to amend the Indian Limitation Act, 1908, introduced in the Council of State on the 21st November 1940 by the Hon'ble Mr. Chidambaram Chettiar and which, on the motion of the mover, was referred to a Select Committee. The statement of objects and reasons appended to the Bill read as under :—

“ The decision of the Judicial Committee of the Privy Council in *Rama Shah vs. Lal Chand*, reported in A. I. R. 1940 P.C. 63, which places a strict interpretation on the words of section 20 of the Indian Limitation Act, has created considerable hardship. Endorsements of payments made by debtors towards a debt do not in all cases specify whether the payment is made towards interest as such or part of the principal. In practice, debtors also do not specify at the time of making payment whether the payment is made towards interest or principal. In many cases, the payments are made towards the debt or legacy due, and the mode of appropriation is left either to the creditor or is regulated in accordance with the course of business between the parties. If the decision of the Privy Council is allowed to stand, several promissory notes and bonds on which endorsements are made without specifying that the payment is made towards interest as such or principal would be held by courts to have become time-barred. It is, therefore, necessary to amend section 20 of the Indian Limitation Act in such a way as to give effect to the intention of the Legislature that a payment made towards a debt will have the effect of saving limitation, for all payments are intended to go either towards principal or interest or partly towards the one and partly towards the other, whether the endorsements so specify or not, provided the acknowledgment of payment appears in the handwriting of, or in a writing signed by, the person making the payment. But in order to save endorsements of payments made before the passing of this Act, it is necessary to give retrospective effect to this Act, and provision is accordingly made that the section shall be so read as though the words ‘ as such ’ never existed in the Section.”

In other words, the Bill sought to give effect to the intention of the Legislature that a payment made towards a debt would have the effect of saving limitation whether the endorsements specified or not that the payments were made towards interest or capital. In order to save endorsements made before the passing of the Act, it was proposed to give retrospective effect to the Bill, and provision was accordingly made that section 20 of the Act should be so read as if the words “ as such ” never existed in the section.

After consulting the Association's solicitors in the matter, the Committee agreed with the principle underlying the amendments suggested.

The Select Committee to whom the Bill was referred, found it necessary to redraft the Bill. They were of opinion that the mere omission of the words “ as such ” from Section 20 of the Act would not abolish the distinction between payment of interest and part-payment of principal. So long as that distinction remained, it would be necessary for the creditor to appropriate an open payment either to interest or principal, if he wished to save limitation. It was also necessary, in their view, to distinguish part-payments of legacies from part-payments of other debts, and to secure that it was only a payment of interest on a legacy that started a fresh period of limitation.

The Select Committee decided against giving to this alteration of the law any retrospective effect such as was intended to be given by the mover. In their opinion, to give retrospective effect would enable creditors who had

appropriated an open payment to principal with a view to saving limitation, but had not communicated the fact of such appropriation to the debtor, to reappropriate that payment to interest. This, they thought, would be patently unfair to the debtor who would have to pay the principal and the interest thereon.

The Bill, as reported by the Select Committee, was presented to the Council of State on 17th November 1941. (*Appendix 33.*)

INDUSTRIAL RESEARCH UTILISATION COMMITTEE.

(*See also page 12 of Report for 1940.*)

On pages 12-14 of the last annual report, reference was made to the constitution and functions of the Board of Scientific and Industrial Research set up by the Government of India, with effect from 1st April 1940, for a period of two years in the first instance. Briefly stated, the functions of the Board were, *inter alia*, to advise the Government of India as to the lines on which research should be conducted and the channels into which it should be guided in order best to serve the object of ensuring the co-ordinated development of Indian industries, particularly of those the importance and possibilities of which had been prominently brought into the foreground as a result of the conditions created by the war. Valuable results of research schemes instituted at the instance of the Board of Scientific and Industrial Research or conducted at the Central Government's laboratories at Alipore, Calcutta, had been achieved, and the possibility of their industrial utilisation proved to the satisfaction of the Board. Early in 1941, the question as to how these results could be utilised in practice engaged the attention of the Government of India, who came to the conclusion that they should take the advice in this connection of a Committee of non-officials to be called the Industrial Research Utilisation Committee, consisting of:—

President : The Hon'ble Diwan Bahadur Sir A. Ramaswami Mudaliar, Member of the Governor-General's Executive Council in charge of the Department of Commerce.

Members : Sir Shri Ram, New Delhi; Sir Ardeshir Dalal, Bombay; Sir Homi Mody, K.B.E., Bombay; Sir Sultan Ahmad, Patna; Mr. Kasturbhai Lalbhai, Ahmedabad; the Hon'ble Mr. J. H. S. Richardson, Calcutta; Sir Frederick James, Madras; Sir Rahimtoola Chinoy, Bombay; Sir Jwala Prasad Srivastava, Cawnpore; Khan Bahadur Sir Saiyed Maratab Ali Shah, Lahore; Sir Abdul Halim Ghuznavi, Calcutta; Diwan Bahadur G. S. Ratnasabapathy Mudaliar, Coimbatore; Mr. Nalini Ranjan Sarker, Calcutta; Sir Frederick Stones, O.B.E., Bombay and Dr. Sir Santi Swarup Bhatnagar, Director of Scientific and Industrial Research, Calcutta (co-opted Member).

Secretary : Mr. T. S. Pillay, General Secretary of the Board of Scientific and Industrial Research.

The functions of the Committee were to advise the Central Government on :—

- (1) the selection of the particular industrial concern or concerns to which the results of research schemes should be made available for utilisation ;
- (2) the terms and conditions including the question of payment for royalties, etc., on which this could be done ;
- (3) the question of the division of the royalties on patent rights, which would vest in the Central Government, as between the Central Government on the one hand, and, on the other, the Provincial Governments, institutions and scientists responsible for the research, and as among the scientists themselves ; and
- (4) generally the best methods whereby the industrial development of the research could be undertaken and an equitable arrangement made for securing that the services of the scientists concerned were adequately rewarded. The Central Government would be the final authority to decide how the results of research schemes placed before the Industrial Research Utilisation Committee would be utilised and by whom, and on all other matters on which the advice of the Committee was sought.

The first meeting of the Industrial Research Utilisation Committee took place at New Delhi on the 12th February, 1941, and the following, among other, general conclusions were reported to have been arrived at :—

- (a) Research schemes which could be exploited without much capital investment or the erection of plant and machinery or as cottage industries and were of general public benefit, would be released to the public without any conditions regarding royalty being attached thereto.
- (b) With reference to other research schemes, application should be invited on the widest scale possible from those interested in the development of such research schemes.
- (c) Where there was no question of patent rights with reference to a research scheme and only a secret process was involved in its utilisation, such secret process would, under certain specified conditions, be handed over to any industrial concern or concerns.
- (d) Where a research scheme had been handed over to more than one concern and further research was conducted at the instance of any of these concerns, the results of such further research should be given to all the concerns to whom the research scheme had been handed over for exploitation.
- (e) The Government would have the advice of an *ad hoc* Committee in the selection of the concern or concerns which would utilise the research scheme. The *ad hoc* committee should be composed of members of the Utilisation Committee with some special

knowledge of the problems of a particular industry intended to be promoted, but with no personal interest in the promotion of that particular industry.

- (f) The question of allocation of any royalties as between the Central Government and any Provincial Government or institution, should be left to be decided by the Central Government in consultation with the Provincial Government or institution, if necessary, on the merits of each case. The distribution of that portion of the royalty which was allocated to the scientists responsible for the research would be on the basis of equality among the scientists associated with that research.
- (g) Royalty received by the Central Government would be constituted into a separate fund for the further development of industrial research.
- (h) As regards results of research that appertained to some basic trade of general importance, the Government might undertake its utilisation either directly or through a new concern promoted in which the Government might be represented through directors or impose such control as it might deem necessary on the concern for achieving the objects in view, namely, the availability of the basic product to all industries requiring it at normal prices, etc.
- (i) There should be an organisation which would be in charge of the results of the various researches and which would give all the necessary information to applicants who wished to utilise these researches.
- (j) A journal entitled "Indian Industry" might be published under the auspices of the Committee, containing information relating to industrial research and its utilisation. The lines on which the journal should be conducted, including the question of an Editorial Committee which would be in charge of the journal, would be the subject of recommendation at the next meeting of the Committee.

INDO-BURMA TRADE AGREEMENT.

(See also pages 72 and 243 of Report for 1940.)

On pages 72-73 of the report of the Association for 1940, reference was made to the appointment of Sir Frederick Stones as the Association's representative on the Panel of non-official Advisers to assist the Government of India Delegation in their negotiations with the Government of Burma for the conclusion of a new trade agreement to replace the Indo-Burma Trade Regulation Order, which ceased to operate from 1st April 1941.

The official negotiations between the two Governmental Delegations commenced in the middle of February 1941, and resulted in a new Agreement being signed on 3rd April, the terms of which were announced in a Press Note issued by the Government of India on the 12th April 1941. Briefly stated, the new Agreement terminated free trade between the two countries

and inaugurated a regime of mutual preferential treatment. As a necessary consequence, the benefits of the lower preferential duties, which constituted the essence of the new agreement were confined to goods of Indian and Burmese origin respectively. The general principle was that goods of Indian and Burmese origin should enjoy in the market to which they were exported, a margin of preference of not less than 10 per cent. over similar articles enjoying preferential treatment when imported from the United Kingdom or from Colonies, and a margin of preference of not less than 15 per cent. over similar articles liable to duty at the standard rate. In a certain number of cases on both sides, the contracting countries guaranteed either free entry or entry at guaranteed maximum rates of duty. The adoption of the principle of margins of preference of 10 and 15 per cent. respectively meant that goods dutiable from time to time at rates not in excess of 10 per cent. preferential and 15 per cent. standard, when imported from other countries, would enjoy free entry when imported from India or Burma.

As regards cotton piecegoods, the Agreement provided for a margin of preference of 7½ per cent. only against a general margin of 10 per cent. over other similar goods entitled to preferential treatment, but as against this the Burma Government pledged itself not to fix the duty on such goods at more than 10 per cent. The position of Indian textiles in Burma was strengthened by the retention of the quota on Japanese goods at the existing level. As regards exports from one country to the other which were liable to excise duty, the Agreement provided that the rate of customs duty should correspond to the level of the excise duty ruling in the country of import.

The Agreement was to run for an indefinite period, subject to the right of either party to denounce it at six months' notice.

In accordance with the terms of the Agreement, Government issued a notification on 7th June cancelling the general exemption from customs duty which had upto that date been accorded to goods of Burmese origin imported into India and prescribing new rates of duty applicable to all such goods on and from that date. In so far as cotton and woollen manufactures are concerned, the rates of duty applicable are:—

Cotton piecegoods including printed fabrics	..	5 per cent.
Woollen and mixture goods	.. ..	10 „
Fents	.. ..	20 „

The text of the Indo-Burma Trade Agreement is reproduced in *Appendix 34*.

ANTI-MALARIAL MEASURES.

TREATMENT OF ROOF GUTTERS.

(See also pages 104 and 304 of Report for 1939.)

Towards the end of August 1940, the attention of the Committee was drawn to a draft Bill to amend the City of Bombay Municipal Act which had been referred to the Works Committee of the Corporation for

consideration. Briefly stated, the draft Bill empowered the Municipal Commissioner to require the owner, lessee or occupier of any building "fitted with roof gutters" :—

- (a) to provide safe and easy means of access to such roof gutters *including the provision of a fixed iron ladder to each roof gutter ;* °
- (b) to carry out *such work* with respect to any roof gutter as, in his opinion, were necessary to prevent such gutter from becoming a breeding place for mosquitoes, and,
- (c) *to remove any roof gutter* which, in his opinion, was not capable of being rendered secure against becoming a breeding place for mosquitoes.

The Bill also sought to empower the Commissioner to prohibit the construction of roof gutters in *any new* building.

It subsequently transpired that the Works Committee were of the opinion that "in view of the fact that there appeared to be substantial co-operation from owners of mills, factories and other high buildings in the city having roof gutters in the matter of providing easy access thereto, the proposed legislation should be deferred for the present and the effect of voluntary co-operation be watched." The Works Committee further recommended that the papers might be recorded.

The recommendations of the Works Committee were not, however, acceptable to the Medical Relief and Public Health Committee, who appeared to have held that it was necessary to confer statutory powers on the Commissioner to take action against owners of high buildings like mills and factories fitted with roof gutters whereto easy access was not available and where water accumulated and provided a breeding place for mosquitoes; and at the instance of this Committee, an amended Bill came up before the Corporation on the 10th November 1941 and was approved. The main differences between the amended Bill and the original Bill placed before the Corporation in 1940 were :—

- (a) the scope of the New Bill was limited to buildings other than private buildings used for residential purposes ;
- (b) the original Bill specifically provided for the provision of a fixed iron ladder to each roof gutter, whereas the revised Bill gave full discretion to the Commissioner as to what would constitute safe and easy means of access to roof gutters ; and
- (c) the revised Bill did not, as was contemplated in the original Bill, give the Commissioner the power to order the removal of roof gutters which, in his opinion, were not capable of being rendered secure against becoming breeding places for mosquitoes.

As the Committee were informed that the Bill would shortly be forwarded to the Government of Bombay for the purpose of giving legislative effect, a representation setting forth the Association's views was submitted to the Provincial Government. The Committee pointed out that they were

mainly concerned with the main issue as to whether the powers sought to be conferred on the Commissioner were actually necessary and in this connection, Government's attention was drawn to a "note on anti-malarial measures carried on by the Malaria Department during the six months ended 30th June 1940," circulated by the Department to the Malaria Advisory Committee of the Corporation in which it was stated that "out of the total number of 3,646 roof gutters, about 3,450 have so far been rendered accessible and steps are being taken by the mills to make the remaining roof gutters accessible." If the figures given really represented the state of affairs in the city, then the Committee contended that there was no case for enacting legislation on the lines contemplated by the Corporation. Apart from the admission contained in the note referred to, the Association had already encouraged its member mills to render all possible assistance to the malarial staff and also to provide access to their roof gutters and the results so far achieved appeared to have been extremely satisfactory. In this view of the case, the Committee strongly urged that legislation proposed by the Corporation should not be sanctioned by Government unless it were definitely proved that voluntary efforts had already failed to produce the desired results. (*Appendix 35.*)

PROPOSAL TO ADVANCE INDIAN STANDARD TIME BY ONE HOUR FOR THE PERIOD OF THE WAR.

Towards the end of August 1941, the Government of Bombay requested the views of the Committee on a proposal made to the Government of India by the Government of Bengal for the advancing of Indian Standard Time by one hour for the period of the war. It would appear that in view of the black-out scheme in Calcutta, the Provincial Government considered it necessary to take measures in advance to deal with traffic difficulties which were anticipated if large numbers of office workers had to be transported after night-fall through streets in which lamps had been shaded in accordance with air-raid precaution instructions. They also regarded as essential that before there was any appreciable shortening of daylight, steps should be taken to adjust normal business hours, so that it would not only be unnecessary to rely during the winter months on the blacking out of lights in commercial offices but also the great bulk of office workers might get home before night-fall. It was further indicated that although the purpose could be achieved by advancing Calcutta Time, which was already 24 minutes ahead of Standard Time, it would be disadvantageous, particularly in connection with postal and railway services, to further increase the margin between Calcutta Time and Standard Time by advancing the former another 36 minutes. In the circumstances, it was suggested that, for the duration of the war, Indian Standard Time should be advanced by one hour, i.e., from 5½ hours to 6½ hours ahead of G.M.T. throughout India.

The Committee were opposed to the proposal made by the Government of Bengal, for the reason that an advance of Standard Time on this side of the country would have adverse effects on those industrial establishments now working daylight hours. The position in Bombay during the winter months was that it was just possible by starting work at 7-30 in the

morning and closing at 5-30 in the evening, to get in a full working day of 9 hours without resort to artificial light ; and if clocks were advanced by one hour, as suggested by the Government of Bengal, it would mean that to achieve the same results, mills' starting time would have to be altered. Bombay Time was already 39 minutes behind Indian Standard Time, and if Standard Time was advanced by one hour as suggested, this difference would be increased to 1½ hours. The best solution of the problem appeared, in the opinion of the Committee, to be to advance Standard Time by half an hour only during the winter months. Another solution was that Bengal should deal with the question as a local problem and alter Calcutta Time in a manner suited to achieve the object, namely, the best utilisation of the daylight hours available.

It has since been announced that the Government of Bengal have decided to observe in all Government offices in Bengal, from 1st October 1941, a time schedule one hour in advance of Indian Standard Time. For purposes of reference, this time will be known as "Bengal Time." The Government of India have since decided that the Standard Time should be advanced by one hour in the Provinces of Bihar, Orissa, Bengal and Assam. (*Appendix 36.*)

A. R. P. MEASURES IN COTTON MILLS.

The question of adopting the requisite A.R.P. measures in Bombay cotton mills had for some time past been engaging the attention of the Committee of the Association. In view of the developments in the war situation towards the end of the year, the Committee decided to appoint a special sub-Committee consisting of Mr. Neville N. Wadia (Chairman), Mr. H. G. H. Everitt, Mr. L. F. H. Goodwin, Mr. J. C. Lancashire, Mr. W. B. Bradford, Mr. W. F. Webb, Mr. Mark Binie, Mr. F. Guthrie and Mr. J. A. Sutton and gave them full powers in the matter of recommending measures to be adopted by cotton mills in connection with A.R.P. This sub-Committee met early in December and considered Government's Blue Book entitled "A.R.P. in Factories" and the orders which appeared to have been served on certain mills by the Central and Provincial Governments regarding structural precautions, etc., but they found it difficult to ascertain the precise standards of protective measures which Government apparently considered should be maintained in various types of factories. In these circumstances, a representation was submitted to the Government of India, Department of Labour, early in December, requesting a lead from Government on the following points :—

- "I. (a) Whether trenches are to be provided ;
- (b) If (a) is in the affirmative, what types of trenches would be approved by Government ;
- (c) What provision factories which had no compound should make for the evacuation of their workmen.

- II. (a) Whether trailer pumps are to be an essential part of the fire-fighting service of these factories, and whether water tanks should be constructed as an independent source of supply of water ;
- (b) Whether these trailer pumps would be made available, and when they would be made available.
- III. Whether all glazing in factories are to be protected by $\frac{1}{2}$ -inch mesh wire, or bearing in mind the fact that adequate supplies of $\frac{1}{2}$ -inch mesh wire are not available, only vital plant requires protection against flying glass.
- IV. Whether the vital parts of machinery should be protected against splinters by brickwork.
- V. Whether Government desire all north-light roofs to be rendered non-inflammable."

It was pointed out that the question of rendering all north-light roofs non-inflammable did not appear to be feasible for the reason that not only would the material required be extremely costly and not available immediately, but that reconstruction of the roof would interfere with the working of the mills until the work was completed. It was, therefore, suggested that the existing fire-fighting equipment including sprinklers and hydrants, coupled with the stirrup pumps and trailer pumps to be ordered out by the mills, would be sufficient to prevent a major conflagration.

The sub-Committee fully realised that no hard and fast rules regarding A.R.P. measures could be laid down for each and every type of factory and that each case would have to be dealt with on its own merits, but they urged that Government should give an indication of the general principles which they desired to be observed in such matters.

Government's attention was also drawn to the fact that however efficient and satisfactory A.R.P. measures in factories might be, they might fail to achieve the object in view, if the local authorities, e.g., the Government of Bombay and the Municipality in the case of Bombay City, failed to undertake measures to protect the civilian population. The worker's thoughts in an emergency were with his family, and if he was not assured that adequate measures existed for the protection of his wife and children in their homes, then whatever measures might be taken by the mills to prevent a stampede and to ensure continuance of work might be of no avail because the worker would naturally try to leave the city for his up-country village.

In reply to the specific points on which the sub-Committee wanted a lead, the Government of India indicated :—

- " I. (a) Trenches are to be provided.
- (b) One or other of the types laid down in Chapter II of " A summary of Air Raid Precaution Applied to Factories," copies of which have been supplied to the Association.

- (c) Factories which have no compound and in the vicinity of which no land is available for the construction of trenches should endeavour as far as possible to provide protection for their employees on the groundfloor of the factory by erecting shelters of type 'D' shown in "A Summary of Air Raid Precaution Applied to Factories" and by erecting low walls about 4'-6" high constructed of 13½ brick in cement masonry wherever it is possible to do so. (In the case of the walls labour should be taught to sit behind them.) When all measures of this nature have been exhausted the balance of the labour should be taught to vacate the factory and take shelter in the houses nearest to the mill. The local Government should also be approached with the request that they will requisition all available space, including roads not necessary for the movement of traffic, on which shelters can be erected or trenches dug.
- II. (a) Trailer pumps are an essential part of the fire-fighting service and water tanks must be constructed as independent sources of supply of water.
- (b) Government are arranging for the supply of these pumps. It is however not possible under present conditions to say when they are likely to be available.
- III. All glazing in rooms containing vital machinery should be removed and the apertures bricked or boarded up until supplies of glass substitute are available. Wherever daylight is essential the glass should be replaced by fabric substitutes which can be obtained from the Indian Glass Substitute Company, P.O. Baksar, District Meerut. Treated fabric glass substitutes have only a limited life but they should last at least 3 months, probably longer, and thus fill the gap between the present emergency and the arrival of more permanent substitutes from abroad. All other glass should be removed wherever possible. Where it cannot be removed it should be protected by ½-inch wire mesh.
- IV All vital machinery should be protected by blast and splinter-proof walls.
- Note.*—Vital machinery is plant which if damaged or destroyed is likely to hold up production for more than one month.
- V. The method of dealing with this problem is still under consideration. No information is available as to how this problem was tackled in England, but it is doubtful whether there are roofs of this type in England."

Regarding the minimum standard to be maintained for various classes of factories, Government pointed out that there was no difference in the standard from one class to another, the class being given merely as an indication for priority in A.R.P. matters. It was, however, not clear from Government's communication whether the views expressed therein applied to non-classified factories as well. In these circumstances, a telegraphic enquiry was

addressed to Government for an elucidation of this point. It was pointed out that all mills were working a minimum 20 per cent. of their production on Government orders. Government, in reply, pointed out that for A.R.P. purposes factories had been divided into the following two classes :—

Class I—those factories which were engaged mainly in the production of war supplies.

Class II—all other factories.

Class I factories had been further divided into categories A, BI, BII and C with reference to the degree of importance of a firm's war contracts. In other words, there were strictly speaking no "non-classified" factories. Government, however, pointed out that in both Class I and Class II factories only expenditure on measures of A.R.P. which were considered essential by the responsible A.R.P. Officer concerned, would be allowed to be treated as revenue.

In view of the developments in the war situation, all member mills were recommended that, precautionary measures should be taken by mills on whom orders had already been served by the A.R.P. authorities or the Government of India, to protect their vital plants. Member mills were advised to secure the approval of the authority serving the order to their plans and estimate of costs before incurring any expenditure in this connection. It was suggested that after the work had been completed, a statement of the cost actually incurred by them should be submitted to the authority ordering the execution of the measures. This statement should bear a certificate of the auditors of the mill to establish the conformity of the statement with the accounts of the firm. On receipt of this statement, the authority ordering the measures would, it was pointed out, on being satisfied of the correctness of the statement, certify the amount which should be treated as allowable revenue expenditure and the amount to be treated as capital expenditure, and the Income-tax Officers would treat such certificates as final for purposes of assessment. The amount certified by the A.R.P. authorities as allowable as revenue expenditure would then be an admissible deduction under Section 10 of the Indian Income-tax Act when computing the assessable profits or gains of the mill company concerned.

Organisation and Equipment of A.R.P. Personnel.—The question of the organisation and equipment of A.R.P. personnel in cotton mills, was subsequently discussed by the special sub-Committee with the A.R.P. authorities, and a scheme was framed. Briefly stated, the scheme proposed that the entire A.R.P. organisation of a mill should be under the control of the "Company A.R.P. Officer." A Company A.R.P. Officer was necessary only in the case of a company owning two or more mills, and was to be done away with where only one mill was concerned. The officer next to him was to be the "Chief Mill A.R.P. Officer" who might be either the Mill Manager or the Mill Engineer. The Chief Mill A.R.P. Officer was to be assisted by an "Assistant Chief Mill A.R.P. Officer" who might be the Assistant Mill Manager or the Assistant Mill Engineer. The sub-Committee considered it necessary to provide an Assistant to the Chief Mill A.R.P. Officer, for the

reason that that would ensure the presence of either the Chief Mill A.R.P. Officer or the Assistant Chief Mill A.R.P. Officer in the mill in an emergency.

The principal A.R.P. activities of a mill were divided into four broad heads, viz., (a) First Aid, (b) Fire Fighting, (c) Rescue and (d) Evacuation. As regards the composition of each of these branches, these would, in the opinion of the Sub-Committee, depend upon the size of the mill, but the following basis was suggested as a rough guide :—

First Aid.—Each First Aid Party should consist of 4 men one of whom should be a leader, one an assistant and both should be trained in first aid ; and the remaining two should be stretcher bearers. There should be one such party for every 250 workers both day and night.

Fire Fighting : (a) Hydrants.—There should be 24 men with one leader. At least three men should be provided for every hydrant that could be worked simultaneously.

(b) *Stirrup Pumps and Fire Watchers.*—There should be one leader for every 21 men, i.e., one leader for 7 stirrup pumps, each stirrup pump requiring three people to handle it. The stirrup pump personnel should be so spread out as to ensure the allocation of one leader for each main department.

Payment to Staff Engaged on Special A.R.P. Work.—In order to create interest in the work and to procure the right type of men, the sub-Committee recommended that the leaders and men recruited for each branch of service should be remunerated at the rate of 12 annas per parade in the case of skilled men and 4 annas per parade in the case of unskilled operatives, the remuneration being payable only if the candidates attended the training and parade and passed the test.

Training for First Aid Staff.—The sub-Committee recommended that mills which had their own doctors should arrange to give a course of 12 lectures in first aid as prescribed in the St. John Ambulance Association's Training Course, bearing in mind the desirability of finishing all the lectures within a month. In cases where mills had no doctors of their own, arrangements should be made to secure the services of trained lecturers. It was further recommended that attendance at lectures should be regarded as attendance at parades for purposes of calculating remuneration payable, but that payment for the training period should be made after completion of training.

Training in Fire Fighting.—The sub-Committee recommended that individual mill engineers should endeavour to acquaint their fire-fighting staff with the practical use of the stirrup pump and also make arrangements to parade all their pumps for at least one hour per week to ensure that they were free from all faults. In this connection, it might be pointed out that mills in Bombay had at the instance of the Association placed orders for stirrup pumps with Government. It transpired, however, that these pumps had been diverted to Calcutta with the result that A.R.P. measures in Bombay cotton mills had been brought to a standstill. The matter was represented

to the Government of Bombay and to the Government of India, in consequence of which the Association was informed that about 1,000 pumps out of 3,600 ordered out for Bombay would be available to the Association immediately.

Trenches.—The sub-Committee recommended that where operatives were evacuated to mill basements or to prepared trenches, it was necessary to ensure order and prevent confusion in the process of evacuation. This, they thought, might be achieved by member mills allotting straightaway exits for particular operatives working in particular departments and persuading the operatives to use only those exits when they left the mill at recess and after the closing hours.

Standard recruiting forms for the various branches of mill A.R.P. work were also drawn up, and it was suggested that such forms should be adopted not only by mills whose organisation was not yet ready, but also by the mills whose organisation was ready, for the reason that every mill should have detailed information about the name and address of its A.R.P. workers.

Practical Training in Rescue Work.—Arrangements were also made through the A.R.P. Controller and the Bombay Fire Salvage Association to give practical training to A.R.P. staffs in individual mills enrolled for rescue work.

Mills were also recommended to provide special uniforms to their A.R.P. personnel. The uniforms suggested consisted of a boiler suit made of V. G. khaki drill "B" grade with a distinguishing badge showing the name of the mill and the branch of the A.R.P. organisation to which such employee belonged, the whole badge being embroidered on the left breast pocket of the uniform.

Supply of Sandbags.—Mills were also recommended to provide themselves with sandbags which could be used in an emergency in dealing with incendiary bombs. The Collector of Bombay and the Deputy Conservator, Bombay Port Trust, were approached, and permission was secured for individual mills to remove the requisite quantity of sand from the Mahim foreshore.

It may be pointed out that almost all the mills in Bombay have adopted the scheme recommended by the Association. (*Appendix 37.*)

PAYMENT OF WAGES TO WORKMEN IN THE EVENT OF SUSPENSION OF WORK DUE TO AIR-RAID PRECAUTIONS.

Towards the middle of November, the Committee were requested by the Employers' Federation of India to express an opinion on certain tentative proposals framed by the Government of India regarding payment of wages to workmen in the event of suspension of work due to air raid precautions. Government considered that in those factories and undertakings which were required by Government in furtherance of the war effort to

continue production under air-raid conditions, there should be an inducement to workers to carry on work and return to work promptly when the all-clear signal was given, so as to maintain production at maximum level. They also felt it necessary that there should be uniformity of provision in respect of all such factories and undertakings which would be required to continue functioning during air raid conditions in cases where operatives were required under an approved air raid precautions scheme to suspend work on account of air raids. They proposed to apply such provisions only to such essential factories and undertakings in which production had to be carried on continuously irrespective of air raid conditions subject only to the stoppage of work during the actual period of air raids. Government considered that provisions on the following lines should meet the case under consideration :—

“(1) The provisions should apply in the case of air-raid interruptions under approved air raid precautions schemes, both actual and experimental, and both by day and by night. Concessions should be on the following lines :—

- (i) The workers affected will, subject to the restrictions laid down in rule (iii) below, be treated as on duty.
- (ii) Payments will be restricted to workers who have actually recorded their attendance for duty at the usual time, or if, owing to air-raid conditions, attendance cannot be recorded at the usual time, then, as soon afterwards as possible.
- (iii) Payments will be restricted to that portion of the time spent in an air-raid shelter or enforced inactivity which falls entirely within the actual working hours for the men affected, provided that no payment shall be made for any period after an air raid is over. The men will not be paid for the normal rest period, but idle time enforced by air raid warning before and after will be paid for.
- (iv) Payments will be on the general basis of full time for interruptions not exceeding 8 hours in any week ; and of half time for interruptions beyond this.
- (v) Workers may be required to make up in the same week or in the following week time lost up to a period not exceeding 2 hours before or after the ordinary shift, not exceeding 8 hours in any week and not exceeding the hours which, but for the interruptions, would have been worked by the worker in the week. Payment for time so made up will be on the basis of full time ; it would be at ordinary or overtime rates as may be relevant in individual cases.
- (vi) In so far as the worker declines without good reason to make up time lost when required, no compensatory payments will be payable for time lost which is not made up.
- (vii) Payments to piece-workers will be made at the ordinary time rates without any piece-work profits.
- (viii) The payment will be booked as “ idle time.”

(2) The liability to pay for lost time will be on the employer.

(3) The scheme would cover not merely workers in factories and undertakings in the ordinary sense but also such workmen, as, for instance, locomotive drivers who are required, under an approved air raid precautions scheme, to carry on work during air raid conditions."

The Committee generally agreed with the principle underlying the proposals, but made the following observations:—

(1) Under clause 2 of the scheme, it was proposed that the liability to pay for time lost would be on the employer. While this provision was reasonable, it was felt that it was only fair that when he incurred additional works' cost, the employer should be in a position to pass it on to Government by an increase in the prices of goods.

(2) The interruption caused by experimental air raid precautions should be reduced to the minimum in the interests of maintaining production at the maximum level.

(3) In clause 1(v) it should be made clear whether payment in respect of time made up would be in addition to the payment prescribed in clause 1(iii). For instance, if there was an interruption of 8 hours in a week, and if the employer was in a position to make up, say, 6 hours in the week following, then would the employer be called upon to pay compensatory wages for all the eight hours lost in addition to the wages paid for the six hours made up.

(4) Clause 1(v) laid down that workers might be required to make up *in the same week or in the following week* the time lost up to a period not exceeding two hours before or after the ordinary shift, not exceeding eight hours in any week . . . It was suggested that the employer should be permitted to make up the time lost in a longer period than one week.

(5) Clause 1(vii).—The basis of payment of piece-workers should be clearly defined, and in any event, the expression "piece-work profits" should be explained.

The final decisions of Government in this matter have been published in the Appendix. (*Appendix 38.*)

SUPPLIES OF ESSENTIAL MILL STORES.

Early in April, the Committee were requested by the Government of India, Department of Supply, to express an opinion on the steps to be taken to meet the difficulties experienced by mills on account of shortage of certain essential mill stores, more particularly, healds and reeds. It was pointed out that although these and similar other mill stores were now being made in India, the volume of production was insufficient to meet the full needs of the industry, and in view of the restricted import due to shortage of shipping

and other causes, it was thought that the time had arrived when the situation should be carefully reviewed. In these circumstances, Government desired an expression of views on the following matters :—

- (1) the imported items of mill stores in respect of which supply difficulties had arisen or were expected;
- (2) the requirements of these stores which could not be met from Indian sources ;
- (3) the present sources of supply of these stores ; and
- (4) the alternative sources of supply.

The matter was referred to all member mills, and a comprehensive list of the stores in respect of which difficulties had been experienced or were apprehended was subsequently sent to the Government of India. Copies of this list were also sent to other Associations in the country as a means of assisting them in submitting their reply to the Department of Supply. Government, in reply, indicated that judging by the small number of replies received, they were inclined to the view that the situation was not by any means as acute as it was thought, and that in these circumstances, they felt that no general arrangement for the procurement on a priority basis of essential mill stores was necessary at that stage. Should the position deteriorate, however, Government stated, the position would be considered again. Government further pointed out that request for assistance in securing the essential mill stores required for the execution of war orders would be dealt with on their merits if applications were made to the Director-General, Munitions Production, Calcutta, in respect of textiles machinery parts with the exception of picking bands, pickers, etc. ; and to the Director-General of Supply, New Delhi, in respect of knitting needles and mill stores such as kraft paper, tallow, chemicals, etc., which did not come under the classification of machinery parts.

Government's communication was brought to the notice of all member mills and they were requested to make early applications in the event of their experiencing difficulties in respect of any particular item of mill stores. (*Appendix 39.*)

SUPPLIES OF CAUSTIC SODA.

Early in August, the attention of the Committee was drawn to the difficulties experienced by cotton mills in obtaining adequate supplies of caustic soda which was required in considerable quantities in the production of khaki and other coloured goods required for war purposes. An enquiry made of the Imperial Chemical Industries (India), Ltd., elicited the fact that they had previously ready stocks of this chemical in Bombay and had made arrangements with their suppliers for regular and adequate supplies to come forward and that it was then their opinion that it was unnecessary for Bombay mills to place orders with the I.C.I. for shipments. It was further understood that supplies were made to the mills on the basis of their 1940 purchases from the I.C.I. and that further supplies would have to be rationed

on that basis until the reserve stock position had been restored to normal. Good supplies were understood to be in transit, and the I.C.I. hoped to be able to meet all demands made on them in two or three months' time. Subsequently, however, it transpired that His Majesty's Government had introduced an export rationing scheme in respect of heavy chemicals, such as caustic soda, and that the export ration of this product was inadequate to meet the normal demands of the Indian market, plus the additional quantities required for the manufacture of goods for the Government of India. Hence in view of the uncertainty regarding the extent of future supplies, the I.C.I. thought it necessary to reserve the stocks which they had on hand primarily for the needs of firms engaged on Government work, and they stated that it would not be possible for them to supply individual orders for caustic soda, unless they were satisfied that the material was required for the execution of Government contracts. It was further indicated by the I.C.I. that they had made representations to the Government of India in this matter, and that they hoped that a larger export quota of caustic soda would be arranged.

The Committee were most anxious that the Government of India should give favourable consideration to the representations submitted by the I.C.I. in this matter, in the general interests of the development of the offtake of Indian cotton piecegoods on which the satisfactory disposal of the Indian cotton crop largely depended. The loss of a number of export markets for raw cotton, and particularly short-staple cotton, had already been severely felt, and if shipments of raw cotton to Japan and China were still further curtailed as a result of developments in the Far East, it would be even more necessary for the Indian mill industry to increase its production of manufactured goods of which a large proportion would necessarily have to be coloured goods, in the production of which the use of caustic soda was essential. The matter was, therefore, taken up with the Government of India, Department of Commerce.

It is understood that the Government of India, having realised the necessity of larger supplies of caustic soda being made available for the Indian market, have referred the matter to the Home Government with a view to ensuring that the necessary shipping arrangements are provided. (*Appendix 40.*)

CHROME COMPOUNDS CONTROL ORDER.

Towards the middle of October, the attention of the Committee was drawn to the Chrome Compounds Control Order, 1941, promulgated by the Government of India in the Department of Supply, which prohibited the use in any textile industry of any chrome compounds including potassium bichromate, sodium bichromate and chrome alum except for the manufacture of goods ordered by the Central Government and to the extent required by the specifications prescribed for such goods. The Order provided that no person should sell or otherwise dispose of chrome compounds except on presentation by the purchaser or other recipient of a licence in the prescribed form granted by the Director-General of Supply, Supply Department, New

Delhi. Mills desiring to purchase or otherwise acquire chrome compounds were required to apply in the prescribed form to the Director of Cotton Textiles, Ballard Estate, Bombay. The Order also enjoined on all manufacturers, stockholders and consumers of chrome compounds, and all dealers in chrome compounds, the maintenance of true and accurate accounts showing :—

- (1) the stocks (if any) held on the coming into force of the Order ;
- (2) the quantities of chrome compounds produced or acquired after the coming into force of the Order ;
- (3) the quantities of chrome compounds sold or otherwise disposed of after the coming into force of the Order ; and
- (4) the daily and monthly balances of stocks held ;

such accounts being open for inspection by any person authorised in writing by the Director-General of Supply.

Soon after the publication of the Order, it was pointed out to the Committee by a member mill supplying considerable quantities of yarn dyed in chrome yellow, orange and green to the handloom industry that the Control Order would not only hit the Indian mill industry but also the handloom industry, as the latter could not, henceforward, obtain their requirements of chrome dyed yarn. The matter was considered by the Committee and a telegraphic representation was submitted to the Central Government urging that the Order should be amended so as to permit the use of chrome compounds in yarn for dyeing. It was further suggested that as considerable quantities of yarn were awaiting dyeing, immediate orders might be issued.

Government, however, pointed out that no exception could be made for yarn dyeing for the handloom industry, and suggested that during the present period of acute shortage of bichromates, synthetic dyes might be used in lieu of chrome compounds for the shades specified by the Committee. (*Appendix 41.*)

PRICE FIXATION OF PETROL AND KEROSENE.

Towards the middle of January, the attention of the Committee was drawn to a Press *communiqué* issued by the Government of India in connection with the prices of kerosene and petrol. Briefly stated, the Press Note referred to an arrangement under which Government appeared to have permitted the oil companies to regulate the prices of petrol and kerosene, during the period of the war, "on the basis of an average between the world prices for the foreign oil and the cost of production for the indigenous oil constituting the supplies for the Indian market over a given period." This arrangement had enabled the oil companies to raise the prices of kerosene oil and to stabilise, for the time being at any rate, the price of petrol at a rate which represented a substantial increase over pre-war retail prices in the case of kerosene oil

and a rise of about 50 per cent. in the case of petrol. In the case of petrol, the increase in the net price realised by the oil companies was, of course, much greater than 50 per cent., since there had been little or no change in Government taxation.

° The question as to whether, under the then prevailing conditions, there was any justification for permitting oil companies to fix prices of oil in India on the basis of world prices was examined by the Committee, who felt that it would have been perfectly understandable if such a concession had been made in order to attract sufficiently large quantities of oil to this country and to prevent overseas suppliers from selling their goods in other markets where higher prices might be obtainable. No such incentive appeared, in their opinion, to be necessary at that moment. Oil, it was admitted, was on the British Contraband List subject to seizure by the Navy on the high seas, and foreign oil suppliers had only the markets of the British Commonwealth and their allies open to them. Trade with other countries was, therefore, not only practically impossible but attended with serious risks, and the effects of this situation, it was felt, might have been given greater weight by Government than had apparently been done in their negotiations with the oil companies. Even assuming that a certain rise in oil prices was inevitable as a result of rise in operating costs, freight, insurance, etc., there appeared to be no sufficient reasons why oil prices in India should be dictated by world prices. Scarcity of oil in certain parts of the world brought about by the British blockade might have sent prices of oil in those countries soaring to fantastic levels, and this was perhaps the case in Europe, North Africa and perhaps Japan, and a world average based on such high prices could hardly be the proper criterion for fixing oil prices in India. In these circumstances, the Committee suggested that Government should review the whole arrangement. No reply has yet been received from Government. (*Appendix 42.*)

IRON HOOPS FOR COTTON BALES.

Early in October 1941, the Indian Central Cotton Committee requested the Association to express an opinion on a suggestion regarding the use of old hoops for baling cotton. It would appear that the position regarding the future supply of cotton baling hoops in the country was examined by the Local Sub-Committee of the Indian Central Cotton Committee, who felt, *inter alia*, that as there was likely to be a shortage of hoops, the pressing factory owners might be allowed to use old hoops for baling cotton. Under the Cotton Ginning and Pressing Factories Act, and the bye-laws of the East India Cotton Association, there appeared to be no objection to the re-use of old hoops for baling pressed cotton, provided the old press marks, if punched on the hoops, were so obliterated as to leave no doubt regarding the identity of a bale, but before addressing factory owners in the matter, the Sub-Committee desired to ascertain the views of millowners' associations on the point.

The Committee of the Association, in reply, stated that they had no objection, in the present emergency, to the re-use of old hoops for baling pressed cotton, provided the old press marks were properly obliterated. (*Appendix 43.*)

BOOKING ARRANGEMENTS FOR COTTON PIECEGOODS FROM BOMBAY (WADI BUNDER) TO UP-COUNTRY STATIONS.

Towards the end of April, the attention of the Committee was drawn to the inconvenience caused to member mills by reason of certain changes which appeared to have been made in the booking arrangements for cotton piecegoods from Bombay (Wadi Bunder) to up-country stations. It transpired that from the 23rd of April, shed No. 9 which was reserved for piecegoods traffic from the year 1923 had been taken over for other purposes, and that it had been notified that piecegoods would be dealt with in sheds Nos. 10, 11 and 12, which already dealt with various other types of goods, such as iron and steel, colours, corn, molasses, etc. Quite apart from the additional staff which it would be necessary to employ if piecegoods were to be accepted in three sheds, it was pointed out that the new arrangements would greatly increase the risk of damage to baled goods awaiting despatch owing to their proximity to other goods and the likelihood of their coming into contact with such articles as colours, molasses, etc. Taken in conjunction with the terms of Risk Note "B" under which cotton piecegoods were usually accepted for transit, it was suggested that the effect of the new arrangement would be to throw an unnecessary additional responsibility on the consignor, since Risk Note "B" exempted the railway authorities in respect of damage to goods while they were in the possession of the railway awaiting despatch.

In view of the fact that piecegoods formed such a large proportion of the traffic from Bombay as to warrant the allocation of a separate shed for them since the year 1923, an enquiry was sent to the railway authorities requesting information as to the reasons which necessitated the new arrangements. It was also suggested that if shed No. 9 had been taken over for the storage of goods in transit during the war emergency, some other shed, where piecegoods could be dealt with exclusively and entirely separately from other classes of articles, should be allocated.

The Association was subsequently informed that the revised arrangements had been introduced as a temporary measure from 23rd April in the interests both of the public and the railway and that the original arrangement would be reverted to as soon as conditions justified. An assurance was also given that every precaution would be taken by the railway authorities while the present temporary arrangements were in force to ensure that piecegoods traffic was handled carefully and not allowed to be mixed with other general goods or damaged. (*Appendix 44.*)

WAGON SHORTAGE.

Early in April, the grave situation arising from the lack of sufficient transport facilities from and to Bombay was discussed at a joint conference of representatives of the Bombay Chamber of Commerce, the Indian Merchants' Chamber, the East India Cotton Association, the Marwari Chamber of Commerce, the Grain Merchants' Association, the Indian Roads

and Transport Development Association, and the Millowners' Association, Bombay, and the following telegram was despatched to the Hon'ble Member for Communications, Government of India, on 3rd April :—

“ At meeting held to-day of undermentioned Associations it was decided telegraph you urgently advising the grave situation arising out of existing shortage transport from and to Bombay. Owing to congestion of G.I.P., food and grain prices rising. Situation is not assisted by restrictions on road transport. Consider it essential an Executive Officer is appointed to investigate and co-ordinate all forms of transport with view relieving present situation and also plan ahead for the future when an ever greater strain on India's internal transport is anticipated owing to increased output of munitions and other war demands. Grateful for early reply and suggest senior officer your department be deputed discuss matter in Bombay enabling commercial community to offer fullest co-operation. From Bombay Chamber ; Indian Merchants' Chamber ; Bombay Millowners' Association ; East India Cotton Association ; Marwari Chamber ; Grain Merchants' Association and Indian Roads and Transport Development Association.”

The matter was subsequently discussed by the representatives of the various organisations with Mr. K. G. Mitchell, Consulting Engineer to the Government of India (Roads), Mr. J. M. Sladen, Secretary to the Government of Bombay, Home Department, Mr. C. H. Reynolds, Secretary, Provincial Transport Authority, and the General and Traffic Managers of the G. I. P. and B. B. & C. I. Railways. The Association was represented at this conference by Mr. Neville N. Wadia and Mr. A. L. Paramor, and as a result of the discussions which ensued, the following telegram was despatched to the Government of India, Department of Communications, on 26th April, 1941 :—

“ In view of the shortage of transport that has existed for several months to the detriment of trade and industry and with the prospect that this shortage will be greatly accentuated before long as India's war effort develops and the needs of the Military and the Supply Department for transport of munitions and war supplies increase, this meeting unanimously recommends to Government the appointment of an Executive Officer with full powers to investigate and co-ordinate the operation and development of all forms of transport, road, rail and water, and urges that the appointment be made without delay.”

Subsequently a further conference was held at Simla, and as a result Mr. J. T. Day, a retired official of the G. I. P. Railway was appointed :—

- (a) to examine, in consultation with the Government of Bombay, business interests in Bombay, and other connected railways the complaints arising from congestion on the G. I. P. ;
- (b) to report on the points between which relief was most required, the possibility of securing relief by increased resort to road and water transport, and the best methods of securing such relief ; and
- (c) to consider any other suggestions that might be put forward.

Mr. Day had a conference with representatives of the various trade interests concerned in the rooms of the Bombay Chamber on 19th June 1941. (*Appendix 45.*)

ESTABLISHMENT OF A PERMANENT INDUSTRIAL MUSEUM.

Early in February 1941, the Government of India, Department of Commerce, requested the Committee to express an opinion on a proposal made at the Twelfth Industries Conference held in Lucknow in December 1940 for the establishment of a permanent Industrial Museum in Delhi. The Committee felt that a Central Exhibition in Delhi would not be attractive as a commercial proposition. It was understood that cotton mills of Bombay were sufficiently represented in Delhi, and this representation adequately met the needs of the case. In other words, manufactures of Bombay cotton mills were already on exhibition in the selling agents' shops, and these exhibits were being renewed from time to time. In this view of the case, it was felt that an additional museum would be superfluous, and Government were informed accordingly. (*Appendix 46.*)

AMENDMENT OF THE RULES OF THE BOMBAY NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

Towards the middle of July, the Government of Bombay requested the views of the Committee on certain amendments in the Rules of the Bombay Native Share and Stock Brokers' Association. The Committee were generally of the opinion that nobody could really approve of, or continue to be satisfied with, the existing position where shares might be bought for cash at very much lower prices than they could be bought in the forward market. In their view, the amended rules, if put into operation, might bring about an improvement of the situation, though they seemed designed to give protection to the bulls and brokers rather than act as a facility for investors.

Towards the end of August 1941, the Committee were requested to express an opinion on certain further amendments proposed to be made in the Rules of the Native Share and Stock Brokers' Association. It appeared that with the exception of rule 238, the other amendments were only of a purely domestic nature on which the Committee had no views to offer. The existing Rule 238 related to members of the Stock Exchange only and the amendment proposed sought to bring in members of the public within the scope of the arbitration by the Board, and this would, the Committee thought, benefit the poorer members of the public, who might prefer to go to arbitration before the Board. (*Appendix 47.*)

ADULT EDUCATION IN BOMBAY CITY.

(*See also pages 94 and 286 of Report for 1940.*)

On pages 94-96 of the report of the Association for 1940, it was indicated that the Committee had agreed to assist the Provincial Government in their literacy campaign as far as mill workers were concerned and to give facilities to the Adult Education Committee to enable representatives of that Committee to establish contact with mill managements for the purpose of assisting the establishment of satisfactory arrangements in the mill area.

Early in May 1941, the Special Literacy Officer appointed by the Government of Bombay, furnished the Association with a scheme of literacy classes, which had been successfully working in one of the member mills for some time past, and requested the Committee to recommend it for general adoption by member mills, since he thought that the same arrangement could be introduced in other mills with necessary modifications to suit individual needs. Briefly stated, in this mill, four classes were opened in July 1940 and were conducted for a period of four months. These classes were held in two batches to suit the convenience of the employees in the day and the night shifts. One batch of two classes, which was meant for the night shift workers, commenced at 4-40 p.m. and continued up to 5-30 p.m. On the closing of the classes, workers proceeded directly for their night shift, and the day-shift workers, who were free by 5-30 p.m., attended the classes of the other batch upto about 6-20 p.m. before they went home. When the shifts changed, the pupils of the first batch became the pupils of the second batch and *vice versa*. The pupils were the same, but they changed the periods of attendance according to the shift in which they were working. As the teachers were also the same, continuity of instructions was not disturbed. With a view to afford the new literates facilities to keep up the habit of reading they had acquired and to improve their efficiency, they were further allowed to attend the post-literacy classes which had been maintained to suit the shift arrangement. In this way, at a small cost of about Rs. 50, 53 workers appeared to have achieved literacy within a period of four months.

In view of the success achieved by the scheme, the Committee recommended that member mills should give every facility to the Special Literacy Officer when he visited the mills for the purpose of discussing the literacy scheme in all its aspects. (*Appendix 48.*)

MILL INDUSTRY AND WAR EFFORT.

(*See also page 91 of Report for 1940.*)

On pages 91-92 of last year's report, reference was made to the steps taken by the Association to encourage mill employees to participate effectively in the war savings movement. The steps which had already been taken by member mills to assist the war effort and the war savings movement were continued during the year. An Inter-Mill Wrestling Tournament was also conducted during the year under the auspices of the Association, and the entire proceeds from the sales of tickets on the final day, which amounted to approximately Rs. 5,820, were donated to the War Gifts Fund and earmarked for amenities to Indian soldiers abroad. It is understood that up to the end of the year the following donations have been made to the Bombay War Gifts Fund :—

	Rs.
Contributions by managing agents and mill companies ..	82,501
Contributions by selling agents	1,500
Contributions by cloth merchants	4,405
Contributions by mill workers and clerical staff	29,054

INTER-MILL WRESTLING TOURNAMENT.

Towards the end of April 1941, consideration was given by the Committee to a proposal made by the Labour and Technical Advisory (Managers) Sub-Committee that an Inter-mill Wrestling Tournament should be held under the auspices of the Association, to encourage sportsmanship among mill workers of Bombay and promote closer contact with the management, and all member mills were recommended to support the Tournament by nominating competitors and donating a sum of Rs. 30 per mill towards prizes and incidental expenses. The final tournament took place at the St. Xavier's College Gymkhana Ground, Parel, on 25th May 1941, and a sum of Rs. 5,817-9-0, representing the net proceeds of the sale of tickets, was donated to the Bombay War Gifts Fund and earmarked for amenities to Indian soldiers overseas.

In view of the encouraging results which were obtained, the Committee decided, towards the end of October 1941, that such tournaments should be conducted every year. A tournament sub-Committee consisting of mill managers and labour officers was appointed to fix up all details connected with the tournament for the year 1942 and all members were requested to support the tournament and donate a sum of Rs. 30 per mill towards prizes and incidental expenses. The Committee also decided that the whole of the proceeds of the tournament should be earmarked for providing relief to the dependents of Indian soldiers killed or incapacitated in the war. Arrangements in connection with the preliminaries of the tournament are being made and the final draw is expected to be held early in March 1942.

VERNACULAR TEXT BOOKS FOR JOBBERS AND WORKERS.

(See also pages 96 and 289 Report for 1940.)

Reference was made in the last year's report to four vernacular text books prepared by the Supervisory Committee of the Textile Technical School for the use of jobbers and operatives in textile mills as a means of improving their technical knowledge of the machines they operated. During the year, five more booklets dealing with the carding, the ring frame, the warp and weft winding machinery, the size mixing and tape or sliver sizing machinery were issued, and member mills were recommended to purchase a limited number of copies of these booklets for distribution amongst interested jobbers and workers.

WARRANTY LABELS.

The prices at which the Association's cloth and yarn warranty labels were supplied to member mills were last revised in 1933. The revised rates were:—

Cloth labels, large, English/Hindi	at Re. 1 2-0	per 1,000 labels.
Cloth labels, small, English/Hindi	at Re. 0-13-0	do.
Yarn labels	at Re. 0-13-0	do.

Towards the end of November 1941, the Association's printers requested that, in view of the considerably increased prices which had to be paid for paper and other materials, the prices for the labels should be increased. The revised rates of the printers were verified and found to be fair and reasonable. An increase in the prices payable to the printers necessitated an increase in the prices charged to members, and the Committee recommended that the undermentioned revised rates should be charged on labels sold to members on and after 2nd December 1941 :—

Cloth labels, large, English/Hindi at Rs. 2-2-0 per 1,000 labels.

Cloth labels, small, English/Hindi at Re. 1-3-0 do.

Yarn labels at Re. 1-3-0 do.

PIECEGOODS MARKET REPORTS.

During the year, Mr. N. Khaitan continued to keep the Association informed from time to time of the trend of prices and tendencies of the piece-goods market in Calcutta. The weekly service of reports by Mr. Rama Kant Bhandari on the Amritsar piecegoods and yarn markets was continued during the year, and these together with the weekly reports submitted by Mr. Jamshed N. Mody on the Bombay piecegoods and yarn markets were sent out regularly to all members of the Association and were greatly appreciated.

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

QUANTITY OF RAW COTTON IN STOCK.

Date.	Cotton actually on hand in mill Godowns.		Ready cotton bought but not taken delivery of.		Total.	
	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)
28-2-1941	347,438	178,577	64,136	32,412	411,574	210,989
31-8-1941	425,440	217,546	41,058	18,479	466,498	236,025

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1942 were fixed at a meeting of the Committee held on Monday, the 8th December 1941 :—

	BOMBAY CITY AND ISLAND (INCLUDING KURLA).		UP-COUNTRY.		For Gins and Presses.
	Cotton Mills.	Woollen Mills.	Cotton Mills.	Woollen Mills.	
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
(a) For every 1,000 Mule Spindles or part thereof ..	8 12	15 0	5 0	12 0	..
For every 500 Ring Spindles or part thereof	8 12	15 0	5 0	12 0	..
For every 50 Looms or part thereof	20 0	11 4	12 8	9 0	..
set up in the mill or mills, factory or factories, which, for the time being, shall belong to each member.					
(b) For every Rs. 10,000 or part of Rs. 10,000 of the cost up-to-date, without depreciation, of the plant, buildings and land, of dyeing, and/or bleaching, and/or printing and/or mercerising factories or departments owned by a member ..	2 8	2 8	2 0	2 0	..
FOR OTHER TYPES OF FACTORIES OWNED BY MEMBERS.—					
For every Rs. 10,000 or part thereof of the cost up-to-date, without depreciation, of the plant, buildings and land .. .. .	..	..	..	..	2 0

Provided that the minimum subscription payable by any one member shall be Rs. 100.

It may be recorded that in the case of cotton and woollen mills situated in Bombay City and Island (including Kurla), the 1942 rates represent an increase of 25 per cent. over the 1941 rates. In the case of cotton and woollen mills situated outside Bombay City and Island and of gins and presses, the 1941 rates have been retained.

MILL HOLIDAYS AND PAY-DAYS FOR THE YEAR 1942.

The following mill holidays and pay-days which are in conformity with the provisions of the Indian Factories Act, 1934, and of the Payment of Wages Act, 1936, respectively, have been fixed by the Committee of the Millowners' Association, Bombay, for adoption by all Bombay member mills of the Association during the year 1942 :—

MONTH.	DATE.	DAY.	FESTIVAL.	PAY DAY.	
				MILLS EMPLOYING 1,000 OR MORE OPERATIVES.	MILLS EMPLOYING LESS THAN 1,000 OPERATIVES.
JANUARY ..	1st ..	THURSDAY ..	<i>New Year's Day</i> ..	} Sat. 10th ..	Wed. 7th.
	11th ..	SUNDAY ..			
	18th ..	SUNDAY ..			
	25th ..	SUNDAY ..			
FEBRUARY ..	1st ..	SUNDAY ..	<i>Maha Shivratri</i> ..	} Tues. 10th ..	Sat. 7th
	8th ..	SUNDAY ..			
	13th ..	FRIDAY ..			
	22nd ..	SUNDAY ..			
MARCH ..	2nd ..	MONDAY ..	} <i>Holi</i> ..	} Tues. 10th ..	Sat. 7th
	3rd ..	TUESDAY ..			
	4th ..	WEDNESDAY ..			
	11th ..	WEDNESDAY ..	<i>Gudi Padva</i> ..		
	17th ..	TUESDAY ..			
	26th ..	THURSDAY ..				Ram Navami ..
APRIL ..	5th ..	SUNDAY ..	} Fri. 10th ..	Tues. 7th	
	12th ..	SUNDAY ..			
	19th ..	SUNDAY ..			
	26th ..	SUNDAY ..			
MAY ..	3rd ..	SUNDAY ..	} Sat. 9th ..	Thurs. 7th	
	10th ..	SUNDAY ..			
	17th ..	SUNDAY ..			
	24th ..	SUNDAY ..			
	31st ..	SUNDAY ..			
JUNE ..	7th ..	SUNDAY ..	} Wed. 10th ..	Sat. 6th	
	14th ..	SUNDAY ..			
	21st ..	SUNDAY ..			
	28th ..	SUNDAY ..			
JULY ..	5th ..	SUNDAY ..	} Fri. 10th ..	Tues. 7th	
	12th ..	SUNDAY ..			
	19th ..	SUNDAY ..			
	24th ..	FRIDAY ..			<i>Ashadi Ekadashi</i> ..
AUGUST ..	2nd ..	SUNDAY ..	} Sat. 8th ..	Fri. 7th	
	9th ..	SUNDAY ..			
	16th ..	SUNDAY ..			
	25th ..	TUESDAY ..			<i>Nag Panchami</i> <i>Narli Purnima</i> ..
SEPTEMBER ..	2nd ..	WEDNESDAY ..	} Thurs. 10th ..	Mon. 7th	
	6th ..	SUNDAY ..			
	14th ..	MONDAY ..			
	18th ..	FRIDAY ..			
	23rd ..	WEDNESDAY ..			<i>Gokul Ashtami</i> <i>Ganesh Chaturthi</i> <i>Gowri Visarjan</i> <i>Anant Chaturdashi</i> ..
OCTOBER ..	4th ..	SUNDAY ..	} Thurs. 8th ..	Wed. 7th	
	9th ..	FRIDAY ..			
	18th ..	SUNDAY ..			
	25th ..	SUNDAY ..			
	31st ..	SATURDAY ..			<i>Sarva Pitri Amavasa</i> <i>Dasara</i> ..
NOVEMBER ..	8th ..	SUNDAY ..	} Sat. 7th ..	Sat. 7th	
	9th ..	MONDAY ..			
	10th ..	TUESDAY ..			
	15th ..	SUNDAY ..			
	22nd ..	SUNDAY ..			
	29th ..	SUNDAY ..			<i>Diwali</i> ..
DECEMBER ..	6th ..	SUNDAY ..	} Thurs. 10th ..	Mon. 7th	
	13th ..	SUNDAY ..			
	20th ..	SUNDAY ..			
	26th ..	SUNDAY ..			
	27th ..	SUNDAY ..			

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January 1942), showing the rates of customs duties levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles for purposes of assessment of customs duties with effect from 1st January 1942, and (2) the rates of duty leviable on articles the produce or manufacture of Burma, during the twelve months January to December 1942, are reproduced in full in *Appendix 49*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1941.

LIABILITIES.	Rs. a. p.	Rs. a. p.	ASSETS.	Rs. a. p.	Rs. a. p.
<i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, Salary and Bonus to staff, refund of subscriptions, etc., unpaid</i>	9,246 4 1		<i>Interest accrued on General Fund to 31st December, 1941, but not received</i>	2,319 13 0	
<i>Subscription received in advance for 1942</i>	12,072 0 0		<i>Outstandings due</i>	3,364 0 6	5,683 13 6
<i>Deposits : Arbitration Fees (Contracts)</i>	310 0 0		<i>Advance payments made for Books and Periodicals, Telephone, Salary of Clerk at Calcutta and other sundry items</i> ..		1,209 12 0
<i>Recoveries from Mills in connection with Municipal Assessments.</i>	17 1 0		<i>Investments (At Cost) :—</i>	Face value.	Cost
<i>Recoveries from Mills in connection with Wrestling Tournament .</i>	770 8 0		3½ per cent. Government Loan, 1947-50 ..	Rs. 83,100	81,401 0 0
<i>Balance of Magazine Account</i>	780 0 8	23,195 13 9	3 per cent. Government Loan, 1951-54 ..	10,000	10,187 8 0
<i>Balance of Amount appropriated for future propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills</i>		33,842 0 1	4 per cent. Government Loan, 1960-70..	1,10,000	1,10,672 8 0
<i>General Fund :—</i>			2½ per cent. Government Loan, 1948-52 ..	10,000	10,050 0 0
Balance as on 31st December, 1940	3,32,160 12 4		Government 3-year Interest Free Defence Bonds	1,00,000	1,00,000 0 0
Excess of Income over Expenditure during the year ..	5,338 3 10	3,37,499 0 2	Government of India Defence Bonds, 1946 ..	45,000	45,281 4 0
				Rs. 3,58,100	3,57,592 4 0
			(Market value of the above was Rs. 3,68,929-4-0 on 31st December 1941.)		
			<i>Cash :—</i>		
			With the Imperial Bank of India on General Account ..	28,421 13 2	
			With the Imperial Bank of India on Secretary's Account ..	555 1 0	
			In hand	1,074 2 4	30,051 0 6
Total Rs. ..		3,94,536 14 0	Total Rs. ..		3,94,536 14 0

Examined and found correct.

BOMBAY, 12th February, 1942.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants,
Auditors.

N. S. V. AIYER,
Ag. Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr.

Income and Expenditure Account for the year ended on the 31st December, 1941.

Cr.

EXPENDITURE.			INCOME.		
To	Rs.	a. p.	Rs.	a. p.	Rs. a. p.
To Establishment	58,330	7 10			
Dear Food Allowance	762	15 0			
Conveyance Allowances to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer	3,510	0 0			
Preparation of Monthly Import and Export Statistics for 1941	2,472	13 0			
Preparation of Statistics for the Bombay Cotton Mill Industry for 1940	548	0 0			
Office Rent	3,300	0 0			
Printing Statistical Returns, Mill Statement for 1941, and Annual Report for 1940, etc.	6,304	12 9			
Stationery	3,736	9 0			
Advertisements	199	12 0			
Books and Periodicals	483	0 0			
Auditors' Fees	300	0 0			
Telephones	1,085	7 0			
Electric Lights and Fans	825	0 3			
Law Charges	205	0 0			
Furniture and Fixtures	706	13 0			
Petty Charges, Sundry expenses including Postage and Telegrams	2,633	7 9			
Association's Contribution to Provident Fund	4,563	15 1			
Membership subscription to the Employers' Federation of India, the Textile Institute and the Royal Asiatic Society for 1941	1,318	2 3			
	Rs. a. p.				
Income-tax on interest on Securities for 1939 paid	6	6 0			
Income-tax on interest on Securities for 1940 paid	145	11 0			
Income-tax on interest on Securities for 1940-41 deducted at source	1,611	5 0			
	1,763	6 0			
Less—Provision for Income-tax on interest for 1940	356	4 0			
	1,407	2 0			
Handloom Fact Finding Enquiry expenses	517	6 0			
Bonus to Staff	3,673	0 0			
			96,883	10 11	
Contributions for the year to :—					
The Victoria Jubilee Technical Institute	1,500	0 0			
Police Comforts Fund	1,000	0 0			
Textile Technical School	700	0 0			
Sir J. J. Hospital Nursing Association Fund	500	0 0			
K. E. M. Hospital Poor Box Fund	400	0 0			
Naigaum Social Service Centre	350	0 0			
Bombay Textile and Engineering Association	200	0 0			
Goculdas Tejpal Hospital Nursing Association Fund	200	0 0			
Maharashtra High School	150	0 0			
			5,000	0 0	
Balance, being excess of Income over Expenditure carried to Balance Sheet			5,338	3 10	
Total Rs.			1,07,221	14 9	
					1,07,221 14 9

135

Examined and found correct.

BOMBAY, 12th February, 1942.

A. F. FERGUSON & CO.,

Chartered Accountants,

Registered Accountants,

Auditors.

N. S. V. AIYER,

g. Secretary

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December, 1941.

PROPERTY AT OPENING AND RECEIPTS		Rs. a. p.	Rs. a. p.	Rs. a. p.	PROPERTY AT CLOSING.		Rs. a. p.	Rs. a. p.
<i>Funds as at 1st January, 1941</i>			1,59,813 11 10		<i>Investments held at Cost :—</i>	Face Value. Rs.	Cost.	
<i>Subscriptions received from members during 1941</i>	5,175 8 0				3½ per cent. Government Loan, 1947-50 ..	18,900	18,859 0 0	
<i>Contributions from the Association for 1941</i>	Rs. a. p. 4,563 15 1				4 per cent. Government Loan, 1960-70 ..	70,500	70,082 8 0	
<i>Employers' share of contribution received from the Dept. of Supply on Mr. Maloney's account</i>	611 8 11				3 per cent. Government Loan, 1951-54 ..	65,500	64,907 13 0	
<i>Interest (including interest accrued Rs. 1,830-11-7)</i> ..	6,124 6 0				3 per cent. Defence Bonds, 1946	28,000	28,150 0 0	
<i>Less—Bank Charges</i> ..	25 9 0					1,82,900		1,82,050 5 0
			16,449 13 0		(Market value of these securities was Rs. 1,83,684-8-0 on 31st December, 1941.)			
<i>Lapses and Forfeitures :—</i>				1,76,263 8 10	<i>Advance to Members</i>			60 0 0
Balance as per last statement				12,293 0 5	<i>Interest accrued on the above securities</i>			1,830 11 7
Total Rs. .				1,88,556 9 3	<i>Cash with the Imperial Bank of India on current account</i>			4,606 8 8
					Total Rs. ..			1,88,556 9 3

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Examined and found correct.

BOMBAY, 12th February 1942.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants
Auditors.

N. S. V. AIYER.
Ag. Secretary.

Report for the Year 1941.

Section III.

CORRESPONDENCE.

APPENDICES 1—49.

APPENDIX 1.

WATER TAX PAYABLE BY MILLS.

Copy of letter No. 2293/78, dated 22nd May, 1941, from the Association to the Municipal Commissioner for the City of Bombay.

My Association has, for some time past, had under consideration the rate of tax at present levied by the Bombay Municipality for water supplied to the cotton mills in the City and Island of Bombay.

As you are doubtless aware, the undue heaviness with which the charges for water press upon the Bombay cotton mill industry was adversely commented upon by the Noyce Tariff Board in 1927, who, while appreciating the reduction in rate proposed in 1927, nevertheless pointed out that "a supply of cheap water is a matter of very great importance to the Bombay mill industry and that a further reduction to the old level of the rate is eminently desirable as soon as financial conditions permit." The charges were since reduced first to 12 annas and in 1928 to 10 annas per thousand gallons. Dealing with the same question, the second Tariff Board on the Indian Cotton Mill Industry observed:—

"The industry feels even this rate to be excessive and a serious handicap to the development of further bleaching establishments, but there is little likelihood of any further reduction of the rate, for an attempt, though unsuccessful, was made in November 1930, to restore the rate of 12 annas per thousand gallons. It may be pointed out that, in estimating the fair selling price of the Indian industry, we have based our figures on the costs of 1931, and therefore, any increase in these charges over those of 1931 will handicap the industry."

The position at the present time is that two methods are adopted by the Municipality for levying water tax. The small consumer pays his tax on a percentage of the rateable value of his property and, as a general rule, large consumers such as the Railways, the Port Trust and the cotton mill industry pay for their water by measurement at so much per thousand gallons. There appears to be no relationship whatsoever between the two systems of assessment, and as a matter of fact, the large consumer paying for his water on meter measurement has always paid a far higher charge than he would have had to pay had he been taxed on the rateable value of his property. The statement below shows the total receipts and expenditure in connection with the supply of water to the city of Bombay during the last three years for which figures are available:—

	(Figures are in lakhs of rupees.)		
	1937-38.	1938-39.	1939-40.
Income on value	33.64	34.98	36.85
„ by measurements	38.79	40.04	40.72
„ Miscellaneous	3.07	3.09	3.48
Total income	75.50	78.11	81.05
Expenditure :			
Maintenance	11.60	12.68	13.78
Debt charges	52.17	52.33	52.84
Total expenditure	63.77	65.01	66.62
Surplus	11.73	13.10	14.43

It will be seen that the surplus revenue from water has steadily risen by over a lakh of rupees per year and touched Rs. 14½ lakhs in the year 1939-40. The figures also bring out the fact that more than 50 per cent. of the receipts from water was derived from consumers assessed on the measurement basis.

The total supply of water to the City and Island of Bombay during the same years and the quantities used by various classes of consumers who obtain their requirements by measurement was as shown below :—

	(Quantities in million gallons.)		
	1937-38.	1938-39.	1939-40.
Total supply	34,718	35,437	36,083
Water consumed by those obtaining supplies by measurement	6,170	6,320	6,453

The proportion of water used by consumers assessed on the basis of measurement is roughly one-sixth of the total water brought into the city. Taken in conjunction with the figures given in the previous table, the position is that consumers of water on a measurement basis, who use roughly one sixth of the water supplied to the city, contribute over 50 per cent. of the total receipts of the Municipality from water. By far the largest users of water by measurement is the cotton mill industry of the city which has contributed nearly one-third of the revenue derived by the Municipality from water sold by measurement. The figures are :—

	(Figures are in lakhs of rupees.)		
	1937-38.	1938-39.	1939-40.
Total revenue from water sold by measurement	38.79	40.04	40.72
Of which contributed by cotton factories	12.99	14.24	13.65

The total water consumed and the tax paid during the same years by cotton factories will be apparent from the figures given below :—

	1937-38.	1938-39.	1939-40.
Water consumed (million gallons)	2,078	2,279	2,184
Percentage of total water supply to the city	5.8%	6.4%	6.3%
Water tax paid. (Lakhs of rupees)	12.99	14.24	13.65
Percentage of tax paid to total receipts of Municipality from water-supply	17.2%	18.2%	16.8%

These figures clearly illustrate that, while cotton factories in the city consumed only about 6 per cent. of the water brought into the city, they contributed no less than 16 per cent. of the revenue derived by the Municipality from the water tax. The inequity of the basis of charge is self-evident. It is a well-known fact that special concessional rates are granted to bulk consumers of water for industrial purposes in other parts of the world. Even in India, very high local taxation has been held by successive Tariff Boards, who have investigated the position of the cotton mill industry, to have been one of the serious handicaps operating against the Bombay mills in competing with mills situated in other centres of the industry.

In this connection, it is perhaps pertinent to point out that, in pursuance of a recommendation made by the first Tariff Board of 1927, and reiterated by the Indian Trade Mission which subsequently visited the Near East and African markets for Indian textile goods, the possibility of establishing a combined bleaching, dyeing and printing factory for the Bombay mill industry at Ambernath or Badlapur was taken up by a member mill. Representations were made to the Government of Bombay who agreed to supply water to the proposed works on a graded scale rising from 3 annas to Re. 1 per thousand gallons. As the Combine was likely to require considerable quantities of water, it was essential to secure a free supply, or at least a nominal rate for the water required. The minimum charge of 3 annas per thousand gallons proposed by Government was found to be an uneconomic proposition for the establishment, and proved to be one of the most important reasons for abandoning the idea. It may be mentioned that the rate at present charged for water by the Bombay Municipality for cotton mills in the City and Island of Bombay is 10 annas per 1,000 gallons, or over 300 per cent. of the minimum rate which was found to be uneconomic for the proposed combined establishment.

My Committee are aware that it has been suggested in certain quarters that the cotton mill industry is now passing through prosperous times and can afford an increase in taxation. The war has admittedly brought about a considerable improvement in the immediate position of the Bombay mill industry, but it has to be borne in mind that, in the last seventeen years, great arrears of depreciation have accumulated, and mills have, in addition, very large capital and funded debts and other liabilities to discharge: these must, in common prudence, be considered as a first charge on any war profits that may accrue if the industry is to be able to survive after the war. Another point which has to be borne in mind is that, since the commencement of the war, the wage bill of the Bombay cotton mill industry—already enhanced by 10 per cent. from February 1938, as a result of the interim recommendations made by the Bombay Textile Labour Inquiry Committee—has been still further raised by approximately 10 per cent. by reason of the dearness allowance paid by mills in pursuance of the recommendation made by the Board of Conciliation appointed by the Government of Bombay under the Bombay Industrial Disputes Act. Although there has been an improvement in demand from export markets, freight space to several overseas markets has been extremely difficult to secure, with the result that stocks have accumulated with mills and merchants and in some instances goods manufactured for overseas markets have had to be resold in India. The position on the whole is, therefore, somewhat precarious. In any event, the Association is of the opinion that any margins that might accrue to the industry from the present conditions must be utilized to the full in providing for renewal and renovation of productive plant and in discharging the capital and other funded debts that have accumulated during the last two decades.

My Committee hold the view that the future of the Bombay mill industry lies in increasing its efficiency and decreasing costs of production to a minimum. Every effort has been made, and is being made, by the Association and by individual member mills to do whatever is possible in this direction. In the words of the Tariff Board, a supply of cheap water is a matter of very great importance to the Bombay mill industry. These facts and the figures set out in the preceding paragraphs, in the opinion of my Committee, conclusively prove that the water rate at present charged by the Municipality to the cotton industry, whose contributions to municipal revenues in other directions are by no means insignificant, is unjustifiably high. My Committee, therefore, feel that the time has arrived for a thorough investigation of the whole system of water taxation at present adopted by the Municipality. Such examination should, it is suggested, be made in consultation with all the interests involved, so that a new basis of charge may be evolved, equitable to all the varying interests and "reasonable" in relation to the cost of providing the supply as provided under section 140(A) of the City of Bombay Municipal Act.

APPENDIX 2.

MUNICIPAL ASSESSMENT OF MILL CANTEENS AND TEA SHOPS.

Copy of letter No. 873/29A dated 19th February, 1941, from the Association to the Assessor and Collector of Municipal Taxes, Bombay Municipality.

The Association is given to understand that the Western India Spinning and Manufacturing Co., Ltd., have protested against the assessment made in respect of their tea shop. This matter of mill tea shops is at present under consideration by the Association and I would like to suggest that the hearing of the Western India Mill's case be adjourned for some time until the Association's consideration of the question is completed. If this cannot be done, then I should like to point out that the Western India Mill's tea shop has been converted into a canteen run on a basis which ensures that any profits made are utilised for the welfare of the workers and that the system of renting the right to sell tea to a contractor has been stopped since the 1st of February 1940. The management of the mill now run the canteen under the advice of the Indian Tea Market Expansion Board. This system of mill-managed canteens has enormous advantages from the workers' point of view since they are guaranteed

best quality tea, sugar and milk at the lowest possible selling rates. The price per cup is now 3 pies as against 6 pies previously charged by the contractor for inferior tea. The Association has been encouraging all its members to switch over from the contractor system to the mill-managed canteen system, and in view of the benefits which accrue to the workers from this system, it is thought that it would be only reasonable to exempt mill canteens from any assessment whatsoever.

Copy of letter No. J.C.R.1070, dated the 27th February, 1941, from the Assessor and Collector of Municipal Taxes, to the Association.

With reference to your letter No. 873/29A, dated 19th February, 1941, I have the honour to state that in the circumstances the investigation of the complaints filed by the Agents, The Western India Spinning and Manufacturing Co., Ltd., against the rateable value of property F Ward No. 1082(1A) for the years 1940-41 and 1941-42 is held over for the present. Please expedite the decision of your Association.

Copy of circular No. 1527/81, dated 5th April, 1941, from the Association to all Member mills in Bombay.

Since the Association recommended the establishment of mill-managed canteens, a number of mills have opened such canteens with the help of the Indian Tea Market Expansion Board. Mills are permitted to make deductions from the wages of workers under the Payment of Wages Act, on account of canteen coupons sold to workers. The Chief Inspector of Factories has granted permission to mills to make such deductions provided that these canteens are run on a non-profit basis. The experience of working these canteens in several mills has shown that small surpluses are being made and in cases where mill managements do not charge rents or interest on loans the surpluses are sometimes substantial.

The question of utilising canteen surpluses was considered by the Committee of the Association and the following principles for the guidance of mills in running the canteens were laid down :—

- (a) That mills should not be called upon to incur losses on any loans made towards the establishment or equipment of mill canteens.
- (b) That reasonable rents should be paid.
- (c) That the net surpluses should be devoted to welfare work, the nature of which should be left to mill managements.

These general principles laid down by the General Committee were discussed by the Labour and Technical Advisory (Managers) Sub-Committee and certain detailed suggestions regarding rents and utilisation of surpluses were put forward to and approved by the Committee of the Association at a meeting held on 31st March 1941.

The Committee are agreed that 10 per cent. for interest, depreciation on capital outlay by way of loans and capitalised value of canteen premises was a reasonable charge for canteens to bear, and where gross profits permitted that charge should be levied, and that in addition rent not exceeding Rs. 100 in the case of single-shift working and Rs. 150 in the case of double or treble shift working should be charged. This rent, interest and depreciation would be a first charge on gross profits.

Any remaining profits after deducting all other out-of-pocket expenses should be utilised for general welfare work at the discretion of mill managements.

The following suggestions for the utilisation of canteen profits were also made :—

(1) During early years, profits should be spent on the improvement of the canteen itself, e. g., adequate supplies of crockery, thermos kettles, canteen furniture, increments for canteen clerks and supervisors, better wages for kettle boys, uniforms for kettle boys, canteen furniture, etc.

(2) Later on any additional surpluses might be drawn upon for :—

- (a) Special dispensary equipment.
- (b) Creche equipment—milk and biscuits for children, etc.
- (c) Installation of cold drinking water facilities in departments.
- (d) Recreation club equipment, including books, journals, radio.
- (e) Health exhibitions.
- (f) Dramatic performances, special social functions, etc.
- (g) Scholarships to workers attending the Social Service League Textile Technical School.

It is requested that the above recommendations should be considered and given effect to by all mill managements.

Copy of letter No. 1673/29A, dated 17th April, 1941, from the Association to the Deputy Municipal Commissioner, Bombay.

With reference to the discussions which Mr. Gadsden and I had with you yesterday afternoon, I am, as promised, sending you a copy of the recommendations recently made to all member mills in Bombay on the subject of canteens and the disposal of temporary surpluses. I shall, as soon as my Committee have approved the letter, be conveying to you our general suggestions regarding the assessment of mill tea shops run by contractors.

Copy of letter No. 2033/29A, dated 6th May, 1941, from the Association to the Deputy Municipal Commissioner, Bombay.

ASSESSMENT OF MILL CANTEENS.

Will you kindly refer to my letter No. 1673/29A, dated the 17th April, 1941, on the above subject? In that letter, I indicated that the purport of the discussions which took place between yourself and the Assessor and Collector of Municipal Taxes on the one side, and Mr. Gadsden and myself on the other, would be communicated to my Committee and that, as soon as possible, I would convey to you my Committee's views on the subject of assessment of mill tea shops.

My Committee have now considered the question, and it is their contention that the Arbitration Award, which fixed the method of assessment of mill properties in 1934-35, did not contemplate any separate assessment of tea shops. Apart, however, from this general contention, that mill tea shops of all kinds are not strictly liable to separate assessment, my Committee maintain that no case, whatsoever, exists for the separate assessment of mill-managed canteens and that these canteens should continue to be assessed on the same basis as godowns, i.e., on the basis of a gross letting value of Rs. 2 per month per 100 square feet. The installation of mill-managed canteens, as distinct from tea shops run by outside contractors, has in most cases necessitated the provision or allotment of special buildings and considerable capital outlay on the part of the mills concerned. It is, moreover, to be remembered that any surpluses accruing from the running of these canteens are entirely

devoted to welfare work. Detailed recommendations regarding the maximum rents to be charged for mill-managed canteens and the objects upon which surpluses should be spent are set out in the Association's circular letter No. 1527/81, dated the 5th April 1941.

As regards canteens run by outside contractors, in which the monthly fees payable by contractors to the mills are sometimes higher than the rents recommended in the case of mill canteens, my Committee are of opinion that the fees charged to the contractors must be considered to include rent, and a fee for the "licence" for the monopoly granted to the contractor for selling tea within the mill premises. As to what would constitute a fair quantum for rent out of the total fees paid by a contractor, my Committee consider that the figure of Rs. 100 per month in the case of tea shops in mills working single shift and Rs. 150 per month in the case of tea shops working more than one shift, would be reasonable, and that if mills running tea shops on the contractor basis are to be assessed, the basis of assessment should be the rent indicated above unless the total fees charged to the contractors do not exceed the fair rent figures above specified. I might add that the Committee of the Association have recently recommended that mills running their tea shops on the contractor basis, should convert them as soon as possible to mill-managed canteens.

My Committee trust that the proposals set out above will receive your early and serious consideration.

Copy of circular No. 2038/81, dated 6th May 1941, from the Association to all mills in Bombay.

I am directed to inform you that, at a meeting of the General Committee of the Association held on Monday the 5th May 1941, when the subject of mill tea shops was discussed, the following resolution was unanimously adopted:—

“ READ :—

Note by Secretary regarding the Municipal assessment of mill canteens and tea shops.

RESOLVED :—

That a letter on the lines of the Secretary's Note be sent to the Municipal Commissioner.

Also resolved that mills be recommended to substitute the mill-managed canteen system for the Contractor tea shop system.”

In view of the above recommendation, it is suggested that those mills which still run their tea shops on the contractor system, should give early and serious consideration to the question of changing over to the mill-managed canteen system. The assistance of the Association as also of Mr. A. L. V. Underwood, Superintendent, Indian Tea Market Expansion Board (1, Earls Court, Marine Drive, Bombay), will be available to member mills in connection with the problems incidental to the establishment and running of canteens.

For further information on the subject, mills are referred to this Association's circular letters No. 1630/3, of 4th April 1939 ; No. 2115/81, of 11th May 1939 ; and No. 1527/81, of 5th April 1941.

Copy of letter No. I.R.38, dated 30th October 1941, from the Municipal Commissioner for the City of Bombay, to the Association.

With reference to your letter No. 2033/29A, dated 6th May 1941, enclosing a copy of the Association's circular letter No. 1527/81, of 5th April 1941, containing detailed recommendations regarding maximum rents to be charged for mill-managed canteens and the objects on which the surplus income should be spent, I have the honour to state that in the judgment given by the Chief Judge in Appeal No. M/53, of 1934, no specific mention was

made as to the assessment of tea shops but the Court held that higher rate was applicable to "all buildings containing machinery" and the lower rate to "all other buildings." In fact the judgment could not have contemplated the assessment of mill premises for which rent is derived from outsiders or which are run for purposes other than the legitimate textile industry and from which profits are made from sale of commodities to workers. I am, therefore, unable to agree to your proposal of assessing the canteens managed by mills on the basis of a gross letting value of Rs. 2 per month per 100 sq. ft.

As regards mill canteens managed by outside contractors paying monthly rents, ordinarily the assessment thereon ought to be levied on the basis of rents actually recovered from year to year after making due allowance for the facilities given to the contractors by the millowners for running the canteens and for the collection of the sale proceeds of commodities supplied to the workers in the mills. But setting aside this consideration for the present, I shall have no objection to determine the rateable value of mill canteens whether actually rented to outside contractors or managed by the mills themselves on a uniform rent of Rs. 100 per month for mills working single shift and Rs. 150 per month for mills working double or treble shift.

I should, however, like to make it clear to your Association that this arrangement will be provisional and that it will be accepted by the Municipality only if all member mills, whether they conduct the tea shops themselves or rent them to contractors, agree to accept the above basis of assessment, and that this Municipality is prepared to accept this arrangement, *inter alia*, because of the understanding given by you that the surplus profits from rent or running of the tea-shops are to be utilised for the workers' welfare.

An early reply is requested.

Copy of letter No. 5224/29A, dated 25th November 1941, from the Association to the Municipal Commissioner for the City of Bombay.

I am directed to acknowledge the receipt of your letter, AC. No.—I.R./38 of 1941-42, dated the 30th October 1941, on the above subject, and to say that my Committee accept the proposals made by you in the second paragraph of your letter subject to the proviso that, where mills run their own tea shops and do not collect any rent, the gross letting value should be Rs. 2 per month per 100 sq. feet.

Copy of letter No. I.R.38 dated 5th January 1942, from the Municipal Commissioner for the City of Bombay, to the Association.

ASSESSMENT OF MILL CANTEENS.

With reference to your letter No. 5224/29A, of 25th November 1941, on the subject noted above, I have the honour to state that I am unable to see my way to accept your counter-proposal of assessing the canteens managed by the mills and in which no rents are charged, at Rs. 2 per month per 100 sq. feet. in view of section 154 of the Municipal Act under which the canteens are to be assessed on the basis of rents which they are expected to fetch from year to year. Your Association is aware of the scale of rents which such canteens would fetch if let to outsiders. Even assuming that these latter rents are higher on account of certain facilities the tenants get, the uniform rents suggested in my last letter are far lower than what the canteens are expected to fetch from year to year.

In the circumstances, I should like to know at a very early date whether your Association agrees to the rents suggested by me in my last letter without prejudice. In this connection, your attention is invited to the Association's circular No. 1527/81, dated 5th April 1941, to the member mills suggesting their charging rents of Rs. 100 and Rs. 150 per month in their accounts for the canteens even if they are conducted by the mills themselves. In case you do not accept the rents proposed, I shall have to issue orders to the Assessor and Collector to assess all the canteens on monthly rents which they are expected to fetch from year to year.

Copy of letter No. 409/29A, dated 26th January 1942, from the Association to the Municipal Commissioner for the City of Bombay.

ASSESSMENT OF MILL CANTEENS.

I am directed to acknowledge the receipt of your letter Ac. No. I.R./38, dated the 5th January 1942, on the above subject, and, in reply, to inform you that my Committee accept your proposal that mill tea shops and canteens might be assessed on the basis of a uniform rental of Rs. 100 per month for mills working single shift and Rs. 150 per month for mills working double or treble shift.

The above understanding does not cover Messrs. The Moon Mills, Ltd., who, it is understood, have made out a separate case before the Assessor and Collector of Taxes.

I understand that several cases of mill assessments involving canteens, tea shops, etc., are at present pending before the Assessor and Collector of Taxes and that these cases will be taken up by the Assessor on or about the 6th proximo. In these circumstances, I should be glad if your final orders in this matter could be passed before the 6th February, so that the mills concerned may be advised in time.

Copy of letter No. I.R. 38, dated 16th February 1942, from the Municipal Commissioner for the City of Bombay, to the Association.

With reference to your letter No. 409/29A, dated 26th January 1942, I have the honour to state that as your Committee has accepted my proposal, I have issued instructions to the Assessor and Collector that mill tea shops and canteens should be assessed on the basis of a uniform rental of Rs. 100 per month for mills working single shift and Rs. 150 per month for mills working double or treble shift. It is presumed that this arrangement is acceptable to all the mills which are members of your Association except Messrs. The Moon Mills, Ltd. The cases referred to by you in your letter have been adjourned to 20th February 1942, by the Assessor and Collector.

Copy of circular No. 691/29A, dated 18th February 1942, from the Association to all mills in Bombay.

In continuation of my letter No. 519/29A, dated the 5th February 1942,* I have to inform you that the Municipal Commissioner has issued instructions to the Assessor and Collector of Taxes that mill tea shops and canteens should be assessed on the basis of a uniform rental of Rs. 100 per month for mills working single shift and Rs. 150 per month for mills working double or treble shift.

APPENDIX 3.

FUEL OIL SUPPLIES TO COTTON MILLS.

FUEL OIL CONTRACT.

Copy of circular No. 17/208, dated the 2nd January 1941, from the Association to all mills in Bombay.

In continuation of my letter No. 5459/208, dated the 30th December 1940, I beg to inform you that the price of fuel oil and the terms on which it should be supplied to the mills were discussed at a meeting held this afternoon in the rooms of the Association between the General Purposes Sub-Committee and representatives of Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.

* Not published.

The representatives of the Oil Company have taken note of the points made by the Association in connection with certain terms and conditions incorporated in the contract, and have agreed to place them before their solicitors. The contract, as amended by the Oil Company's solicitors, will at a later date be discussed by the Association with the Oil Company before being finally printed off.

As regards the price of furnace oil supplied to the mills from 1st January 1941, please note that it will be Rs. 36-6 per ton, variations in tariffs, duties, etc., being on account of the buyer.

I shall be writing to you again after the Sub-Committee have discussed with the Oil Company the oil contract as amended by the Oil Company's solicitors.

Copy of circular No. 1225/208, dated the 14th March 1941, from the Association to all mills in Bombay using furnace oil.

CONTRACTS FOR FURNACE OIL.

Will you kindly refer to the previous correspondence on the above subject ending with my circular letter No. 17/208, dated the 2nd January 1941? I am now in a position to inform you that the contract terms which had been under discussion for some time between a Special Sub-Committee of the Association and the representatives of the Burmah-Shell Oil Storage and Distributing Co. of India Ltd., have now been settled and finally agreed to. The Oil Company will shortly be sending you printed copies of the contract for signature, and it is recommended that the contract offered should be accepted. It may be noted that, on the suggestion of the Association, a specification clause has been incorporated in the contract, but it should be pointed out that this specification has only been agreed to as a war-time specification, and it is hoped that a more favourable specification will be introduced when the war comes to an end.

The contract is of unlimited duration, but can be terminated by six-months' notice on either side. It also provides for changes in the price of furnace oil during the life of the contract. A reduction in price of any amount can be effected without notice, and provision is also made whereby an increase in price not exceeding Rs. 2 per ton, called in the contract "Special variation," can be made with three months' notice, and a general increase in price, which may exceed Rs. 2 per ton, may be made with six months' notice. In the event of a general increase being considered excessive by any consumer, the consumer has the option to cancel the contract by giving 90 days' notice.

Precautionary stocks of coal and additional furnace oil.—This subject is still under consideration of the Oil Company, but members are already aware that permission has been granted to maintain reasonable reserve stocks of coal and to use the equivalent of not more than one month's stock of coal in a period of 12 months to prevent deterioration. The Oil Company also desire it to be known that they would be pleased to give technical advice on the selection of sites for furnace oil tanks, preparation and submission of plans to the Inspector of Explosives, layout of the pipe lines, and on contractors' estimates for construction work. On this point of additional tankage, the Oil Company have stated in a recent letter to the Association that certain mills have questioned whether it is worth while incurring expense on constructing tankage which may not be required after the war. In this connection they desire to point out that, apart from the very definite desirability of increasing storage during the war, the available storage now is in most cases well below the level that they would regard as prudent for peace time. They go on to say that war is unfortunately not the only event which might interrupt supplies of both coal and oil and that the delivery of both products might be interrupted, for example, by strikes and/or civil commotion.

Copy of letter No. 2318/208, dated the 23rd May 1941, from the Association to Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.

FUEL OIL CONTRACT.

With reference to our previous correspondence on the above subject resting with your letter No. 45/MR/5.D/O, dated the 12th March 1941,* I shall be glad if you will kindly

* Not published.

arrange to furnish me, for my records, with, say, half a dozen printed copies of the Furnace Oil Contract for mills.

Copy of letter No. D.O.45/MR/5, dated the 26th May 1941, from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.

With reference to your letter No. 2318/208 of the 23rd instant, we forward herewith six copies of our Furnace Oil Contract form for mills.

Furnace Oil Contract Form.

Memorandum of Agreement No. _____ made this _____ day of _____ 194 _____ between _____ (hereinafter called "the buyers") of the one part and Burmah-Shell Oil Storage and Distributing Co. of India Ltd. (incorporated in Great Britain), Burmah-Shell House, Ballard Estate, Bombay, (hereinafter called "the sellers") of the other part.

Clause 1.—The sellers undertake to supply a maximum quantity of _____ tons of 2,240 lbs. furnace oil naked per contractual year for the purpose of burning under boilers or other furnaces at Rs. _____ (Rupees _____) per ton of 2,240 lbs. delivered free at the buyers' premises within the Island of Bombay in accordance with clause 3 below.

Subject to the provisions hereinafter contained the buyers undertake to purchase from the sellers a minimum quantity of _____ tons per contractual year during which this agreement is in force and so in proportion for any part of a contractual year during which this Agreement is in force.

The buyers undertake to purchase from the sellers during the currency of this agreement and from no other source the whole of their requirements for the purpose above mentioned up to the maximum quantity stated herein. The buyers shall be bound to take delivery during each calendar month of the contract period of approximately one-twelfth of the total quantity of furnace oil agreed to be sold in any contractual year and in the event of the buyers' failure to take delivery of the said approximate quantity in each of such months the sellers may at their option decline to supply to the buyers subsequently the whole or any portion of the furnace oil which the buyers should have taken delivery of in a previous month or months. In the event of the buyers requiring at any time quantities larger than their usual monthly quantities they shall give to the sellers not less than two months' previous notice in writing of the quantities so required. The sellers, however, shall not be bound to deliver in any one month more than _____ tons in the aggregate and any departure from this stipulation shall not be considered as establishing a precedent. Orders for delivery of furnace oil must be notified to the sellers at least three days before the date on which delivery is expected.

Clause 2.—The sellers undertake to supply furnace oil within the limits of the following specification :—

Specific gravity of 60° F.	.. ..	.890/.960
Flash point closed Pensky Martin	.. ..	175° F. minimum
Viscosity Redwood 1 at 100° F.	.. ..	600 secs. maximum
Water .. .. .	.. ..	1% maximum
Calorific value .. .. .	.. ..	18,500 B. T. U.'s per lb. minimum
Ash .. .. .	.. ..	.04% maximum
Sulphur .. .. .	.. ..	2.5% maximum

It is understood that the sellers have the right to vary the terms of the above specification by giving the buyers six months' notice of their intention to do so.

Clause 3.—The furnace oil is sold delivered at the buyers' premises within the Island of Bombay in the sellers' bulk tank lorries. It is understood that full lorry loads of tons at a time will be delivered according to the buyers' offtake.

Clause 4.—The sellers' weights and measurements shall be accepted as conclusive evidence of the quantities delivered. The buyers, however, are at liberty to be represented at the measuring, if they so wish, and to verify the correctness of the sellers' measurements, but the sellers shall be entitled to proceed in the absence of such representatives, and the weights ascertained by them shall be accepted by the buyers as correct.

Clause 5.—The terms of payment shall be settlement of the sellers' bills within 30 days of each delivery of oil ; the sellers reserving to themselves the right to demand cash against delivery.

Clause 6.—The price quoted is inclusive of all amounts paid by the sellers as at date in respect of the oil to be supplied under this agreement on account of import duty, excise, harbour dues, tariff valuation, Provincial Government/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority. During the currency of this agreement any increases or decreases or any new impositions on account of import duty, excise, harbour dues, tariff valuation, Provincial Government/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority, shall be on the buyers' account from the date of application of the said increases or decreases or impositions, and the price quoted shall be raised or reduced forthwith by the amount of such increases or decreases or impositions on account of import duty, excise, harbour dues, tariff valuation, Provincial Government/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority.

Provided always that the amount to be added or deducted from the price mentioned in clause 1 above on account of an alteration or on account of successive alterations in respect to the charges mentioned in this clause shall be not less than one anna per ton and any alterations or successive alterations in respect to the charges mentioned in this clause which would involve an increase or decrease in the price mentioned in clause 1 of less than one anna per ton shall be disregarded. But successive alterations which individually would involve an increase or decrease in the price mentioned in clause 1 of less than one anna per ton but which in the aggregate amount to one anna or more shall be taken into account and shall be added or deducted from the price mentioned in clause 1 above.

Clause 7.—The buyers shall not assign or transfer this agreement or any benefit thereunder to any other person, firm or corporation without the consent in writing of the sellers, which consent shall not be unreasonably withheld.

The buyers shall not—without the consent in writing of the sellers, which consent shall not be unreasonably withheld in the case of sale between one mill and another—at any time dispose by resale of any furnace oil delivered to them hereunder. If this condition is infringed or broken in any manner whatever the sellers shall have the right of stopping supplies and cancelling this agreement and shall not in any way be under any liability to the buyers.

Clause 8.—Each delivery shall constitute a separate contract.

Clause 9 (a).—Neither the sellers nor the buyers shall be responsible for any failure to fulfil any term of this agreement if fulfilment has been delayed, hindered, or prevented by strikes, lockouts, riots or civil commotions, war, hostilities, embargoes or other import or export restrictions, arrest or restraint of princes, rulers or peoples, perils of the sea, accidents of navigation, breakdown or injury to ships, curtailment, failure or cessation of supplies from the sellers' existing or contemplated sources of supply, whether of furnace oil or crude petroleum, breakdown or injury to or expropriation or confiscation of the plant or facilities used for the production, transportation, receiving, manufacturing, handling or

delivery of furnace oil or crude petroleum, or by any other circumstance of whatsoever nature which is not within the immediate control of the sellers or the buyers as the case may be, and is not preventable by reasonable diligence on their part. If by reason of any of the causes before mentioned supplies of furnace oil or crude petroleum from any of the sellers' existing or contemplated sources of supply for the place of delivery hereunder are curtailed or cut off, the sellers while such curtailment or cessation or the effects thereof continue, shall be at liberty to withhold, reduce or suspend deliveries hereunder to such extent as, in the judgment of the sellers, may be necessary fairly to apportion among the buyers taking delivery at the place the supplies of the furnace oil then in storage, and which may be anticipated to come forward from any other existing or contemplated sources of supply for that place, and the sellers shall not be required to increase their takings from such other sources of supply or to purchase furnace oil or crude petroleum to replace the supply so curtailed or cut off. Due notice shall be given by the sellers to the buyers of any curtailment or cessation of supplies together with advice of the quantity, if any, allotted (which may be altered or varied by subsequent notice) and the buyers shall be free to purchase from other oil suppliers any deficiency of deliveries caused by the operation of this clause.

Clause 9 (b).—In the event of any deficiency of deliveries caused by the operation of clause 9 (a), the sellers would do their best to draw the attention of the buyers to any opportunities of obtaining supplies from elsewhere and, if possible, would act on behalf of the buyers to obtain possession of such supplies as might be available. In such circumstances the sellers would be relieved of any obligation to give any notice of any change in price under clause 12.

Clause 10.—The sellers have the right to suspend or cancel this agreement in the event of the buyers failing to make payment as above provided, or if the buyers become bankrupt, or commit an act of bankruptcy, or being a limited company if a receiver be appointed or a resolution passed for voluntary liquidation or a petition be presented for an order for winding-up, or to withhold further supplies till payment is received in full and decline further indents from the buyers unless accompanied by full cash payment in advance, without thereby absolving the buyers from any of their obligations under the terms hereof.

Clause 11.—Any question or dispute arising under this agreement shall be referred to two merchants resident in Bombay appointed respectively by the sellers and the buyers and both parties shall abide by the decision of these arbitrators, or, in the event of the arbitrators disagreeing, by the decision of an umpire chosen by the arbitrators before commencing the reference. The expenses of the arbitration shall be borne by the losing party.

Clause 12.—Subject to the provisos following the sellers may at any time and from time to time vary by general or special variation the price mentioned in clause 1 of this agreement and likewise the price for the time being varied by any general or special variation. Such variation whether general or special may be up or down. In the case of a variation up the variation shall be by previous written notice declaring (a) the intention to vary, (b) the date when the intended variation shall come into force, (c) whether the variation is general or special, and (d) the amount of the variation. In the case of a variation down the variation may be without notice.

In the event of a variation up declared to be general the amount of the variation shall be at sellers' discretion and the notice shall be a notice of not less than 180 days from the last day of the month in which notice is given.

In the event of a variation up declared to be special the amount of the variation shall not exceed Rs. 2 per ton of 2,240 lbs. and the notice shall be a notice of not less than 90 days from the last day of the month in which notice is given.

Provided (1) that in the event of a variation up declared to be general but in such event only the buyers may, if they deem such price so varied to be prohibitive, within 90 days of the receipt of the sellers' notice (time to be of the essence) give written notice of the buyers' intention to discontinue taking supplies at the price so varied and deemed prohibitive and the buyers in such case shall as and from the expiration of the sellers' notice be exoused further liability to take supplies of furnace oil under this agreement which shall be deemed terminated from the date of expiration of the sellers' notice.

Provided (2) that, if and whenever the sellers shall have given notice to vary any price by a variation up declared to be special, the sellers shall not before the date on which such variation up shall have become operative give any further notice of a variation up declared to be special in respect of the price affected by the previous notice.

Clause 13.—This agreement is to commence on the _____ day of _____ 194 _____ and unless otherwise determined as hereinbefore provided shall continue in force until determined by either party giving to the other not less than 6 calendar months' previous notice in writing to expire at any time of their intention to determine it, and upon the expiration of any such notice this agreement shall terminate but without prejudice to the rights of either party against the other in respect of any matter or thing antecedent to such termination.

Clause 14.—In the event of this agreement determining without running for the full period of a year commencing from the _____ day of _____ 194 _____ and in like manner for further year or years commencing from the anniversary thereof the sellers shall be discharged from their obligation as to the supply of the quantity to the buyers provided for under this agreement.

APPENDIX 4.

SUBSTITUTION OF COAL FOR FURNACE OIL AND RESERVE STOCKS OF COAL.

Copy of letter No. 4448/33-G/Confl., dated 3rd February 1941, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to say that the supply position of furnace oil in India was recently considered by the Central Government. It appears that the annual requirements of trade and industry in India are about 197,500 tons. Of this quantity 167,000 tons are consumed in the Province of Bombay and of the latter quantity nearly nine-tenths is consumed by the textile industry in the Province. It is understood that the textile mills now using furnace oils could at reasonable notice change over to the use of coal or hydro-electric power. As in the event of the import of furnace oils into India being stopped or restricted by a war emergency special to India, or affecting the Empire as a whole, it would be necessary in the first instance to reserve the stocks needed for Defence purposes and to conserve the balance for use in essential industries, etc., I am to request your Association to arrange that, in case of need, the use of coal or hydro-electric power shall be substituted for the use of furnace oil in the mills concerned. I am to add that the Government of Bombay will be grateful if your Association will kindly intimate what it is found possible to do in this matter.

Copy of letter No. 867/208, dated 19th February 1941, from the Association to the Secretary to the Government of Bombay, General Department.

I am directed by the Chairman of the Association to acknowledge the receipt of your letter No. 4448/33-G/Confl., dated the 3rd February 1941, in which you request the Association to arrange that, in case of need, the use of coal or hydro-electric power should be substituted for the use of furnace oil in Bombay cotton mills, in the event of the import of furnace oils to India being stopped or restricted by a war emergency special to India, or affecting the Empire as a whole. Your letter has now been considered by my Committee and the general question of oil supplies was also recently discussed at a meeting with the representatives of the Burmah-Shell Oil Storage and Distributing Co., of India, Ltd., when the question of oil contract terms was being dealt with. As regards switch-over to electric power, it should be pointed out that most mills in Bombay are already using hydro-electric power and possibly the Hydro-Electric Companies would be able to take over the load of

some of the mills now producing their own power, but such a switch-over would take considerable time as the internal driving arrangements would require to be altered in most cases, and there might be difficulties in obtaining the necessary motors, transformers, etc. This question will be taken up with the Hydro-Electric Companies at an early opportunity. It is, however, necessary to point out that all mills must use considerable quantities of coal or furnace oil for the production of process steam which is required in large quantities by all mills for heating purposes, and for various processes of manufactures, such as sizing, bleaching, dyeing, calendering, printing and finishing. For the purpose of raising process steam, the use of furnace oil is more convenient and more common than the use of coal, but in certain instances mills could, if given sufficient notice, switch over to coal. In others the type of boilers used might rule out the use of anything but furnace oil. Another difficulty in switching over from furnace oil to coal is connected with stacking accommodation. When an inquiry was made on this point about six months ago, it was ascertained that 15 mills have no stacking accommodation whatsoever and it is thought that in the case of these 15 mills reversion to coal would be practically impossible and that if furnace oil supplies were stopped altogether the mills would be compelled to close down within a very short time. This, however, is not the main difficulty. Reversion to coal would mean that something like 280,000 tons of coal per year would have to be brought to Bombay to replace the 140 to 150 thousand tons of furnace oil now used by the mills. Assuming a figure of 24,000 tons per month would be required, it will be appreciated that the question of obtaining sufficient railway transport to convey it from the coalfields of Bengal to Bombay would be a formidable one. During the last war, when most mills were using coal, it was carried to Bombay in special rakes. Transport of 24,000 tons of coal per month is estimated to be equivalent to 40 full rakes, and the Association would like Government to ascertain whether, in the event of mills reverting to the use of coal, adequate supplies by rail could be guaranteed. I have referred to the use of Bengal coal in substitution for furnace oil, but if C.P. coal were used, the amount required would be in excess of the figure above stated and the problem of conveying it to Bombay might be even greater. Even to-day a number of complaints have come to the notice of the Association in which difficulties have been experienced in regard to the transport of coal and piecegoods to their destinations, and unless the transport problem could be satisfactorily dealt with, the working of mills might be very seriously interfered with if furnace oil supplies were seriously restricted or stopped altogether. At the same time, the Association will endeavour to do what it can to persuade mills to lay in or increase reserve stocks of coal to provide against an emergency. The possibilities of increasing tankage accommodation for furnace oil on mill premises will also be investigated since it is thought that by laying in reserves of coal or furnace oil difficulties during an emergency might be reduced to some extent. The results of the Association's further investigations on the matters dealt with in this note will be communicated to Government in due course, but in the meantime, the Association would like to have some assurance that, in the event of mills having to revert to the use of coal wherever possible, adequate and regular supplies of coal will be made available to mills.

P.S.—If so desired, representatives of the Association would be very pleased to discuss this matter further with representatives of Government.

Copy of letter No. 1099/208, dated 6th March 1941, from the Association to the Secretary to the Government of Bombay, General Department.

LAYING-IN EMERGENCY STOCKS OF COAL.

I am directed to invite your attention to my letter No. 867/208, dated the 19th February 1941, in connection with the above subject. Representatives of the Association are at present negotiating with representatives of Messrs. Burmah-Shell Oil Storage and Distributing Co., of India, Ltd., with a view to secure the permission necessary under the contract to enable mills which are at present using furnace oil to lay by emergency stocks of coal and to utilise such stocks. The Association would, however, greatly appreciate being informed as to whether the assurance requested in the last sentence of my letter of the 19th ultimo would be forthcoming from Government and whether Government have since discussed this matter with the Railway Companies concerned. The point is that, to our knowledge, there is acute

shortage of railway wagons and unless member mills in Bombay have a definite assurance from Government and the Railways, any concession we may obtain from the Oil Companies in the matter of coal stocks would be of no practical utility whatsoever.

Copy of letter No. 4448/33-G, dated 15th April 1941, from the Secretary to the Government of Bombay, General Department to the Association.

USE OF FURNACE OIL IN MILLS.

With reference to your letter No. 1099/208, dated the 6th March 1941, on the subject mentioned above, I am directed to inform you that the Government of India would do their best to ensure the supply of coal, but can give no stronger assurance than this. There would unquestionably be difficulty in moving 24,000 tons of coal per mensem to Bombay, especially during the busy season. In the event of the emergency arising, in which case presumably shipping would be even more difficult than at present, the coal would have to be obtained from the collieries nearest to Bombay, and as much of the supply as possible would have to be removed during the slack season. The Government of India, therefore, attach importance to the suggestion contained in the letter from your Association dated the 19th February 1941 that some mills might be prepared to lay in or increase reserve stocks of coal. Given adequate stacking space and a gradual increase in reserves, the transport position might be considerably eased. However, in the emergency contemplated, it might be impossible to allow a high priority for the coal required for the textile industry in Bombay.

Copy of letter No. 2507/208, dated 6th June 1941, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

On the 3rd of February 1941, the Chairman of the Association received a confidential letter from the Government of Bombay in which it was suggested that textile mills in Bombay now using furnace oil could at reasonable notice change over to the use of coal or hydro-electric power. The letter went on to say that, in the event of the import of furnace oils into India being stopped or restricted by a war emergency special to India, or affecting the Empire as a whole, it would be necessary in the first instance to reserve the stocks of furnace oil needed for defence purposes and to conserve the balance for use in essential industries, and the Association was requested to arrange that, in case of need, the use of coal or hydro-electric power should be substituted for the use of furnace oil.

Replying to the Government of Bombay on the 19th of February 1941, we pointed out the reasons why a wholesale change over from furnace oil to coal was not a feasible proposition, and why a change-over to hydro-electric power was out of the question. At the same time, we had already and have since been doing what we could to get mills to build up reserve stocks of both coal and furnace oil. One enormous difficulty in regard to coal is that of transport, and another is that of stacking space on mill premises. As far as we could make out, an entire switch-over to coal by Bombay mills would necessitate the transport of an additional 24,000 tons of coal per month to the city, and this being the case, we asked Government to ascertain whether, in the event of mills turning over to coal, adequate supplies by rail could be guaranteed. The question was extremely pertinent since it was known that railway freight difficulties already existed.

After a reference to the Government of India, the Provincial Government replied to us on the 15th of April 1941, stating that the Government of India would do their best to ensure the supply of coal, but could give no stronger assurance than this. The letter went on to say that there would unquestionably be difficulty in moving 24,000 tons of coal per mensem to Bombay, especially during the busy season, and that, in the event of an emergency arising, transport would be even more difficult than at present, which would mean that the coal would have to be obtained from the collieries nearest to Bombay, and as much of the supply as possible would have to be removed during the slack season. The Government of India, therefore, attached importance to the suggestion which we had made in February

that some mills might be prepared to lay in or increase their reserve stocks of coal. Given adequate stacking space and a gradual increase in reserves, the transport position might be considerably eased. The letter closed with the observation that it might be impossible to allow a high priority for the coal required for the textile industry in Bombay.

This matter was down for discussion with the Hon'ble the Commerce Member during his visit to Bombay in April. Unfortunately, owing to a family bereavement, Sir Ramaswami Mudaliar could not meet the Association in April, and his place was taken by Mr. T. S. Pillay, Deputy Secretary to the Government of India, Department of Commerce. Some correspondence took place with Mr. Pillay, following the meeting in which I pointed out that the Association was not very reassured by the communication which it had received from the Government of Bombay. I indicated that there was no real definite promise to make adequate wagon space available in the event of an emergency nor was any sort of assurance given in regard to priority although a large section of the industry in Bombay was engaged in the manufacture of vital war supplies. I closed with the suggestion that perhaps the Government of India themselves might consider it desirable to build up special reserve stocks of coal in Bombay in order to ease the situation both for industry and for shipping, and requested Mr. Pillay to discuss the matter with the Hon'ble the Commerce Member and obtain his reactions to the suggestion.

A few days ago Mr. Pillay wrote to me saying that he would put the matter before the Hon'ble The Commerce Member, but indicated that the subject was being dealt with by the Supply Department, and that steps might be taken to interest the Hon'ble the Supply Member in the matter. That is essentially the reason for this communication which sets out briefly the whole position in regard to fuel supplies in Bombay, and the Association would be glad to know :—

- (1) Whether Government would be prepared to consider the advisability of building up reserve stocks of coal in Bombay, which could be drawn on by the mill industry in the case of an emergency ; and
- (2) Whether more adequate assurances could be given regarding the transport facilities for coal in the event of an emergency occurring in which supplies of furnace oil became unavailable or were restricted.

Copy of letter No. Dy. 36/WB. dated 10th June 1941, from the Secretary to the Government of India, Department of Supply, Simla, to the Association.

I am directed to acknowledge the receipt of your letter No. 2507/208, of 1941, dated the 6th June, 1941, regarding the use of coal instead of furnace oil in cotton mills in the event of an emergency, and to say that a final reply will be sent shortly.

Copy of letter No. P. R. 22(6)/41, dated 2nd September 1941, from the Deputy Secretary to the Government of India, Department of Commerce, Simla, to the Association.

SUBSTITUTION OF COAL FOR FURNACE OIL IN THE COTTON MILLS IN BOMBAY IN THE EVENT OF AN EMERGENCY.

I am directed to refer to your letter No. 2507/208, dated the 6th June 1941, addressed to the Secretary to the Government of India, Supply Department, on the above subject.

2. In reply, I am to say that your suggestion to Government for building up adequate reserves of coal in Bombay, which could be drawn upon by the cotton textiles industry in the event of an emergency, has been carefully considered by the Government of India, and is found to be impracticable. The only places considered suitable for the purpose are the railway premises. These premises are situated near the residential areas and handling and stacking of coal in large quantities therein, is calculated to affect the sanitation of the localities and will be objected to by the Municipality. Moreover, the existing railway

facilities in respect of storage accommodation are already strained to capacity and it is not possible for the railways to spare enough space for stacking up coal to the extent required.

3. As regards the question of adequate means of transport for coal, I am to say that the Government of India cannot guarantee any higher priority for coal in the event of emergency as it is not possible to foresee all the circumstances that might arise at that time. Nevertheless, I am to assure your Association that the Government will do their level best, and so far as can be foreseen at present, there will be no difficulty in delivering the required quantity of 24,000 tons per month, provided coal is ordered by the mills from coalfields nearest to Bombay, i.e., the Pench Valley and Singareni in the Nizam's State.

Copy of letter No. 4431/208, dated 4th October 1941, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

SUBSTITUTION OF COAL FOR FURNACE OIL IN THE COTTON MILLS IN BOMBAY IN THE EVENT OF AN EMERGENCY.

I am directed to acknowledge the receipt of your letter No. P. R. 22(6)/41, dated the 2nd September, 1941, on the above subject.

In our letter No. 2507/208, dated the 6th June, 1941, addressed to the Secretary to the Government of India, Department of Supply, New Delhi, the Association enquired :—

- (1) Whether Government would be prepared to consider the advisability of building up reserve stocks of coal in Bombay, which could be drawn on by the mill industry in case of an emergency ; and
- (2) Whether more adequate assurances could be given regarding the transport facilities for coal in the event of an emergency occurring in which supplies of furnace oil became unavailable or were restricted.

As regards the first suggestion made by the Association, Government would appear to consider the proposition as impracticable.

In regard to the question of adequate means of transport for coal, Government are unable to guarantee any higher priority for coal in the event of an emergency as it is not possible to foresee all the circumstances that might arise at that time. Nevertheless, Government are prepared to do their level best, and state that, so far as can be foreseen at present, there would be no difficulty in delivering the required quantity of 24,000 tons per month, provided coal is ordered by the mills from coalfields nearest to Bombay, i.e., the Pench Valley and Singareni in the Nizam's State. While my Committee are grateful for the assurance conveyed in regard to the transport problem, they feel they ought to point out that it does not go far enough. It is understood that coal from the Pench Valley coalfields and the Singareni collieries in H. E. H. the Nizam's Dominions is inferior to Bengal coal. Bombay mills ordinarily use Bengal coal, and in these circumstances, I am to request that Government may be pleased to extend the assurance regarding transport facilities to all coal, irrespective of the sources from which it is drawn.

Copy of letter No. P. R. 22(10)/41, dated 20th November 1941, from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

SUBSTITUTION OF COAL FOR FURNACE OIL IN THE COTTON MILLS IN BOMBAY.

With reference to your letter No. 4431/208, dated the 4th October, 1941, on the subject noted above, I am directed to say that the Government of India have very carefully considered the matter but regret that they are unable to add anything to what they have said in their letter of the 2nd September, 1941. They hope that your Association will realise that the utmost economy in rail transport is essential and will therefore endeavour to impress upon the mills concerned the necessity of using coal obtainable from the nearest coalfield, e.g., Nizam's State or the Central Provinces, in case a transfer to coal becomes imperative,

Copy of letter No. 45/MR/5, D/O., dated 19th February 1941, from Burmah-Shell, Oil Storage and Distributing Co. of India, Ltd., to the Association.

With reference to our meeting on the 10th instant at which both your Sub-Committee and our representatives were agreed that in the present emergency it is in the interest of all concerned that the bulk storage tankage for furnace oil at mills should be increased, we have pleasure in giving below a note which we trust will assist millowners.

As you know, petroleum products when stored in large quantities are supervised by the Chief Inspector of Explosives. Storage arrangements must comply with the rules issued by the Government of India and must be passed as suitable by the Chief Inspector of Explosives or by his staff.

It is not possible for us to define definitely at present what is and what is not permissible since the ordinary rules have been modified by the Fire Protection Order issued on 8th June, 1940, under which the Inspector of Explosives is given powers to use his discretion, and we understand that each case would be considered on its merits.

There are two methods of storing :—

- (a) In tanks above ground.
- (b) In tanks below ground.

In regard to tanks above ground, we understand that the Inspector of Explosives, Bombay, is prepared to sanction generally the erection of tanks of up to 5,000 gallons capacity constructed of iron or steel and enclosed in an earthen bank or wall or sunk in a pit so constructed and maintained as to be able to contain without leakage the whole of the oil liable to be stored at any time in the tank. A distance of not less than 10 feet shall be kept clear between the enclosure wall or banks and any "protected works." The term "protected works" means any buildings where persons dwell or assemble or any public road or other place which the Chief Inspector has by a written order declared to be a "protected work."

Whether or not tankage of a larger capacity will be permitted depends on the circumstances, and each case must be submitted to the Inspector of Explosives, Bombay. We estimate that the erected cost of a 5,000-gallon tank would be about Rs. 2,300, while a 10,000 gallon tank would be about Rs. 3,000.

In regard to tanks below ground, the Chief Inspector of Explosives has permitted the use of cement concrete tanks for furnace oil in addition to iron and steel. No safety distances are necessary but the space above the tank must be kept entirely clear and the top of the tank must be covered with earth or sand. No limits have been placed on the capacity.

We ourselves have had no direct experience of cement concrete tanks, but we understand that a number of mills have been using this type in Bombay for some years with satisfactory results.

The Concrete Association of India have been kind enough to give us the following information regarding the construction of tankage suitable for furnace oil.

Tank's Capacity.	Cubical Contents.	Size.		Approximate Cost.
		Dia.	Height.	
500 tons	c. ft. 20,000	36'	20'	Rs. 14,000
200 "	8,000	28'	13'	5,600
125 "	5,000	25'	10'-3"	3,500
100 "	4,000	22'-6"	10'-0"	2,900
75 "	3,000	20'	10'-0"	2,250
50 "	2,000	17'-6"	8'-6"	1,600
25 "	1,000	14'-0"	6'-6"	900

The tank should be properly designed and reinforced. The concrete for the tank should be of 1 : 2 : 3½ proportion and plastered with 1" of 1 : 2½ mortar with admixture of oilproof SIKKA or any other such approved material. The surface should be finally treated with three coats of silicate of soda solution.

The Concrete Association of India have asked us to mention that the prices are only approximate and may vary with the design submitted and also with the prices of materials at the time of construction.

It will be seen from our remarks that in general the construction of underground tanks is the more practical proposition at the present time, while in this connection we would mention that above ground tanks have the added disadvantage that it is not easy now to obtain the necessary iron or steel plates.

We would suggest that the possibility of using or adapting existing facilities should first be examined. Tanks now unused or used for other purposes might be converted for use for furnace oil storage. Concrete pits which could be roofed over might be available. Disused cooling tanks might be utilised. Possibilities might be referred to the Inspector of Explosives for his opinion and we, of course, would be very pleased to send a representative to advise on any proposal.

If it is finally decided that no existing facility can be used or adapted then we suggest the construction of underground cement concrete tanks. Plans should be forwarded to the Inspector of Explosives for approval before construction is commenced.

In conclusion we would add that we shall be very pleased to be of assistance both to the Association and to individual mills.

The address of the Inspector of Explosives is as under :—

The Inspector of Explosives, West Circle, Industrial Assurance Building, Opposite Churchgate Station, Bombay.

Copy of circular No. 1116/208, dated 7th March 1941, from the Association to all member mills.

The General Purposes Sub-Committee of the Association recently had under consideration the advisability and desirability of creating on mill premises, as far as possible, reserve stocks of coal and/or furnace oil in order to ensure the running of the mills in the event of any special emergency which might have the effect of stopping or restricting furnace oil supplies. This subject was first discussed about nine months ago, and on that occasion, permission was obtained from the Burmah-Shell Oil Storage and Distributing Co., of India, Ltd., to lay in small reserve stocks of coal for the purpose of meeting any temporary shortage. No emergency arose in 1940, and all that happened was that mills were asked to use their discretion in regard to stacking small reserve supplies of coal. A number of mills are understood to have laid in additional stocks equivalent to one month's consumption and the Burmah-Shell later on agreed that these emergency stocks might be used up to prevent deterioration through stacking even though furnace oil supplies had not run short. It should, however, be remembered that the emergency stocks which could be used were limited to one month's consumption per year.

Some weeks ago, the Government of Bombay asked the Association whether, in the event of an emergency arising which limited or cut off supplies of furnace oil, mills could revert to the use of coal or hydro-electric power. The Association pointed out to Government the difficulties which would have to be overcome, mentioning incidentally that, even where coal may be reverted to, it might be difficult to obtain adequate railway transport. The possibility of adequate railway freight being made available during any emergency of a serious character is still the subject of correspondence. The General Purposes Sub-Committee have, however, given serious consideration to the advisability of increasing furnace oil tankage on

mill premises and are inclined to think that it might be prudent for mills to take steps in this direction, and it is, therefore, suggested that mills might give this particular matter their serious consideration. For the general information of mills and for such action as they consider it necessary, I am enclosing copy of a letter recently received from the Burmah-Shell Oil Storage and Distributing Co., of India, Ltd. Before taking any action in regard to increasing the furnace oil tankage, it is also suggested that mills might consult the Burmah-Shell who have agreed to advise mills regarding the type and size of tank to be constructed, the materials to be used and in the matter of obtaining the necessary licence from the Inspector of Explosives.

The question of granting additional latitude in regard to reserve stocks of coal in mills now using furnace oil is still under consideration with the Oil Company, and I shall be writing to mills again in this matter as soon as a satisfactory arrangement has been arrived at. Meanwhile the arrangement referred to in paragraph (1) of this letter still holds good.

P.S.—In order that the Association may keep in touch with the general position in regard to furnace oil tankage, member mills are requested to keep the Association informed of any decisions reached as a result of conversations and correspondence with the Oil Company.

Copy of circular No. 1699/208, dated 18th April 1941, from the Association to all member mills in the City and Island of Bombay.

Will member mills kindly refer to previous correspondence on this subject ending with my letter No. 1116/208, dated the 7th March, 1941? The question had arisen as to whether the recent Furnace Oil Storage Fire Protection Order would create any difficulties for mills which contemplated increasing their furnace oil tankage on the mill premises. Mr. Richmond of the Burmah-Shell now informs me that he has been corresponding unofficially with the Chief Inspector of Explosives with regard to the Petroleum Premises Fire Protection Order and the extra storage for furnace oil which certain of the mills in Bombay propose to lay down. The Chief Inspector of Explosives has now informed Mr. Richmond unofficially that he considers the accumulation of reserve stocks by the mills to be very desirable and that he would do what he could to assist. The Chief Inspector pointed out that underground storage such as the mills now contemplate for reserve stocks, is excluded under the Fire Protection Order under clause I(2). Mr. Richmond has reminded the Chief Inspector of Explosives that in many cases the new underground storage contemplated by mills will be in addition to other and usually smaller storage of furnace oil above ground, and the Chief Inspector has informed Mr. Richmond in reply that, provided such above ground storage is protected by a compound wall or earth bund, and that a supply of sandbags is available to stop temporarily breaches in the compound wall, plans for tankage will be passed by his representative in Bombay.

The above undertaking has apparently been given on the understanding that the oil stored is "heavy petroleum." Plans for all tankage above 5,000 gallons have to be placed before the local Assistant Inspector of Explosives, but it is understood that the Chief Inspector is now communicating his views on the subject to his representative here and mills will find that the Department concerned will co-operate fully in regard to any suitable plans put forward for additional storage in the future.

Copy of letter No. 2050/208, dated 6th May 1941, from the Association to Messrs. Burmah Shell Oil Storage and Distributing Co. of India, Ltd., Bombay.

EMERGENCY STOCKING OF COAL.

I should be glad if you would kindly refer to the correspondence (official and unofficial) which has taken place on the above subject. At a meeting early in February when the new

contract terms were being discussed, a letter which had been received by the Association from the Secretary to the Government of Bombay, General Department, dated the 3rd of February 1941, and the Association's reply to it were also discussed. Following the meeting, a copy of Government's letter and our answer were sent to Mr. Richmond. On the 22nd February 1941, I again wrote to Mr. Richmond outlining the existing arrangement in regard to the utilisation of mills' reserve stocks of coal. I indicated that the position had recently changed and that Government apparently desired that mills should be prepared for any emergency, and in this view of the case, and also taking into consideration the fact that Railways were experiencing an acute shortage of coal wagons, a month's reserve stocks of coal might be inadequate. It was suggested that Mr. Richmond might turn over the matter in his mind and let me know at the next joint meeting to what extent the Burmah-Shell would be prepared to accommodate mills, since it was obvious that permission to keep larger stocks would mean very little unless permission was also given to use such stocks to prevent deterioration during storage.

My note on the joint meeting which took place on the 6th of March 1941, of which a copy was forwarded to you, states :—

“ The present arrangement regarding coal stocks is that one month's reserve can be used in 12 months, but that in view of the recent correspondences with Government regarding the arrangement which might be made to deal with any emergency, we suggested that greater latitude might be given to mills. Mr. Richmond indicated that they are still in communication with London on the subject, and all he could say was that he thought that greater latitude might be allowed.”

I should be glad to know whether you have heard anything further from London in this matter, and whether any further facilities in regard to the utilisation of reserve stocks of coal can be granted. The immediate reason underlying this request is that recent events appear to have increased the possibilities of a shortage of furnace oil for mill use occurring, and thus increase the advisability of mills taking adequate steps, in advance, to meet such a situation. We have, as you know, circularised all member mills on the subject of increased furnace oil tankage, but it does seem desirable, taking everything into consideration, that mills should adopt a dual safeguard and lay in stand-by stocks of coal so that, in the event of furnace oil being unavailable, a large scale cessation of work which would seriously affect the industry's war effort, could be avoided.

The reply from the Government of Bombay in the matter of an adequate supply of wagons in the event of mills having to go over from furnace oil to coal, is not very reassuring but at the same time my Committee feel that greater stand-by stocks of coal would be a very desirable thing and they propose to recommend mills to build up such stand-by stocks as and when possible during the existing “ slack ” season on the Railways. Since it is probable that a number of mills would like to lay in precautionary stocks of coal, possibly in addition to increasing their furnace oil tankage, my Committee think that your Company might give serious consideration to the question of increasing the facilities already accorded in the matter of utilising emergency stand-by stocks of coal.

Copy of letter No. 45/MR/5. D/O, dated the 19/20th May 1941, from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.

With reference to your letter No. 2050/208 of 1941, dated the 6th instant, we are prepared to agree to withdraw the concession and reservations made on page 2 of our letter to you of the 11th December 1940, which read as follows :—

“ *Reserve Stocks of Coal.*—We have agreed that during the period of the war, mills under contract with us to take furnace oil may, if they so desire, carry one month's reserve

stocks of coal. To cover the problem which arises from the fact that coal deteriorates, we are willing to agree to the following :—

(1) In the case of mills who do not also operate coal-fired plant, the one month's stock shall not be consumed more frequently than once in twelve months.

(2) Mills who also operate coal-fired plant would not avail themselves of (1) but would transfer such deteriorating coal from oil-fired to coal-fired plant."

In place of the concession and reservations noted above we are willing to agree to the following :—

(1) For the period 20th May 1941 to 20th November 1941 mills under contract to take furnace oil from us, may take delivery of and store as reserve stocks such quantities of coal as they consider desirable.

(2) It would be understood that no coal would be burnt without previous consultation with us, since unless we are consulted and are aware of mills' proposals for meeting their fuel requirements our whole stock and forward supply position may be disorganised.

(3) In order to cover the problem which might arise from the fact that coal deteriorates after some months of storage, we make the following reservations :—

(a) In the event of any mill desiring to burn any quantity of coal on account of deterioration, then for this purpose they shall not without prior reference to us convert to coal firing more of their plant than would result in their daily consumption of furnace oil being less than one-third of their total consumption by weight of furnace oil and coal combined.

(b) Mills who also operate coal-fired plant would not avail themselves of (a) but would use such deteriorating coal in their existing coal-fired plant.

We have put forward a period of six months during which mills may build up reserve stocks of coal and can only hope that at the end of that period conditions generally will have improved to an extent that will make it unnecessary for special arrangements to be made.

We should be grateful if some indication could be given to us at the end of June and from time to time thereafter of the quantities of coal laid down as reserve stocks.

In conclusion, we assure you that we appreciate fully the difficulties of the present position, and we shall be pleased at any time to discuss the situation with the Association.

Copy of letter No. 2344/208, dated 27th May 1941, from the Association to Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., Bombay.

I am directed to acknowledge receipt of your letter No. 45/MR/5, dated the 20th May 1941, which sets out the new conditions which, your Company propose, should govern the stocking of emergency supplies of coal. It is specified that mills may, between 20th May and 20th November, take delivery of and store as reserve stocks of coal such quantities as they consider desirable, but that no coal should be burnt without previous consultation with your Company.

Conditions are also laid down as to burning of coal to prevent deterioration in the case of mills wholly on furnace oil, and partially on coal and partially on furnace oil.

What is not clear from your letter is whether the conditions relating to the burning of coal will continue to operate after 20th November 1941, and it is suggested that the position after that date might be made clear. The desirability of laying in emergency stocks

of coal during the slack season on the railways is, of course, appreciated. It would, as a matter of fact, be extremely difficult to build up reserve stocks during the remainder of the year owing to wagon shortages, but what appears necessary to clarify is that the burning of coal to prevent deterioration is not confined to the period ending 20th November 1941 and that in the event of original stocks being burned to prevent deterioration either before or subsequent to that date, mills would not be prevented from making good their original coal reserves as long as the war continues, and the possibility of an oil supply emergency exists. As regards the reserves of coal permitted to be carried, it is suggested stocks of coal kept in reserve up to a maximum equivalent to three months' consumption might be permitted, on the basis : 1 ton of furnace oil = 2 tons of coal.

Following a clarification of the foregoing points, the terms of the new arrangement will be communicated to all mills in the city and island, and from the end of June onwards, mills will be asked to specify from time to time the quantity of coal held as an emergency reserve.

Copy of circular No. 2337/208, dated the 27th May 1941, from the Association to all mills in Bombay City and Island.

The arrangement made with the Burmah-Shell Oil Storage and Distributing Co. of India Ltd. in regard to emergency stocks of coal in December 1940 was as under :—

*“ Reserve Stocks of Coal.—*We have agreed that during the period of the war, mills under contract with us to take furnace oil may, if they so desire, carry one month's reserve stocks of coal. To cover the problem which arises from the fact that coal deteriorates, we are willing to agree to the following :—

- (1) In the case of mills who do not also operate coal-fired plant, the one month's stock shall not be consumed more frequently than once in twelve months.
- (2) Mills who also operate coal-fired plant would not avail themselves of (1) but would transfer such deteriorating coal from oil-fired to coal-fired plant.”

Following further correspondence on this subject, the Oil Company informed the Association that they are willing to agree to the following arrangements :—

- “ (1) For the period 20th May 1941 to 20th November 1941 mills under contract to take furnace oil from us, may take delivery of and store as reserve stocks such quantities of coal as they consider desirable.
- (2) It would be understood that no coal would be burnt without previous consultation with us, since unless we are consulted and are aware of mills' proposals for meeting their fuel requirements our whole stock and forward supply position may be disorganised.
- (3) In order to cover the problem which might arise from the fact that coal deteriorates after some months of storage, we make the following reservations :—
 - (a) In the event of any mill desiring to burn any quantity of coal on account of deterioration, then for this purpose they shall not without prior reference to us convert to coal firing more of their plant than would result in their daily consumption of furnace oil being less than one-third of their total consumption by weight of furnace oil and coal combined.
 - (b) Mills who also operate coal-fired plant would not avail themselves of (a) but would use such deteriorating coal in their existing coal-fired plant.”

The Oil Company goes on to state that they have put forward a period of six months during which mills might build up reserve stocks of coal and hope that at the end of that period conditions generally will have improved to an extent which would make it unnecessary for special arrangements to be made. One or two points in the suggested arrangement need clarification, and the Association is under communication with the Oil Company in regard to these, and more especially in regard to the utilisation of reserve stocks of coal after the

20th of November 1941. The results of this further correspondence will be communicated to mills as soon as possible but, in the meantime, it is suggested that mills in a position or desirous of doing so should commence to supplement their reserve stocks of coal. Mills might also be good enough to send in, at the end of each month commencing the month of June, a statement showing (a) the extent of reserve stocks of coal in tons ; and (b) the period during which the mill could be kept running on these reserve stocks if no fuel oil were available.

Copy of letter No. 45/MR/5. D/O, dated 29th May 1941, from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.

We thank you for your letter No. 2344/208 of 1941 dated the 27th May.

In regard to deteriorating coal stocks, we have made a stipulation that such deteriorating coal should be burnt if possible in coal-burning plant under the same management, or if that is not possible then that such deteriorating coal should be burnt at the same time as furnace oil, but we have not made and do not desire to make any reservation regarding the selection of the period or periods during which such deteriorating coal may be burnt.

You also raise the question of the replacement of deteriorating coal stocks which have been burnt. If this coal is burnt during the period up to the 20th November so that space is released and further stocks can be stored, then under paragraph (1) at the foot of page 1 of our letter of 19th/20th instant, mills would be at liberty to make such replacement since under this paragraph they would be able to take delivery of and store as reserve stocks such quantities of coal as they considered desirable between the 20th May and the 20th November.

We do not think it is necessary to ask us to agree now to the delivery of reserve stocks of coal after the 20th November. We feel that it is quite impossible to predict what may be the situation regarding fuel supplies six months from now and that the proposals we have now made solve the immediate problem.

We expect that in, say, three months' time both yourselves and we should be in a better position to judge what the situation is likely to be after the 20th November, and we suggest that a further exchange of views should take place at the beginning of September.

We suggest that the proposals put forward in our letter of the 19th/20th May might be circulated with the following addition to be numbered (3) (c) :—

We do not make any reservation regarding the period or periods selected for burning such deteriorating coal.

Copy of circular No. 2578/208, dated 11th June 1941, from the Association to all mills in the City and Island of Bombay.

Will you kindly refer to my circular letter No. 2337/208, dated the 27th May 1941, in which I outlined the terms of the revised arrangements regarding emergency stocking of coal by mills ? As pointed out in that circular, certain points arising out of the arrangement needed clarification. It was not, for instance, clear whether the concession to burn emergency stocks of coal in order to prevent deterioration was confined to the period ending 20th November 1941 ; nor was it certain whether, in the event of original stocks being burnt to prevent deterioration either before or subsequent to that date, mills would be prevented from making good their original reserves as long as the war continued and the possibility of an oil supply emergency existed.

These points have since been taken up with Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., and it has been ascertained that the Oil Company does not desire to make any reservation regarding the selection of the period or periods during which such deteriorating coal may be burned. As regards the replacement of deteriorating coal stocks which have been burnt, the Oil Company point out that if this coal is burnt during

stored, then mills would be at liberty to make such replacement and store as reserve stocks such quantities of coal as they considered desirable up to the 20th November 1941.

As regards delivery of reserve stocks of coal after the 20th November, the Oil Company feel it is impossible to predict what the future situation might be regarding supplies six months from now, and suggest that the proposals they have already made solve the immediate problem. At the same time, they also suggest that the position might be reviewed again some time in September.

For ready reference, I give below the text of the final arrangement regarding emergency stocking of coal :—

- (1) " For the period 20th May 1941 to 20th November 1941, mills under contract to take furnace oil from us may take delivery of and store as reserve stocks such quantities of coal as they consider desirable.
- (2) It would be understood that no coal would be burnt without previous consultation with us, since unless we are consulted and are aware of mills' proposals for meeting their fuel requirements our whole stock and forward supply position may be disorganized.
- (3) In order to cover the problem which might arise from the fact that coal deteriorates after some months of storage, we make the following reservation :—
 - (a) In the event of any mill desiring to burn any quantity of coal on account of deterioration, then for this purpose they shall not without prior reference to us convert to coal-firing more of their plant than would result in their daily consumption of furnace oil being less than one-third of their total consumption by weight of furnace oil and coal combined.
 - (b) Mills who also operate coal-fired plant would not avail themselves of (a) but would use such deteriorating coal in their existing coal-fired plant.
 - (c) We do not make any reservation regarding the period or periods selected for burning such deteriorating coal."

As suggested in my circular letter of 27th May 1941, individual members of the Association who use furnace oil are particularly requested to furnish the Association at the end of each month, commencing June 1941, a return showing :—

- (1) the extent of reserve stocks of coal in tons held by them ;
- (2) the period during which the mill could be kept running on these reserve stocks if no fresh supplies of furnace oil were available ; and
- (3) the extent of reserve stocks of furnace oil in terms of months' consumption.

APPENDIX 5.

WAR RISKS (GOODS) INSURANCE ORDINANCE.

Copy of letter No. 5942/G/447, dated 28th June 1941, from the East India Cotton Association Limited, to the Secretary, Advisory Committee, War Risks (Goods) Insurance Ordinance, 1940, Bombay.

I have the honour to refer to notification No. 49 T.W. (30)/40, dated 17th May, 1941, in Part I of the *Gazette of India* of that date and to state that I have been instructed by the East India Cotton Association, Ltd., to submit proposals for amendments to the Ordinance for the reasons given below,

2. Cotton consigned to Bombay for sale is consigned in large quantities to commission agents who, subject to a margin, advance against such cotton pending sale. The arrivals of cotton in Bombay during a season are about 25 to 30 lakhs of bales out of which the yearly turnover of the commission agents in Bombay on behalf of their constituents is approximately 15 lakhs of bales. The question is whether these commission agents have an interest such that they can insure the cotton, against which they have advanced, for their interest in the cotton. The Association is advised both by their solicitors and counsel that such commission agents cannot insure unless the legal owner of the cotton is a person who does not carry on business in British India as a seller of goods. Thus such commission agents, obviously desirous of protecting their interest by insurance under the war risk scheme, cannot insure if the cotton is consigned from any person in British India whether such person is or is not a seller of goods. Nor can such a commission agent obtain an assignment of a policy even if the consignor can insure because policies under the scheme cannot be assigned. It follows that if the cotton while in Bombay and while it has been advanced against is lost owing to a war risk then the commission agent loses the value of his security entirely in the case where the consignor is not bound to insure and where the consignor is bound to insure can only hope that the consignor does not part with the insurance proceeds without paying him.

3. This is not only unjust but must adversely affect a trade which has been carried on for generations in Bombay. It is unjust for two reasons. It is unjust to the grower of cotton in that his ability to obtain finance is restricted. It is unjust to the commission agent for a bank in the same position is given the right to insure. There is logically no reason why a bank should have this preference.

4. The other point upon which the Ordinance is defective is that it does not permit insurance by an unpaid seller with a lien. Government have already admitted the weakness of this position by issuing departmental instructions that an unpaid seller having a lien may insure. In these circumstances there can be no objection to an amendment of the Ordinance bringing it into line with the practice approved by Government.

5. It is unnecessary in this letter to give the reasons why the Association has been advised that in order to cover the two contingencies above specified the Ordinance must be amended but for the information of the Committee there is enclosed herewith a *copy of the case submitted by the Association to counsel Mr. Coltman, with a *copy of his opinion subjoined.

6. The amendments the Association suggest are to clause 4 of Section 5 of the Ordinance form in which should be deleted the words "carrying on the business of banking" and to which should be added after the words "mortgage or charge" the words "or lien." The section will then read as follows :—

"(4) A policy of insurance in respect of any goods insurable under this Ordinance under the War Risks (Goods) Insurance Scheme may be issued to a person who is interested in such goods by reason of any pledge or mortgage or charge or lien, as well as to the person in relation to whom the goods are insurable under this Ordinance."

7. I am directed to request that the suggestions made be considered by the Committee and that an opportunity be given to my Board of making a verbal representation to the Committee in amplification of these suggestions, if what is stated herein be found not sufficient to convince Government of the necessity for modification as suggested.

Copy of letter No. 3247/145, dated 29th July 1941, from the Association to the Secretary, Advisory Committee, War Risks (Goods) Insurance Ordinance, 1940, Bombay.

The attention of my Association has been drawn to a representation, No. 5942/G./447 dated the 28th June, 1941, submitted to you by the East India Cotton Association, Ltd. suggesting an amendment of the War Risks (Goods) Insurance Ordinance, 1940, so as to enable commission agents in Bombay to insure cotton consigned to them for sale.

My Committee are generally in agreement with the proposals put forward by the East India Cotton Association, and they trust that it will be possible for Government to accept the suggestion.

Copy of letter No. 13/3, dated 4th August 1941, from the War Risks (Goods) Insurance Ordinance, 1940, Advisory Committee to the Association.

I refer to your letter No. 3347/145, of the 29th ultimo, and am directed to inform you that certain proposals under consideration by Government have been the subject of discussion between the East India Cotton Association and my Committee.

The matter was also discussed at a Conference held here recently between Government representatives and my Committee and it is hoped that early steps will be taken to remove the difficulties of the commission agents.

APPENDIX 6.

CURTAILMENT OF ACREAGE UNDER SHORT-STAPLE COTTON.

Copy of letter No. 7760-A/33, dated 2nd May 1941, from the Secretary to the Government of Bombay, Revenue Department, to the Association.

I am directed to forward a copy of a letter from the Secretary, Indian Central Cotton Committee No. 4208, dated 4th April, 1941, and of its accompaniment, and to request you to favour Government with the views of your Association on the suggestion made by the Indian Central Cotton Committee regarding the possibility of curtailing the area under short-staple cotton.

Copy of letter No. 4208, dated 4th April 1941, from the Secretary, Indian Central Cotton Committee.

CURTAILMENT OF AREA UNDER COTTON.

I have the honour to say that the position of Indian cotton was examined by my Committee in the light of the present unsettled conditions of the world at its meeting held in January last and after a lengthy discussion the attached resolution was passed.

During discussion at the meeting, the view was expressed that while the adoption of the measures suggested in the resolution would help to increase the consumption of Indian cotton in India, a solution for the problem of the disposal of the surplus short-staple cotton resulting from the loss of markets in Europe, would still have to be found. The extent of this loss is estimated at 859,000 bales on the basis of the average annual exports of Indian cotton (mainly Bengals, Oomras, Dholleras and Comillas) during the three seasons ending 31st August, 1939. The surplus of short-staple is not likely to be reduced materially by increased activity in the Indian mill industry, and should the situation in the Far East develop unfavourably, the plight of the grower of short-staple cotton would be considerably aggravated, as, despite reduced takings in recent years, Japan still remains the largest single buyer of such cotton.

In the opinion of my Committee, one way of meeting the situation would be by reducing the area under short-staple cotton. In this connection it may be mentioned that about two years ago, when prices of cotton had fallen considerably, the question of reducing the area under cotton in India was examined by my Committee but it was then agreed, after

consulting Provincial Governments, that curtailment of area was not a feasible proposition owing to the difficulty of suggesting an alternative cash crop to the cultivator. In view of the importance of the matter, however, my Committee feels, that the matter should be re-examined in the light of the existing situation, for it might be found that the difficulties are not so great as had been anticipated.

I am accordingly to suggest, if there is no objection, that the possibility of curtailing the area under short-staple cotton may kindly be re-examined in the light of the present situation, in consultation with the agricultural and commercial interests concerned and the views of the Provincial Government communicated to me in due course for the consideration of my Committee.

Resolution passed by the Indian Central Cotton Committee in January 1941.

"The Indian Central Cotton Committee views with increased concern the low prices of Indian cotton, especially short-staple cotton, mainly as a result of the loss of foreign markets in Europe and unsettled conditions in the Far East, and feels that the economic condition of the Indian cotton grower is in large part precarious and there are strong reasons for believing that it will further deteriorate unless prompt steps are taken to deal with the situation. The Committee accordingly recommends that the Government of India should take such steps, in the interests of the cotton grower, as may be necessary to relieve the situation. The Committee, in this connection, desires to make the following recommendations :—

- (1) The Government of India, in co-operation with manufacturing and trading interests, should take effective measures to expand the consumption of cotton goods, and cotton and woollen mixtures in this country and their export overseas. These should include, *inter alia*.
 - (a) directions to the Department of Supply and the Indian Stores Department that, except in such cases where it is absolutely essential to ask for cloth requiring the use of long-staple imported cotton, specifications for their requirements should be so framed or altered as to encourage the use of Indian cotton ;
 - (b) representations to all Colonial and Empire Governments to ensure that India's cotton goods are admitted to those countries on the same terms and conditions as are accorded to British cotton goods ;
 - (c) the adoption of suitable measures for restricting the import of cotton goods and artificial silk yarn and piecegoods into this country ;
 - (d) the establishment by Government of a central export organisation with suitable arrangements for the inspection of goods before export and the deputation of a trade delegation to other countries for the purpose of carrying out propaganda and exploring the possibilities of introducing Indian cotton manufactures.
- (2) Subject to the exigencies of war demands on shipping, more adequate facilities should be provided for the export of Indian cotton, special preference being given to short-staple cotton.
- (3) Foreign cotton should not be purchased by Government for sale in India.
- (4) Financial assistance should be afforded to mills and the trade by Government for the warehousing or stocking of more than their normal holdings of short-staple cotton.

Should Government so desire it, the Committee will be prepared to appoint a small Sub-Committee to discuss with the representatives of the Government of India any points that may arise in connection with the measures suggested in this resolution."

Copy of letter No. 2375/118, dated 10th June 1941, from the Association to the Secretary to the Government of Bombay, Revenue Department.

I am directed to acknowledge the receipt of your letter No. 7760-A/33, dated the 2nd May, 1941, requesting the Association to express an opinion on a suggestion made by the Indian Central Cotton Committee regarding the possibility of curtailing the area under short-staple cotton.

My Committee are inclined to agree with the suggestion made by the Indian Central Cotton Committee that the possibilities of curtailing the area under short-staple cotton may now be re-examined in consultation with the agricultural and commercial interests concerned, and they trust that, before any steps are taken with this object in view, the Association would be consulted.

APPENDIX 7.

CONSUMPTION OF SHORT-STAPLE COTTON BY INDIAN MILLS.

Copy of letter No. M-385-C.W./41, dated Simla, 8th May 1941, from the Deputy Secretary to the Government of India, to the Association.

I am directed to say that at the Third Meeting of the Export Advisory Council a suggestion was made that the Indian mills should be compelled to consume larger quantities of short-staple cotton and that the Government of India should convene a conference of all interests concerned in order to decide on a course of action to bring this about.

The Government of India would be glad to receive the views of your Association on the above suggestions.

Copy of letter No. 2587/117, dated 11th June 1941, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. M-385-C.W./41, dated the 8th May, 1941, in which you desire the Association to express an opinion on a suggestion made at the Third Meeting of the Export Advisory Council that Indian Mills should be compelled to consume larger quantities of short-staple cotton and that the Government of India should convene a conference of all interests concerned in order to decide on a course of action to bring this about.

My Committee have carefully examined the suggestion. The proposal referred to in your letter is apparently the proposition mooted by Mr. Isardas Varindmal at the last meeting of the Export Advisory Council to the effect that Indian mills should be forced to use at least 20 per cent. short-staple cotton for their requirements as a means of solving the problem of surplus short-staple cotton produced in India. From statistics recently compiled by the Indian Central Cotton Committee, it would appear that the offtake of Indian cotton by Indian mills during the last two or three years has been considerably greater than ever before and that over 45 per cent. of the total receipts of Indian cotton at the Indian mills are accounted for by short-staple cotton of a staple length of under $\frac{7}{8}$ ". Taking the specific growths of Bengals and Oomras, the proportion of the receipts of these two growths of cotton to the total Indian cotton receipts at the mills was found to be 23.6 per cent. in the year ended 31st August, 1940, as against 19.4 per cent. in the previous year, and well above 20 per cent in the previous three years. It will, therefore, be clear that, even now, the proposal made by Mr. Isardas is being more than complied with by the cotton mill industry as a whole. If, however, the suggestion is that every individual concern should be forced to utilise short-

submit that the proposal would be impracticable for the reason that it would make the position of mills laid out for fine counts only, impossible.

If Government decide to convene a conference to discuss the problem of the disposal of short-staple cotton, my Committee would be pleased to depute representatives to participate in the deliberations.

APPENDICES 8A AND 8B.

BY-LAWS OF THE EAST INDIAN COTTON ASSOCIATION—DELIVERY MONTHS OF VARIOUS TYPES OF HEDGE CONTRACTS—FIXATION OF CALL COTTON.

Copy of letter No. 1363/83A, dated 25th March, 1941, from the Association to the Secretary to the Government of Bombay, Finance Department.

The attention of the Committee of my Association has been drawn to Government notification No. 5789-D, dated the 10th March, 1941, wherein certain proposed amendments to the by-laws of the East India Cotton Association had been published for information.

Part A of the proposed amendments—sub-paragraph iii relates to certain amendments in the delivery months for various types of Hedge Contracts. In the case of Fully Good M. G. Bengal Contract, the present delivery months of December/January, March, May and July are proposed to be changed to December ; February ; April and July. In the case of Fully Good M. G. Broach Contract, the present delivery months, which are April/May and July/August, are proposed to be changed to March ; May and August. In the case of Fine M. G. Oomra Contract, the present delivery months, which are December/January, March, May and July, are proposed to be changed to December, February ; April and July. In the case of Good M. G. Southernns Contract, the present delivery months of May/June and August/September are proposed to be changed to May ; June ; August and September.

Part B of Government notification relates to certain new by-laws relating to Call Contracts.

My Committee have carefully considered the above amendments. With regard to the amendments specified in sub-paragraph iii in Part A. they note that the effect of alteration of the by-law would be that double delivery months in the case of certain contracts would be abolished, which by itself is not objectionable, but what my Committee desire to point out is that by permitting tenders in March in the case of Broach and December in the case of Oomra Contract, a situation is likely to arise which would have very grave consequences on *bona fide* cotton trading interests. In the case of Oomras, so far as my Committee are aware, in the past 10 seasons, except perhaps when the crop was unusually early, there had been very few tenders in the month of December, and therefore, if Oomra crop is late for any reason, there is every possibility of the Oomra Contract being speculatively manipulated if delivery was permitted in December. Similarly in the case of Broach, March delivery is, in the opinion of my Committee, too early. The position taken up by my Committee, is borne out by the fact that even in the present season, with delivery April/May, a squeeze has occurred owing to the lateness of the crop and the low proportion of tenderable cotton, and it will be realised that if the position were similar next year and delivery was for March instead of April/May, a squeeze would almost be inevitable.

In these circumstances, my Committee desire that in the case of Broach, the delivery months should be retained as April, June and August and that in the case of Oomra, delivery months may be January, March, May and July.

With regard to the proposed " On Call " Contracts, though my Committee are not entirely in agreement with the proposed arrangements, they are prepared to give a trial to the proposed by-laws on the understanding that, at the end of a year, they would be revised in the light of experience gained in consultation with the interests concerned.

Copy of letter No. 5789-D, dated 4th April 1941, from the Secretary to the Government of Bombay, Finance Department, to the Association.

With reference to your letter No. 1363/83-A, dated the 25th March 1941, I am directed to send herewith a copy of Government notification,* Finance Department, No. 5789, dated the 1st April 1941, sanctioning By-law No. 110, regulating the "On call contracts." The question of replacing the dual delivery months by single delivery months under the several hedge contracts is still under the consideration of Government and it is proposed to obtain the views of the Board of the East India Cotton Association, Limited, on the objections raised by certain commercial associations on the draft amendments dealing with single delivery months. A copy of your letter under reference has accordingly been sent to the East India Cotton Association, Limited.

Copy of letter No. 2920/83-A, dated 3rd July 1941, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to invite a reference to this office letter No. 1363/83-A, dated the 25th March 1941, in which were set out the views of my Association on certain proposals for the amendment of the delivery periods for various types of Hedge Contracts under the By-laws of the East India Cotton Association, and it was suggested that the delivery months in the case of the Broach Hedge Contract should be April, June and August, and in the case of Oomra, January, March, May and July.

The attention of my Committee has since been drawn to a communication addressed to Government by the Cotton Buyers' Association on the 2nd July 1941. The facts set out in this representation fully bear out the apprehensions entertained by my Association and briefly indicated in our letter of 25th March 1941, regarding the probable effect of the changes proposed by the East India Cotton Association in the delivery months for the Broach and Oomra Hedge Contracts.

My Committee, therefore, trust that Government will see their way to withhold sanction to the amendments proposed by the East India Cotton Association in the delivery months for the Broach and Oomra Hedge Contracts.

APPENDIX 9.

UGANDA COTTON.

Copy of letter No. 4856, dated 10th May 1941, from the Indian Central Cotton Committee, to the Association.

I have the honour to say that, for sometime past, samples of Uganda cottons grown by the Agricultural Department, Uganda Protectorate, have been tested at the Committee's Technological Laboratory, Matunga, Bombay. The fibre properties and spinning performance of one of the strains tested, viz., B. P. 52, are shown in the following table :—

Cotton B.P. 52.	1937-38.		1938-39.		1939-40.
	A	B	A	B	
Fibre-length (inch)	1.17	1.16	1.12	1.06	1.09
Fibre-weight (10-6 oz.)	0.104	0.105	0.107	0.126	0.114
Highest Standard Warp Counts	53's	53's	54's	47's	50's
Evenness Class	40's yarns even to fairly even.				
Neps per yard	2.3	1.6	2.2	1.8	1.0

Note.—In 1937-38 and 1938-39, two samples of B.P.52 were supplied; 'A' was grown at Kabasanda, while 'B' was grown at Bukalasa in 1937-38 and Kolungu in 1938-39.

*Not published.

The attached letter has now been received from the Senior Botanist, Agricultural Research Station, Kampala, and I am to request you kindly to favour me with the views of your Association on the points raised in the letter.

An early reply will be greatly appreciated.

Copy of letter No. 56/COTT/6/1/2, dated the 20th March 1941, from the Senior Botanist, Agricultural Research Station, Kawanda, P.O. Box 265, Kampala, Uganda Protectorate, to the Director, Technological Laboratory, Matunga, Bombay.

As you probably know we are contemplating putting the new variety B. P. 52 into general cultivation in Buganda Province. In the 1940-41 season, we planted up approximately 20,000 acres with this variety. In the coming 1941-42 season, we hope to have more than 100,000 acres under B. P. 52. Our attention has recently been drawn to the fact that *carded* yarns of B. P. 52, while being outstandingly strong, are poor in appearance. The opinion has been expressed that this cotton is more suitable for the production of *combed* yarns.

As you are aware, India is our chief market. Is it your opinion that we could dispose of about 100,000 bales per annum of this variety in India? Also are your mills in the position to absorb such an amount if the cotton is only suitable for the production of *combed* yarns? So far I have not received any reports from Indian spinners on the behaviour of B. P. 52, in bulk. Your own reports appear to be favourable to this variety, but it is noticeable that you have made no mention of the possibility of improved performance after combing.

I shall be extremely grateful if you can give your opinions on the points raised.

Copy of letter No. 2579/121, dated 11th June 1941, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 4856, dated the 10th May 1941, in which the Association has been asked to express an opinion in regard to the possibility of about 100,000 bales of the new variety of Uganda Cotton B. P. 52, grown by the Agricultural Department, Uganda Protectorate, being marketed in India per annum, and whether Indian mills would be in a position to absorb such an amount if the cotton was only suitable for the production of *combed* yarn.

As you may be aware, A. R. Kampala cotton imported from East Africa during the last few years has consistently deteriorated in quality. From enquiries made of member mills using East African cotton, it would appear that the staple of the new variety is approximately the same as that of Kampala a few years ago in regard to length and strength. The cotton was stated to be a soft silky variety with a good class staple of about $1\frac{1}{2}$ " and with a loss of 3.5 per cent and 4.00 per cent. respectively in the blow and card rooms. The resultant yarn was found to be soft and fuzzy. The cotton gave a better spinning performance than selected A. R. Kampala, and owing to its extra staple length, the new variety was reported to be capable of giving a good 50s *combed* yarn. The cotton was valued at Rs. 10 over A. R. Kampala.

As regards the specific points raised by the Senior Botanist, Agricultural Research Station, Kawanda, I am to observe that member mills using East African cotton are inclined to the view that B. P. 52, cotton should be produced in bulk in order to replace the deteriorating Kampala cotton, and that there is no possibility of this new variety finding a market in India as a speciality cotton for spinning *combed* yarn.

APPENDIX 10.

RAILWAY FREIGHT RATES ON COTTON PIECEGOODS AND YARN.

Copy of letter No. 1025/82, dated 3rd March 1941, from the Association to the Secretary, Railway Board, New Delhi.

I am directed to refer to the speech of the Honourable the Railway Member in introducing the Railway Budget proposals for 1941-42, and to say my Committee are greatly disappointed that, in view of the unexpectedly large surplus realised by the railways on the current year's working, the Government of India have not seen fit to remove the surcharge on freights imposed a year ago, which constitutes a distinct handicap to the transport of goods from one part of the country to another.

It will be recalled that the increases in freights and fares announced in the last budget were sanctioned by the Legislature on the basis of an under-estimate of revenue to the extent of over Rs. 6 crores. The results of the year's working have falsified the revenue expectations of Government and thereby removed the justification for the surcharge, and the least that Government might reasonably have been expected to have done, in fairness to the general public and the users of railway transport, was to do away with the surcharge, more especially since the increased charges themselves are stated to have yielded over Rs. 1½ crores in excess of Government's requirements.

The ultimate effects of the surcharges on freight in the case of piecegoods and yarn cannot at present be estimated because of the temporary improvement in export demand—arising from the difficulties of obtaining supplies from British, Continental and Japanese sources in the abnormal situation created by the war,—which has to some extent offset the disadvantages which Bombay mills have suffered, and will continue to suffer, in competition with other centres of the industry. It is, however, a fact that, in a number of cloths required in very large quantities for army purposes, Bombay mills have been unable to compete owing to the heavy incidence of railway freight. The Association is of the opinion that unless freight rates are reduced, especially for long lead traffic, which it is so very vital for the railways to foster, the railways will eventually be faced with a loss of all long lead traffic owing to the closure of mills situated in port towns like Bombay on account of their inability to compete against mills more favourably located with respect to supplies of cotton and consuming markets, and possibly a loss of short lead traffic owing to more severe competition from motor transport.

My Committee are, further, opposed to the retention of the increased freights, as they were to their original imposition a year ago, at a time when the railway budgets disclose such large and growing surpluses; and in view of the abnormal surplus forecast for the current year, they feel that the least Government could have done was to remove the surcharge which experience has proved to have been unjustified, and thereby do away with this handicap to Indian industry and agriculture. Any further adjustments of these increases on the lines indicated by the Honourable Member would be still further unwarranted. In any event, my Committee would like to be assured that the surcharge on freights and fares would be removed at the earliest opportunity, and would not in any circumstances be continued longer than the duration of the present war.

Closely allied to the question of freight rates is the problem of the maintenance of an adequate supply of wagons for the carriage of goods. Complaints of complete stoppages of bookings from certain up-country stations have recently been reported to the Association. My Committee have observed the improvements which have been effected in this direction during the past year by the special Transport Advisory Officer. At the same time, in view of the persistence of the complaints from up-country mills, they would urge that immediate steps should be taken by Government to ensure that a fair proportion of wagons is released from one part of the country to another in order that mills

may be spared the loss and inconvenience caused by the continued accumulation of stocks of finished goods for want of adequate transport facilities. The urgency of this matter will be apparent when it is remembered that a portion, at any rate, of these goods is reported to have been made against Government orders. Any steps that Government may find it possible to take in order to relieve the wagon situation will, therefore, be greatly appreciated.

APPENDIX 11.

BOMBAY TEXTILE LABOUR ENQUIRY COMMITTEE—APPOINTMENT OF STANDARDISATION COMMITTEE.

Copy of letter No. L.O. 4163, dated 1st July 1941, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to inform you that the Government of Bombay have decided to set up a Standardization Committee on the lines recommended by the Bombay Textile Labour Inquiry Committee at page 131 of their Final Report. I am accordingly to request you to nominate three persons to represent your Association on this Committee. In view of the urgency of the matter I am to request that your nominations should reach me on or before the 15th day of July 1941.

Copy of letter No. 2993/186, dated 8th July, 1941, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 4163, dated the 1st of July 1941, in which it was stated that Government had decided to set up a Standardization Committee on the lines recommended by the Bombay Textile Labour Inquiry Committee. The Association was also invited to nominate three persons to serve on this Committee.

Your letter was considered at a special meeting of the Committee of the Association held on the 7th instant. In the first place, my Committee feel that Government's decision to appoint a Standardization Committee is not in accordance with the recommendations made by the Bombay Textile Labour Inquiry Committee in their Report. The attention of Government in this connection is drawn to page 130 of the Report wherein the Inquiry Committee state that the appointment of the Standardization Committee should be made as early as possible *after the scheme of standardization of wages is brought into operation*. From this it would appear that the decision is premature since neither the representatives of employers nor of employees have as yet expressed their views on the Standardization Scheme recommended by the Inquiry Committee. My Committee would also like to draw Government's attention to the fact that certain assurances had been given to the Association as to the procedure which would be followed before Government arrived at a decision upon the Report. These assurances explicitly contemplated the ascertainment of the industry's views on the Report, and particular recommendations in the Report, before decisions were arrived at by the Government of Bombay.

It will be recalled that, towards the end of 1939, the prices of foodstuffs had been increasing rapidly and the industry was faced with a demand for the payment of a dearness allowance to compensate for this rise in the price of the necessaries of life. It was in these circumstances that the Association suggested the publication of a separate report by the Inquiry Committee on the subject of Standardization of Wages in the City and Island of Bombay. In this connection attention is directed to the Association's letter of the 9th of December 1939, set out in Appendix VIII of the Report wherein it is stated :—

“It would be very difficult to deal adequately with the situation until we know what recommendations the Textile Labour Inquiry Committee will make regarding

standard levels of wages for various occupations in normal times. If the war continues, the position may develop rapidly and in these circumstances, the Association would earnestly request that the Inquiry Committee might see their way to make their recommendations in the matter of normal basic wages and submit them to Government in advance of the other portions of their final report, in order that the problems brought about by the existing abnormal conditions can be dealt with equitably and promptly.'

Two days after the letter above referred to was sent, the Inquiry Committee was directed by Government to submit the Scheme of Standardization as soon as possible and in advance of the final Report. It is understood that the Inquiry Committee did submit their Report on Standardization, but their recommendations were not made known to the Association until the full report was published on the 4th of June 1941.

What my Committee wish to make clear is that the Association was not prepared to accept a scheme of standardization which would definitely increase the average wages of the industry substantially in addition to paying a dearness allowance of the magnitude recommended by the Rangnekar Board of Conciliation. The fact that the dearness allowance issue was decided independently of the Standardization Scheme has gravely complicated the position, and the further continued rise in the working-class cost of living index number for Bombay has made it even more difficult to deal with the standardization of wages in the city and island of Bombay, when one takes into consideration that other centres of the industry against which Bombay mills have to compete are not apparently being asked to increase their average wages in the name of standardization and are not faced with the immediate prospect of having to pay an increased dearness allowance owing to the fact that the cost of living index numbers in those centres have decreased rather than increased during the last few months. The attention of Government was recently drawn to this aspect of the question in a letter to the Chief Secretary to the Government of Bombay, Political and Services Department, No. 2898/195, dated 1st July 1941, a copy of which was endorsed to you on the same day.

My Committee have not yet examined the Standardization Scheme set out in the report in detail, but even a superficial examination shows it to be unacceptable and impracticable in many respects. Another cogent reason for deferring the introduction of a Standardization Scheme is that the classes of goods at present being manufactured by many mills in Bombay are, as a result of the war requirements, very different from normal, and conclusions regarding the suitability of any standardization scheme in these circumstances would, therefore, be very misleading.

For these reasons, my Committee are reluctantly compelled to protest strongly against Government's decision to appoint a Standardization Committee, and consider that no useful purpose would be served by nominating three representatives to serve upon it.

Copy of letter No. 3951/34-E, dated 14th January 1942, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to invite attention to Government letter No. 3951/34-E, dated the 23rd August 1941*, requesting your Association to favour Government at an early date, with its views on the recommendations in List I forwarded with Mr. Collin's letter No. 3951/34-E, dated the 8th August 1941. The views of the Association are still awaited.

One of the recommendations in the List refers to Standardization of Wages, *vide* Recommendation No. 113, in the Report of the Committee. Government has decided to accept this recommendation and set up a Standardization Committee as early as possible. The Commissioner of Labour, Bombay, was accordingly asked to request your Association and certain Textile Labour Unions to suggest the names of three representatives to work on that Committee. In your letter to the Commissioner of Labour, Bombay, No. 2993/186, dated the 8th July, 1941, your Association has intimated its decision not to send representa-

*Not published.

tives to work on the Committee. The Textile Labour Unions who were approached in this connection have, however, now given the names of their representatives. In the circumstances, I am to request that you will be so good as to move the Millowners' Association to reconsider its previous decision and to suggest the names of three representatives to work on the Committee.

Copy of letter No. 644/186, dated 12th February 1942, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 3951/34-E, dated the 14th January 1942, in which you request my Committee to appoint representatives to serve on the Standardization Committee which Government propose to set up as suggested by the Bombay Textile Labour Inquiry Committee. Your letter has been carefully considered by my Committee. The attitude of the Association on the question of the appointment of the Standardization Committee has already been made clear to Government on former occasions, and in this connection, attention is invited to Mr. Maloney's letter No. 2993/186, dated the 8th July 1941, addressed to the Commissioner of Labour, Bombay, and to the interview which the Chairman had with His Excellency the Governor on 10th July 1941, and again on the 4th August 1941. Briefly stated, the Association's inability to appoint representatives to serve on the Standardization Committee which Government propose to set up is due to the following reasons :

(a) The appointment of such a Committee is not in accordance with the recommendations of the Textile Labour Inquiry Committee which stated that the Standardization Committee should be appointed only after the scheme of Standardization of Wages has been brought into operation. This scheme has not yet been brought into operation.

(b) Not less than 20 per cent. of individual mill's capacity has already been placed at the disposal of Government ; in certain cases this percentage has already been exceeded, and it is very likely that increased demands will be placed upon others also. The types of goods which mills are being called upon to manufacture against Government's war requirements have absolutely no relation to those which are ordinarily turned out by them in normal times, and as Government's demands on the industry increase, conditions would tend to become so abnormal that any conclusions regarding the suitability of the Standardization Scheme would serve no useful purpose.

(c) Since the Inquiry Committee's Standardization Scheme was framed, there has been an increase in wages by the addition of dear food allowance and a war bonus.

My Committee have always been anxious to be as helpful to Government as possible in such matters, but they feel they ought to point out that the Standardization Committee, if appointed at this juncture, is not only likely to produce no useful results, but might be a source of unnecessary friction between the management and the workers, which must be avoided at present if the industry's war efforts were to be maintained.

APPENDIX 12.

BOMBAY INDUSTRIAL DISPUTES ACT 1938—AMENDMENT—PROVISION FOR COMPULSORY ARBITRATION.

BOMBAY ACT No. X OF 1941.

*An Act to amend the Bombay Industrial Disputes Act, 1938.
Published in Bombay Government Gazette, Part IV, dated 29th May 1941.*

Whereas it is expedient to amend the Bombay Industrial Disputes Act, 1938, for the purpose hereinafter appearing ;

And whereas the Governor of Bombay has assumed to himself under the Proclamation dated the 4th November 1939 issued by him under Section 93 of the Government of India Act, 1935, all powers vested by or under the said Act in the Provincial Legislature ;

Now, therefore, in exercise of the said powers, the Governor of Bombay is pleased to make the following Act :—

1. This Act may be called the Bombay Industrial Disputes (Amendment) Act, 1941.
2. After Section 49 of the Bombay Industrial Disputes Act, 1938, hereinafter called the said Act, the following new section shall be inserted, namely :—

“ 49A. Notwithstanding anything hereinbefore contained, the Provincial Government may, at any time, refer any industrial dispute to the arbitration of the Industrial Court, if it is satisfied that—

- (1) a serious outbreak of disorder or a breach of the public peace is likely to occur, or
- (2) serious or prolonged hardship to a large section of the community is likely to be caused by reason of the continuance of the industrial dispute ; or
- (3) the industry concerned is likely to be seriously affected and the prospects and scope for employment curtailed as a result of the continuance of the industrial dispute.”

3. To clause (6) of section 53 of the said Act, the word, figures and letter “ or 49A ” shall be added.

4. In sub-section (1) of section 62 of the said Act—

- (1) in clause (f) the word “ or ” at the end shall be deleted ; and
- (2) after clause (f) the following new clause shall be inserted, namely :—

“ (ff) in cases where an industrial dispute has been referred to the arbitration of the Industrial Court under section 49A, before or until the date on which the arbitration proceedings are completed, or the date on which the award of the Industrial Court comes into operation, whichever is later ; or ”.

5. In sub-section (1) of section 63 of the said Act—

- (1) in clause (e) the word “ or ” at the end shall be deleted ; and
- (2) after clause (e), the following new clause shall be inserted, namely :—

“ (ee) in cases where an industrial dispute has been referred to the arbitration of the Industrial Court under section 49A, before or until the date on which the arbitration proceedings are completed or the date on which the award of the Industrial Court comes into operation, whichever is later ; or ”.

Copy of letter No. 2667/78, dated 18th June 1941, from the Association to the Adviser to His Excellency the Governor, Political and Services Department, including Labour, Bombay.

I am directed by the Committee of the Millowners' Association, Bombay, to refer to the amendment of the Bombay Industrial Disputes Act (1938) effected by Bombay Act No. X of 1941, which was published in Part IV of the *Bombay Government Gazette*, dated

the 29th May 1941. This amendment of the Bombay Industrial Disputes Act introduces the principle of compulsory arbitration into an Act passed only very recently by the Bombay Legislative Assembly after a prolonged debate in which practically every clause of the Bill was bitterly contested by certain sections of the Assembly. At no stage during the debate on the original Bill was it suggested, either by the representatives of employers or the representatives of labour, that the scope of the measure be extended to include the principle of compulsory arbitration, and my Association respectfully submit that Government might well have consulted the parties mainly concerned before the amending legislation incorporating this principle was framed.

As far as we are aware, except as an emergency measure during a time of war, the principle of compulsory arbitration has never been applied even in a country as industrially advanced as the United Kingdom for the reason that it is strongly opposed by employers and employees' organisations alike. The main objections of the Association to the introduction of the principle of compulsory arbitration in the Bombay Industrial Disputes Act are :—

(a) Compulsory arbitration is a reversal of the policy of settlement by agreement.

(b) No judicial or quasi-judicial system can work with general assent unless it administers a set of known and established rules based upon generally accepted principles. No such principles can be defined in respect of trade disputes.

(c) It would be impossible in practice to enforce an unacceptable award upon labour.

(d) Compulsory arbitration might tend to lessen the desire of the parties to come to a settlement by agreement; the knowledge that if a dispute goes on long enough it will be referred to a Court with compulsory powers, would almost certainly tend to make a recalcitrant party put forward extreme claims, and avoid a friendly settlement in the hope of getting larger concessions from an arbitrator. In general, the use of compulsory arbitration would weaken the sense of responsibility of employers and employees, thus retarding the practice of settlement by discussion and agreement.

(e) The penalties which may be imposed for participating in or instigating illegal strikes are not of such a character as to prevent their occurrence after arbitration has taken place, whereas the penalties laid down in the case of illegal lockouts are deterrent. In any case, such penalties would be practically inoperative so far as labour was concerned.

My Committee appreciated the anxiety of Government to remove the possibility of dislocation of the war effort of Indian industries owing to cessations of work during the period of the war, and the desirability of taking effective steps to achieve this end. My Committee brought this matter to the notice of the Director-General of Supply, following a representative all-India conference held recently in Bombay, but it was suggested to Brigadier Wood that, if action was taken, it should be taken under the Defence of India Act; that it should be of an all-India character; that the special measures might include some speedy and effective procedure for adjudicating finally on matters in dispute; that special protection against cessation of work should be limited to factories actively engaged in the production of war supplies; that the right to strike and lockout should only be taken away for the period of the war; and that after the war, the pre-war legislative position should be re-established. My Committee would also like to draw attention to the fact that the Government of India have under contemplation an amendment of the Trade Disputes Act (1926), and that, at the special conference which the Honourable Member for Labour with the Government of India had with the representatives of employers' organisations in Calcutta in January this year, the Honourable Member indicated that it was the intention of the Central Government to lay down a "norm" or model in respect of various measures of labour legislation, and that the Provinces might be expected to follow this "norm" as far as possible. The Labour Member further indicated that in those Provinces where section 93 of the Government of India Act was in force, it was possible for the Central Government to ask them not to go further than the "norm" laid down by the proposed Central Act.

My Committee has thought it necessary to acquaint Government with their views regarding the effects of the new legislation, and they would press for an assurance that the Act will be withdrawn if it fails to prevent dislocation of production owing to wanton and unnecessary strikes at a time when all endeavours should be devoted to the development of a nation-wide war effort.

Copy of letter No. 4599/34-E, dated 22nd July 1941, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

BOMBAY INDUSTRIAL DISPUTES ACT, 1938—COMPULSORY ARBITRATION.

With reference to your letter No. 2667/78, dated the 18th June 1941, on the above subject, addressed to the Adviser to His Excellency the Governor in-charge, the Political and Services Department, I am directed to state that the new section 49 (A) of the Bombay Industrial Disputes Act, 1938, does not make arbitration compulsory in the sense in which conciliation, for instance, is compulsory under the Act. It only secures power to the Provincial Government to refer an industrial dispute to arbitration in certain exceptional circumstances. Compulsory arbitration is not intended to supplant conciliation. From recent experience of industrial disputes over the question of dearness allowance in this Province, it seems abundantly clear that power to refer to the arbitration of the Industrial Court, a dispute which has reached the state of a deadlock, is necessary not only in war-time but in peace-time as well. In countries like South Africa and Australia, the State has for many years exercised this power in trade disputes which ultimately affect the community as a whole.

2. In the opinion of Government arbitration entrusted to a judicial body like the Industrial Court will be less arbitrary than that of a public man or an *ad hoc* tribunal and will help to build up "industrial norms." It must also be admitted that the penalties prescribed by the Bombay Industrial Disputes Act against illegal strikes have acted as a strong deterrent. The new section 49 (A) only covers the industries to which the Bombay Industrial Disputes Act applies and, as pointed out by you, the question of similar legislation regarding other industries is under the consideration of the Government of India.

3. In the circumstances, the Association will appreciate that it is not possible to give an assurance of the kind referred to in paragraph 4 of your letter.

Copy of letter No. L.O. 7779, dated 18th July 1941, from the Commissioner of Labour, Bombay, to the Association.

As you are aware the Bombay Industrial Disputes Act, 1938, has now been in operation in this Province for nearly two years. During this period several difficulties have been experienced in the actual administration of the Act and with a view to remove them Government have now prepared a Draft Bill to amend certain sections of the Act. It is proposed to hold a Conference of the representatives of Employers and Labour Constituencies in the Bombay Legislative Council and the Bombay Legislative Assembly some time about the middle of August 1941 for discussing the proposed amendments.

2. I am forwarding to you herewith two copies of the Draft Amending Bill* for information. The representative of your Association in the Bombay Legislative Assembly has already been separately addressed in the matter. If you desire to express your views on any of the proposed amendments, I would request you to kindly instruct your representative in the Legislative Assembly in the matter.

*Not published.

Copy of letter No. L.O. 12810, dated 11th/12th August 1941, from the Commissioner of Labour, Bombay, to the Association.

In continuation of this office letter No. L.O. 7779, dated 18th July 1941, I have the honour to state that it has now been decided to hold the informal conference of the representatives of Employers and Labour Constituencies in the Bombay Legislative Council and the Bombay Legislative Assembly in Bombay on 27th August 1941. Mr. C. H. Bristow, C.I.E., I.C.S., Adviser to His Excellency the Governor of Bombay, will preside over the Conference.

2. As it has been found that some difficulty has been experienced in studying the amendments, a comparative statement showing the text of the original sections which are proposed to be amended side by side with the sections as they will read if the suggested amendments are adopted has been prepared and I am enclosing herewith two copies of the same for your information.

THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

As proposed to be amended by Bombay Industrial Disputes Draft Bill, 1941.

NOTES.

Sections of the Act as they stand are given on the left. Portions proposed to be amended are put into brackets.

Sections of the Act as they will stand on the basis of the proposed amendments are given on the right. Suggested alterations are printed in italics.

Original section.

....

3(4) "Award" means any interim or final determination in an arbitration proceeding of any industrial dispute or of any question relating thereto (and includes any award made by the Industrial Court under clause (5) or (6) of section 53).

3(5) "Board" means (the) Board of Conciliation appointed under section 23.

3(6) "Change" means a change in (any) industrial matter.

3(8) "Conciliation proceeding" means any proceeding held by a Conciliator or (the) Board under this Act.

3(11) (d) where an industry is conducted or carried on by or on behalf of a local authority, the Chief Executive Officer of such authority; (or)

3(11) (e) where the owner of any (industry) in the course of or for the purpose of conducting such (industry) contracts with any other person for the execution by or under the contractor of the whole or any part of any work which is ordinarily part of the said (industry), the owner of such (industry).

....

3(13) "Industrial dispute" means any dispute or difference between an employer and employee or between employers and employees (or between employees and employees and which is connected with any industrial matter).

Section as proposed to be amended.

3(1A) (New addition).—*Agreement means an Agreement registered under section 30 or 33.*

3(4) "Award" means any interim or final determination in an arbitration proceeding of any industrial dispute or of any question relating thereto.

3(5) "Board" means a Board of Conciliation appointed under Section 23.

3(6) "Change" means a change in *an industrial matter and includes a failure to carry out the terms of any agreement, settlement or award or of any decision or order of the Industrial Court and an alteration of any standing order settled under section 26.*

3(8) "Conciliation proceeding" means any proceeding held by a Conciliator or a Board under this Act.

3(11) (d) where an industry is conducted or carried on by or on behalf of a local authority, the Chief Executive Officer of such authority.

3(11) (e) where the owner of any *undertaking* in the course of or for the purpose of conducting such *undertaking* contracts with any other person for the execution by or under the contractor of the whole or any part of any work which is ordinarily part of the said *undertaking*, the owner of such *undertaking*; or

3(11) (f) (New addition).—*the successors, heirs or assignees of an employer in respect of any undertaking.*

3(13) "Industrial dispute" means any dispute or difference *connected with any industrial matter* between an employer and employee or between employers and employees.

Original section.

3(14) "Industrial matter" means any matter relating to work, pay, wages, reward, hours, privileges, rights or duties of employers or employees, or the mode, terms and conditions of employment (or non-employment) and includes—

3(14) (a) all matters pertaining to the relationship between employers and employees (or to the dismissal or non-employment of any person);

3(14) (b) all matters as to the demarcation of functions of any employees or classes of employees;

3(14) (c) all matters pertaining to any right or claim under or in respect of or concerning an agreement, submission or award made under this Act; (and)

3(14) (d) (all questions of what is fair and right in relation to any industrial matter having regard to the interest of the person immediately concerned and of the community as a whole.)

3(16) (c) any branch or section of industry (recognised by the Registrar for the purposes of this Act) or a group of industries.

3(20) "Member" means a person who is an ordinary member of a union and who (has been paying) a subscription of not less than (one) anna per month (and the term "membership" shall be construed accordingly).

3(24) ("Qualified union" means any union declared to be a qualified union under section 11.)

3(25) ("Recognised union" means a union which has been recognised in the prescribed manner by an employer or by an association of the employers in any industry.)

3(26) ("Registered agreement" means an agreement registered under section 30 or 33.)

3(27) ("Registered union" means a union registered under this Act.)

3(29) "Representative of employees" means—

(i) where the majority of employees directly affected by a change are members of a registered union, such registered union; or

(ii) where some of the employees directly affected by the change (belong to) a representative union, that representative union; or

(iii) (in other cases) such representatives not being more than five as may be elected in the manner prescribed by employees directly affected by the change from among themselves; or

(iv) (in cases where representatives are not elected under clause (iii), and) in all other cases not falling under (any) of (these) clauses the Labour Officer.

3(30) "Representative union" means a (registered) union (declared to be) a representative union under section (12).

Section as proposed to be amended.

3(14) "Industrial matter" means any matter relating to work, pay, wages, reward, hours, privileges, rights or duties of employers or employees, or the mode, terms and conditions of employment and includes.

3(14) (a) all matters pertaining to the relationship between employers and employees;

3(14) (b) all matters as to the demarcation of functions of any employees or classes of employees; and

3(14) (c) all matters pertaining to any right or claim under or in respect of or concerning an agreement, *settlement*, submission or award made under this Act.

(Deleted.)

3(16) (c) any branch or section of industry or a group of industries.

3(20) "Member" means a person who is an ordinary member of a union and who *pays* a subscription of not less than *an* anna per month.

Provided that for the purposes of sections 7, 8, 9, 10, 13 and 15 the term 'member' shall include only those persons who have paid the subscription for a period of not less than six consecutive months and who have not been, at any time, in arrears of subscription for a period exceeding three months, and the term 'membership' shall be construed accordingly.

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3(29) "Representative of employees" means—

(i) where some of the employees directly affected by the change *are members of* a representative union, that representative union; or

(ii) *where there is no representative union and the change affects the employees of one undertaking*, such representatives, not being more than five, as may be elected in the manner prescribed by employees directly affected by the change from among themselves; or

(iii) in all other cases, not falling under *either of the above sub-clauses*, the Labour Officer.

provided that for the purposes of sections 29 and 77, the term 'representative of employees' shall mean the person or persons elected in the manner prescribed in that behalf.

3(30) "Representative union" means a union *registered as a representative union under section 7.*

Original section.

3(34) "Union" means a Trade Union (other than a union formed for the purpose of regulating the relations between employers and employees) registered under the Indian Trade Unions Act, 1926.

6. It shall be the duty of the Registrar to maintain a register of (registered and) representative unions in such (forms) as may be prescribed.

7. Any (recognised) union, which has for the whole of the period of six months next preceding the date of the application under this section a membership of not less than (five per cent., or any other union which has for the said period a membership of) twenty-five per cent. of the total number of employees employed in any industry or occupation, as the case may be, in (the) local area may apply in the prescribed form to the Registrar for registration (under this Act).

8. (Provisos)—

(b) where two or more industrial or two or more occupational unions fulfilling the conditions necessary for registration specified in section 7 apply for registration, the union which has the largest membership of the employees employed in the industry or occupation, as the case may be, shall alone be registered ;

(c) (if an industrial union has been registered in any local area no occupational union in respect of the same industry in such local area shall be registered unless such union has more than twenty-five per cent. of the total number of employees employed in that occupation in such local area ;)

(d) (the Registrar shall not register a union as an industrial or an occupational union, as the case may be, if there is a qualified union in existence in respect of the same industry or occupation and if the union applying for registration has not for the whole of the period of six months next preceding the date of application, a membership exceeding that of such qualified union ; and)

(e) the Registrar shall not register any union, if he is satisfied that the application for registration is not made *bona fide* in the interests of employees but is made in the interests of the employer.

9. The Registrar shall cancel the registration of a union—

(i) if, on an application made to him by any employer or any union concerned with the industry or occupation in which the members of the union, the registration of which is sought to be cancelled, are employed (and after holding such enquiry as he deems fit), he is satisfied—

(b) that at the date of the (application made under this section) the union failed to satisfy the condition regarding the minimum membership necessary for registration specified in section 7 ;

(c) (that its recognition by the employer had been withdrawn ;

Provided that the registration of such union shall not be cancelled on this ground if its membership is more than twenty-five per cent. of the total number of employees employed in the industry or occupation, as the case may be) ;

(d) (that in the case of an occupational union in any industry in any local area, an industrial union in respect of such industry is registered in such local area ;

Section as proposed to be amended.

3(34) "Union" means a Trade Union of employees which is registered under the Indian Trade Unions Act, 1926.

6. It shall be the duty of the Registrar to maintain a register of representative unions in such form as may be prescribed.

7. Any union, which has for the whole of the period of six months next preceding the date of the application under this section a membership of not less than 25 per cent. of the total number of employees employed in any industry or occupation, as the case may be in any local area may apply in the prescribed form to the Registrar for registration as a representative union for such local area and for such industry or occupation as the case may be.

8. (Provisos)—

(b) where two or more industrial or two or more occupational unions fulfilling the conditions necessary for registration specified in section 7 apply for registration, the union which has the largest membership of the employees employed in the industry or occupation, as the case may be, shall alone be registered ; and

(Deleted.)

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(c) the Registrar shall not register any union, if he is satisfied that the application for registration is not made *bona fide* in the interests of employees but is made in the interests of the employer.

9. The Registrar shall cancel the registration of a union—

(i) if, after holding such enquiry as he deems fit, either on his own initiative or on an application made to him by any employer or any union concerned with the industry or occupation in which the members of the union, the registration of which is sought to be cancelled, are employed, he is satisfied—

(b) that at the date of the commencement of the enquiry held by the Registrar on his own initiative or at the date of the application made to him as the case may be the union failed to satisfy the condition regarding the minimum membership necessary for registration specified in section 7 ; or

(Deleted.)

(Deleted.)

Original section.

Provided that the registration of such occupational union shall not be cancelled if its membership is more than twenty-five per cent. of the total number of employees employed in the occupation in such local area ; or)

9. (1) (e) that the union is not being conducted *bona fide* in the interests of employees but is being conducted in the interests of the employer ; or

10(1) If at any time any union (hereinafter referred to in this section as "applicant union") applies to the Registrar stating that it has a larger membership of employees employed in any industry or occupation in any local area than the one already registered (hereinafter referred to in this section as a "registered union") for such industry or occupation, as the case may be, for that local area, and that the registration of the registered union should be cancelled or that it should be registered in place of the registered union, the Registrar shall call upon the registered union by a notice in writing to show cause within one month of the receipt of such notice why its registration should not be cancelled or why the applicant union should not be registered in its place. An application made under this sub-section shall be accompanied by such fee as may be prescribed.

11. (1) (The Registrar shall maintain a list of qualified unions in such form as may be prescribed.)

(2) (If in any local area there is no registered union in respect of any industry or occupation, a union which has for a period of six months next preceding the application a membership of not less than five per cent. of the total number of employees employed in the industry or occupation, as the case may be, may on application and on payment of the fee prescribed be declared by the Registrar as a qualified union.)

(3) (The Registrar shall cancel the declaration of any such union as a qualified union as soon as any union in respect of the industry or occupation, as the case may be, is registered under section 8.)

11. (4) (The Registrar shall also cancel the declaration of a union as a qualified union—)

(i) (if, on an application made to him by an employer or any union concerned with the industry or occupation in which the members of the union, the declaration of which as a qualified union is sought to be cancelled, are employed and after making such enquiry as he thinks fit, he is satisfied—)

(a) (that such union had not at the time when it was declared a qualified union fulfilled the necessary conditions for its being so declared or that such declaration was made under a mistake, misrepresentation or fraud,)

(b) (that at the date of the application made under this sub-section the membership of such union fell below five per cent. of the employees employed in the industry or occupation, as the case may be, in the local area ;)

(ii) (if the Industrial Court directs that the declaration of such union as a qualified union shall be cancelled.)

12. (1) (Any registered union in a local area, which has for the whole of the period of six months next preceding the date of application under this section a membership of not less than twenty-five per cent. of the total number of employees employed in the industry or occupation, as the case may be, in such local area, may apply to the Registrar for being declared a representative union.)

Section as proposed to be amended.

9. (1) (c) that the union is not being conducted *bona fide* in the interests of employees but is being conducted in the interests of the employer ; or

10 (1) If at any time any union (hereinafter referred to in this section as "applicant union") applies to the Registrar stating that it has a larger membership of employees employed in any industry or occupation in any local area than the one already registered as a *representative union* (hereinafter referred to in this section as a "registered union") for such industry or occupation, as the case may be, for that local area, and that the registration of the registered union should be cancelled or that it should be registered in place of the registered union, the Registrar shall call upon the registered union by a notice in writing to show cause within one month of the receipt of such notice why its registration should not be cancelled or why the applicant union should not be registered in its place. An application made under this sub-section shall be accompanied by such fee as may be prescribed.

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(Deleted.)

Original section.

(2) (If the Registrar is satisfied, on making such enquiry as he thinks fit, that the union fulfils the conditions specified in sub-section (1) he shall declare such union to be a representative union, and shall issue a certificate in such form as may be prescribed.)

(3) (The Registrar shall cancel the declaration of a union as a representative union—)

(i) (if, on application made to him by an employer or any union concerned with the industry or occupation in which the members of the union, the declaration of which as a representative union is sought to be cancelled, are employed and after making such enquiry as he thinks fit, he is satisfied—)

(a) (that such union had not at the time when it was declared a representative union fulfilled the necessary conditions for its being so declared or that such declaration was made under a mistake, misrepresentation or fraud ;

(b) that at the date of the application made under this sub-section the membership of such union fell below twenty-five per cent. of the employees employed in the industry or occupation as the case may be, in the local area ;)

(c) (that the registration of such union has been cancelled ;)

(ii) (if the Industrial Court directs that the declaration of such union as a representative union shall be cancelled.)

13. (1) Any union the registration of which has been cancelled by the Registrar or by the Industrial Court on the ground that it was registered under a mistake, or on (any of) the (grounds) specified in clause (b) (or (c)) of (sub-section (i) of section 9 (or any union the declaration of which as a qualified union or as a representative union has been cancelled on the ground that such declaration was made under a mistake, or under clause (i) (b) of sub-section (4) of section 11 or under clause (i) (b) of sub-section (3) of section 12, as the case may be,) may at any time, after six months from the date of such cancellation apply again for registration (or declaration as the case may be). Such application shall be disposed of in the manner laid down in section 8 (11 or 12, as the case may be).

13. (2) A union the registration of which (or a union the declaration of which as a qualified union or as a representative union) has been cancelled on any other ground shall not be entitled to apply again for registration (or declaration).

14. Notwithstanding anything contained in any law, the cancellation of registration of (a registered union or the cancellation of the declaration of a union as a qualified union or as) a representative union shall not relieve the union or any member thereof from any penalty or liability incurred under this Act prior to such cancellation.

15. Every (registered) union (and every qualified union) shall submit to the Registrar periodical returns of its membership at such times, on such dates and in such manner as may be prescribed.

18. (1) Any person entitled to appear before the Registrar may appeal to the Industrial Court against any order passed by the Registrar under this Chapter within 30 days from the date of such order.

20. (2) Every order passed under section 8, 9, 10 (11 or 12) and every order passed in appeal

Section as proposed to be amended.

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13. (1) Any union the registration of which has been cancelled by the Registrar or by the Industrial Court on the ground that it was registered under a mistake, or on the ground specified in sub-clause (b) of clause (i) of section 9 may, at any time, after six months from the date of such cancellation and on payment of such fees as may be prescribed apply again for registration. Such application shall be disposed of in the manner laid down in section 8.

13. (2) A union the registration of which has been cancelled on any other ground shall not be entitled to apply again for registration.

14. Notwithstanding anything contained in any law, the cancellation of registration of a representative union shall not relieve the union or any member thereof from any penalty or liability incurred under this Act prior to such cancellation.

15. Every *representative* union shall submit to the Registrar periodical returns of its membership at such times, on such dates and in such manner as may be prescribed.

18. (1) Any person entitled to appear before the Registrar may appeal to the Industrial Court against any order passed by the Registrar under this Chapter within 30 days from the date of such order.

Provided that the Industrial Court may, for sufficient reason, admit any appeal made after the expiry of such period.

20. (2) Every order passed under section 8, 9 or 10 and every order passed in appeal against

Original section.

21. (2) The Provincial Government may, by notification in the *Official Gazette*, appoint any person to be a Conciliator, for such local area as may be specified in the notification.

23. (1) (When an industrial dispute arises) the Provincial Government may, by notification in the *Official Gazette*, constitute a Board of Conciliation for promoting (a) settlement of (such) dispute.

23. (2) The Board shall consist of a Chairman (and an equal) number of members (selected by the) Provincial Government from panels representing the interests of the employers and employees respectively. Such panels shall be constituted in the manner prescribed. (The Chairman and members of the Board shall be independent persons.)

.....

26. (1) Every employer in respect of any industry (or occupation) to which this section has been made applicable shall within two months from the date of such application submit to the Commissioner of Labour for approval in such manner as may be prescribed standing orders regulating the relations between him and his employees with regard to (all) industrial matters mentioned in Schedule I.

26. (2) On receipt of such standing orders the Commissioner of Labour shall, after making such enquiry (as he deems fit and after consulting all interests concerned in the industry), settle the said standing orders.

26. (3) The Commissioner of Labour shall forward a copy of the standing orders so settled to the Registrar who shall record them in the register to be kept for the purpose. The standing orders so settled and recorded in the register shall come into operation from the date of their record in the register (or after 10 days from the decision of the Commissioner of Labour whichever is later).

26. (4) Any person aggrieved by any of the standing orders so settled and recorded by the (Commissioner of Labour) may within (15) days from the date on which such standing orders come into operation under sub-section (3) appeal to the Industrial Court.

26. (5) On an appeal being filed, the Industrial Court may on the application of any party to such appeal stay the operation of the standing orders (objected to) until the appeal is decided on such conditions as it may think fit.

26. (6) The Industrial Court in appeal may confirm, modify (or rescind any standing order) settled by the Commissioner of Labour under sub-section (2) and may pass such consequential orders as it may deem fit. A copy of the orders passed by the Industrial Court shall be sent to the Registrar who shall record them in the register referred to in sub-section (3).

26. (7) The Industrial Court (may) also fix the date on which (the standing orders as revised or confirmed by it) shall come into operation.

.....

Section as proposed to be amended.

21. (2) The Provincial Government may, by notification in the *Official Gazette*, appoint any person to be a Conciliator, for such local area or such industry in any local area as may be specified in the notification.

23. (1) The Provincial Government may, by notification in the *Official Gazette*, constitute a Board of Conciliation for promoting the settlement of an industrial dispute.

23. (2) The Board shall consist of a Chairman who shall be an independent person and an even number of members who shall be either independent persons or appointed in equal numbers by the Provincial Government from panels representing the interests of the employers and employees respectively. Such panels shall be constituted in the manner prescribed.

25. (5) (New addition).—It shall also be the duty of the Labour Officer to watch the interests of employees with a view to promote harmonious relations between employers and employees and to report the grievances of employees to employers for the purpose of obtaining their redress.

26. (1) Every employer in respect of any industry to which this section has been made applicable shall within two months from the date of such application and every employer in respect of an undertaking pertaining to such industry started after such date shall within 2 months from the date of such starting submit to the Commissioner of Labour for approval in such manner as may be prescribed standing orders regulating the relations between him and his employees with regard to the industrial matters mentioned in Schedule I.

26. (2) On receipt of such standing orders the Commissioner of Labour shall, after making such enquiry and after consulting such interests concerned in the industry as he deems fit, settle the said standing orders.

26. (3) The Commissioner of Labour shall forward a copy of the standing orders so settled to the Registrar who shall within 15 days of their receipt record them in the register to be kept for the purpose. The standing orders so settled and recorded in the register shall come into operation from the date of their record in the register.

26. (4) Any person aggrieved by any of the standing orders so settled by the Commissioner of Labour and recorded by the Registrar may within 30 days from the date on which such standing orders come into operation under sub-section (3) appeal to the Industrial Court.

26. (5) On an appeal being filed, the Industrial Court may on the application of any party to such appeal stay the operation of any or all of the standing orders until the appeal is decided on such conditions as it may think fit.

26. (6) The Industrial Court in appeal may confirm, modify, add to or rescind all or any of the standing orders settled by the Commissioner of Labour under sub-section (2) and may pass such consequential orders as it may deem fit. A copy of the orders passed by the Industrial Court shall be sent to the Registrar who shall record them in the register referred to in sub-section (3).

26. (7) The Industrial Court shall also fix the date on which all or any of the standing orders as settled by it under sub-section (6) shall come into operation.

26. (8) (New addition).—The standing orders settled under sub-section (2) or, if an appeal is made to the Industrial Court, the standing orders settled under sub-section (6) shall not be liable to be altered for a period of six months from the date on which they come into operation.

Original section.

Section as proposed to be amended.

.....

26. (9) (New addition).—Any employer or employee desiring any alteration in any standing order settled under sub-section (2) or (6), as the case may be, shall after the expiry of the period specified in sub-section (8) apply to the Commissioner of Labour. On receipt of such application the Commissioner of Labour may, after making such inquiries and consulting such interests in the industry as he deems fit, pass such order as he deems proper. The Commissioner of Labour shall, if such order effects an alteration in any standing order, forward a copy of the standing order as altered to the Registrar who shall, within 15 days of its receipt, record it in the register referred to in sub-section (3). The standing order as altered shall come into operation from the date of its record in the register.

.....

26. (10) (New addition).—Any person aggrieved by an order passed by the Commissioner of Labour under sub-section (9) may within 30 days from the date of such order appeal to the Industrial Court.

.....

26. (11) (New addition).—On an appeal being filed, the Industrial Court may, on the application of any party to such appeal, stay the operation of the order passed by the Commissioner of Labour under sub-section (9) until the appeal is decided on such conditions as it may think fit.

.....

26. (12) (New addition).—The Industrial Court in appeal may confirm, modify or rescind the order passed by the Commissioner of Labour and may pass such consequential order as it may deem fit. A copy of the order passed by the Industrial Court shall be sent to the Registrar who shall record it in the register referred to in sub-section (3).

.....

26. (13) (New addition).—The Industrial Court shall also fix the date on which the standing order as settled by it under sub-section (12) shall come into operation.

.....

26. (14) (New addition).—Notwithstanding anything contained in sub-sections (4) and (10), the Industrial Court may, for sufficient cause, admit any appeal after the period prescribed for the filing of such appeal has expired.

.....

26. (15) (New addition).—The standing order as settled by the Commissioner of Labour under sub-section (9) or by the Industrial Court under sub-section (12) shall not be liable to be altered for a period of six months from the date on which it comes into operation.

.....

26. (16) (New addition).—Any employer or employee desiring any alteration in any standing order as settled under sub-section (9) or (12), as the case may be, shall, after the expiry of the period specified in sub-section (15), apply to the Commissioner of Labour. The provisions of sub-sections (9) to (15) shall apply in respect of such application.

26. (8) The standing orders settled by the Commissioner of Labour (under sub-section (2)) or by the Industrial Court under (sub-section (6)) shall be determinative of the relations between the employer and his employees in the industry (or occupation) concerned in regard to all industrial matters mentioned in Schedule I (and shall not be liable to be altered for a period of six months from the date on which they come into operation except on a review by the Industrial Court under section 27).

26. (17) The standing orders settled by the Commissioner of Labour or by the Industrial Court under this section shall be determinative of the relations between the employer and his employees in the industry or undertaking concerned in regard to all industrial matters mentioned in Schedule I.

27. (1) (Any person aggrieved by the decision of the Industrial Court under section 26 may apply to the Industrial Court for a review of the said decision.)

(Deleted.)

Original section.

(2) (The Industrial Court shall not grant such application unless it is satisfied that there has been a discovery of new and important matter or evidence which after the exercise of due diligence was not within the knowledge of the party making the application or could not be produced by him at the time when its decision was made, or that there has been some mistake or error apparent on the face of the record or that there is any other sufficient reason for granting such application.)

(3) (The provisions of sub-sections (6), (7) and (8) of section 26 shall apply to the proceedings under this section.)

28. (1) Any employer intending to effect any change (in any standing order settled under section 26 or 27 or) in respect of an industrial matter mentioned in Schedule II shall give notice of such intention in the prescribed form to the representative of the employees. He shall send a copy of such notice to (the Commissioner of Labour), the Chief Conciliator, the Registrar, the Labour Officer and to such other person as may be prescribed. He shall also affix a copy of such notice at a conspicuous place in the premises where the employees affected by the change are employed for work and at such other place as may be directed by the Chief Conciliator in any case.

28. (2) An employee desiring a change (in any such standing order or) in respect of any (other) industrial matter shall give notice in the form prescribed to the employer through the representative of the employees who shall also forward a copy of the notice to (the Commissioner of Labour), the Chief Conciliator, the Registrar, the Labour Officer and to such other person as may be prescribed.

28. (3) After conciliation proceedings in regard to any industrial dispute arising out of a notice relating to any change given under sub-section (1) or (2) have been completed, no notice with regard to the same change shall be given before the expiry of two months from the date of such completion. If, at any time after the expiry of the said period of two months, any employer or employee again desires the same change, he shall give fresh notice in the manner provided in sub-section (1) or (2), as the case may be.

29. (1) Where an employer gives notice of a proposed change under sub-section (1) of section 28 and such change affects only some of the employees engaged in an industry or occupation (the registered or qualified union in respect of such industry or occupation in that local area, as the case may be), may, within seven days from the date of service of such notice, intimate in writing to other employers or an association of employers engaged in such industry or occupation that the employees employed in such industry or occupation by such employers and mentioned in such intimation are affected by such change.

29. (2) Where an employee gives notice of a proposed change under sub-section (2) of section 28 and such change affects only one employer or some of the employers engaged in an industry or occupation, the other employers or an association of employers engaged in such industry or occupation in that local area, as the case may be, may within seven days from the date of service of such notice (intimate in writing to the representative of the employees), engaged in such industry or occupation, that the other employers engaged in such industry or occupation and mentioned in such (intimation) are affected by such change.

Section as proposed to be amended.

(Deleted.)

(Deleted.)

28. (1) Any employer intending to effect any change in respect of an industrial matter mentioned in Schedule II shall give notice of such intention in the prescribed form to the representative of the employees. He shall send a copy of such notice to the Chief Conciliator, *the Conciliator for the local area, or the Conciliator, if any appointed for the industry concerned in such area, as the case may be*, the Registrar, the Labour Officer and to such other person as may be prescribed. He shall also affix a copy of such notice at a conspicuous place in the premises where the employees affected by the change are employed for work and at such other place as may be directed by the Chief Conciliator in any case.

28. (2) An employee desiring a change in respect of any industrial matter *other than an industrial matter in regard to which a standing order has been settled under section 26* shall give notice in the form prescribed to the employer through the representative of the employees who shall also forward a copy of the notice to the Chief Conciliator, *the Conciliator of the local area, or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be*, the Registrar, the Labour Officer and to such other person as may be prescribed.

Provided that no employee who has been lawfully discharged or dismissed shall be entitled to give a notice of any change under this sub-section.

28. (3) After conciliation proceedings in regard to any industrial dispute arising out of a notice relating to any change given under sub-section (1) or (2) have been completed, no notice with regard to the same *or similar* change shall be given before the expiry of two months from the date of such completion. If, at any time after the expiry of the said period of two months, any employer or employee again desires the same *or similar* change, he shall give fresh notice in the manner provided in sub-section (1) or (2), as the case may be.

29. (1) Where an employer gives notice of a proposed change under sub-section (1) of section 28 and such change affects only some of the employees engaged in an industry or occupation, *in a local area, the representative union in that local area in respect of such industry or occupation, as the case may be, or where there is no such representative union, the representatives of employees* may, within seven days from the date of service of such notice, intimate in writing to other employers or an association of employers engaged in such industry or occupation that the employees employed in such industry or occupation by such employers and mentioned in such intimation are affected by such change.

29. (2) Where an employee gives notice of a proposed change under sub-section (2) of section 28 and such change affects only one employer or some of the employers engaged in an industry or occupation, *the other employers or an association of employers engaged in such industry or occupation in that local area, as the case may be*, may within seven days from the date of service of such notice, *give a special notice in writing to the representative union in that local area in respect of such industry or occupation, as the case may be, or where there is no such representative union to the representatives of employees*, engaged in such industry or

Original section.

29. (3) A copy of an intimation under (sub-sections (1) and (2)) shall be sent to the Commissioner of Labour, the Chief Conciliator, the Registrar, the Labour Officer and such other person as may be prescribed (and shall also be affixed at a conspicuous place in the premises where the employees concerned are employed for work and at such other places as may be prescribed).

29. (4) On an intimation being given under sub-section (1) or (2), the other employees or employers as the case may be, mentioned in such intimation, shall also, for the purposes of this Act, be deemed to be affected by such change.

.....

30. (1) If during fifteen days from the date of service of notice under section 28 or within 7 days from the date of intimation given under section 29 to the representative of employees or the employer or the employers, as the case may be, an agreement is arrived at in regard to the proposed change between the employer or the employers and the representative of the employees, a memorandum of such agreement signed by the employer or the employers as well as by the representative of the employees shall be forwarded by them to the (Commissioner of Labour), the Registrar and the Labour Officer.

30. (2) On receipt of such memorandum of agreement the Registrar shall enter the same in a register maintained for the purpose unless on enquiry he is satisfied that the agreement was the result of mistake, misrepresentation, fraud, undue influence, coercion or threat.

30. (3) (The agreement so recorded by the Registrar shall be called a registered agreement.)

32. (If an agreement (is arrived at and) registered under section 30 (the changes referred to in the agreement) shall come into operation from the date stated in the agreement or if no date is stated therein from the date on which it is recorded by the Registrar.

33. The Registrar may, on an application made within 6 months from the date of the coming into force of this section by an employer or a (registered) union, and with the consent of the other party, register any agreement relating to any industrial matter arrived at before the coming into force of this section (unless on enquiries he is satisfied that such agreement was the result of mistake, misrepresentation, fraud, undue influence, coercion or threat.)

34. If any change in respect of which notice is given under section 28, or an intimation is given under section 29 is objected to by the employer or the employee, as the case may be, the party who gave such notice (or intimation) shall, if he still desires that the change should be effected, forward to the Registrar, the Chief Conciliator and the Conciliator of the local area a full statement of the case in the prescribed form within twenty-one days from the date of service of such notice (or intimation) to the other party.

Section as proposed to be amended.

occupation, that the other employers engaged in such industry or occupation and mentioned in such special notice are affected by such changes. The employer or employers shall affix a copy of such special notice at a conspicuous place in the premises where the employees concerned are employed for work.

29. (3) A copy of an intimation under sub-section (1) and a copy of a special notice under sub-section (2) shall be sent to the Commissioner of Labour, the Chief Conciliator, the Conciliator for the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be, the Registrar, the Labour Officer and such other person as may be prescribed.

29. (4) On an intimation being given under sub-section (1) or a special notice being given under sub-section (2), the other employees or employers as the case may be, mentioned in such intimation or special notice, shall also, for the purposes of this Act, be deemed to be affected by such change.

29. (5) (New addition).—The representatives of employees referred to in sub-sections (1) and (2) shall be persons, not exceeding such number and elected in such manner as may be prescribed.

30. (1) If during fifteen days from the date of service of the notice under section 28 or within 7 days from the date of intimation or special notice given under section 29 to the representative of employees or the employer or the employers, as the case may be, or within such further period as may be fixed by mutual agreement between the employer or the employers and the representative of employees an agreement is arrived at in regard to the proposed change between the employer or the employers and the representative of the employees, a memorandum of such agreement signed by the employer or the employers as well as by the representative of the employees shall be forwarded by them to the Chief Conciliator, the Registrar and the Labour Officer.

30. (2) On receipt of such memorandum of agreement the Registrar shall enter the same in a register maintained for the purpose unless on enquiry he is satisfied that the agreement was in contravention of any of the provisions of this Act or was the result of mistake, misrepresentation, fraud, undue influence, coercion or threat.

(Deleted.)

32. An agreement registered under section 30 shall come into operation from the date stated in the agreement or if no date is stated therein from the date on which it is recorded by the Registrar.

33. The Registrar may, on an application made within 6 months from the date of the coming into force of this section by an employer or a representative union, and with the consent of the other party, register any agreement relating to any industrial matter arrived at before the coming into force of this section.

34. If any change in respect of which notice is given under section 28, or an intimation or a special notice is given under section 29 is objected to by the employer or the employee, as the case may be, the party who gave such notice, intimation or special notice shall, if he still desires that the change should be effected, forward to the Registrar, the Chief Conciliator and the Conciliator of the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be, a full statement of the case in the prescribed form

Original section.

Explanation.—For the purpose of this section the change shall be deemed to be objected to by the employer or employee, as the case may be, if within fifteen days from the date of service of such notice (or intimation) a memorandum of agreement has not been forwarded to the Registrar under sub-section (1) of section 30.

35. On receipt of the statement of the case under section 34 the Conciliator shall enter the industrial dispute in the prescribed register and the conciliation proceedings shall be deemed to have commenced from the date of such (receipt).

36. (1) The Conciliator shall (then) hold the conciliation proceedings in the prescribed manner.

36. (2) It shall be the duty of the Conciliator to endeavour to bring about a settlement of the industrial dispute and for this purpose the Conciliator shall enquire into the dispute and all matters affecting the merits thereof and may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of the dispute and may adjourn the conciliation proceeding for any period sufficient in his opinion to allow the parties to arrive at a settlement.

38. (1) If a settlement of an industrial dispute is arrived at in a conciliation proceeding, a memorandum of such settlement shall be drawn up in the prescribed form by the Conciliator and signed by the employer and the representative of employees. The Conciliator shall send (a report of the proceedings along with) a copy of the memorandum of settlement to the Registrar and the Chief Conciliator. The Registrar shall record such settlement in the register of agreements and shall then publish it in such manner as may be prescribed. The (change, if any, agreed to by such) settlement shall come into operation from the date agreed upon in such settlement and where no such date is agreed upon from the date on which it is recorded in the register.

38. (3) The Chief Conciliator shall forward the reports submitted to him under (sub-sections (1) and) (2) to the Provincial Government with such remarks as he deems fit.

38. (4) The Provincial Government shall publish the report of the Conciliator submitted to it under sub-section (2) or forwarded to it under sub-section (3) except in cases in which the dispute is referred to the Board of Conciliation.

39. (1) (During the pendency of any proceedings before the Conciliator under the foregoing provisions) the Provincial Government may, and if both the parties agree either prior to the commencement of (such proceedings) or after the failure of the Conciliator to bring about a settlement shall refer the dispute to a Board of Conciliation.

Section as proposed to be amended.

within twenty-one days from the date of service of such notice, *intimation or special notice* to the other party or *within one week of the expiry of the period fixed by mutual agreement between the parties under sub-section (1) of section 30 for arriving at an agreement.*

Explanation.—For the purpose of this section the change shall be deemed to be objected to by the employer or employee, as the case may be, if within fifteen days from the date of service of such notice, *intimation or special notice or within the period fixed by mutual agreement between the parties under sub-section (1) of section 30 for arriving at an agreement* a memorandum of agreement has not been forwarded to the Registrar under sub-section (1) of section 30.

35. On receipt of the statement of the case under section 34 the Conciliator shall, *within a period of not more than seven days*, enter the industrial dispute in the prescribed register and the conciliation proceedings shall be deemed to have commenced from the date of such *entry*.

(New addition) *Provided that if the Conciliator is satisfied that the conciliation proceedings cannot be held by reason of the provisions of section 46 or that there has been a material irregularity in giving or receiving a notice of the change, he may refuse to enter the industrial dispute in the prescribed register or if he has already entered it, he may strike off such dispute from the register, in which case the conciliation proceedings held, if any, in respect of such dispute shall lapse.*

36. (1) The Conciliator shall hold the conciliation proceedings in the prescribed manner.

36. (2) It shall be the duty of the Conciliator to endeavour to bring about a settlement of the industrial dispute and for this purpose the Conciliator shall enquire into the dispute and all matters affecting the merits thereof and may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of the dispute and may adjourn the conciliation proceeding for any period sufficient in his opinion to allow the parties to arrive at a settlement or for any other reason he deems fit.

38. (1) If a settlement of an industrial dispute is arrived at in a conciliation proceeding, a memorandum of such settlement shall be drawn up in the prescribed form by the Conciliator and signed by the employer and the representative or *representatives* of employees. The Conciliator shall send a copy of the memorandum of settlement to the Registrar and the Chief Conciliator. The Registrar shall record such settlement in the register of agreements and shall then publish it in such manner as may be prescribed. The settlement shall come into operation from the date agreed upon in such settlement and where no such date is agreed upon from the date on which it is recorded in the register.

38. (3) The Chief Conciliator shall forward the reports submitted to him under *sub-section (2)* to the Provincial Government with such remarks as he deems fit.

38. (4) The Provincial Government shall publish the report of the *Chief Conciliator* submitted to it under sub-section (2) or *the report of the Conciliator* forwarded to it under sub-section (3) except in cases in which the dispute is referred to the Board of Conciliation.

39. (1) The Provincial Government may, *at any time* and if both the parties agree either prior to the commencement of *proceedings before the Conciliator* or after the failure of the Conciliator to bring about a settlement shall refer the dispute to a Board of Conciliation.

Original section.

39. (3) On the date specified in the notice or on such other date as may be fixed by the Board, the Board shall hold the conciliation proceedings. It shall be the duty of the Board to endeavour to bring about a settlement of the industrial dispute and the provisions of (sections 35 and) 36 shall, so far as may be, apply to the proceedings before the Board.

40. (3) The proceedings before a Conciliator shall be held *in camera* and the proceedings before (the Board in public).

(Provided that the Board may at any stage direct that any particular witness be examined or its proceeding be held *in camera*.)

40. (4) If a party to an industrial dispute giving any information or producing any document in a conciliation proceeding makes a request in writing to the Conciliator or the Board, as the case may be, that such information or the contents of such document may be treated as confidential, the Conciliator or the Board shall direct that such information or document be treated as confidential:

.....

41. (1) The Provincial Government shall by a general or special order fix a time limit for each stage of the conciliation proceedings provided for under this Chapter:

Provided that the total period of time limit fixed for all stages of the conciliation proceedings shall not exceed two months from the date on which the dispute is entered by the Conciliator in the register under section 35:

42. The conciliation proceedings shall be deemed to have been completed when a settlement arrived at in such proceedings (is registered) or if no settlement is arrived at, when the report of the Conciliator or the Board of Conciliation is published by the Provincial Government or when the time limit fixed for the completion of such proceedings under section 41 has expired.

43. (1) Any employer and a (registered) union may, by a written agreement, agree to submit any present or future industrial dispute or any classes of such disputes to arbitration of any person whether such arbitrator is named in such agreement or not. Such agreement shall be called a submission.

45. The proceedings in arbitration under this Chapter shall be in accordance with the provisions of (Schedule II in the Code of Civil Procedure, 1908), in so far as they are applicable and the powers which are exercisable by a civil court under the said provisions shall be exercisable by the Industrial Court:

46. No conciliation proceedings shall be commenced in respect of any dispute if—

(a) the majority of the employees directly affected by such dispute are members of a registered union which is a party to a submission relating to such dispute, or)

(b) some of the employees directly affected by such dispute are members of a representative union which is a party to (such submission).

47. The arbitrator may refer (any matter in which a decision on) any question of law (is required) to the Industrial Court for its decision. Any award made by the arbitrator shall be in accordance with such decision.

Section as proposed to be amended.

39. (3) On the date specified in the notice or on such other date as may be fixed by the Board, the Board shall hold the conciliation proceedings. It shall be the duty of the Board to endeavour to bring about a settlement of the industrial dispute and the provisions of section 36 shall, so far as may be, apply to the proceedings before the Board.

40. (3) The proceedings before a Conciliator shall be held *in camera* and the proceedings before a Board may be held *in public* or *in camera* as the Board may decide.

40. (4) If a party to an industrial dispute or a witness or any other person giving any information or producing any document in a conciliation proceeding makes a request in writing to the Conciliator or the Board, as the case may be, that such information or the contents of such document may be treated as confidential, the Conciliator or the Board shall direct that such information or document be treated as confidential:

40A. (New addition).—A Conciliator or a Board may refer any question of law arising before him or it in any conciliation proceeding to the Industrial Court for its decision. Any order passed by the Conciliator or the Board in such proceeding shall be in accordance with such decision.

41. (1) The Provincial Government shall by a general or special order fix a time limit for each stage of the conciliation proceedings provided for under this Chapter:

Provided that the total period of time limit fixed for all stages of the conciliation proceedings shall not exceed two months from the date on which the dispute is entered by the Conciliator in the register under section 35 or is referred to a Board under section 39:

42. The conciliation proceedings shall be deemed to have been completed when a memorandum of the settlement arrived at in such proceedings is signed by the parties under sub-section (1) of section 38 or if no settlement is arrived at, when the report of the Conciliator or the Board of Conciliation is published by the Provincial Government or when the time limit fixed for the completion of such proceedings under section 41 has expired.

43. (1) Any employer and a representative union may, by a written agreement, agree to submit any present or future industrial dispute or any classes of such disputes to arbitration of any person whether such arbitrator is named in such agreement or not. Such agreement shall be called a submission.

45. The proceedings in arbitration under this Chapter shall be in accordance with the provisions of the Arbitration Act, 1940, in so far as they are applicable and the powers which are exercisable by a civil court under the said provisions shall be exercisable by the Industrial Court.

46. No conciliation proceedings shall be commenced in respect of any dispute if some of the employees directly affected by such dispute are members of a representative union which is a party to a submission relating to such dispute.

47. The arbitrator may refer any question of law arising before him in any proceedings under this Act, to the Industrial Court for its decision. Any award made by the arbitrator shall be in accordance with such decision.

Original section.

49. Notwithstanding anything contained in this Chapter if no provision has been made in any submission for the appointment of an Arbitrator or where by reason of the act of parties or any circumstances, the appointment of an Arbitrator (or an umpire) is not possible, such dispute shall be referred to the arbitration of the Industrial Court.

50. (1) The arbitrator or the Industrial Court shall (give notice) of the award made by him or it to the parties (and forward a copy of the award to) the Registrar (and the Labour Officer).

50. (2) On receipt of such award, the Registrar shall enter it in (a) register kept for the purpose and shall publish it in the *Official Gazette*.

53. (2) to decide all matters which may be referred to it by the Registrar under section 19 or by an arbitrator under section 47;

53. (4) (to decide all applications for review made to it under section 27;)

53. ((5)) to decide industrial disputes referred to it in accordance with submissions registered under section 43 and which provide for such reference to the Industrial Court;

53. ((6)) to decide industrial disputes referred to it under section 49;

53. ((7)) to decide matters referred to it under section 56;

.....

53. (8) to decide whether a strike or lock-out or a change is illegal under the provisions of this Act; and

54. If in any proceeding, the Industrial Court finds that the registration of any union (or the declaration of any union as a qualified union or) as a representative union was obtained under a mistake, misrepresentation or fraud, or that such union has contravened any of the provisions of this Act, the Industrial Court may direct that the registration of such union (or the declaration of such union as a qualified union or) as a representative union shall be cancelled.

55. The Industrial Court may, on the application of any employer or employee concerned or a representative of the employees concerned or the Labour Officer, decide whether any strike or lock-out or any change made is illegal.

.....

59. The order of the Industrial Court shall be binding on—

60. No order (passed by) the Industrial Court shall be called in question in any civil or criminal court.

62. (1) (a) in cases where it relates to any industrial matter mentioned in Schedule I, before the standing orders relating to such matter and submitted to the Commissioner of Labour under section 26 are settled by him or by the Industrial Court, as the case may be, or (before the expiry of six months from the date on which such standing orders come into operation under section 26);

Section as proposed to be amended.

49. Notwithstanding anything contained in this Chapter if no provision has been made in any submission for the appointment of an Arbitrator or where by reason of the act of parties or any circumstances, the appointment of an Arbitrator is not possible, such dispute shall be referred to the arbitration of the Industrial Court.

50. (1) The arbitrator or the Industrial Court shall forward copies of the award made by him or it to the parties, the Commissioner of Labour and the Registrar.

50. (2) On receipt of such award, the Registrar shall enter it in the register kept for the purpose and shall publish it in the *Official Gazette*.

53. (2) to decide all matters which may be referred to it by the Registrar under section 19 or by a Conciliator or a Board under section 40-A or by an arbitrator under section 47;

(Deleted.)

53. (4) to decide industrial disputes referred to it in accordance with submissions registered under section 43 and which provide for such reference to the Industrial Court;

53. (5) to decide industrial disputes referred to it under section 49;

53. (6) to decide matters referred to it under section 56;

53. (7) (New addition) to decide questions relating to the interpretation of the Act, rules and standing orders referred to it under section 56-A;

53. (8) to decide whether a strike or lock-out or a change is or was illegal under the provisions of this Act; and

54. If in any proceeding, the Industrial Court finds that the registration of any union as a representative union was obtained under a mistake, misrepresentation or fraud, or that such union has contravened any of the provisions of this Act, the Industrial Court may direct that the registration of such union as a representative union shall be cancelled.

55. The Industrial Court may, on the application of any employer or employee concerned or a representative of the employees concerned or the Labour Officer, decide whether any strike or lock-out or any change made is or was illegal.

56-A. (New addition). The Commissioner of Labour, a Labour Officer, a representative union or an employer may refer any question relating to the interpretation of this Act or the rules made under this Act or standing orders relating to any industrial matter to the Industrial Court for its decision.

59. The order, decision or award of the Industrial Court shall be binding on—

60. No order, decision or award of the Industrial Court shall be called in question in any civil or criminal court.

62. (1) (a) in cases where it relates to any industrial matter mentioned in Schedule I, before the standing orders relating to such matter and submitted to the Commissioner of Labour under section 26 are settled by him or by the Industrial Court, as the case may be, or during the period in which the standing orders, relating to such matter as settled by the Commissioner of Labour or the Industrial Court, as the case may be, remain in force;

Original section.

62. (1) (d) in cases where notice of the change is given in accordance with the provisions of section 28 and where no agreement in regard to such change is arrived at, before the statement of the case referred to in section 34 is received by the (Registrar);

62. (1) (e) in cases where (conciliation proceedings in regard to the industrial dispute to which the strike relates have commenced) before the completion of (such) proceedings;

62. (1) (g) in contravention of the terms of (a registered agreement), settlement or award.

63. (1) A lock-out shall be illegal if it is (declared), commenced or continued—

63. (1) (a) in cases where it relates to any industrial matter mentioned in Schedule I, before the standing orders relating to such matter and submitted to the Commissioner of Labour under section 26 are settled by him or by the Industrial Court, as the case may be, or (before the expiry of one year from the date on which such standing orders come into operation under section 26);

63. (1) (c) in cases where notice of the change is given in accordance with the provisions of section 28 and where no agreement in regard to such changes is arrived at, before the statement of the case referred to in section 34 is received by the (Registrar);

63. (1) (d) in cases where (conciliation proceedings in regard to the industrial dispute to which the lock-out relates have commenced), before the completion of (such) proceedings;

63. (1) (f) in contravention of the terms of (a registered agreement), settlement or award.

64. (1) (a) is an officer or member of a (registered union or of a qualified) union or of a union which has applied for being registered (or declared as a qualified) union under this Act; or

64. (1) (b) is entitled to the benefit of (a registered agreement), submission or award; or

64. (1) (g) has gone on or joined a strike which (is not) illegal under the provisions of this Act.

65. Any employer who has (declared) a lock-out which has been held by the Industrial Court to be illegal shall, on conviction, be punishable with fine which may extend to Rs. 2,500 and, in the case of the lock-out being continued after such conviction, with an additional fine which may extend to Rs. 200 for every day during which such lock-out continues after such conviction.

67. If any person instigates or incites others to take part in, or otherwise acts in furtherance of a strike or lock-out which (has been held to be illegal by the Industrial Court whether such strike or lock-out has commenced or not), he shall, on conviction, be punishable with imprisonment of either description for a term which may extend to three months, or with fine or with both.

Explanation.—For the purposes of this section a person who contributes, collects or solicits funds for the purposes of any such strike or lock-out shall be deemed to act in furtherance thereof.

Section as proposed to be amended.

62. (1) (d) in cases where notice of the change is given in accordance with the provisions of section 28 and where no agreement in regard to such change is arrived at, before the statement of the case referred to in section 34 is received by the *Conciliator for the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be;*

62. (1) (e) in cases where *the statement of the case referred to in section 34 is submitted to the Conciliator for the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be,* before the completion of conciliation proceedings;

62. (1) (g) in contravention of the terms of *an agreement, settlement or award.*

63. (1) A lock-out shall be illegal if it is commenced or continued—

63. (1) (a) in cases where it relates to any industrial matter mentioned in Schedule I, before the standing orders relating to such matter and submitted to the Commissioner of Labour under section 26 are settled by him or by the Industrial Court, as the case may be, or *during the period in which the standing orders relating to such matter as settled by the Commissioner of Labour or the Industrial Court, as the case may be, remain in force;*

63. (1) (c) in cases where notice of the change is given in accordance with the provisions of section 28 and where no agreement in regard to such change is arrived at, before the statement of the case referred to in section 34 is received by the *Conciliator for the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be;*

63. (1) (d) in cases where *the statement of the case referred to in section 34 is submitted to the Conciliator for the local area or the Conciliator, if any, appointed for the industry concerned in such area, as the case may be,* before the completion of conciliation proceedings;

63. (1) (f) in contravention of the terms of *an agreement, settlement or award.*

64. (1) (a) is an officer or member of a *representative* union or of a union which has applied for being registered *as a representative* union under this Act; or

64. (1) (b) is entitled to the benefit of *an agreement, settlement, submission or award;* or

64. (1) (g) has gone on or joined a strike which *has not been held by the Industrial Court to be illegal* under the provisions of this Act.

65. Any employer who has *commenced* a lock-out which has been held by the Industrial Court to be illegal shall, on conviction, be punishable with fine which may extend to Rs. 2,500 and, in the case of the lock-out being continued after such conviction, with an additional fine which may extend to Rs. 200 for every day during which such lock-out continues after such conviction.

67. If any person instigates or incites others to take part in, or otherwise acts in furtherance of a strike or lock-out which *the Industrial Court holds, is illegal,* he shall, on conviction, be punishable with imprisonment of either description for a term which may extend to three months, or with fine or with both.

Explanation I.—For the purposes of this section a person who contributes, collects or solicits funds for the purposes of any such strike or lock-out shall be deemed to act in furtherance thereof.

Original section.

68. If a Conciliator (or a member of the Board) or any person present at or concerned in any conciliation proceeding wilfully discloses any information or the contents of any document in contravention of this Act he shall, on a complaint made by the party who gave the information or produced the document in such proceeding and on conviction, be punishable with fine which may extend to Rs. 1,000.

69. (1) Any employer who makes any (illegal change) shall, on conviction, be punishable with fine which may extend to Rs. 5,000 and in the case of a continuing offence with an additional fine which may extend to Rs. 200 per day for every day during which the offence continues after his last conviction for such offence.

69. (2) An employer who acts in contravention of a standing order settled under section 26 shall, on conviction, be punishable with fine which may extend to Rs. 100 and in the case of a continuing contravention of such standing order, with an additional fine which may extend to Rs. 25 per day for every day during which such contravention continues after his last conviction for such contravention.)

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73. (1) No employer shall make any change in any industrial matter (in regard to which a standing order has been settled under section 26 or which is) mentioned in Schedule II before the agreement referred to in sub-section (1) of section 30 is arrived at or where no such agreement is arrived at before the conciliation proceedings are completed or in cases where there is a registered submission (before the arbitration proceedings are completed or in cases where any dispute relating to such industrial matter has been referred to the Industrial Court for its decision before such decision is given).

73. (2) No employer shall make any such change in contravention of the terms of a registered agreement, a settlement or an award.

73. (3) Any change made in contravention of the provisions of sub-section (1) (or (2)) shall be illegal.

74. (2) In any proceeding under this Act, an association of employers shall be entitled to represent any employer who is a member of the association.

Section as proposed to be amended.

Explanation II.—(New addition). A person shall be deemed to have committed an offence under this section if before an illegal strike or lock-out has commenced, he has instigated or incited others to take part in, or otherwise acted in furtherance of such strike or lock-out.

68. If a Conciliator, or a member of a Board or a Labour Officer or any person present at or concerned in any conciliation proceeding wilfully discloses any information or the contents of any document in contravention of this Act he shall, on a complaint made by the party who gave the information or produced the document in such proceeding and on conviction, be punishable with fine which may extend to Rs. 1,000.

69. Any employer who makes any change which has been held by the Industrial Court to be illegal shall, on conviction, be punishable with fine which may extend to Rs. 5,000 and in the case of a continuing offence with an additional fine which may extend to Rs. 200 per day for every day during which the offence continues after his last conviction for such offence.

(Deleted.)

69-A. (New addition). (1) Any employer who acts in contravention of a standing order settled under section 26 shall, on conviction, be punishable with fine which may extend to Rs. 100 and in the case of a continuing contravention of such standing order, with an additional fine which may extend to Rs. 25 per day for every day during which such contravention continues after his last conviction for such contravention.

69-A. (New addition). (2) An employer who acts in contravention of an agreement, settlement or award shall, on conviction, be punishable with fine which may extend to Rs. _____ and in the case of a continuing contravention of such agreement, settlement or award, with an additional fine which may extend to Rs. _____ per day for every day during which such contravention continues after his last conviction for such contravention.

73. (1) (New addition). No employer shall make any change in any standing order settled under section 26 without following the procedure prescribed therefor in this Act.

73. (2) No employer shall make any change in any industrial matter mentioned in Schedule II before the agreement referred to in sub-section (1) of section 30 is arrived at or where no such agreement is arrived at before the conciliation proceedings are completed or in cases where there is a registered submission or in which the dispute has been referred to the arbitration of the Industrial Court, before the date on which the arbitration proceedings are completed or the date on which the award made in such proceedings comes into operation, whichever is later.

73. (3) No employer shall make any such change in contravention of the terms of a registered agreement, a settlement or an award.

73. (4) Any change made in contravention of the provisions of sub-section (1), (2) or (3) shall be illegal.

74. (2) In any proceeding under this Act, an association of employers shall be entitled to represent any employer who is a member of the association or any employer who is not a member of the association, but is connected with the same industry and has given notice in writing in that behalf to the prescribed authority.

Original section.

75. (1) Save with the permission of the authority holding any proceedings under this Act no employee shall be (allowed) to appear (in such proceedings except) through the representative of employees.

75. (2) Notwithstanding anything contained in sub-section (1), if in any conciliation or arbitration proceedings or in any proceedings before the Industrial Court the majority of employees directly concerned in or affected by such proceedings are members of a qualified union, such qualified union shall also be entitled to appear in such proceedings.)

76. (1) (A registered) agreement, a settlement, a submission or an award shall be binding upon all persons who are parties thereto ;

76. Proviso to sub-section (2) : Provided that before giving a direction under this section the Provincial Government may in such cases as it deems fit, make (in the prescribed manner) a reference to the Industrial Court for its opinion.

77. (1) (A registered) agreement, settlement or award shall cease to have effect on the date specified therein or if no such date is specified therein, on the expiry of the period of six months from the date on which notice in writing to terminate such agreement, settlement or award, as the case may be, is given by any of the parties thereto to the other party.

77. (2) Nothing in this section shall prevent the terms of (a registered agreement) being changed or modified by mutual consent of the parties affected thereby.

77. (3) Notwithstanding anything contained in sub-section (1) or (2), if (a registered agreement) provides that it shall remain in force for a period exceeding two years, such agreement may after the expiry of eighteen months from the date of commencement of such agreement be terminated by either party thereto by giving six months' notice.

.....

84. (2) (a) the manner in which an employer or an association of employers may recognise any union under clause (25) of section 3 ;

84. (2) (b) the manner in which the representatives of employees are to be elected under sub-clause (iii) of clause (20) of section 3 ;

84. (2) (c) the (forms) of register of (registered and) representative unions to be maintained under section 6 ;

Section as proposed to be amended.

75. In all proceedings under this Act, an employee shall be entitled to appear either in person or through the representative of employees.

Provided that in proceedings before the Industrial Court, an employee may with the permission of the Court, appear through any other person.

(Deleted.)

76. (1) An agreement, a settlement, a submission or an award shall be binding upon all persons who are parties thereto ;

76. Proviso to sub-section (2) :
Provided that before giving a direction under this section the Provincial Government may in such cases as it deems fit, make a reference to the Industrial Court for its opinion.

77. (1) An agreement, settlement or award shall cease to have effect on the date specified therein or if no such date is specified therein, on the expiry of the period of six months from the date on which notice in writing to terminate such agreement, settlement or award, as the case may be, is given in the prescribed manner by any of the parties thereto to the other party.

77. (2) Nothing in this section shall prevent the terms of an agreement or settlement being changed or modified by mutual consent of the parties affected thereby.

77. (3) Notwithstanding anything contained in sub-section (1) or (2), if an agreement or settlement provides that it shall remain in force for a period exceeding two years, such agreement or settlement may after the expiry of eighteen months from the date of commencement of such agreement or settlement be terminated by either party thereto by giving six months' notice.

77. (5) (New addition). *If any agreement, settlement or award is terminated under sub-section (1) or (3) or if the terms of any agreement or settlement are changed or modified by mutual consent, notice of such termination, change or modification shall be given by the parties concerned to the Registrar and the Labour Officer of the local area. The Registrar shall enter the notice of such termination, change or modification in a Register kept for the purpose.*

Explanation.—For the purposes of this section parties who shall be competent to terminate any agreement, settlement or award or to change or modify the terms of any agreement or settlement and who shall give notice of such termination, change or modification under sub-section (5) shall be the employer who has signed the agreement or settlement or who is a party to the award or the heirs, successors or assignees of such employer in respect of the undertaking concerned and the representative union of the employees affected by the agreement, settlement or award or where there is no such union, the representatives of employees. Such representatives of employees shall be persons not exceeding such number and elected in such manner as may be prescribed.

(Deleted.)

84. (2) (b) the manner in which the representatives of employees are to be elected under sub-clause (ii) of clause (29) of section 3 ;

84. (2) (c) the form of register of representative unions to be maintained under section 6 ;

Original section.

84. (2) (f) the form in which a list of qualified unions is to be maintained under section 11 ;

84. (2) (g) the fee to be paid on applications made under section 8, (10 or 11) ;

84. (2) (h) the form in which a certificate may be granted to a representative union under section 12 ;)

84. (2) (m) the manner in which vacancies in the Board of Conciliation shall be filled up under section 23 ;

84. (2) (p) (the other places at which the copy of the intimation shall be affixed under sub-section (3) of section 29 ;)

.....

.....

.....

Original item of the schedules.

.....

Schedule I. Item 5. Leave (and holidays) : Conditions, procedure and authority to grant.

.....

Schedule II. Item 1. Reduction intended to be of permanent or semi-permanent character in the number of persons employed or to be employed not due to *force majeure*.

Schedule II. (Item 2. Demands for permanent or semi-permanent increase in the number of persons employed or to be employed in any department or departments.)

Schedule II. Item 3. Dismissal of any employee except (in accordance with law or) as provided for in the standing orders framed under section 26 of this Act.

Schedule II. Item 6. Withdrawal (or granting) of recognition to unions of employees.

Schedule II. (Item 8. Introduction of new rules of discipline or alteration of existing rules and their interpretation.)

Schedule II. Item 9. (Wages and total weekly hours of work.)

.....

Section as proposed to be amended.

(Deleted.)

84. (2) (g) the fee to be paid on applications made under section 8, 10 or 13 ;

(Deleted.)

84. (2) (m) the manner in which panels shall be constituted and vacancies in the Board of Conciliation shall be filled up under section 23 ;

84. (2) (p) the number of the representatives of employees to be elected and the manner of their election under sub-section (5) of section 29 ;

84. (2) (y) (New addition) the authority to which notice is to be given under sub-section (2) of section 74 ;

84. (2) (z). (New addition)—the manner of giving notice under sub-section (1) of section 77, and the number of representatives of employees to be elected and the manner of their election under the Explanation to section 77.

(New addition) Notwithstanding anything contained in section 83 of the said Act, the Provincial Government may—

(1) by notification in the Official Gazette apply the provisions of the Bombay Trade Disputes Conciliation Act, 1934, to the textile industry in any area in which the provisions of Chapters II, III, IV, V and VI of the said Act have not been applied to such industry ;

(2) issue a notification in the " Official Gazette " under section 2 of the Bombay Trade Disputes Conciliation Act, 1934, in respect of any other industry, to which the provisions of Chapters II, III, IV, V and VI of the said Act have not been applied, and direct that the provisions of the Bombay Trade Disputes Conciliation Act 1934, shall apply to such industry, in such area and from such date as may be specified in the notification.

Item of the schedules as proposed to be amended.

Schedule I. Item 3A. (New addition.) Closure or reopening of a department or a section of a department or the whole of the factory.

Schedule I. Item 5. Leave : Conditions, procedure and authority to grant.

Schedule I. Item 5A. (New addition.) Holidays

Schedule II. Item 1. Reduction intended to be of permanent or semi-permanent character in the number of persons employed or to be employed in any department or departments or in a shift not due to *force majeure*.

(Deleted.)

Schedule II. Item 3. Dismissal of any employee except as provided for in the standing orders framed under section 26 of this Act.

Schedule II. Item 6. Withdrawal of recognition to unions of employees.

(Deleted.)

Schedule II. Item 9. Wages, that is, wage rates and earnings.

Schedule II. Item 10. (New addition.) Daily or weekly hours of work.

Copy of letter No. 3738/78, dated the 22nd August 1941, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge with thanks the receipt of your letter No. L.O. 7779, dated the 18th July 1941 and No. L.O. 12810, dated the 11/12th August 1941, and enclosures on the above subject, and to state that Sir Sorab Saklatvala, the Association's representative in the Bombay Legislative Assembly, has been fully apprised of the Association's views on the provisions of the Bombay Industrial Disputes Act, 1938, and on the amendments proposed in the Draft Amending Bill.

APPENDIX 13.

WAR BONUS TO BOMBAY MILL WORKERS.

Copy of circular No. 5306/33, dated 3rd December 1941, to all members of the Association with Cotton Mills in the City and Island of Bombay.

I enclose herewith for your information copy of a resolution adopted at an urgent General Meeting of the members of the Association held on Wednesday, the 3rd December, 1941. A copy of the Committee's recommendations referred to in the Resolution is also enclosed herewith.

Notices declaring the grant of war bonus will be available for distribution in the office of the Association at 12 noon (S.T.) to-morrow, Thursday the 4th December 1941, and I shall be glad if you will kindly send a representative to this office to take charge of your supply. *Please note that the notices have to be signed by the Agents before they are put up.*

All the notices should be put up in prominent places in all departments and in the timekeeper's office before 4 p.m. (S.T.), to-morrow, Thursday the 4th December, 1941.

Resolution adopted at an Urgent General Meeting of the members of the Millowners' Association, Bombay, held at 12 noon (S.T.), on Wednesday the 3rd December, 1941.

"Resolved that the Committee's recommendations in connection with the grant of a war bonus to the operatives employed in cotton mills situated in Bombay City and Island, which are members of the Association, be approved and adopted."

Recommendations of the Committee of the Millowners' Association, Bombay, in connection with the grant of a War Bonus to cotton mill operatives in Bombay City and Island.

1. The Committee of the Millowner's Association, Bombay, after careful consideration, recommend :—

- (a) that a war bonus equivalent to two annas in the rupee on their total earnings in the period 1st January 1941, to 31st December 1941, inclusive, be granted to all cotton mill workers who are on the musters of permanent and *badli* workers in member mills in Bombay City and Island on 31st December 1941, and who continue to be on such musters till the date of payment, with the exception of those *badlis* who have worked for less than an aggregate period of 75 days in the said period ;
- (b) that bonus be calculated on earnings exclusive of dearness allowance ;
- (c) that, in the case of women who have been on maternity leave in the period referred to, the actual maternity allowance drawn by them be included in their wage for the purpose of calculating the bonus payable.

2. The Committee also recommend that bonus as laid down in the preceding clauses be calculated and paid to the workers on Saturday the 21st February 1942.

3. The Committee further recommend that notices declaring the grant of bonus and the conditions attached thereto be put up in all cotton mills in the city and island of Bombay which are members of the Association, on Thursday, the 4th December, 1941.

APPENDIX 14.

DEVELOPMENT OF EXPORT TRADE IN COTTON PIECEGOODS AND YARN.

Copy of letter No. 952/65, dated 25th February 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

A special Sub-Committee of the Millowners' Association, Bombay, have been considering for some time the possibilities of Indian mills developing and retaining a greater export trade in cotton piecegoods and yarn with territories overseas and in particular with countries within the Empire. As to the desirability of a greater overseas trade from the point of view of the benefit to India's industrial economy, there can hardly be two opinions, but the need at the present time is all the greater in view of the fact that a very substantial market for Indian raw cotton with certain countries had been cut off as a result of the war in Europe. Various estimates have been made as to the extent to which the Indian raw cotton market has been affected, but the general view appears to be that a market for between 500,000 and 1,000,000 bales of cotton has been temporarily lost. This has produced a serious situation, and it would seem that, unless a large additional amount of cotton can be exported to Great Britain or consumed by Indian mills in manufacturing much greater quantities of piecegoods than ever before, a large quantity of Indian cotton might be left with growers at the end of the present season and that this unsold cotton would be added to from year to year as long as the war lasts with detrimental effects on cotton prices generally. The Indian cotton mill industry is naturally anxious to do what it can to help, but it is well known that at existing prices for Indian agricultural commodities, the potential additional market in India itself for Indian cotton piecegoods and yarn would not be sufficient, to ensure the utilisation of all the raw cotton formerly sent to European markets. The main, hope, therefore, of easing the situation lies in the development of a very much greater export trade.

Various suggestions have been put forward during the discussions of the Association's Sub-Committee, and the Association's two representatives on the Export Advisory Council, Sir Homi Mody, K.B.E., M.L.A., and Mr. V. N. Chandavarkar, B.A. (Cantab), Bar-at-Law, have also given to the Sub-Committee a general idea of the views which were expressed when the subject of export markets for cotton goods was discussed at the last meeting of the Export Advisory Council. The Sub-Committee have also had an opportunity of examining the recommendations made to the Government of India very recently by the Indian Central Cotton Committee. There are, however, a number of points on which assurances from the Government of India seem necessary before the Association can arrive at conclusions as to the prospects of building up and retaining a larger export market, by organised efforts. Even without setting up any special organisation, the overseas trade has been developing fairly satisfactorily during the last year or so, but for many months mills and merchants desiring to export goods overseas have been faced with difficulties in regard to freight, and unless mills and merchants can be assured of obtaining enough freight space, for various markets from month to month, the maintenance even of the present volume of business, let alone its expansion, is likely to prove difficult.

The next point concerns supplies of dyestuffs. Hitherto these have been obtained with difficulty, and at very high prices, but mills have been enabled to carry on owing to greater importations of the dyes required from the United States of America, the United Kingdom, Switzerland and Japan. Even so, a number of cases have arisen in which very substantial orders from overseas had to be refused owing either to absence of supplies of dyes, or the commandeering of the available supplies by Government for war purposes. Some assurance that dyestuffs of the requisite type would be made available for dyeing goods intended for export markets would seem to be necessary before any substantial development of the export trade of coloured goods could take place in the near future. The Government of India will,

of course, be aware that the major portion of the goods consumed in the export markets which India might be in a position to supply would consist of bleached and coloured goods.

Other difficulties standing in the way of a rapid and substantial development of the export trade are the fact that in certain Empire countries, the import duties payable and/or quotas allotted are unfavourable to India. Australia and South Africa are examples of the first type and the Gold Coast an example of the second type. It is thought that the Government of India might seriously consider whether anything could be done with the Governments of the various Empire countries concerned to ensure similar treatment for India as that accorded to the United Kingdom.

A further handicap from which India suffers in its attempt to develop greater overseas markets in certain types of cotton piecegoods is that costs of manufacture have been considerably increased owing to the import duty of one anna per lb. on all imported cotton and the duties paid on mill machinery, dyestuffs, and mill stores generally. When the Honourable the Commerce Member visited Bombay in July last year, this was one of the subjects discussed. The Honourable the Commerce Member, while indicating that this was not a matter which primarily concerned his department, referred to the administrative difficulties which would arise if the principle of a refund of duties was accepted. The industry's case has always been that, on merits, there was a clear case for a refund of the duty paid on raw cotton when cloths or yarn made from that cotton were exported out of India. To overcome the administrative difficulty, it was suggested that a refund or bounty of half an anna per pound should be given on all exports of cotton piecegoods irrespective of whether they had been manufactured either wholly or partially from imported cotton, and that, in the case of yarn, a refund of one anna per lb. should be paid on all exports of counts over 40s. We have no doubt that, if the suggestions made to the Honourable the Commerce Member were carried out, the export of cotton piecegoods and yarn from this country would receive a considerable fillip and the problem of disposing of the whole of India's cotton crop during the war years might be considerably reduced. In this connection, it would not be out of place to refer to the action taken in America to stimulate the export trade in cotton manufactures with the specific object of disposing of the United States' special war-time raw cotton surplus. The stimulus to export is provided by a subsidy on the exports of piecegoods and articles made from cotton. The details of the subsidy now being paid are set out in the tabular statement attached to this letter, from which it will be seen that, whereas the subsidy on raw cotton exports was reduced from 1½ cents to *nil* between July 1939 and August 1940, the subsidy on cotton fabrics was increased in the same period from 1.90 cents to 3.50 cents per pound. The problem of the disposal of the American crop is somewhat similar to the war-time problem involved in marketing the whole of India's cotton crop, and even if the Government of India are not prepared to assist to the same extent as the Government of the United States of America, they might, it is thought, follow the same method of encouraging exports of manufactured cotton products for the purpose of ensuring the greatest possible offtake of Indian cotton in the interest of the cotton grower.

As regards the suggestions made at the last meeting of the Export Advisory Council that a Mission should be sent out under governmental auspices to study and report on the prospects of increasing India's trade, including that of cotton yarn and piecegoods, to some of the more important export markets, I am to say that the Association, on behalf of that section of the cotton mill industry which it represents, would be prepared to consider the idea of bearing a portion of the costs of any such Mission provided that the industry itself was represented directly on the Mission and that other representative organisations in the industry also agreed to contribute. The Association would be glad to know, as early as possible, of any decisions arrived at by the Government of India in this matter.

In so far as the recommendations of the Indian Central Cotton Committee are concerned, the Association is generally in agreement with the suggestion that the Government of India, in co-operation with manufacturing and trading interests, should take effective measures to extend the consumption of cotton goods in this country and their export overseas. The Association also agrees that it would be advisable for the Government of India to make representations to all Colonial and Empire Governments for the purpose of ensuring that India's cotton goods are admitted to those countries on the same terms and conditions as are accorded to British cotton piecegoods.

As regards the Indian Central Cotton Committee's recommendation for the establishment by Government of a Central Export Organisation, with suitable arrangements for the inspection of goods before export, I am to say that any such Central Organisation, if and when established, would receive the fullest co-operation from the Association and from its member mills. In this connection it may be added that the Indian Central Cotton Committee have already been informed that the Committee of the Association agreed in principle to the proposal for the establishment of a Central Organisation whose function would be to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India and to explore the possibilities of increasing exports to such countries as Ceylon, Malaya, Australia, etc., and that, as regards the sharing of the expenses, the question would be sympathetically considered when full details relating to the organisation had been worked out.

The recommendations made in the Indian Central Cotton Committee resolution, passed on the 17th January 1941, which have not been commented upon in this letter, are still under consideration.

PROGRESS OF AMERICAN EXPORT SUBSIDY ON COTTON AND COTTON PRODUCTS.

From :	27-7-39.	6-12-39.	8-12-39.	11-12-39.	30-1-40.	26-8-40.
		Rates in cents per pound.				
1. Lint cotton	1.50	0.75	0.40	0.20	0.00	0.00
2. Card strips, comber waste and unbatted cotton as part of a cotton product ..	1.50	0.75	0.40	0.20	0.00	0.00
3. Picker laps, sliver laps, ribbon laps, sliver, roving, batting, and mattress felts made wholly of unused cotton, card strips, or comber waste or combinations thereof	1.60	0.80	0.80	0.80	0.80	3.00
4. Yarn, thread, twine, cordage and rope, either polished or unpolished	1.80	0.90	0.90	0.90	0.90	3.30
5. Coated products, including rubber coated and rubberized products, buckram, crinoline, and elastic containing 20 per cent. or more of rubber by weight and articles manufactured therefrom	1.00	0.50	0.50	0.50	0.50	1.80
6. Fabrics (excluding buckram, crinoline, and coated fabrics) absorbent cotton, and elastic containing less than 20 per cent. of rubber by weight	1.90	1.00	1.00	1.00	1.00	3.50
7. Articles manufactured from fabrics (other than buckram, crinoline, coated fabrics, or elastic containing 20 per cent. or more of rubber by weight) ..	2.10	1.10	1.10	1.10	1.10	3.90
8. Articles not otherwise specified and articles containing a mixture of cotton and other fibres	1.50	0.75	0.75	0.75	0.75	2.80
9. Coated products, including rubber coated and rubberized products, buckram and crinoline (but not including articles manufactured therefrom less than 10 yards in length) .. .. .	..	..	..	..	..	1.50
10. Fabrics (excluding buckram crinoline and coated fabrics less than 10 yards in length) .. .. .	..	..	..	..	..	2.80
11. Fabrics containing a mixture of cotton and other fibres less than 10 yards in length .. .. .	..	..	..	..	..	2.20

Copy of letter No. 2586/65, dated 11th June, 1941, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

The attention of the Association has been called to the underquoted report published in the *Times of India* dated the 19th May 1941, regarding the possibility of a rebate upon export of cotton manufactures containing imported cotton :—

REBATE ON COTTON EXPORTS.

SIMLA, May 17, 1942.

“As a result of the representations of textile interests, the Government of India have for some time had under review the possibility of granting a rebate upon export of cotton manufactures containing imported cotton, upon which duty has been paid. As a result of this examination, Government have come to the conclusion that the grant of a rebate is justifiable in principle.

The Government of India propose to proceed at once to devise, in consultation with the trade interests concerned, a suitable administrative procedure for the purpose.”—*Associated Press.*

As you are aware, the Association has, during the last few years, repeatedly pressed upon the attention of the Government of India the desirability of encouraging the export trade in Indian cotton goods by means of a rebate on exports of cloth and yarn, etc. (*vide* Association's letter No. 952/65, dated the 25th February 1941). My Committee would, therefore, greatly appreciate any information that you may be in a position to give concerning the proposed rebate.

Copy of letter No. 341-T(29)/38, dated 1st August 1941, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

REBATE ON EXPORTS OF COTTON MANUFACTURES.

I am directed to invite a reference to the last paragraph of the Press Note (copy enclosed) issued by this Department on the 17th May 1941, and to your letter No. 2586/65, dated 11th June 1941, on the above subject and to say that the Government of India would welcome specific proposals from your Association as regards the administrative procedure to be devised for the grant of rebate of the duty paid on imported cotton used in the manufacture of cotton goods exported out of India.

Press Note dated 17th May 1941.

COTTON MANUFACTURES—REBATE ON EXPORTS.

“As a result of representations made to them by the textile interests, the Government of India have for some time had under review the possibility of granting a rebate upon exportation of cotton manufactures containing imported cotton, upon which duty has been paid.

As a result of this examination, the Government of India have come to the conclusion that the grant of a rebate is justifiable in principle.

The existing Customs drawback procedure does not, however, provide for the case of goods manufactured from imported materials. Moreover, in view of the present war position, in consequence of which the exports of cotton manufactures have greatly expanded the immediate grant of the rebate is held not to be necessary and it is proposed to inaugurate the system at the end of the war.

But should the situation alter in such a way as materially to affect India's competitive position, the Government of India would be prepared to introduce rebates at an earlier date.

The Government of India propose to proceed at once to devise, in consultation with the trade interests concerned, a suitable administrative procedure for the purpose."

Copy of letter No. 3924/65, dated 3rd September 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to refer to your letter No. 341-T(29)/38, dated the 1st August 1941, inviting specific proposals as regards the administrative procedure to be devised for the grant of rebate of the duty paid on imported cotton used in the manufacture of cotton goods exported out of India.

In reply, I am to draw attention to my letter No. 952/65, dated the 25th February 1941, in which the Association has already suggested that a refund or bounty of half an anna per pound might be given on all exports of cotton piecegoods irrespective of whether they had been manufactured either wholly or partially from imported cotton, and that, in the case of yarn, a refund of one anna per lb. might be paid on all exports of counts over 40s. For ready reference, I reproduce relevant extracts from the communication referred to above :—

" A further handicap from which India suffers in its attempt to develop greater overseas markets in certain types of cotton piecegoods is that costs of manufacture have been considerably increased owing to the import duty of one anna per lb., on all imported cotton and the duties paid on mill machinery, dyestuffs, and mill stores generally. When the Honourable the Commerce Member visited Bombay in July last year, this was one of the subjects discussed. The Honourable the Commerce Member, while indicating that this was not a matter which primarily concerned his Department, referred to the administrative difficulties which would arise if the principle of a refund of duties was accepted. The industry's case has always been that, on merits, there was a clear case for a refund of the duty paid on raw cotton when cloths or yarn made from that cotton were exported out of India. To overcome the administrative difficulty, it was suggested that a refund or bounty of half an anna per pound should be given on all exports of cotton piecegoods irrespective of whether they had been manufactured either wholly or partially from imported cotton, and that, in the case of yarn, a refund of one anna per lb., should be paid on all exports of counts over 40s. We have no doubt that, if the suggestions made to the Honourable the Commerce Member were carried out, the export of cotton piecegoods and yarn from this country would receive a considerable fillip and the problem of disposing of the whole of India's cotton crop during the war years might be considerably reduced. In this connection, it would not be out of place to refer to the action taken in America to stimulate the export trade in cotton manufactures with the specific object of disposing of the United States' special war-time raw cotton surplus. The stimulus to export is provided by a subsidy on the exports of piecegoods and articles made from cotton. The details of the subsidy now being paid are set out in the tabular statement* attached to this letter, from which it will be seen that, whereas the subsidy on raw cotton exports was reduced from 1½ cents to *nil* between July 1939, and August 1940, the subsidy on cotton fabrics was increased in the same period from 1.90 cents to 3.50 cents per pound. The problem of the disposal of the American crop is somewhat similar to the war-time problem involved in marketing the whole of India's cotton crop, and even if the Government of India are not prepared to assist to the same extent as the Government of the United States of America, they might, it is thought, follow the same method of encouraging exports of manufactured cotton products for the purpose of ensuring the greatest possible offtake of Indian cotton in the interest of the cotton grower."

* Published on page 197 of this report.

APPENDIX 15.

FREIGHT SPACE FOR EXPORT MARKETS.

Copy of letter No. 1348/121, dated 24th March 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I quote below for your information copy of a telegram received recently by the Association from the Uganda Cotton Association, Kampala :—

“In view shortage freight Mombasa Bombay fear abnormal delays in shipments Uganda cotton resulting scarcity staple cotton your end. Request make representations Shipping Controller for India arrange immediate freight seventy-thousand bales monthly for three months.”

My Committee are most anxious that such steps as are possible should be taken to ease the situation in regard to shipments of East African cotton to this country for the reason that staple cottons of East African type and even of the Indian type are extremely scarce. Premiums for all staple cottons, Indian and African, have already been forced to very high levels, and unless the situation can be eased by making adequate supplies of East African cotton available as early as possible, many mills may have to curtail their production. India has always been the chief consumer of African cotton, and she is more than ever dependent on this cotton this year for the reason that the imports of similar American cotton have been drastically restricted to conserve the dollar exchange.

The position in regard to freight for overseas markets was set out in my letter No. 1192/121, dated the 11th March 1941*, addressed to the Export Trade Controller, New Customs House, Bombay. Goods are awaiting shipment in very large quantities in Bombay warehouses including the special warehouses taken over by Government for storing military supplies. It has been suggested that, as regards military supplies awaiting shipment, it might be possible to utilise the accommodation understood to be available in military transports plying between India and Australia and India and the Near East, and the possibilities in this direction might, it is thought, be thoroughly investigated. My Committee, of course, appreciate the serious general difficulties which exist in regard to shipping space, but they trust that these difficulties will not prevent some alleviation of the present situation being achieved.

Copy of letter No. O-8-C(5)/41, dated 9th May 1941, from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

The United Africa Company reports that there may be difficulties in obtaining cotton piecegoods (particularly grey and bleached goods) from India in time to supply to the Gold Coast and Nigeria during the main buying season opening in October next. The Government of India would be glad to be informed—(a) of the correctness of this report in general, and (b) whether there will be any difficulty in supplying special types of cotton piecegoods required by the West African market.

2. It is requested that some indication of the orders already booked for delivery to the Gold Coast and Nigeria for the period beginning October next may also be furnished, and also the extent to which it would be possible for your member mills to book further orders.

3. I am further to request that an estimate may also be given of the time likely to be taken between delivery from the factory in India and arrival in West Africa.

4. The Government of India would also be glad to know whether your Association anticipate any difficulty in obtaining freight space for the shipment of cotton piecegoods to the above West African territories.

*Not published.

Copy of letter No. 2260/113, dated 20th May 1941, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am writing to acknowledge the receipt of your letter No. 0-8-C(5)/41, dated the 9th May 1941. Since the receipt of your letter, I have made a number of enquiries regarding the West African trade and my general impressions are that there is no insuperable difficulty in obtaining grey and bleached plain weave cotton piecegoods for the West African markets from Indian mills. These two types of goods are produced in very large quantities for the Indian trade and some of the qualities have been found suitable for the West African market, and fairly large orders have been placed for these two types of goods during the last twelve or eighteen months. Latterly, owing to their heavily booked position, Indian mills are believed to have been generally unable to accept orders in bulk for very near deliveries and similarly, owing to rapid variations in the prices of cotton, mill stores, etc., mills have not been anxious to book business too far ahead. In so far as goods of special types are concerned and particularly coloured goods, merchants apparently had some difficulties in placing orders as mills have naturally been somewhat unwilling to switch on to new lines as long as their ordinary running lines are in heavy demand. At the same time it must be added that firms interested in the West African trade have managed to book considerable business in the simple styles of coloured goods current in the Indian trade and some trade has also been done in hand-woven Madras handkerchiefs.

I am not in a position to give any real indication of the orders already booked for delivery to the Gold Coast and Nigeria for the period commencing in October 1941. The United Africa Company, Limited, which possibly has been doing between 40 and 50 per cent. of the total business for West Africa, state that they have booked approximately 25 million yards of cloth consisting mainly of grey bafts, bleached shirtings and coloured woven shirtings and twills during the last three or four months for deliveries extending up to the end of 1941. They also state that they will be in a position to book further limited quantities for advance deliveries in the near future.

The main trouble about this West African trade appears to be one of freight and it is quite impossible to make any estimate of the time which is likely to be taken between delivery from a factory in India and arrival of the goods in West Africa. The situation has become very much worse during the last few weeks and at the moment it appears to be impossible to get shipping with any certainty beyond Durban. The approximate position is somewhat as under :—

For a period of about six or seven months, shippers were fortunate enough to be able to obtain freight in the steamers of the Isbrandtsen-Moller Line (Agents: Messrs. Shaw Wallace & Co.). This line used to run steamers at intervals of four to eight weeks and call at Lagos and Freetown on their way to the United States. When these ships were running delivery in Lagos was obtained in about five to six weeks from the date on which they sailed from Bombay. Unfortunately the last steamer by this Line sailed by about six weeks ago and since then Messrs. Shaw Wallace & Co., appear to have been unsuccessful in arranging for any further steamer to call at the West African ports. The chances of obtaining further steamers in future are understood to be becoming more remote every day. As a result, the United Africa Company, Ltd., are now shipping all available bales to Durban and Cape Town, but no immediate transshipment from those ports to West Africa has been guaranteed. The carriage to Durban is by the B. I. S. N. Co., whose steamers touch the South African ports about once a fortnight. Further information to hand seems to indicate that the only regular connection from Durban to the West Coast is with Matadi, a port in the Belgian Congo. These connections appear to be available once every six weeks, but there is no regular sailing from Matadi to Lagos. Before the shipments by the Isbrandtsen-Moller Line became available, goods were despatched from Bombay to West Africa by one of the two routes: (a) by the O.S.K. Line or (b) by the B.I.S.N. Co., to Durban and then from Durban by Italian Line to West Africa. The second method of shipment came to an end when Italy entered the war and firms in West Africa have for a fairly long period been unwilling to have goods shipped from India in Japanese bottoms. The position to-day is that there are no shipping facilities to West African ports either direct or indirect, and unless something can be done to improve the position it is more than likely that the bulk of the goods which have already been ordered

from Indian mills will either not reach their destination at all or not reach it within a reasonable period of time. The effect of this will be that repeat orders for next season (October 1941 onwards) will not be forthcoming and some of the goods already booked may be thrown back on the Indian market. More detailed information upon this subject might probably be obtained from the United Africa Company, Ltd., Unilever House, Blackfriars, London, E.C. 4. What my Association would like to point out is that an extremely valuable new trade which has been built up is likely to be lost unless more adequate shipping facilities can be provided, and in these circumstances, it is hoped that the Government of India will give the matter their serious and, immediate attention.

Copy of letter No. 2322/113, dated 23rd May 1941, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

Shipping difficulties in regard to West African export trade have, for some time, been receiving our anxious consideration, and were also recently the subject of correspondence with the Commerce Department (*vide* our letter No. 2260/113, dated the 20th May 1941, to the Deputy Secretary to the Government of India, Commerce Department).^{*} In the course of these investigations into the situation, we had occasion to contact Mr. Basil M. P. Govess who, it would seem, has been doing a considerable trade in Indian cotton piecegoods with West African Ports for some time. Discussing the shipping problem with Mr. Govess, it appears that he had been informed by the Controller of Shipping in India that the question of providing tonnage for West African ports rests with the Ministry of War Transport in London, and any direct sailings arranged will load at Calcutta and Rangoon only because the bulk of the cargo required in West Africa moves from these ports.

While this is possibly true, the exports of cotton manufactures from Bombay to West Africa are extremely important and have latterly been very heavy. Orders in hand awaiting shipment are also large, and it is suggested that, if direct transport from India does become available, a fair proportion of space on such ships should be made available for shipments of cotton manufactures from Bombay which, at the moment, cannot be moved any further than Durban from which port there is understood to be no on carriage of goods further than Matadi in the Belgian Congo. What we should like to suggest is that ships destined for West Africa from Rangoon and/or Calcutta should, on their outward journey, call and pick up cargo at Bombay, since the cotton goods which Indian mills are manufacturing are understood to be urgently required in West Africa. It would not be a practicable proposition to rail piecegoods intended for West Africa from Bombay to Calcutta owing to (a) the heavy expenses involved; and (b) the shortage of railway wagons.

My Committee trust that this matter will be taken up with the Controller of Shipping for India with the object of avoiding the possibility of injustice being done to Indian shippers and manufacturers on this side of India.

APPENDIX 16.

PROPOSED ESTABLISHMENT OF AN EXPORT ORGANISATION.

Copy of letter No. 86(a), dated 8th September 1941, from the Indian Central Cotton Committee to the Association.

I have the honour to invite reference to the correspondence resting with your letter No. 4774/203, dated the 12th November 1940, and to say that the replies received from the various Associations and Chambers of Commerce addressed in the matter were placed before the Indian Central Cotton Committee at its meeting held in January last, when the effect on the Indian cotton position of the unsettled conditions brought about by war and the consequent loss of markets in Europe, and the measures necessary to safeguard the interests

^{*}Published on page 201 of this report.

of the Indian cotton grower were discussed. Amongst the various measures recommended by the Committee in the resolution passed by it on this subject was one for the establishment of a central export organisation, with suitable arrangements for inspection of goods before export, and for the sending out of trade delegations to the various countries for the purpose of carrying out propaganda and exploring the possibilities of introducing Indian cotton manufactures.

In this connection, I am to enclose the rough draft of a scheme prepared by a member of my Committee indicating the objects, constitution, personnel and the financial aspect of the proposed organisation, and to request that the views of your Association on it may kindly be forwarded to me for the consideration of my Local Sub-Committee, which has been delegated, by my Committee, the task of preparing a detailed scheme for a suitable organisation for submission to the Government of India.

CONSTITUTION OF AN EXPORT ORGANISATION.

Objects.--The objects for which the Export Organisation should be established in India are as under :—

(i) To study the conditions prevailing at present in foreign countries in the neighbourhood of India such as Afghanistan, Iran, Red Sea Ports, Arabia, Palestine, Egypt, Abyssinia, Tanganyika, East and South Africa, Ceylon, Dutch East Indies, Australia, New Zealand, Indo-China, Thailand, etc., with a view to explore the possibility of developing India's export trade in manufactured articles such as textiles, sugar, cement, iron and steel, paper, chemicals, drugs and pharmaceutical preparations, etc.

(ii) To organise, depute and finance, on behalf of the organisation, trade missions for the purpose of actually investigating conditions on the spot in the various countries to achieve the object in view indicated above. Such trade missions should consist mainly of influential Indian non-officials accompanied by a technical staff such as weaving and spinning masters, costing accountants, etc.

(iii) To establish, control and maintain Commercial Museums at chief centres of trade and in the offices of the Indian Trade Commissioners situated in the above-mentioned foreign countries neighbouring India, exhibiting specimens and samples of the products of important Indian industries for the purpose of developing export trade.

(iv) To establish, control and maintain Commercial Museums at the headquarters and the branch offices of the organisation in India, with a view to make available to foreign tourists visiting India exhibits of Indian products available for export trade.

(v) To examine and certify, under the seal of the Board, consignments, intended for export, of the products of Indian industries, with a view to guarantee that the goods intended for export are according to the specifications and quality of the samples under which contracts are entered into and conform to the standard dimensions as regards length and breadth in respect of piecegoods, and to engage, control and maintain an efficient staff of technical men for the issue of guarantee certificate to the exporters.

(vi) To maintain a constant contact with the offices of the Indian Trade Commissioners wherever situated, also at chief importing centres in the neighbouring foreign countries, with a view to keep informed the Indian manufacturers with regard to new developments and possibilities for extending India's export trade in new lines of manufacture through the issue and distribution of weekly, fortnightly or monthly bulletins to Indian manufacturers interested in those lines.

(vii) To assist in creating direct trade relations between Indian manufacturers and important importing firms of good standing in foreign countries for the development of export trade in Indian manufactures.

It is not possible to enumerate here all the duties intended to be entrusted to the Board for the main object of safeguarding the interests of honest and *bona fide* Indian manufacturers whose names are likely to be sullied in foreign markets by the solitary action of an unscrupulous and irresponsible exporter. The Board should also be invested with sufficient statutory powers to punish any non-observance of rules laid down by the organisation in the discharge of their duties.

2. *Constitution and personnel.*—The Organisation should be a full-time and day-to-day working Body with an experienced and prominent industrialist as the Chairman with representatives of important manufacturing interests on the Board. As the immediate work of the Export Organisation is likely to be more fruitful in the direction of the development of export trade in Indian cotton textiles to neighbouring foreign countries, the Board should mainly consist of representatives of Indian cotton textile interests. It should be an executive body and not merely function in the capacity of advisers to Government. Representatives of the Central Government may have a place on the Board, but it should mainly be a non-official organisation with statutory powers to enforce certain requirements laid down by the Board. The following should, in addition to Government members, be appointed to the Board :—

Chairman (non-official).

Two representatives of the Bombay Millowners' Association, Bombay.

Two representatives of the Ahmedabad Millowners' Association, Ahmedabad.

One representative of Bengal textile interests.

One representative of Cawnpore textile interests.

One representative of the Punjab and Delhi textile interests.

One representative of the Madras Presidency textile interests (Coimbatore).

Four members nominated by Government.

In addition to this personnel of the Board, names of non-official members may be added to represent any special manufacturing interests having the possibility of export trade in the neighbouring countries and on that industry, as a whole, agreeing to the imposition of a nominal cess, if required to be levied by Government for the financing of this Organisation.

3. *Offices.*—The office of the organisation should be in Bombay. The organisation may have representatives at the major ports of India such as, Karachi, Cochin, Madras, Calcutta, if it is found that export trade of considerable dimensions is emanating from these ports.

4. *Finances.*—The working of the Organisation would be financed partly by a fixed contribution from the Central revenues and partly by the realisation, through the textile Associations or Associations representing organised industries, of a small cess on the entire production of the industries in the country.

Copy of letter No. 4591/183, dated 14th October 1941, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to refer to your letter No. 86 (a) dated the 8th September 1941, in which you request the views of my Committee on the draft of a scheme for the establishment of a central export organisation.

The question of the development of export markets for the Indian cotton mill industry was discussed at the last Textile Conference held in Bombay on the 8th and 9th September, and the Hon'ble the Commerce Member indicated that the Commerce Department was examining this matter and issuing a further memorandum on the subject for consideration by industrial and commercial organisations throughout the country. In the circumstances, it is suggested that consideration of the draft scheme framed by you may be postponed pending receipt of this communication from the Central Government.

APPENDIX 17.

LICENSING OF EXPORTS OF COTTON MANUFACTURES TO EMPIRE COUNTRIES.

Copy of letter No. 5232/170, dated 26th November 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of the Committee of my Association has recently been drawn to a Notification No. 91-C.W. (6)/41, dated the 1st November 1941, issued by the Government of India in the Department of Commerce, which seeks to bring the exports of cotton manufactures (other than mosquito netting) to Empire countries (including Mandated Territories) within the export licensing scheme. In other words, exports to these countries would hereafter be permitted only if accompanied by a licence from the Export Trade Controller. As the Government Notification did not prescribe the procedure to be followed by exporters in securing licences, the Chairman of the Association, at the request of the Committee, met the Honourable the Commerce Member, when it is understood, he was given to understand that the details connected with the notification had not yet been fixed up, but that before anything was settled finally the interests concerned would be consulted. This was almost immediately followed by a notification issued by the Export Trade Controller outlining the procedure to be adopted when applying for licence. Briefly stated, it was indicated that when applying for a permit, the following information should be submitted by the exporter :—

- (1) Applications for permission to ship during any month should be submitted to the Export Trade Controller so as to reach his office not later than the 20th of the preceding month.
- (2) Shippers should apply for the licence in a letter form giving the following details :—
 - (a) nature and quantity of the goods ;
 - (b) name and address of the consignee ;
 - (c) name and address of the ultimate purchaser (if known) ;
 - (d) port of landing.
- (3) Information regarding the vessel on which the goods are proposed to be shipped and also the route that the ship may be taking on her journey to the destination should also be supplied, if possible.
- (4) Application should be accompanied by evidence of sale.
- (5) Licence granted for one month will be valid only for the duration of that month.
- (6) If, for any reason, either the whole or part of the goods licensed for shipment during a particular month is not shipped during that month, it will be necessary for shippers to apply again and obtain a licence for shipment during the following month.

My Committee have no information regarding the circumstances under which Government found it necessary to extend the scope of the export restriction scheme to Empire countries, but whatever these may be, they desire me to express the hope that the scheme will not lead to a curtailment in the volume of India's exports of cotton manufactures to Empire countries. Turning, however, to the data called for by the Export Trade Controller in connection with each application for licence, my Committee desire to make the following observations :—

(1) It would not always be possible to say by the 20th of the preceding month what goods would be ready for shipment in the succeeding month. It is not also clear whether one general application would be sufficient for all goods exported to one market by the same shipper irrespective of the number of consignees.

(2) The nature and quantity of the goods are required to be shown in the application for licence. It is not clear whether it would be sufficient if shippers merely indicated the aggregate quantity of piecegoods and/or yarn proposed to be shipped for each consignee or whether the various types of piecegoods and counts of yarn, and the quantities under each of these heads, should be shown separately for each consignee.

(3) It would not be possible to give information regarding the name of the vessel and its movements, for the reason that such details are not ordinarily made known until four or five days previous to the actual fixing of a steamer. Even in such cases, the agents of shipping companies would not be in a position to say definitely what space would actually be available for the carriage of private merchandise by such boats.

(4) No comments.

(5) and (6) The condition about licence granted for one month not being valid for the following month would create serious hardship. Taking a hypothetical case, a ship scheduled to sail on or about the 20th of December may not finally leave the port till the 2nd or 3rd of January. According to the Export Trade Controller's scheme, a fresh application would have to be made, and unless such application was dealt with within a few hours, the goods might miss the ship altogether.

Another matter arising out of the procedure laid down by the Export Trade Controller is that, supposing the mills have on hand goods ready in December which are for shipment only in January ; it may happen that there are no sailings in January. In this event, would exporters be allowed to ship such goods in December itself ? What my Committee desire to suggest is that mills should be allowed to take advantage of every inch of space available and should not be prevented from shipping goods when space is available even though the licence is for shipment during the following months. As it is, there are very few boats available for export of cotton piecegoods, and in some cases ships are available only at intervals of two months. In these circumstances, my Committee urge that exporters should be allowed to ship ready goods by the earliest available boats.

My Committee also desire to bring to the notice of Government that under the Export Trade Controller's scheme, exporters have only to apply for permission to ship from month to month, and if as it seems permission is likely to be given freely, no difficulties are likely to be experienced, but the point is that forward business has been entered into for manufacture and shipment six months or more ahead so that any refusal of permission to ship at some future time would create a serious situation for manufacturers in India and importers overseas.

Copy of letter No. 91-C.W.(6)/41, dated 31st December 1941, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

With reference to your letter No. 5232/170, dated the 26th November 1941, I am directed to say that the Government of India have carefully considered the difficulties mentioned in your letter and have issued certain instructions to Export Trade Controllers

which it is hoped will considerably mitigate the hardships referred to in your letter. In particular, the following points will be of interest to your Association.

(i) Export Trade Controllers have been given discretion to admit applications for export of cotton manufactures a few days later than the stipulated date. Applications will, however, have to be made for each consignment separately.

(ii) While quantities must always be stated on applications, it will suffice for the present if a description of the goods in very general terms is given together with an indication, wherever possible of the market names for the goods in question. Export Trade Controllers may also permit at their discretion changes in the grades or qualities of the goods to be shipped within the broad description given in the application if such changes are found necessary at any time before shipment.

(iii) The names of the vessel and the route need only be given if known to the applicant.

(iv) Export Trade Controllers have instructions to grant at their discretion, a reasonable extension of time for shipment.

Copy of letter No. 400/48, dated 27th January 1942, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 91-C.W. (6)/42, dated the 31st December 1941. My Committee note that certain instructions have already been given to Export Trade Controllers, which Government hope, will considerably mitigate the hardships referred to in my letter of the 26th November 1941. My Committee, however, desire to point out that Government's communication does not go far enough. For instance, Government have not answered the point raised in the last paragraph of my letter regarding forward contracts. As Government are aware, mills are booking orders for forward delivery, and if export licences are granted freely, no difficulties are likely to be experienced, but if for any reason, this is not possible, a serious situation might arise. Every market has its own particular requirements and the goods manufactured for one market will not ordinarily be saleable in India or in any other market with the result that if licence is not regularly available mills in India would have on hand quantities of goods which would not find a ready sale in this country. In this view of the case, the present method of issuing export licences compels mills to take considerable risks in booking orders for forward delivery for export markets. It cannot certainly be the intention of Government to hinder legitimate export trade, and especially the exports of goods *especially* manufactured for export markets; on the contrary, it might be to Government's advantage in certain circumstances to know as far ahead as possible what mills either directly or through their agents intend exporting. In the circumstances, my Committee suggest that in cases where contracts for forward delivery have been entered into special facilities should be granted by the Export Trade Controller which would ensure regular allocation of freight space and enable mills or their agents to keep up the terms of the contract.

APPENDIX 18.

IMPORT DUTY ON COTTON PIECEGOODS ENTERING SOUTH AFRICA.

Copy of letter No. 2032/104, dated 6th May 1941, from the Association, to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to invite attention to the Association's letter No. 952/65, dated the 25th February 1941, dealing generally with the subject of the development of India's export trade in cotton yarn and piecegoods, and the applicability of certain sections of that letter to the case of trade with the Union of South Africa.

In the letter of the 25th February, a number of important suggestions were made, among which may be mentioned :—

- (a) The desirability of removing the handicap which India suffers in relation to her competitors in overseas markets owing to the customs duty of one anna per pound on imported long staple raw cotton. As a remedy it was proposed that a refund bounty of half an anna per lb. should be paid on all exports of cotton piecegoods, and a refund bounty of one anna per lb. should be paid on all yarn exports of counts higher than 40s.
- (b) That a stimulus by way of subsidy similar to that given by the U. S. A. on exports of cotton manufactures, should be introduced in India.
- (c) That the Government of India should seriously consider whether anything could be done to ensure equality of treatment in the matter of the import duties imposed on Indian and British goods in the case of Commonwealth Territories like Australia and South Africa.

Even as far back as the year 1928, the Trade Mission to Africa and the Near East stated on page 228 of their Report : “ If the preferential rates of duty which South Africa gives to England were extended to India, and if shipping freights from and to India were lower, a fairly substantial increase in trade could be expected immediately.”

The situation brought about by the war has temporarily offset certain of the disadvantages from which India suffered in relation to her export trade in manufactured goods generally and has naturally created a greater interest in the development of trade in both directions between India and South Africa. It is, however, pertinent to note that in the case of cotton piecegoods, development is being hindered and the pre-war position in regard to South Africa is likely to be re-established after the war unless measures are taken to remove the special disabilities from which India suffers *vis-a-vis* her competitors. It is, therefore, suggested that the Government of the Union of South Africa might be approached and asked to agree to revise the duties which are permanently penalising India's piecegoods export trade.

Mr. F. J. Fahey, Chairman of the Board of Trade and Industries of the Union Government, is now in India as a representative on the Eastern Group Supply Council, and my Association would recommend that his support should be enlisted by the Government of India, if this is at all possible. Mr. B. G. Davy, a member of the firm of Messrs. E. D. Sassoon & Co., Ltd., who are Managing Agents for one of the largest groups of cotton mills in India, who has recently returned from South Africa, reports that he discussed the matter of import duty with the Union Government in Cape Town, and expresses the view that the Union Government might not be unwilling to consider some adjustment of the duty if suitable representations were made through proper channels. The duties levied on cotton piecegoods in the Union of South Africa are as under :—

Under item 76(a) of the Union Government's Customs Tariff, duty is charged as under :-

Cotton Piecegoods.	Minimum Duty.	Intermediate Duty.	Maximum Duty.
(i) Of 50 per cent. or more by weight of cotton but no rayon, the F.O.B. price of which does not exceed 15d. per yard.	5 per cent. <i>ad valorem</i> ; U.K. Preference.	10 per cent. <i>ad valorem</i> or 1½d. per yard whichever is higher.	15 per cent. <i>ad valorem</i> or 2d. per yard, whichever is higher.
(ii) Of cotton and rayon containing 50 per cent. or more by weight of cotton, the F.O.B. price of which does not exceed 15d. per yard.	Do.	Do.	15 per cent. <i>ad valorem</i> or 3d. per yard, whichever is higher.

The minimum duty applies only to imports from the United Kingdom, and the intermediate duty applies to imports from India.

The maximum duty applies to imports from Japan and certain other countries.

The intermediate duty as it exists acts as a prohibitive duty against India, particularly on lower priced cloths in which Indian manufacturers would be mainly interested.

The *ad valorem* equivalents of the duty are as under :—

50 per cent. on cloth priced at 3*d.* per yard.

37½	do.	do.	do.	4 <i>d.</i>	do.
30	do.	do.	do.	5 <i>d.</i>	do.
25	do.	do.	do.	6 <i>d.</i>	do.

Whereas the *ad valorem* duty paid on United Kingdom cloths of the same kind is 5 per cent. only.

The average values of the cloths exported from India to South Africa in 1939-40 were as under :—

Grey unbleached	..	..	..	As. 2-10 per yard.
White bleached	..	..	..	As. 4-0½ per yard.
Coloured	..	..	..	As. 7-8 per yard.
All cloths	..	..	..	As. 5 per yard.

In other words, Indian cloths paid duties of nearly 50 per cent. on greys, nearly 35 per cent. on whites, and nearly 17 per cent. on coloured goods.

The Association submits that the present are not the times when an important alternative Empire source of supply should be as severely penalised, and there seems to be no reason why, under present conditions, consumers in the Union of South Africa should be denied the full benefits which the Indian industry is able to offer them.

The main points of India's case appear to be as follows :—

- (a) The existing duty on Indian-made cotton piecegoods amounted to as much as 50 per cent. on the cheaper grades of cloth against the U. K. preferential duty of 5 per cent.
- (b) The duty is, in practice, largely prohibitive at a time when an alternative Empire source of supply is becoming more and more essential to South Africa.
- (c) The United Kingdom's present inability to enter fully for the needs of the Union.
- (d) A general desire of merchants in South Africa to be placed in a position to develop Empire trade with a neighbouring country so well fitted to supply their requirements.
- (e) The paramount need for conserving shipping space, to and from the U. K., for the much greater urgency of war requirements.
- (f) The exportable surplus of Indian cotton, particularly under war-time conditions, and its suitability for the manufacture of the medium and lower cloths imported by the Union of South Africa.
- (g) An adjustment of the tariff would, so far as Indian cotton spinning in Lancashire is concerned, only affect a comparatively small section of the Lancashire industry. The main, and finer count spinning, interests would be little affected.
- (h) The probability of trade which might come to India being diverted to the United States of America owing to the subsidy of 3½ cents per lb. granted by the U.S.A. Government on exports of cotton manufactures.

The Association trusts that this important matter might receive the Government of India's very early and serious attention.

Copy of letter No. 2547/104, dated 9th June 1941, from the Association to the Chief Secretary to the Government of India, Department of Commerce, Simla.

DEVELOPMENT OF EXPORT MARKETS : UNION OF SOUTH AFRICA—IMPORT DUTY ON COTTON PIECEGOODS.

I am directed to refer to my letter No. 2032/104, dated the 6th May 1941, on the above subject. A member of the Association has recently heard from what he describes as a private, but influential, source in South Africa that if any representations regarding adjustments of import duty on Indian cotton piecegoods in South Africa are to succeed, it would be necessary for them to come from the Government of India and that they might have to be concurred in by the Government of the United Kingdom. The opinion is expressed that if, for various reasons, Lancashire manufacturers have not been able to cater for certain types of cotton piecegoods required for the South African market, the natural and fair attitude for the United Kingdom Government to take up would be to prefer that the business should go to India, or some other part of the Commonwealth, than that the trade should go to foreign countries for which exchange would have to be provided. It has also been suggested that a representation from the Government of India would be more likely to succeed now than a few months ago, because with the passing of the Lease and Lend Act, in America, the British Government appear to be adopting rather a different attitude towards the export trade. Whereas previously England appeared to be desirous of maintaining her export trade in all possible lines, to-day the policy appears to be to switch over as many factories as possible to war production to the detriment of any other class of business including exports.

The Association is not aware whether the Government of India have yet taken action on the representation of the 6th May 1941, but it is hoped that the suggestions made in this letter might be utilised if the Union Government have not already been addressed.

APPENDIX 19.

RESTRICTION ON THE IMPORT OF INDIAN COTTON TEXTILES INTO NEW ZEALAND.

Copy of letter No. 102/36, dated 10th January 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

As the Government of India may be aware, the Millowners' Association, Bombay has latterly been making very strenuous efforts to increase India's cotton piecegoods and yarn exports to Empire countries with the dual object of decreasing Indian mills' dependence upon the home market and of utilising some, if not all, of the Indian cotton previously exported to European markets which are now closed to India on account of the war. Considerable success has so far been achieved, and it is understood that the Government of India are themselves most anxious that the overseas marketing in cotton yarn and piecegoods should be expanded. Among the markets which have been receiving attention is that of New Zealand, but it would seem from the following extract from a letter received by a prominent member mill that unless the New Zealand Government Import Control Regulations schedule is suitably amended, New Zealand will be a closed market for Indian cotton textiles during the war emergency :—

“The New Zealand Government Import Control Regulations Schedule for 1941 period is now published. Unfortunately, all cotton piecegoods except from the United Kingdom are on the prohibited list with the exception of jute and hessian piecegoods, cotton piecegoods, viz., tubular woven or knitted for meat wraps, etc., in which case special application must be made to the Minister for Licence.”

It is suggested that the Government of India might cause immediate cable enquiries to be made as to the exact position, and, if necessary, make cable representations for the deletion of India from the list of prohibited countries.

Copy of letter No. 4-C(2)/41, dated 16th October 1941, from the Under Secretary to the Government of India, Department of Commerce to the Association.

In continuation of the letter from this Department, No. 4-C(2)/41, dated the 4th March 1941*, I am directed to say that the Government of India have now learnt that although the Import Licensing Schedule issued by the New Zealand Government for the fifth period ending the 31st December 1941, provides for the total restriction of imports of cotton piece-goods from India, in view of the inability of manufacturers to obtain supplies of cotton duck from the United Kingdom permission has been given in certain cases for the transfer to India of licences granted for the importation of cotton duck from the United Kingdom. Licences have also been granted for the importation from India in preference to Japan of calico for use in the manufacture of flour bags. Applications for licences for essential requirements of cotton goods which, under existing circumstances, cannot be imported from the United Kingdom or for the transfer of United Kingdom licences for such will, it is understood, be considered favourably. The Government of India have also learnt that the restrictions on imports have been adopted for the purpose of adjustment of the adverse trade balance and the conservation of foreign exchange.

2. I am to add that in view of the fair attitude adopted by the New Zealand Government in dealing with imports from India the Government of India do not propose to make any representation to that Government in the matter.

APPENDIX 20.

STANDARDISATION OF INDUSTRIAL PRODUCTS.

Copy of letter No. 141-Ind. (10)/40, dated 12th May 1941, from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to enclose a copy of each of the following papers on the subject noted above:—

1. Memorandum of the Government of Bombay placed before the last Industries Conference held in December 1940,
2. Discussion on the Memorandum, and
3. Conclusion reached.

It will be observed from the conclusion that the Industries Conference considered that the examination of the question of standardisation was most desirable and that it could only be done in closest consultation with the industries concerned. I am accordingly to address the Association, for their suggestions and observations on the question and the ways and means of bringing about some kind of standardisation of products. I am to observe that the Government of India trust that the industries concerned will try to see whether they can organise themselves so that they may be able to speak as one unit for each of the industries concerned.

*Not published.

2. I am to add that the Departments concerned of the Government of India are alive to the desirability and advantages of standardisation and use British Standards to a great extent. An early reply will be appreciated.

I. INDUSTRIAL STANDARDISATION.

MEMORANDUM OF THE GOVERNMENT OF BOMBAY.

It is to the advantage both of manufacturers and consumers to have a system of "standardisation of industrial products" using that term not only in its strict sense but also in the wider sense of what is commonly known as "simplification," that is, the elimination of unnecessary varieties of patterns and types of articles. The Imperial Conference (1926) adopted the following resolution on this subject :—

"The Imperial Conference, recognising the advantages of standardisation in its widest sense both to producers and to consumers, and appreciating that when it is practicable to adopt standards common to the Empire these advantages are augmented and great benefit results to trade within the Empire and Empire trade generally, recommends to the favourable consideration of the several Governments of the Empire that they should take steps to promote the further development of standardisation, should arrange for the exchange of information with the other parts of the Empire, and, when common standards are possible and mutually advantageous, should co-operate with the other parts of the Empire in regard thereto."

The Imperial Conference of 1930 also commended the development of standardisation within the various parts of the British Commonwealth of Nations. This Conference also recommended the adoption of marks or brands by the various standardising bodies and urged that in each part of the Commonwealth, Government should accord their support to standardisation by way of financial assistance, of the co-operation of the Purchasing Departments and otherwise. It also recommended that the scope of the work of the standardising bodies should include both standard specifications for industrial materials and apparatus, and codes or rules. This Conference drew attention to the suggestion that a specific Department of each Government within the Commonwealth should be charged with the duty of watching and stimulating the movement towards standardisation and simplification and expressed the view that there is considerable scope for activity, in the interests of consumers and manufacturers alike, by such Government Departments.

The Imperial Conference at Ottawa (1932) reiterated the need for the co-ordination of standardisation under a central body in each country to which support should be given by the Government. This Conference recommended that with a view to assist the co-ordination of the work of national standardisation the following principles, as far as practicable, be observed :—

- (a) That the specifications should be in accordance with the needs of industry and fulfil a generally recognised want.
- (b) That the community interest of producer and consumer should be maintained throughout.
- (c) That the specifications should be arrived at by general consent.
- (d) That periodical review and revision should be undertaken to prevent crystallisation and keep the specifications abreast of progress.

The British Standards Institution is a national standardising organisation which issues the British Standard Specifications. This is an independent body and its work is divided into four main divisions, viz., engineering, chemical, building and textile. The

Institutions' funds are principally derived from industry, but His Majesty's Government makes an annual grant of about £3,000 to £7,000 per annum. The Government of India are also making an annual grant of £500 to this Institution.

In India to-day there is no corresponding standardisation Institution. It is true, that the Indian Stores Department of the Government of India issues certain specifications ; but these only cover those articles which are purchased by it. The work of the Indian Stores Department in this direction is of a very limited scope.

As has already been pointed out above, great advantage will accrue to the consumers in general as well as to the manufacturers by setting up a separate central institution for the standardisation of industrial products. It is, therefore, strongly urged that a separate organisation for the purpose be set up by the Government of India as soon as practicable.

II. DISCUSSION.

Monday, December 16th, 1940.

MR. KNIGHT (Bombay) said that he did not propose to add to the memorandum already circulated by the Government of Bombay. Standardisation was a matter for the whole of India and should be taken up on an organised basis by the Government of India, rather than by the makeshift and piecemeal efforts of Provincial Governments. The British Standards Institution sought to safeguard purchasers by giving them standard articles at reasonable prices and to safeguard manufacturers by eliminating unfair competition. He said that standardisation was particularly necessary in connection with the manufacture of war supplies.

LALA PADAMPAT SINGHANIA said that industrial standardisation could only be made in the country from which goods were exported. He could not agree to any kind of standardisation in India at the present juncture, but thought that the matter should come up in a more specific form before the Conference.

MR. CHANDAVARKAR (Millowners' Association, Bombay) said that the Bombay Millowners' Association welcomed the motive underlying the proposal but thought that the first move should come from the trade itself. He thought this was what had been done in England and that it had not been necessary to pass legislation on this subject there. Some articles were amenable to standardisation and others less so. The Indian Stores Department had helped in standardising drills, sheeting and other articles. He thought it would be very difficult to standardise fancy cloth. He, therefore, suggested that the Conference should proceed cautiously in this matter.

MR. GHULAM MAHMMAD (Controller-General of Purchase) said that standardisation was as important for the producer as for a large purchaser like Government. The Government Test House had been doing good work in this direction as, for instance, in regard to paints. The Indian Stores Department had also been trying to bring about an improvement. The war had altered the problem, because of the size of the demands and the speed with which delivery was required. It was no longer merely an Indian problem, but it had become a problem for the whole Eastern Group of Empire countries. In some case (for instance, ammunition) standards are laid down by His Majesty's Government. In war conditions standards had to be more frequently adjusted so as to get the maximum quantity of stores in the shortest time.

THE HONOURABLE SIR MUHAMMAD SAADULLA (Assam) drew attention to the fact that the question had been raised at the last Industries Conference where it had been stated on behalf of the Government of India that any move for standardisation should be initiated by the Provinces.

THE CHAIRMAN informed him that no Provincial Government had since raised the question.

THE CHAIRMAN sought at this stage to clarify the issue. He said that all parties agreed on the general desirability of standardisation. But the more immediate question was whether a committee should be set up or whether it should be left to the Supply Department to make standard specifications in connection with war requirements. The report of Dr. Gregory and Sir David Meek on the results of their visit to America would shortly be available. Therein it would be found that standardisation would be of great value to some of India's customers abroad. Legislation had already been undertaken to introduce standardisation in connection with raw products. But when it came to manufactured goods, the problem became more difficult and it was certain that no legislation could be passed without the assistance of the industry concerned. The question, therefore, was whether this was an opportune moment for taking action. There was a possibility that any committee set up would trench on other war activities.

MR. ADVANI (Bombay) said that his Government were not thinking of legislation or compulsion. Some standardisation was already being carried out. The Bombay Government simply wanted a central organisation to be set up incorporating the present standardising bodies and collecting all the threads of standardisation already in existence. No investigation would be required and there was no question of impeding the war effort. He could not see any reason for delay. The proposed body would study the standards already in use, would work out further standards where necessary and try to get them adopted.

DR. GREGORY said that he considered there were two kinds of standardisation—technical and commercial. Technical standardisation was concerned with seeing, for instance, that screws were of one size and that parts of machines were interchangeable. As regards commercial standardisation, it was a question of seeing that particular markets obtained the particular goods which they require; for example, the Americans did not necessarily want standard patterns in cloth; but they were interested in seeing that they did not have to reject a large amount of the cloth which they had ordered because when they saw it they found that it was not what they had intended to order.

THE HONOURABLE SIR ALAN LLOYD said that what was wanted was specification.

MR. GHULAM MOHAMMAD (Controller-General of Purchase) said that technical standardisation was already being undertaken in connection with defence requirements and the institution of any separate body for this purpose would only be a hindrance. Commercial standardisation was more important for general commercial purposes, so that producers and consumers could speak the same language.

THE HON'BLE SIR CHHOTU RAM (Punjab) thought that this was an inopportune moment to take any action.

THE HON'BLE SIR MUHAMMAD SAADULLA (Assam) thought that standardisation at the present time would not be hindrance to the war effort, and might be a help to it.

DR. PANNA LALL (United Provinces) thought that perhaps the present moment was inopportune for definite action; but he suggested that the Government of India might collect information regarding the difficulties felt at present, with a view to setting up an organisation at the end of the war.

THE CHAIRMAN said that the British Standards Institution concerned itself with four subjects. With regard to textiles, Mr. Advani had already said that standardisation would be difficult; with regard to building it was impossible to standardise buildings, but possibly the materials might be standardised; with regard to chemicals, standardisation was essential and for this reason it would be superfluous to take any action in the matter; with regard to engineering, standardisation would be difficult at present in India, when this trade was not very highly developed and further standardisation in engineering at the moment might impede the war effort.

CONCLUSION.

This Conference considers it most desirable that the question of standardisation may be examined and is of the opinion that this can only be done in the closest consultation with the Export Advisory Council which may be able to give valuable help with respect to export markets, etc. It recommends that such investigation as may be necessitated may be taken up by the Government of India.

Copy of letter No. 2583/126, dated 10th June 1941, from the Association to the Deputy Secretary to the Government of India, Department of Commerce.

I am directed to acknowledge the receipt of your letter No. 141-Ind.(10)/40, dated the 12th May 1941, in which the Association is invited to express an opinion on the question of the Standardisation of Industrial Products and to suggest ways and means of bringing about some kind of standardisation of products.

My Committee have carefully examined this question. As far as textile goods are concerned, they are inclined to doubt whether very much can be done in the way of standardisation except in regard to the lines required for governmental use ; in this case, however, a substantial measure of standardisation has already been achieved. As regards civil trade, the types of goods in demand from time to time depend very largely on individual tastes and fashions and on the course of competition from other textile manufacturing countries. In any event, standardisation of the finished textile material does not appear to be so important as the standardisation of the raw materials used in the production of the finished article, for instance, yarn. The sponsors of the proposal themselves have admitted the difficulty of the task of standardising textile products, and my Committee feel that such standardisation as is necessary or desirable in regard to the cotton trade might best be left to be achieved by the efforts of the trade itself.

APPENDIX 21.

**COMPETITION BETWEEN THE HANDLOOM INDUSTRY AND THE
MILL INDUSTRY.**

(Extract from the *Gazette of India*, Part I, dated the 25th January 1941.)

GOVERNMENT OF INDIA,
DEPARTMENT OF COMMERCE,
Resolution, dated 25th January 1941.

No. 110/Ind. (16)/40.—The problem of safeguarding the position of the handloom industry and, at the same time, reconciling the conflicting interests of the handloom and the mill industries has been under the consideration of the Government of India for the last few years, and has been raised more than once at the Industries Conferences. At a recent Handloom Conference held at New Delhi on the 6th and 7th December 1940, the representatives of certain Provincial Governments, the mill and the handloom industries, who attended the Conference were unanimous in recommending that a Fact Finding Committee (Handloom and Mills) should be constituted immediately to investigate certain facts relating to the handloom and mill industries. This recommendation was placed before the Twelfth Industries Conference held at Lucknow on the 16th and 17th December 1940 which fully endorsed it. It has accordingly been decided to constitute a Fact Finding Committee, with effect from the 15th January 1941, consisting of:—

Chairman :—Dr. P. J. Thomas, M.A., B.Litt., D.Phil. (Oxon.), Professor of Economics, University of Madras.

Member :—Rai Bahadur Hrishikesh Mookherjee, A.M.C.T. (Manchester), Custom House, Calcutta.

Secretary :—Mr. B. P. Adarkar, M.A. (Cantab.), Reader in Economics, University of Allahabad.

The headquarters of the Committee will be at New Delhi.

The terms of reference of the Committee will be as follows :—

- (1) To make a survey, with the assistance of Provincial and State Governments, of the extent of the handloom industry in each Province and of the kinds of handloom products produced and the number of persons engaged in the industry ;
- (2) To make a report on the marketing organisations both for the purchase of yarn by the handloom weavers and for the sale of the handloom products ;
- (3) To compare the nature of the products of the handloom industry in each area surveyed with the corresponding mill products and to find the nature of the competition between the two ;
- (4) To investigate the kinds of yarn used in the handloom industry and types of production for which different kinds of yarn are used ; and
- (5) In particular, to investigate how far an enactment prohibiting the mills from using yarns of low counts would help the handloom industry in maintaining its production.

Copy of letter No. 575/51, dated 5th February 1941 from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of the Committee of the Association has been drawn to Government Resolution No. 110-Ind. (16)/40, dated the 25th January 1941, recently published in the *Government of India Gazette*, which contains the terms of reference of the Fact Finding Committee constituted by Government on the recommendation of the Delhi Conference of 6th-7th December, 1940, and the 12th Industries Conference. Their attention has also been drawn to the following extract of a note which appeared in the *Free Press* early this week :—

“ It is understood that a general questionnaire has been prepared for despatch to Provincial Governments and the final questionnaire will be prepared at Calcutta. . . . ”

The original of this cutting is enclosed herewith.

The view taken up by my Committee when the question of assistance to the handloom industry was raised by Government in their letter No. 110-Ind. (11)/40, dated the 9th October 1940, and also at the conference which followed on 6th December 1940, was that any discussion on the question of the nature and extent of the assistance to be rendered to the handloom industry should be preceded by a comprehensive enquiry with a view to ascertain all relevant facts with regard to the scope of the industry and the factors which are responsible for or have contributed to its difficulties. When my Committee made this suggestion, they were very conscious of the incomplete, misleading and sometimes biased nature of the data at present available on the subject, and it was for this, among other reasons, that they urged a comprehensive enquiry to collect and present facts as they are ; and they hoped that such report would facilitate subsequent discussions as to the nature of the assistance to be rendered to the handloom industry if the enquiry disclosed a necessity for such assistance.

Under instructions from the Chairman of the Association, I had in a separate letter* addressed to the Hon'ble the Commerce Member set forth in outline the Association's views regarding the procedure which might be followed in making the enquiry, and the data which,

* Not published.

it was thought, might be collected. The letter referred to was written immediately before the Government Resolution setting out the Terms of Reference, was received by the Association ; nevertheless, the points made in that letter stand. The resolution not only fails to throw any light on the procedure which the Fact Finding Committee propose to follow, but the terms of reference in themselves are, as explained below, incomplete and calculated gravely to prejudice the issue.

Term of Reference No. (1)—provides for the ascertainment of the extent of the handloom industry but does not make it clear that the cottage handloom industry weaving cotton goods has to be separated from all other types of minor weaving establishments. Similarly, this paragraph does not insist on detailed information being obtained in regard to the extent to which goods are produced for sale or for domestic consumption, and the extent to which the cottage handloom industry gives seasonal, full-time or part-time occupation.

Term of Reference No. (2).—My Committee presume that the Fact Finding Committee would be entitled to collect data regarding cost of marketing of handloom fabrics. It is felt that there should be two additional paragraphs to this term of reference to elicit cost of manufacture on handloom and the nature and extent of assistance at present given to the handloom industry from official and non-official sources.

Term of Reference No. (3).—This paragraph assumes that there is competition between handloom and mill-made fabrics. It is felt that, having ascertained the nature of the goods produced on handlooms, the Fact Finding Enquiry Committee should also go into the question of the appropriateness or suitability of particular fabrics for manufacture by handlooms.

Term of Reference No. (5).—My Committee feel that this is a matter which is entirely beyond the functions of a Fact Finding Committee. This paragraph raises issues of a far-reaching character which cannot be handled except with the assistance of technical experts. It would have been much better if Government had kept this issue pending till the Fact Finding Committee had submitted their report.

For all these reasons, my Committee earnestly request Government that careful consideration should be given to the point of view expressed in my letter No. 387/51, dated the 24th January 1941,* addressed to the Hon'ble the Commerce Member, and in this letter. The Association attaches very great importance to the Fact Finding Committee's enquiry and is anxious that everything possible should be done not only to make it as comprehensive as possible but also to ensure that it is confined to the ascertainment of facts only. The co-operation of the Association and its members is at the disposal of Government, and my Committee would greatly appreciate being consulted at all stages of the enquiry. The Fact Finding Committee are reported to have issued a provisional questionnaire. Assuming, however, that this Association will be consulted by Government on this provisional questionnaire, we would like to point out at this stage that the questionnaire should provide for the ascertainment of all the facts and data which have been set forth in my letter of the 24th January to the Hon'ble the Commerce Member. We would also like Government to bear in mind the observations made in this communication about the terms of reference, and if it is not possible at this stage to supplement the Government Resolution, we would very much appreciate it if the views expressed by the Association in this connection would be brought to the notice of the Fact Finding Committee by Government with a strong recommendation that they should be followed.

The Government Resolution states that the headquarters of the Fact Finding Committee will be at New Delhi. My Committee feel that Bombay would be a more appropriate centre as the Committee's headquarters than Delhi in view of the fact that it will be necessary for the Fact Finding Committee to have all the factual data about competition between mill industry and handloom industry collected by them in the course of their enquiry checked up by Millowners' Associations.

* Not published.

(Extract from the "Free Press Journal" dated the 4th February 1941.)

HANDLOOM INDUSTRY—FACT FINDING COMMITTEE'S TOUR.

NEW DELHI, February 3.

The Fact Finding Committee on handloom industry is understood to be undertaking a two-month tour on February 5th. The Chairman of the Committee, Dr. P. J. Thomas, and Secretary Mr. B. P. Adarkar, will leave Delhi for Lucknow and reach Patna on February 9, Calcutta on the 11, Nagpur on the 19, Madras on 23, and Bombay on March 23. They will be joined at Calcutta by Rai Bahadur H. Mukherjee, a member of the Committee. The Committee visits among other places, Madura, Trichinopoly, Coimbatore, Mangalore, Mysore, Bangalore, Belgaum, Baroda and Ahmedabad, returning to Delhi on April 3.

It is understood that a general questionnaire has been prepared for despatch to Provincial Governments and the final questionnaire will be prepared at Calcutta. After this preliminary tour for ascertaining the position of handloom industry generally and its difficulties the Committee will make a final survey in the next tour.—U.P.

Copy of letter No. FFC250, dated 27th February 1941 from the Secretary, Fact Finding Committee, to the Association.

With reference to the Press *communiqué* issued by the Fact Finding Committee (Handloom and Mills) of the Government of India, Department of Commerce, dated the 27th January 1941,* in accordance with resolution No. 110-Ind. 16/40, dated the 25th January 1941, containing the terms of reference of this Committee, I am directed to state that the Committee will be arriving at your centre on 17th March 1941.

The Committee will be pleased if you will kindly send answers to the attached questions by the 14th of March 1941. A detailed questionnaire will be sent later.

The Committee will not be able to visit all the centres at this stage. Answers to the attached questions will greatly help them in deciding on the places to be visited and the problems to be tackled.

A reply to this letter may be sent at your earliest convenience to the following address :—
"Secretary, Fact Finding Committee (Handloom and Mills), New Custom House, Bombay."

I.—SPINNING.

1. Please give figures for the following in a tabular form :

Counts of yarn spun per annum classified according to the number of counts. (Figures may be supplied for 1937-38, 1938-39 and 1939-40.)

2. Please supply figures for the prices of yarn sold by you, month by month, with reference to qualities and counts, during 1937-38, 1938-39, and 1939-40.

3. What is your organisation for the marketing of yarn ? Explain the part played by (a) agents, (b) sub-agents, and (c) other middlemen.

4. Are you aware of any unfair practices in the yarn trade ? If so, please describe them fully. Whom do you hold responsible for such practices, and what steps do you suggest for their control and mitigation ?

*Not published.

5. What is the extent of competition between mill-made yarn produced by you, on the one hand, and on the other :—

- (a) yarn produced by mills elsewhere in India,
- (b) yarn imported from abroad, and
- (c) hand-spun yarn ?

6. Give complete figures for the following with reference to the years 1937-38, 1938-39, and 1939-40 :—

- (a) Total profits earned by your concern, or mills which are members of your Association.
- (b) Dividends distributed by the same.
- (c) Amounts put to reserve.

If your business or member firms combine both spinning and weaving, either give figures for the spinning section if possible, or at least figures for both the sections together.

II.—WEAVING.

7. What are the different kinds of cloth produced in your mill or by your member firms ?

8. Give figures in tabular form, as shown below for the production of cloth for various counts of yarns :—

Counts.	Percentage.	Cloth in yards (000).
1 to 10		
11 to 20		
21 to 30		
31 to 40		
41 to 50		
51 to 60		
61 to 70		
71 to 80		
81 to 90		
91 to 100		
101 and above		

9. Please give also figures for the spreads of prices of raw cotton, cotton yarn and cloth of standard varieties during 1937-38, 1938-39 and 1939-40.

10. What is your marketing organisation for selling cloths ?

11. Please explain the nature and extent of competition between mill-made products, on the one hand, and the products of handlooms and power-looms on the other.

12. (a) In what classes of goods have the mills a definite advantage over handlooms ?
- (b) In what classes is the competition even ?
- (c) In what classes of goods are the mills at a disadvantage ?

13. Do you consider the competition in any respects unfair ? If so, suggest the measures which are or should be taken to meet it.

III.—THE HANDLOOM INDUSTRY.

14. To what extent is the handloom industry affected by the competition of :

- (a) the Indian weaving mills,
- (b) the foreign weaving mills,
- (c) single unit power-looms or small-scale power-loom factories ?

15. What other factors are adversely or favourably affecting the position of the handloom industry ?

16. What, in your opinion, is the future of the handloom industry in India's economy?

17. If you think that the handloom industry has a definite place in the national economy, what is its proper sphere *vis-a-vis* the power-looms and the mills.

18. The total number of handloom weavers is believed to be in the neighbourhood of five millions. In view of this fact, is it not nationally desirable to help the handloom industry ? If your answer is in the affirmative, what positive measures do you suggest for the amelioration of the economic condition of the weavers ?

19. Please state your views as regards suggestions contained in para I, sub-para 5 of the aforesaid Government *communique*, viz.,

“ In particular, to investigate how far an enactment prohibiting the mills from using yarns of low counts would help the handloom industry in maintaining its production.”

State your answer, assuming the line of demarcation for “ lower counts ” at 12s, 20s, and 30s respectively. Particularly, discuss the indirect consequences of such a measure and its feasibility.

N.B.—Replies to the above questions may kindly be sent *with five* spare copies.

Copy of letter No. 1050/51, dated 3rd March 1941, from the Association to the Secretary, Fact Finding Committee.

I am directed to acknowledge the receipt of your letter No. FFC250, dated the 27th February 1941, and the questionnaire enclosed therewith. The Association's representatives would very much appreciate a discussion with your Committee before circularising member mills for information on the matters dealt with in your questionnaire, as they are of opinion that the questionnaire needs considerable modification and extension in certain directions in order to enable your Committee to obtain the basic facts relating to the handloom industry. The Association would also appreciate being informed as to whether individual mills in India have been separately addressed, and if so, whether it would be possible for you to supply me with a list of the mills so addressed.

Copy of letter No. FFC293, dated 10th March 1941 from the Secretary, Fact Finding Committee (Handloom and Mills), to the Association.

With reference to your letter No. 1050/51 dated the 3rd March 1941, I am directed to say that there has been some misunderstanding about the purpose and scope of the circular letter addressed to the mills and Millowners' Associations. I have to draw your attention to paragraphs 2 and 3 of my letter No. F.F.C. 250, dated the 27th February 1941, where it is clearly stated (1) that a detailed questionnaire would be sent later and (2) that answers to the general questions would greatly help the Committee in deciding on the places to be visited and the problems to be tackled. In view of this it is clear that the question of “ modification and extension ” does not arise, as the detailed questionnaire may be expected

to meet that requirement. It was felt that instead of answering the questions put by the Committee orally on the spot, it might be better if the representatives of the mills came prepared for such questions. At this stage, the discussions are purely informal, and, therefore, neither the mills nor the associations would be committing themselves in any way.

The Committee will be pleased to meet the representatives of your Association, when they arrive in Bombay. I hope you are in touch with the Director of Industries regarding the time and venue of such a meeting. It would be preferable if you fix up an appointment on any day between the 17th and 20th instant. The questionnaire will be issued towards the end of March or the beginning of April, and thus it will be possible for the Committee to apprise itself fully of your views beforehand.

With reference to your query as to whether any individual mills have been addressed, I have to state that only a few mills in the centres, which the Committee have so far visited, have been addressed, in addition to the various Millowners' Associations. No individual mill in the Bombay Presidency has been addressed.

Copy of letter No. 1311/51, dated 19th March 1941, from the Association to the Secretary, Fact Finding Committee (Handloom and Mills).

As agreed at the meeting held to-day, Wednesday, the 19th March, between the Association's Special Sub-Committee and your Committee, I enclose a copy of a note showing the heads under which the Association considers it essential that information should be collected by the Fact Finding Committee concerning the handloom industry and products it manufactures.

2. I also enclose for your information copy of a letter No. 575/51, dated the 5th February 1941,* addressed by the Association to the Secretary to the Government of India, Department of Commerce, criticising the terms of reference to the Fact Finding Committee. As the enclosure referred to in this letter was of a demi-official character, it is not enclosed herewith, but the main points in that D.O. have been incorporated in the note referred to in paragraph 1.

3. I presume that you will be sending the Association a copy of the official record of to-day's meeting. It is not suggested that the record should be verbatim, but it should incorporate the following main points:—

(i) *Persons Present :*

Rai Bahadur Hrishikesh Mookherjee, Mr. B. P. Adarkar, and Mr. S. K. Mookherjee.	}	Fact Finding Committee.
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Mr. R. L. Ferard, (<i>Deputy Chairman</i>), Sir Chunilal V. Mehta, K.C.S.I., Mr. A. L. Hutson, and Mr. T. Maloney, (<i>Secretary</i>).	}	Representing the Millowners' Association, Bombay.
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(ii) that this visit to Bombay was of a preliminary character and that the Fact Finding Committee would be re-visiting Bombay later in the year ;

(iii) that the questionnaire sent to the Association was only to be considered as forming a basis for discussion ;

(iv) that a final questionnaire should be framed and that this questionnaire would be based on the results of the talks between the Fact Finding Committee and the various persons and bodies interviewed during the preliminary tour ;

* Published on page 216 of this report.

(v) that the Association's representatives consider it absolutely essential that a comprehensive survey of the facts concerning the handloom industry as also the village weaving industry—hand or power—should be undertaken by special Field Investigators in all Provinces and Indian States, since unless such a survey were undertaken, the Fact Finding Committee would be largely groping in the dark, and since it has been admitted on all hands, that information in regard to the handloom industry is both incomplete and unreliable ;

(vi) that a certain amount of valuable general information regarding the handloom industry in Bombay could be obtained from the brochure written by Sir Robert Bell about twenty years ago ;

(vii) that if the facts relating to the handloom industry in various Provinces and States could not be obtained within the time limit given to the Committee to submit their Report, an extension of time in which to conduct their investigations should be asked for at the earliest opportunity.

In this connection, it was pointed out that an extension would not be harmful to the handloom industry, since the war must have greatly improved the position of handloom weavers and increased the prices of and the demand for handloom products ;

(viii) that complete information should be obtained as to the extent to which the handloom weaver was in the hands of the *sowcar*. The general impression of the persons present at the meeting appeared to be that in almost all cases, the handloom weaver was not a free agent ;

(ix) that an enactment prohibiting mills from using yarns of low counts would be an unwarranted restriction on the mill industry and would not help the handloom industry to maintain its production or increase its prosperity, and that the improvement of the handloom weavers' position was to be sought in other directions and particularly in the direction of better organisation of buying and selling and specialisation in cloths suited to that type of weaving as regards design and cloth structure ;

(x) that the Association would be very willing to assist the Fact Finding Committee at all times with supply of information in regard to mill yarn and cloth prices, provided that the name of the manufacturer and particulars of the ticket, stamp, count, etc., were forwarded ;

(xi) that it was generally felt that mill cloths did not compete with handloom cloths, but that if the Fact Finding Committee forwarded samples of handloom cloths and the mill cloths which were alleged to compete with them, the Association would endeavour to obtain information as to the prices at which the latter had been sold by mills on various dates.

(xii) The Association's Sub-Committee expressed their regret that owing to illness they had not the pleasure of meeting Dr. Thomas, but indicated that if the Fact Finding Committee so desired, another meeting could be arranged before the Committee left Bombay.

Note showing the heads under which the Millowners' Association, Bombay, considers it essential that information should be collected by the Fact Finding Committee concerning the handloom industry and products it manufactures.

(1) What is necessary in order to ascertain the facts required is a thorough census of the village weaving industry.

This survey should be undertaken in all Provinces and Indian States by specially appointed enumerators and should ensure complete information in regard to :—

(a) the total number of handlooms of various types operated in cottages, i.e., one or two looms per cottage ;

- (b) the number of handlooms operated on a semi-factory basis, i.e., (i) worked on co-operative lines, and (ii) worked for private profit and owned by individuals, dividing such establishments into groups, e.g.—

3 to 10 looms,

11 to 20 looms,

Over 20 looms ;

- (c) the number of handlooms converted to power and power looms worked in small establishments, dividing these establishments into :

Establishments with 1 to 10 looms,

„ „ 11 to 20 looms,

„ „ Over 20 looms, etc.

- (2) The following information should be obtained in regard to handlooms included in each of the above classifications :—

- (a) Types of looms.
- (b) Number of looms worked on various classes of raw materials.
- (c) The character of employment, i.e., part-time, full-time or seasonal, and the normal number of hours worked per year or month as the case may be .
- (d) Whether producing goods for :—
- (i) domestic consumption only ;
 - (ii) domestic and local consumption ;
 - (iii) local consumption only ;
 - (iv) local and general consumption including export.
- (e) Changes in character of production in recent years and the reasons therefor.
- (f) *Organisation.*—Fullest possible information regarding :—
- (i) the form in which the raw material is purchased (bundles, cones, cheeses, ball warps, beams) ;
 - (ii) the method by which the purchase of raw material is financed ;
 - (iii) the method by which the raw material is prepared, sized, woven, after processed, and finished ;
 - (iv) how the goods are disposed of including all stages of sales right up to the retail sale to the consumer ;
 - (v) the system and scale of remuneration in all cases where weavers receive payment in cash or kind for weaving yarn into cloth ;
 - (vi) in the case of small factories employing weavers on a wage basis, the following information should be obtained :—
- (a) Wages paid and basis of wages ;
 - (b) hours worked ;
 - (c) conditions of work ;
 - (d) comparative wages of agricultural workers.

(3) (a) Over and above the foregoing information, it is essential that a complete range of handloom fabrics produced in different districts should be collected, and in every case, a full itemized costing at every stage of manufacture from the purchase of the raw material to the final sale of the finished product should be prepared.

(b) This costing should also contain leading particulars, such as dimensions, warp and weft, reed and pick, percentage of colour, etc., of each cloth.

(c) In respect of the more important lines of handloom manufactures, we should like the Fact Finding Committee to obtain wholesale and retail selling prices on various dates in the last two years. The Committee should also collect samples of mill-made cloths which are alleged to compete with specified handloom fabrics and the prices at which they are reported to have been sold. When collecting this information, care should be taken to ascertain the name of the manufacturer of the cloth and such other particulars as may be necessary to check up the correctness of these statements.

(d) Detailed information regarding the extent of subsidies, grants and other aids and facilities granted to the handloom industry by Provincial and Central Governments and the extent to which they are utilised should also be obtained.

Copy of letter No. F.F.C.354, dated 1st April 1941, from the Secretary, Fact Finding Committee, to the Association.

I am directed to acknowledge receipt of your letter No. 1311/51 of 1941, dated the 19th March 1941, and to say that the points mentioned by you therein have been noted by the Committee. As the Committee do not maintain complete official records of informal meetings, I regret, therefore, it is not possible for me to supply a copy of the record. Some notes were made at the meeting by my Superintendent, which are very much on the lines of the points suggested by you. However, I am directed to say that when drawing up their questionnaire the Committee would be pleased to consider all the points raised by your Association.

Copy of letter No. 529, dated 22nd April 1941, from the Secretary, Fact Finding Committee, to the Association.

I am directed to send separately 100 copies of the questionnaire* of the Fact Finding Committee, by registered post parcel and to request that copies may be distributed as early as possible.

2. I am further to request you to send me the full consolidated statement of the replies received by you from the mills at your earliest convenience at the following address: "Secretary, Fact Finding Committee (Handloom and Mills), Camp, Ootacamund." The Committee propose to undertake the final tour after receiving replies from Governments and commercial bodies and I am therefore to request you to expedite your reply.

Copy of letter No. 1862/51, dated 25th April 1941, from the Association to the Chairman, Fact Finding Committee (Handloom and Mills), New Delhi.

I am in receipt of your letter dated the 22nd of April 1941. I am afraid that it is rather late to send criticisms of the questionnaire, but I have had an opportunity of discussing it with Mr. Stones, and we both agree that it covers most of the ground that should be covered. Mr. Stones concurs with the view I expressed in my letter of the 9th of April* about the elaborateness of the questionnaire and the difficulties which the average individual will have in answering it. A few minor modifications might well have been made, but now that it has been sent out, the Association, at any rate, will do its best to answer those questions about

* Not published.

which it has anything useful to say. In your letter to Mr. Stones, No. F.F.C.501, dated the 21st April,* you mentioned that I had offered to send some suggestions by the 10th instant and you waited until the 21st, but no letter was received from me. I do not quite understand how you got this impression, because in my letter of the 9th April, I merely asked whether it would be possible for you to send me another copy of the draft questionnaire so that I could go through it with Mr. Stones, and let you know whether we thought any modifications should be made in it. As it turned out, Mr. Stone's copy of the questionnaire was not received until the 23rd April, and my consultation with him could not take place until this morning.

In question 46, no reference appears to have been made to imported yarn. This is, of course, largely used in Madras.

In question 57, I think it might have been better to have referred to representative types of cloths rather than some specific pieces of cloth.

In question 68, you refer to types of cloth in which there is competition. The word "types" has, I think, too broad a signification. It might have been better to have asked for the exact nature of the cloth in which there is competition.

Question 75.—This question is not sufficiently comprehensive to ascertain the facts relating to every type of aid given to the handloom industry. It is known, for example, that Provincial Governments and Indian States give aid of varying degrees and in varying kinds to the handloom industry which is quite independent of the aid given from the financial grants made by the Government of India.

In Table III-A, the last column is headed "Estimated value in rupees." No definition of the term "value" is given, and I rather fear that in some cases the "cost" price will be inserted and in others the "selling" price.

In Table III-B, it is presumed that what is wanted is the average count of the warp and weft yarn used in the fabric, but in each cloth there may be wide variations in the warp and weft used. For instance, a cloth might be made with 20s warp yarn and 10s weft. Such a cloth would, of course, have an entirely different appearance from a cloth made from 15s yarn both warp and weft. Where the counts of the warp and weft yarn vary considerably, handloom weavers might have difficulty in giving the correct weighted average count of the yarn used.

In Table III-C, I think it might have been better to have asked for an indication of the length of the piece and then in the last two columns to indicate the cost and selling prices per piece.

In Table III-D, no provision seems to have been made for the indication of particulars regarding reed and pick and warp length.

You will observe that the criticisms I have made on the questionnaire are of a comparatively minor character, but I trust that you will be able to make use of some of them when the questionnaire is actually issued.

I should be very grateful if you could let me have a list of the persons and associations to whom the questionnaire has been sent. In this connection, I may point out that when the Association met Mr. T. S. Pillay, Deputy Secretary, Commerce Department, on the 15th April (Sir Ramaswami Mudaliar whom we should have met was unable to attend owing to the unfortunate death of his son-in-law), my Committee indicated their anxiety for the appointment of field investigators in order to ensure that comprehensive and reliable information was obtained from all Provinces. We went so far as to suggest that special field investigation was essential and that it should be undertaken, even though it might delay the publication of the Report considerably; our view being that the war had greatly increased the prosperity of the handloom weaver, and in these circumstances, the necessity for the submission of a report within a few months' time had disappeared. Mr. Pillay said that this suggestion

*Not published.

would be given further consideration, and my Committee, therefore, trust that you will urge upon the Government of India the desirability of a complete and adequate survey being made, since a questionnaire—and particularly a very elaborate questionnaire—could not possibly be answered by the weavers themselves who are, generally speaking, completely illiterate.

Copy of letter No. 1896/51, dated 28th April 1941, from the Association to the Secretary, Fact Finding Committee (Handlooms and Mills), Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 529, dated the 22nd April 1941, and 100 copies of the questionnaire issued by the Fact Finding Committee, and to say that they have been sent out to all members of the Association for an expression of opinion on such questions on which they have any views to offer. It would greatly facilitate the submission of replies if you could kindly arrange to send me, as early as possible, 50 additional copies of the questionnaire.

Copy of letter No. 1915/51, dated 29th April 1941 from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to refer to my letter No. 575/51, dated the 5th February 1941, in which were set forth the views of my Committee on the terms of reference to the Handloom Fact Finding Committee. It was there indicated that my Committee were anxious that everything possible should be done not only to make the enquiry as comprehensive as possible, but also to ensure that it was confined to the ascertainment of facts only. Certain suggestions were also put forward as to the best means which, in the opinion of the Association, were calculated to achieve this end. One of the most important of these proposals related to the appointment of field investigators in order to elicit correct facts concerning the hand and cottage weaving industry.

Since my letter was written, the Committee of my Association have had opportunities of discussing the question both with the members of the Handloom Fact Finding Committee and with Mr. T. S. Pillay, Deputy Secretary to the Government of India, Department of Commerce. On both these occasions, expression was given to the great importance which the Association attached to the work of the Enquiry Committee, and its anxiety to ensure that everything possible was done to make the enquiry comprehensive and restricted to the ascertainment of accurate factual data concerning the hand weaving industry. The need for special field investigation work was emphasised as the only effective means of obtaining comprehensive data on various heads under which it was considered essential that the Enquiry Committee should have information in their possession in order to enable them to frame a satisfactory or acceptable report.

From the conversations which the Committee had with the members of the Fact Finding Committee, it would appear that they were obsessed by the instructions that their report had to be ready within a period of nine months. The Enquiry Committee seemed to realize that a comprehensive field investigation on the lines advocated by the Association was necessary, but felt that this could not be completed within the time allowed to them. The need for an early report from the Committee is now much less urgent than before, for the reason that the war has brought about a considerable improvement in the position of the handloom weaver. My Committee, therefore, suggest that the instructions regarding the time limit for the submission of a report by the Enquiry Committee may be relaxed and the opportunity taken to order an exhaustive survey of the extent and position of the hand and cottage weaving industry of the country by means of a detailed field investigation. An added reason for the adoption of this course is provided by the questionnaire recently issued by the Enquiry Committee. The intricate and technical nature of some of the questions formulated by the Committee are such that it would be almost impossible for an average illiterate village weaver to give a satisfactory answer to them. This being so, answers to the questionnaire would for the most part emanate from interested parties such as the village *soucar*

and the smaller power-loom factory proprietor at present immune from the factory regulations, and the survey might conceivably degenerate into the collection of partisan views—a consummation that my Committee can hardly believe it was Government's intention to bring about.

The views held by this Association on this question were reiterated at the conference which my Committee recently had with Mr. T. S. Pillay, at which it was urged on behalf of the Association that, unless the Enquiry Committee were given authority to appoint expert field investigators of their own for the purpose of collecting accurate data, the results of the enquiry were likely to prove unsatisfactory and misleading, and that an unfair picture might be presented regarding the handloom industry and the extent and nature of the competition existing between it and the power-loom industry. As a result of these discussions, it is understood that although the enquiry would in the main be conducted through provincial agencies, Government propose to ask the Enquiry Committee themselves to take steps, in necessary cases, to have the facts placed before them through such agencies, fully verified and established.

My Committee regret they are unable to agree that an arrangement such as that contemplated is likely to yield satisfactory results. While it is true that the Directors of Industries in the various Provinces have already done a good amount of useful work in this direction, it is nevertheless a fact that, at successive Industries Conferences held during the last few years, the Directors of Industries have themselves bewailed the lack of reliable information concerning the hand and cottage weaving industry. This absence of adequate data has not, however, prevented some of them, at any rate, from putting forward proposals for assisting the hand weaving industry at the expense of the power weaving industry. Such being the position, an enquiry through provincial agencies, however unprejudiced and unbiassed their individual views may be on the subject matter of the enquiry, is scarcely likely to produce impartial results on which to base far-reaching proposals for the solution of the problems and difficulties confronting the handloom industry.

Any action directed towards penalizing the power-loom industry of the country, ostensibly with the object of assisting the hand weaving industry, must, my Committee maintain, be preceded by the establishment of the need for such assistance by a comprehensive survey on the lines suggested by the Association. The means which, in their opinion, is best calculated to ensure the ascertainment of reliable data concerning the nature and extent of the hand weaving industry, and to set out its problems in true perspective, has already been made known to the Government of India and the Enquiry Committee. As has been indicated above, the need for an early report is now less urgent than before; and in these circumstances, my Committee strongly urge that Government should take early steps to direct a detailed field investigation to be carried out, more especially since the present affords an excellent opportunity for ascertaining once for all the true relationship which exists between the hand and power weaving industries of the country. This work will, of course, necessitate the appointment of a fairly large number of experienced investigators or field workers who should tour and ascertain facts in all Provinces and in the Indian States. These field workers should conduct their enquiries on the basis of a uniform set of instructions drawn up by the Central Committee, and should endeavour to elicit true facts concerning the hand and cottage weaving industry. Unless such an investigation were carried out, the results of the enquiry are likely to prove of doubtful utility, and any conclusions or actions based thereon would lend themselves open to the charge of having been built on preconceived ideas, entirely unrelated to, and dissociated from, the real needs of the situation.

Copy of letter D.O. No. 607, dated 30th April 1941 from the Secretary to the Fact Finding Committee (Handlooms and Mills), to the Association.

Many thanks for your letter of the 25th instant. Ahmedabad had asked us to wait for suggestions till the 20th instant, and I had an expectation that you would be doing the same—although I now find that there was no definite undertaking to that effect. But sugges-

tions came from nowhere till the 21st instant and strike order had to be given on that day. Copies were immediately taken and sent to the Governments and to Trade Associations and public bodies all over India. Copies have not been sent to individual mills, except in rare cases.

As pointed out by you, the emendations to the questionnaire suggested by you are not of a very material character. Some of the points made by you will be kept in view when taking oral evidence.

Your remarks on Q. 75 do not take into account Q. 73 which calls for information about the endeavours of the Provinces and States to help the handloom weavers.

The other questions raised by you are for the Commerce Department to answer. I may tell you, however, that the question of appointing investigators in special cases is receiving attention.

Copy of letter No. 2609/51, dated 14th June 1941 from the Association to the Secretary, Fact Finding Committee (Handlooms and Mills), Ootacamund.

I am directed to refer to your letter No. 529, dated the 22nd April 1941, enclosing copies of the questionnaire issued by the Handloom Fact Finding Committee.

As desired, copies of the questionnaire were distributed amongst all members, but the response so far received has been very poor owing mainly to the fact that mills are not as a rule directly acquainted with most of the matters covered by the questionnaire. The general answers of the Association to the questionnaire are at present under consideration, and I expect to be able to send these to you in about three weeks' time, and trust this will be in order.

Copy of letter No. 2868/51, dated 30th June 1941 from the Association to the Secretary, Fact Finding Committee (Handlooms and Mills), Calcutta.

In order that they may reach you before you leave Calcutta, I am forwarding to you six hand-proof copies* of the Association's General Memorandum and Answers to the detailed questionnaire issued by your Committee. A few minor corrections may possibly have to be made in the galleys but the final printed memorandum and answers will be delivered to you in booklet form on your arrival in Bombay.

My Sub-Committee will be glad to learn as early as possible the exact date and time when they would be required to tender oral evidence.

Copy of letter No. F.F.C.B.7, dated 12th July 1941 from the Secretary, Fact Finding Committee, to the Association.

With reference to your letter* No. 2902/51 of 1941, dated 2nd July 1941, I have the honour to acknowledge receipt of 6 printed copies of your Association's Memorandum and Answers, as also 6 copies of the Association's Handbook "Where to Buy Indian Piecegoods and Yarn."

The Fact Finding Committee will be arriving in Bombay on the 14th instant. Immediately on their arrival a mutually convenient date for the oral evidence of your Association before the Committee will be fixed up.

Please note that this time the Committee's office has been located at the Legislative Hall near the Museum.

*Not published.

Copy of letter No. F.F.C.1024, dated 15th July 1941 from the Secretary, the Fact Finding Committee, to the Association.

I am directed to state that the Fact Finding Committee will arrive in Bombay on 21st and stay there till 25th July and during this period the Committee would be glad to have informal discussions based on the replies to the questionnaire, with the representatives of the Millowners' Association, Bombay, on any day between 23rd and 25th July. •

I am therefore to request you to inform me by wire, c/o Railway Hotel, Aurangabad, the dates and timings which will be suitable to them.

APPENDIX 22.

THE WAR AND GOVERNMENT REQUIREMENTS OF COTTON TEXTILES.

Copy of letter No. Sy/Tx-41 (51), dated 17th February 1941, from the Government of India, Department of Supply, to the Association.

I am directed to say that in 1941-42 the Government of India are likely to place a very much heavier load than in the current year on the cotton textiles industry. This expectation relates particularly to certain special lines, and it is necessary to consider what measures can be taken to stimulate production. The Government of India believe that the best method of approaching the problem will be to appoint an Advisory Panel, representing the Millowners Associations of Bombay, Ahmedabad, Indore, Bengal and Southern India and the Upper India Chamber of Commerce at Cawnpore. If your Association agree with this suggestion, I am to enquire whether it would be possible for you, as Secretary, to act as a member of the panel. The Government of India are of opinion that it will be best if Secretaries are permitted to act, as the work involved in organizing any expansion of production can best be performed by executive officers, such as the Secretaries to Associations or Chambers. If it is possible for you to join the Panel, I am to request you to let me know as soon as you conveniently can. The first meeting will then be called at New Delhi by the Director-General of Supply.

2. It is desired to reach conclusions on these proposals by or before the 7th of March and it is requested, therefore, that the views of your Association may be transmitted to reach Delhi by or before that date.

Copy of letter No. 1033/69, dated 3rd March 1941, from the Association to the Deputy Secretary to the Government of India, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. Sy/Tx-41(51), dated the 17th February 1941, as also your telegram of the 22nd February* on the same subject, both of which have received the careful consideration of my Committee. In reply, I confirm having wired to you as follows :—

“ Your Sy/Tx-41(51) and telegram twenty-second Committee agreeable my attending initial Conference. Letter follows. Maloney.”

My Committee have expressed their doubts as to whether an Advisory Board of the type which has been suggested will be able to accomplish all that is expected of it, but have agreed to my appointment as a member of the Advisory Council for the initial meetings in Delhi as a result of which the exact position in regard to the demand and supplies for various types of goods will be made clearer, following which they hope to be able to make some

*Not published.

contribution towards the practical solution of the problems involved. Without in any way prejudging the case, the general view of my Committee appears to be that it might have been advisable for the Director-General of Supply to visit Bombay and Ahmedabad and explain to representative meetings of millowners at those two centres the exact situation and it is hoped that it is not too late for such a course to be adopted. They would also like to make it clear that my services could not be spared outside Bombay at frequent intervals or for lengthy periods, but agree that a closer contact with the Bombay and Ahmedabad mill industries as a whole might be advisable and that, if the zone system which was suggested some time ago is to be reverted to, the idea of establishing more adequate purchasing arrangements, etc., in Bombay should not be lost sight of.

Copy of letter No. 2140/116A, dated 13th May 1941, from the Association to the Director-General of Supply, Department of Supply, New Delhi.

I am directed to inform you that, after considering the suggestion made at the joint conference held on Friday last, 9th May 1941, my Committee approve of the proposal to move a self-contained unit of the Department of Supply to Bombay to control the future purchase and supply of cotton textiles required for war purposes on the understanding that this new Bombay organisation would have full executive, purchasing and financial powers. My Committee believe that the move to Bombay will facilitate purchases of cotton textiles since the Department would be in very close contact with the most important centres of cotton textile production in India and be in day-to-day contact with the actual suppliers. The services of the Secretariat of the Association will be at the disposal of the new organisation at all times.

As regards the other matters discussed at the conference, my Committee are awaiting the memorandum which you promised to submit for their consideration after your return to headquarters. I need hardly add that the detailed views of my Committee on the suggestions contained in your memorandum will be submitted with the least possible delay.

Copy of letter No. SY/TX-41(51), dated 15th May 1941, from the Director-General of Supply, Government of India, Department of Supply, New Delhi, to the Association.

I am directed to refer to Supply Department letter No. SY/TX-41(51), dated 17th February 1941, and your replies thereto, on the proposed establishment of an Advisory Panel of Secretaries of Millowners' Associations for the purpose of advising this Department on the stimulation of the production of cotton textiles for war purposes.

2. You are aware that since this scheme was put forward a second and more important series of proposals were put before representatives of the industry on 9th May 1941, by the Director-General of Supply. This latter proposal automatically supersedes the former and I am to state that a detailed memorandum is shortly to be forwarded to your Association setting forth the terms of the latter proposal and will invite acceptance and collaboration for its future working.

Copy of letter No. TX-41(72), dated 12th July 1941, from the Director-General of Supply, Department of Supply, New Delhi, to the Association.

At the meeting held in Bombay on 9-5-1941 between representatives of Associations and certain officials of the Supply Department, a proposition was put before the Cotton Textiles Industry which has for its purpose a closer identification of the activities of the industry and of Government as a means of facilitating the procurement of war supplies of cotton textiles and, in particular, of securing new sources in the event of future demands exceeding their existing levels.

In response to the request made by representatives at that meeting the proposals and decisions of Government are set forth in the attached Memorandum for acceptance by your Association, and it is now requested that the acceptance of your organisation of the Panel proposals may please be forwarded together with any observations your organisation may desire to record.

2. It is also requested that your Association may please nominate your member(s) to the Panel. It will be convenient if your reply can be furnished by or before the 1st of August 1941.

3. I am further to state that when the nominations to the Panel have been received and accepted by Government, it is proposed to convene thereafter an early meeting with the Panel in Simla or in Delhi for the purpose of discussing and of reaching agreement upon matters relating to the powers and functions of the Panel and its relationships with Government.

4. It is requested that the contents of this correspondence may please be treated as confidential by the members of your organisation until the matters in issue have been settled and the Panel has formally been constituted. When this stage has been reached, you will, of course, be notified.

5. I am to express regret for the delay in forwarding the proposals of Government.

MEMORANDUM SETTING FORTH THE CENTRAL GOVERNMENT'S PROPOSALS FOR A
CLOSER LIAISON WITH THE COTTON TEXTILES INDUSTRY.

The supply position as it has existed to date, and in regard to war supply demands on the cotton textiles industry, is that up to the earlier months of 1941 the required quantities for war supply purposes had generally been secured without difficulties up to the necessary standards, in the time periods laid down and at reasonable prices. The position is changing and there are indications that future demands will increase. Such increased demands can, in general terms, only be met by the participation in war supply work of those mills whose machinery is suitable or can be adapted to Government requirements, and which have hitherto made little or no contribution towards meeting the war demands.

In seeking for this additional production, the Central Government desire to pay regard to the views frequently expressed by the cotton textiles industry to the effect that Government should place its problems before the industry, should take the latter into their confidence and avail themselves of the advice and assistance of industry.

2. Government have considered these views of the industry and desire to meet the requirements by the following means :—

- (a) There should be set up a Panel of the prominent members of industry who would advise and assist Government in securing the general purposes in view.
- (b) To facilitate the required expansion of production Government will set up an office in Bombay.
- (c) There shall be set up a separate Committee of officials drawn from industry and from Government for consultation in the matter of specifications.

Decisions on (b) and (c) have been taken by Government and separate action is being taken in respect of both.

3. *The Panel.*—The main purpose to be served is to spread the burden of any increased war supply demands over the largest number of units of the industry and for the Panel to lend the maximum assistance for such purpose requires that it be constituted of the prominent and important men of the industry.

It is proposed that the following duties and responsibilities be laid on this Panel :—

- (a) It will be convened, from time to time, as may be necessary, to discuss and advise upon problems pertaining to the supply of cotton textiles for war purposes that are of importance to the Industry as a whole. The Director-General of Supply will be the convener of meetings.
- (b) In addition, individual Panel members or, as appropriate, groups of Panel members, will be available to give advice and assistance on local production problems to the Government officials to be located in Bombay.

Apart from the inaugural meeting of the Panel as a whole, it is contemplated that subsequent meetings would only be convened when considerable increases of demands can be foreseen and which are not likely to be solved by the day to day routine procedure noted at (b). Experience to date has shown that despite there being a forward programme of known requirements the circumstances of war tend to give rise to unpredictable, and occasionally large, additional demands. It is these circumstances that influence the question of how frequently the Panel as a whole would meet and it is anticipated that such need only take place a few times in each year. For general convenience it would appear that the most suitable place for meetings would be Bombay, but this can largely be left to the decision of the Panel itself.

4. *The Government Office in Bombay.*—After due consideration Government have decided to make a division between the class of textiles goods that have hitherto been secured by normal purchase methods and those regarding which difficulties have been encountered, or will be encountered in future, in meeting their requirements. It has been decided to continue to deal with the former category from the headquarters of the Directorate-General of Supply in Delhi and to vest the responsibility for planning for the second category in the Government Office in Bombay. Hence the future procedure will be for the Delhi organisation to refer to the Bombay office all demands for which there is a production shortage and it will be for the Bombay office to solve such production problems. This will necessitate the location of new production sources, technical advice towards adapting machinery and training mills' staff, development up to the stage of the preparation of acceptable samples and finally, production for war supply purposes.

The Bombay office is to be placed in charge of an official drawn from the cotton textiles industry who will have the necessary knowledge and experience for the purpose. He is to be assisted by an Adviser also drawn from the trade. Steps are being taken to set up this office in the near future.

5. *Specifications Committee.*—The purpose of this Committee will be to prepare specifications for new cloths to meet particular purposes where it is found impossible to meet the full requirements of a given standard cloth within the time period laid down for supply. Such revised specifications will be designed to secure that the largest numbers of mills will be capable of manufacturing the new cloth.

This Committee is to consist of experts drawn from the cotton textiles industry and of the Government officials responsible for specifications. The officer in charge of the Bombay office will be a member of this Committee. Separate steps are being taken to constitute the Committee.

6. At the meeting held in Bombay on 9th May 1941, it was agreed that the constitution of the Panel should consist of one representative of each of the following Millowners' Associations :—

1. The Millowners' Association, Bombay.
2. The Ahmedabad Millowners' Association, Ahmedabad.

3. The Federation of Baroda State Mills and Industries, Baroda.
4. The Southern India Millowners' Association, Coimbatore.
5. The Bengal Millowners' Association, Calcutta.
6. The Upper India Chamber of Commerce, Cawnpore.
7. The Indore Millowners' Association, Indore.

together with one further representative from each Bombay, Ahmedabad, Madras and Cawnpore ; making a Panel of 11 in all.

It is now requested that your organisation may please nominate its representative or representatives in accordance with the foregoing decision and that the names of the nominees may be notified to the Central Government.

Thereafter, and as a first step, it is proposed to convene the Panel at an early date in Simla or Delhi for the purpose of discussing with Government in more detail the responsibilities and functions of the Panel and of laying down certain rules for business.

Copy of letter No. 3385/116A, dated 31st July 1941, from the Association to the Director-General of Supply, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. TX-41(72), dated the 12th instant, in which are set out certain proposals for a closer identification of the activities of the industry and of Government as a means of facilitating the procurement of war supplies of cotton textiles and, in particular, of securing new sources in the event of future demands exceeding the existing levels. Briefly stated, Government propose :—

- (a) to set up a Panel of the prominent members of the industry in order to advise and assist them in securing new sources of supply ;
- (b) to establish an office in Bombay in order to facilitate the expansion of production to meet new demands, and
- (c) to constitute a Standardization Committee whose functions will be to prepare specifications of new cloths to meet particular purposes where it is found impossible to meet the full requirements of a given standard cloth within the time limit laid down for supply

and invite the Association to nominate two representatives to serve on the proposed Advisory Panel.

My Committee have given their careful consideration to the proposals outlined in the memorandum attached to your letter and note that steps have already been taken by Government to set up the Government office in Bombay and the Standardization Committee referred to in paragraphs 4 and 5 of the memorandum. In their view, the proposals contained in the memorandum are not in accordance with the scheme outlined by the Director-General of Supply at the conference held in Bombay on the 9th May 1941. The main purpose to be served by the Advisory Panel proposed, is stated to be to spread the burden of any increased war supply demands over the largest number of units of the industry. My Committee are inclined to doubt the desirability of constituting an Advisory Panel for this purpose at the present time, more especially since the powers and functions of the Panel are nowhere clearly defined. In these circumstances, my Committee regret they are unable to call upon any member of the Association to serve on the Panel proposed.

Copy of letter No. SY/TX-41(102) dated 16th August 1941, from the Government of India, Department of Supply, New Delhi, to the Association.

The Government of India wish to discuss with the cotton industry the best measures of securing an assured flow of supplies as and when required by Government, and also the problems arising from present trend of prices of cotton yarn and piecegoods.

2. For this purpose, the Hon'ble the Commerce and Supply Members propose to visit Bombay and to hold a meeting on Monday, the 8th September 1941, at 3 p.m. at the office of the Millowners' Association, Churchgate Street.

3. You are invited to send a delegation from your Association which, it is suggested, should consist of not less than two and not more than six members including a Secretary. Your delegation should have authority to speak for and take decisions on behalf of the members of your Association. You are requested to inform this Department as soon as possible of the names of your representatives who will attend the meeting.

4. You will be supplied shortly with a memorandum* giving further details of the matters to be discussed at the meeting.

Copy of letter No. 3772/144, dated 25th August 1941, from the Association to the Secretary to the Government of India, Department of Supply, New Delhi.

I am directed to refer to your letter No. SY/TX-41(102) dated the 16th August regarding the proposed All-India Conference in Bombay on September 8th, 1941, and to confirm having wired you to-day as under :—

“Reference your letter sixteenth regarding All-India Conference kindly expedite memoranda on matters for discussion stop. Am most anxious Millowners have ample opportunity for preliminary discussions amongst themselves before joint conference takes place.”

My Committee are anxious to study the memoranda promised in the fourth paragraph of your letter, so as to instruct their representatives to the conference on the matters in issue, and I am, therefore, to express the hope that the documents will be forwarded to the Association well before the date fixed for the conference.

Copy of telegram dated 13th September 1941, from the Director-General, Supply, to the Association.

Following on agreements reached at the Cotton Textiles Conference held Bombay 8 and 9 September which included decision to associate a [panel of industrialists with Government organisation responsible for cotton textile purchases] it is now necessary to appoint members to the Panel. Paragraph 2, Supply Member would be pleased if you would now nominate your two members to this panel as early as convenient and if possible before 7 October Stop. Kindly notify your nominations to me in Delhi.

Copy of letter No. 4218/69, dated 22nd September 1941, from the Association, to the Director-General of Supply, Department of Supply, Government of India, New Delhi.

I am directed to acknowledge the receipt of your telegram dated the 13th September 1941, on the above subject, and to say in reply that my Committee have appointed Mr. Krishnaraj M. D. Thackersey, and Mr. T. V. Baddeley as the Association's representatives on the Panel of Industrialists to be associated with the Government organisation responsible for cotton textile purchases.

For ready reference, the full address of the two gentlemen named are given below :—

(1) Krishnaraj M. D. Thackersey, Esq.,
Messrs. Thackersey Mooljee & Co.,
Sir Vithaldas Chambers,
Apollo Street, Fort, Bombay.

(2) T. V. Baddeley, Esq.,
Messrs. Tata Sons, Ltd.
(Mills Department),
Bombay House, Bruce Street, Fort, Bombay.

Copy of letter No. 46457/3/C.G.I.(C), dated 19th September 1941, from the Controller-General of Inspection, Master General of the Ordnance Branch, General Headquarters, Simla, to the Association.

It is proposed to form a Standing Committee to consider matters relating to Defence Department specifications for cotton textiles.

2. Sir Frederick Stones has kindly consented to act as Chairman and it is proposed that representatives of your Associations be invited to attend as members of this Committee.

3. The Secretary and other representatives of the Defence Services will be nominated on receipt of your replies.

4. The terms of reference of this Committee will be as follows :—

- (a) Alterations to specifications where they are found to be faulty.
- (b) Alterations to specifications where such alterations would result in increased production or would lessen the demands for shipping space by greater utilisation of indigenous production.
- (c) Alterations to specifications which would achieve a greater measure of standardisation combined with increased output.
- (d) Alterations to specifications which would cheapen production without unduly lessening durability.

5. If you are in agreement with these proposals will you kindly nominate one representative to serve as a Committee Member.

6. The title of the Committee will be :—

No. 3 Standing Committee on Specifications,
(Cotton Textiles).

7. Non-official members of the Committee will be paid actual travelling, hotel and carriage expenses incurred by them in attending Committee Meetings. Travelling allowance for the official members of the Committee will be regulated by the normal rules applicable to them for journeys on tour.

8. This letter issues with the concurrence of the Department of Supply,

Copy of letter No. 4330/69, dated 29th September 1941, from the Association to the Controller-General of Inspection, Master-General of the Ordnance Branch, General Headquarters, Simla.

I am directed to acknowledge the receipt of your letter No. 46457/3/C.G.I.(C), dated the 19th September 1941, and to say, in reply, that my Committee have appointed Mr. Krishnaraj M. D. Thackersey to serve as the Association's representative on the Standing Committee on Specifications (Cotton Textiles).

My Committee trust that with the transfer of the Textiles Directorate to Bombay, the headquarters of the proposed Advisory Committee will be located in Bombay and that meetings of the Committee will be held in Bombay.

Mr. Krishnaraj's address is given below:—

Mr. Krishnaraj M. D. Thackersey,

C/o Messrs. Thackersey Mooljee & Co.,

Sir Vithaldas Chambers,

Apollo Street, Bombay.

Copy of letter No. 4340/69, dated 1st October 1941, from the Association to Mr. Krishnaraj M. D. Thackersey, Bombay.

I am directed to inform you that at a meeting of the Committee held on Monday, the 29th September, you were appointed to serve as the Association's representative on the Standing Advisory Committee to consider matters relating to Defence Department Specifications for Cotton Textiles. The functions of the Advisory Committee have been explained in detail in the attached letter from the Controller-General of Inspection, Master General of the Ordnance Branch, Simla.

Copy of letter No. 46457/C.G.I.(C), dated 4th October 1941, from the Master-General of the Ordnance Branch, Simla, to the Association.

I beg to acknowledge the nomination of Mr. Krishnaraj M. D. Thackersey to serve on the Standing Committee on Specifications.

Regarding the venue of the Committee it is pointed out that the Chairman, Sir Frederick Stones, is located in Bombay and that the Secretary will be provided by the Officer-in-Charge of the Textile Laboratory about to be installed in Bombay and also that experimental work in connection with the Committee's recommendations will be carried out in the Bombay Laboratory.

The place of meeting, however, of the Committee is for the Chairman to decide and no doubt will be fixed to suit the convenience of the majority of Members.

Copy of letter, dated 8th October 1941, from the Directorate-General of Supply, New Delhi, to the Association.

I am directed to bring to your notice that recent events have made it impossible for Government to open and complete their contemplated negotiations with industry before *Divali* for their war supply requirements of cotton textiles for 1942. In the circumstances, and to enable all mills to transact their normal *Divali* bookings having due regard to the calls that may be made on them for the manufacture of war supplies throughout 1942, the undersigned is directed to ask that you will bring to the notice of all member mills of your

Association that the Government of India will require during 1942 at least the same quantum of war supplies as has been and will be provided during 1941 from those mills that are at present in production for such goods and, in respect of all mills that have not hitherto manufactured war supplies, they should be advised that something up to 20 per cent. of their capacity should be reserved as available for war supply work ; the percentage depending in each case on the adaptability or otherwise of any mill for war supply work.

*Copy of circular No. 4653/116, dated 17th October 1941, from the Association
to all members of the Association.*

Further to my letters Nos. 4499/116 and 4501/116, dated the 9th October 1941,* I enclose herewith for your information copy of a letter dated the 8th October 1941 addressed to the Association by the Director-General of Supply. I am also enclosing herewith for your *confidential information* Statements marked I* and II*. Statement I shows the "Immediate" requirements of Government : the materials referred to in this Statement are required in the months of November and December 1941. The quantities specified in Statement II indicate approximately the requirements of Government in the period February 1942 to January 1943 inclusive. It would seem that the figures included in this Statement are an underestimate and that they may be exceeded bringing the total requirements of Government in the year 1942-43 to 700 million yards.

The question of supplying Government's immediate requirements and requirements for the year 1942-43 has since been discussed by the Association at an urgent general meeting of the members held to-day, Friday, the 17th October 1941, when the members present were addressed by the Association's representatives on the Textile Advisory Panel, Mr. Krishnaraj M. D. Thackersey and Mr. T. V. Baddeley. The general feeling of the meeting was that members of the Association should do their utmost to assist Government in securing their requirements, and it was suggested that the Association's representatives on the Panel should be kept advised of the voluntary offers made by individual members of this Association. Members will please examine Statements I and II and let me know, *in confidence*, what they can offer against each. Offers made against Government's immediate requirements (*vide* Statement I) are subject to the ceiling prices shown in the Statement. The Association is at present only concerned with the quantities which could be offered against Government's requirements, but if individual mills have any special views to put forward in regard to price fixation for the 1942-43 requirements, they might discuss the matter with the Association's representatives on the Panel.

The Chairman desires to impress upon you the supreme importance of members of the Association doing their utmost to assist Government in securing their war requirements of cotton goods, and hopes that it will be possible for you to give a very early indication *to the Association* of the offers you can make against the requirements in Statements I and II. It may, however, be pointed out that the Association would have no objection to mills sending in their offers direct to Government, but it is suggested that a copy of their letter to Government should be sent to the Association for the information of the Association's representatives on the Panel. In cases where mills have difficulties about the production of particular sorts, it is suggested that they may get into touch with Sir Frederick Stones, O.B.E. (telephone No. 26511) or Mr. T. Maloney, Director of Purchase (telephone No. 33919) or with Mr. Krishnaraj M. D. Thackersey (telephone No. 22912) or with Mr. T. V. Baddeley (telephone No. 26041).

As the Association's representatives on the Panel are anxious to ascertain the extent of the total offers which may be expected from member mills, it is requested that a reply to this communication be sent to the Association not later than Friday, the 24th October 1941. In the case of members with no office in Bombay, it is requested that their replies be sent on or before Wednesday, the 29th October 1941.

* Not published.

APPENDIX 23.

EXTENSION OF HOURS OF WORK IN COTTON MILLS.

Copy of Press Note issued on 4th November 1941.

There has recently been a rapid increase in the prices of cloth owing to the disturbance of the balance between the supply of, and the demand for cloth. It has, therefore, become urgently necessary to stimulate production of textile goods with a view to ease the general price situation and to ensure adequate war supplies.

The Bombay Government has accordingly issued a notification under section 8 of the Factories Act, 1934, exempting cotton spinning and weaving mills for a period of six months from the operation of section 34 of that Act. The effect of the notification is that such factories can work a six-day week of 60 hours instead of 54 hours. The workers will be paid overtime for the extra six hours at $1\frac{1}{4}$ times the ordinary rate of pay.

Ordinarily, before mills could take advantage of this exception, it would be obligatory on them, under the Bombay Industrial Disputes Act, 1938, to give a notice of change intimating their intention to make a change in the total weekly hours of work; and, if there is no agreement with the representatives of employees, to take the dispute into conciliation. To avoid the delay involved in this procedure, which might adversely affect production, it has been decided to make it unnecessary on the part of employers to give notice of such change by amending the Act.

The amending legislation, the Bombay Industrial Disputes (Second Amendment) Act, was published in the *Bombay Government Gazette* on Tuesday afternoon (November 4).

The Bombay Government Gazette Extraordinary.

POLITICAL AND SERVICES DEPARTMENT.

BOMBAY CASTLE, 4th November 1941.

No. 5295/34.—Whereas a public emergency has arisen in connection with the production of cloth, the Government of Bombay is pleased, in exercise of the powers conferred by section 8 of the Factories Act, 1934 (XXV of 1934), to exempt for a period of six months the following factories from the provisions of section 34 of the said Act, viz. :—

All cotton spinning and weaving factories in the Province of Bombay.

BOMBAY ACT No. XVI OF 1941.

(First published, after having received the assent of the Governor, in the *Bombay Government Gazette*, on the 4th November 1941.)

An Act to amend the Bombay Industrial Disputes Act, 1938.

Whereas it is expedient to amend the Bombay Industrial Disputes Act, 1938, for the purposes hereinafter appearing;

And whereas the Governor of Bombay has assumed to himself under the Proclamation dated the 4th November 1939 issued by him under Section 93 of the Government of India Act, 1935, all powers vested by or under the said Act in the Provincial Legislature;

Now, therefore, in exercise of the said powers, the Governor of Bombay is pleased to make the following Act :—

1. This Act may be called the Bombay Industrial Disputes (Second Amendment) Act, 1941.

2. In sub-section (1) of section 28 of the Bombay Industrial Disputes Act, 1938 (hereinafter called the said Act), after the word "change" where it occurs for the first time, the following shall be inserted, namely :—

" , not being a change the effecting of which has, for the purposes of the Factories Act, 1934, become lawful by reason of a notification issued under Section 8 thereof,".

3. In sub-section (1) of section 73 of the said Act, after the word "change" the following shall be inserted, namely :—

" , not being a change the effecting of which has, for the purposes of the Factories Act, 1934, become lawful by reason of a notification issued under section 8 thereof."

Copy of letter No. L1891, dated 3rd December 1941, from the Under Secretary to the Government of India, Department of Labour to the Association.

I am directed to state that at the suggestion of the Government of India, Provincial Governments concerned issued early this month, a notification exempting cotton textile factories from the provisions of section 34 of the Factories Act. The Government of India also issued a similar notification in respect of Delhi and Ajmer-Merwara. The effect of this notification is that although the daily hours of work in cotton textile factories are still limited to 10, the weekly hours are raised from the normal maximum of 54 to 60 hours. The grant of a weekly holiday is necessary under section 35 of the Factories Act and for the extra 6 hours over 54, overtime is payable at the usual rate of one and a quarter time the ordinary rate

2. The necessity for issuing the notification was explained in a Press *communiqué* (copy enclosed) and its issue followed a suggestion made at the Conference held in Bombay on the 8th and 9th September 1941 between the representatives of the Central Government and of the cotton textile industry, with a view to speed up production to keep pace with the increasing demands made on the industry. The Government of India are anxious to know the effect on production over a reasonable period of the longer hours of work now permitted and I am to request that your Association may kindly obtain from your member bodies information on the lines indicated below* for the purposes of the Government of India.

3. Although the immediate purpose in obtaining the information is to review the effect on production resulting from increased hours of work, it will no doubt be clear that the statistics will be of considerable value both to the industry and to Government in formulating policies in future on the question of hours of work in industry. There is insufficient time to consult your Association as to the best manner in which the information can be supplied, but what is required is comparative production figures for the normal 54-hour week and the extended 60-hour week, and it is desirable that the information should be on uniform lines. In view of the diversity of the various departments in cotton mills and of conditions of work among different factories, it is realised that the compilation of statistics strictly on uniform basis will not be easy, but I am to suggest that as far as possible, the information should be on the following lines. The production figures may broadly relate separately to spinning and weaving and the data may be tabulated for every week beginning Sunday as in the attached table.*

The information for the normal 54-hour week periods for the 8 weeks preceding the recent notifications may, if possible, also be put in the same form.

4. An attempt has been made to frame the table so as to yield valuable data from various angles but if for any reason the details in each table cannot be prepared, I am to request that the summary table should at least be completed for the industry as a whole. The information may kindly be supplied by the tenth of every month.

5. Increase in the production of mills is essential not only for the reason brought out in the Press *communiqué* (important though that is) but also for the full development

* Not published.

of the country's war effort. It is, therefore, necessary to examine carefully and quickly every method of securing this end, as experience in other countries has shown that an increase in working hours does not necessarily result in permanent increase in production. It is, therefore, necessary to consider a further suggestion made in the Conference held in Bombay in September that there was some scope for increase in production by more intensive resort to double or multiple shifts. It appeared that the scope in this respect varies considerably in different centres. The Government of India have not readily available data in respect of the number of labourers working double or multiple shifts at different centres, and I am to request that the Government of India may be supplied direct with such figures for the Monday of every week or for any other day for which uniform figures are kept by the industry. The question of resorting to double or multiple shifts or extending such working where double shifts are already working involves inevitably the question of the supply of skilled and semi-skilled labour. The Government of India would like to have more detailed information on this subject from your Association than what is at present available with them. If, however, it is a fact that the supply of more skilled labour for the extension of double or multiple shifts raises difficulties, it is essential that these difficulties should be overcome at as early a date as possible and the Government of India suggest that this can be done by introducing or extending, as the case may be, suitable apprentice schemes in the various mills so that in as short a time as possible the required supply of skilled and semi-skilled workmen will be available. The Chairman of the Ahmedabad Millowners' Association had indicated that necessary labour force can be trained up within six months while a view was also expressed that the training can be accelerated so as to make available the required labour within two or three months. The Government of India would strongly urge, that all textile mills should, where they have not already got a full-fledged apprentice scheme, introduce such scheme on a stable basis. It need hardly be stated that the apprentice scheme would not only serve the present requirements of the industry but would be of permanent benefit in enabling a regular flow of skilled and semi-skilled labour supply to the industry. I am to request that the Government of India may be supplied with information on the details of schemes already in existence and on the schemes which cotton mills may introduce hereafter.

6. The supply of skilled labour becomes still more important when a three-shift system is to be introduced and I am to request that the Government of India may be informed if any mills are already working or are in a position to work three shifts.

Press Communiqué.

Largely as a result of the stoppage of import of cotton textiles from Japan and of the reduced import from England, there has been a large increase in the demand for the output of cotton textiles from Indian mills. The present production of such mills is not sufficient to cope with this increased demand, and there is a serious risk that unless production is increased the poorer classes in India may find it difficult to obtain their necessary supplies of cloth at reasonable prices. In these conditions it was the general opinion of those attending the last Price Conference at Delhi that an increase in production was urgently called for.

The Government of India have carefully considered the means by which an increase in production can be immediately secured. They are satisfied that this object can for the time being only be achieved by permitting an increase in the weekly hours of work from 54 to 60 in all cotton, spinning and weaving mills throughout India, overtime being paid for the additional six hours in accordance with the provisions of the Factories Act. Provincial Governments concerned have been consulted on this suggestion, and have agreed with the views of the Government of India.

The Government of India are, therefore, suggesting to the Provincial Governments that they should issue notifications under the Indian Factories Act exempting all cotton, spinning and weaving mills in the Province from the provisions of section 34 of the Factories Act which will enable labour in factories and mills to work a 60-hour week. The Government of India believe that labour will be prepared to work these additional hours in order to ensure, so far as this is possible, that the production of cotton textiles in India is sufficient to satisfy demand and in particular so as to prevent the poorer classes in India from finding difficulty in obtaining their essential supplies of cloth.

Copy of letter No. 175/165, dated 13th January 1942, from the Association, to the Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to acknowledge the receipt of your letter No. L1891, dated the 3rd December 1941, in which reference has been made to the notification recently issued by Provincial Governments exempting cotton spinning and weaving factories from the provisions of section 34 of the Factories Act. Government are anxious to know, the letter states, the effect on production over a reasonable period, of the longer hours of work now permitted, and the Association has been asked to compile comparative production figures for the normal 54-hour week and the extended 60-hour week. The information is required to be compiled on a weekly basis beginning Sunday, production figures for the normal 54-hour week periods for the 8 weeks preceding the notification being placed alongside in the same form if possible. It has been pointed out by Government that although the immediate purpose of obtaining the above information is to review the effect on production, resulting from increased hours of work, "it will no doubt be clear that the statistics will be of considerable value both to the industry and to Government, in formulating policies in future on the question of hours of work in industry." Government also point out that it is necessary to examine carefully and quickly every means of developing the country's war effort, and add, as experience in other countries has shown that increase in working hours does not necessarily result in permanent increase in production, it is necessary to consider whether there is some scope for increase in production by more intensive resort to double or treble shifts. Government recognise that the question of resorting to double or multiple shifts or extending such working where double shifts are already working, involves inevitably the question of the supply of skilled and semi-skilled labour, and desire to be supplied with information regarding the number of persons employed in each shift and details of apprentice schemes which may be in operation in individual mills or centres.

2. Government's communication has been considered by my Committee, and I set forth below their views on the various points raised therein.

3. Turning to the question of the extension of the weekly hours of work from 54 to 60 and its effect on production, I am to point out that, so far as Bombay City and Island cotton mills are concerned, it has not been possible to introduce the 60-hour week to any extent. Twenty mills which adopted the 60-hour week following Government's notification withdrawing the provisions of section 34, had to give it up, in several cases after working for a few days, on account of the opposition from labour, and as a matter of fact, operatives of four mills came out on strike as a protest against the 10-hour day, and there is no likelihood of any further efforts being made by employers in this direction unless labour itself comes forward and offers to work on the basis of 60 hours per week. The 60-hour week or the 10-hour day per shift system is now in operation only in 17 mills where it had been introduced by the management by agreement with labour before the publication of Government notification announcing the repeal of section 34 of the Factories Act. (Out of the 17 mills referred to above, only 5 mills are working their main productive departments on the 10-hour basis, the rest confining themselves to preparatory or finishing processes.) In view, therefore, of the very small number of mills in which the 60-hour week is now in operation, my Committee regret that the data available is inadequate to enable them to express an opinion as to the effect of the longer hours of work on production.

4. For the reason explained in the previous para, it is felt that no useful purpose would be served by asking the mills concerned to compile statistics on the lines required by Government. My Committee have considered the practical utility of statistical data on the lines required by Government, and they strongly feel that mere examination of production figures tabulated on the lines required by Government would not lead to accurate conclusions being drawn therefrom for the reason that such figures would not take into account variations in types of production from week to week, variations in conditions of work, seasonal or otherwise, from mill to mill and from centre to centre, and changes in personnel employed from week to week on various machines and several other factors which influence output. If Government really desire to correlate output, fatigue and hours of work, then it is thought that this matter should be the subject of a detailed and exhaustive analysis and very close investigation by a Committee of Experts.

5. Government have raised the question of increasing industrial output as a war effort. There cannot be any difference of opinion on the desirability of raising output of the industry, but the point is to what extent can output be raised by increasing the hours of work or by increasing the number of shifts. Labour in Bombay has so far been found generally unwilling to work 60 hours per week, and progress in the matter of increase in production by working double or treble shifts depends to a considerable extent on the availability of skilled labour in sufficient numbers and the mechanical equipment installed in individual mills. In any event, these matters have been receiving the closest attention of millowners of Bombay, and I am to assure Government that everything possible is being done to increase output. The total number of operatives employed in Bombay cotton mills on 1st December 1941 was as under :—

1st shift	..	..	..	..	..	1,27,498
2nd shift	..	..	.	..	..	73,729
3rd shift	..	..	..	..	..	4,328
						2,05,555
					Total ..	2,05,555

Government require to be supplied with employment figures every Monday. As collection of such information might throw additional work on the extremely small staff of the Association and as the employment figures do not vary substantially at weekly intervals, it is thought that it would serve Government's purpose if the information is made available to them in three months.

6. Government have raised the adequacy or otherwise of skilled labour in Bombay cotton mills. The Association has had reports of shortage of skilled labour from certain members of the Association who wanted to work double or treble shifts, but in view of the large numbers required to assist the institution of double or treble shifts on a large scale, it would perhaps be very difficult to meet the situation within a measurable space of time. The Victoria Jubilee Technical Institute and the Textile Technical School attached to the Social Service League provide facilities for the training of labour, and it is understood that certain mills also take in apprentices. A separate communication is being addressed to Government in this regard, but what my Committee desire to point out at this stage is that the total number of students trained per year by all the institutions is not likely to be very considerable. There is also a limit to the number of apprentices which can be taken by mills at a time, and it is doubtful whether the present requirements of mills can be met by increasing the number of apprentices in each mill. Any increase in the number of apprentices in the mill would be a decided nuisance apart from the overcrowding in the departments it would lead to, and another factor which would have to be considered is that the present rate of production will not perhaps be necessary after the war, and unemployment of trained personnel would be a serious problem for employers when production is reduced to normal levels.

Copy of letter No. L1891, dated 2nd April 1942 from the Under Secretary to the Government of India, Department of Labour, to the Association.

I am directed to refer to this Department's letter No. L1891, dated the 3rd December 1941. In response to that letter a few mills have started supplying the information asked for. The information taken as a whole is, however, so scanty and imperfect that no useful deductions can be made from it.

2. Certain difficulties in the compilation of the statistics and limitations to its utility have been brought to the notice of Government. The Government of India on further examination of the whole matter have therefore decided to discontinue collection of the information in the present manner. I am accordingly to inform you that no further action need be taken regarding this Department's letter referred to above and information, if it is being supplied at present, may be discontinued.

APPENDIX 24.

IMPORT DUTY ON ART. SILK YARN.

Copy of telegram from the Association to the Secretary to the Government of India, Commerce Department, and the Secretary to the Government of India, Finance Department, New Delhi.

" Association desire protest most strongly against addition to artificial silk yarn duty unaccompanied by an increase in duties on rayon piecegoods. Imports of latter from Japan not limited by quota as in case of cotton piecegoods and likely result is that cheap imports rayon piecegoods will increase and Indian artificial silk weaving industry will be placed in a very difficult position. Association therefore urges increase in duties on artificial silk piecegoods and artificial silk mixtures and a rebate equivalent to import duty paid on artificial silk yarn on exports of artificial silk piecegoods and mixtures manufactured in India. Handloom industry uses bulk of artificial silk yarn imported and will be adversely affected by the new duty."

Copy of circular No. 3221/82A, dated 21st July 1941, from the Association to all members of the Association.

I quote below for your information copy of a notification issued by the Collector of Customs, Bombay, from which it will be seen that the minimum specific duties applicable to imports of artificial silk piecegoods, not of British manufacture, have been raised from 5 annas to 7 annas per square yard in the case of goods wholly made of artificial silk and artificial silk mixture ; goods containing less than 50 per cent. of cotton, and from 4 annas to 5½ annas in the case of mixture goods containing 50 per cent. or more of cotton. The revised duties take effect from to-day.

NOTICE.

The following changes in the rates of duties on certain textile fabrics which come in force with effect from the 21st July 1941 are notified for the information of the public :—

Tariff Item.	Name of article.	Old rate.	New rate.
48(1)	Fabrics, not otherwise specified containing more than 90 per cent. of artificial silk—		
	(a) of British manufacture .. ..	....	....
	(b) not of British manufacture	50 per cent. <i>ad valorem</i> or As. 5 per square yard, whichever is higher.	50 per cent. <i>ad valorem</i> or As. 7 per square yard, whichever is higher.
48(5)	Fabrics, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—		
	(a) containing 50 per cent. or more cotton—		
	(i) of British manufacture .. ..	....	....
	(ii) not of British manufacture	50 per cent. <i>ad valorem</i> or As. 4 per square yard, whichever is higher.	50 per cent. <i>ad valorem</i> or As. 5½ per square yard, whichever is higher.
	(b) containing no cotton or containing less than 50 per cent. cotton—		
	(i) of British manufacture .. ..	....	....
	(ii) not of British manufacture	50 per cent. <i>ad valorem</i> or As. 5 per square yard, whichever is higher.	50 per cent. <i>ad valorem</i> or As. 7 per square yard, whichever is higher.

APPENDIX 25A.

INDIAN INCOME-TAX ACT—EXTRA DEPRECIATION FOR ABNORMAL USER.

*Copy of letter No. 4903/177, dated 4th November 1941, from the Association to the Secretary,
Central Board of Revenue, New Delhi.*

I am directed to address you in connection with certain matters arising out of the discussions which the Income-tax Sub-Committee of the Association had with Messrs. Sheehy and Ayers in the rooms of the Association on 21st July 1941. Referring to a case for extra depreciation allowance for abnormal user put forward by a member of the Sub-Committee, Mr. Sheehy indicated that, so far no case had been put forward, but that if a representation were put in by the Association, the matter would be looked into. The Sub-Committee of the Association have since carefully examined this question, and I set forth below their considered views as to the directions in which factories employed on war work should be given additional relief.

2. At the outset, my Committee note with satisfaction the assurance given through Brigadier Wood that the cost of alterations made to their plant by textile mills in order to fulfil Supply Department orders will be allowed for purposes of income-tax, super-tax and excess profits tax as a revenue expense of the business in the year in which it was incurred and further that the cost of again altering the plant to restore it to its original form will also be allowed as a revenue expense. This assurance does not, however, go far enough, for the excess profits tax may be taken off immediately after the termination of the war, and in that event the cost of altering the plant back to its original form may not become allowable for excess profits tax. Sufficient safeguards may, therefore, be provided to ensure that the cost of reconversion is allowed in the last chargeable accounting period if incurred, say, within a period of twelve months thereafter. Similar safeguards are also required in respect of plant which will practically be worked to destruction on war orders, e.g., ordinary looms converted into heavy looms for the manufacture of canvas. These looms suffer such heavy deterioration that they may not be worth reconverting to their original use. If such plant is not scrapped within the life of the Excess Profits Tax Act, the set-off of the written-down value (less any scrap value) against the profits which may be chargeable to excess profits tax, will be lost, and it is for this reason that additional safeguards have now been asked for. What is suggested is that the present written-down value of plant worked to destruction should be allowed to be written off completely during the period the Excess Profits Tax Act is in operation, and if complete set-off is not possible during the life of the Act, an extension of one further year should be permitted.

3. Turning to the extra depreciation allowance for abnormal user occasioned by (a) running of machinery at abnormal speeds, (b) working double shifts of ten hours each instead of nine hours, and treble shifts, and (c) working on heavier sorts for which the plant was not originally designed, I am to point out that the present scale of depreciation allowance is inadequate. The position here is that the plant deteriorates very rapidly, requiring a higher rate of depreciation, as it is worn out much more rapidly than would otherwise be the case. If the present machinery prices were steady, the situation could be met by an allowance which would roughly represent the interest on the replacement price for the period by which the life of the machinery had been shortened, but if the experience of the last war is any guide, there is likely to be a great rise in machinery prices lasting for a number of years after the war, and in this view of the case, in addition to a higher rate of depreciation, it is suggested that the industry should be allowed half the replacement cost of such machinery as a charge against profits. In support of this contention, it may be pointed out that section 26 (3a) of the Excess Profits Tax Act gives the Central Board of Revenue power to make an allowance in the computation of the profits of any chargeable accounting period owing to "any postponement, or suspension, as a consequence of the present hostilities, of renewals or repairs." The proposition, in the opinion of my Sub-Committee, is really the converse of the case contemplated by the section referred to above.

4. The depreciation rates which my Sub-Committee have in view for double and treble shift working are as under :—

<i>Total number of hours worked.</i>						<i>Rate of Depreciation.</i>
9	..	..	..	..	..	Normal as laid down in the Act.
10 to 18	..	..	..	..	..	Add 60 per cent. to normal.
19	..	..	..	..	..	„ 70 „ „
20	..	..	..	..	..	„ 80 „ „
21	.	.	.	..	..	„ 90 „ „
22	..	..	..	..	..	„ 100 „ „
23	..	..	..	..	..	„ 115 „ „

The Association would greatly appreciate it if Government would give careful consideration to the proposals made in this letter by the Special Income-tax Sub-Committee of the Association.

Copy of letter No. 27(95)-I.T/41, dated 23rd March 1942, from the First Secretary, Central Board of Revenue, to the Association.

With reference to your letter No. 4903/177 of 1940, dated the 4th November 1941, I am directed to say that power has been retained in section 26 (3) (a) of the Excess Profits Tax Act whereby relief can be given in cases :—

- (1) Where plant has been altered in order to be able to fulfil Supply Department orders and the reallocation takes place after the date when excess profits tax is no longer chargeable.
- (2) Where looms which have been adapted to heavy work for which they were not originally designed suffer such heavy deterioration that they are not worth the cost of readaptation to their original use but they are not scrapped within the lifetime of excess profits tax.

2. I am to add that Government are not prepared to make any further special concessions regarding depreciation.

APPENDIX 25B.

INDIAN INCOME-TAX ACT.

EXPENDITURE INCURRED ON A.R.P. MEASURES

Copy of circular No. 1946/137 dated 1st May, 1941 to all members of the Association.

I subjoin, for the information of members, copy of a circular recently issued by the Central Board of Revenue regarding the allowances of expenditure incurred in connection with measures for air raid precautions as an admissible deduction from business income for the purpose of assessment to income-tax and excess profits tax.

Copy of circular No. 25 dated 15th April, 1941 of Central Board of Revenue.

The question has arisen whether expenditure incurred by an assessee on air-raid precautions in connection with property used for business purposes is an admissible deduction under section 10 of the Indian Income-tax Act. The general principle is, of course, that if expenditure brings an asset into being it is of a capital nature and hence inadmissible, but it is not desired that in the case of expenditure for the purpose in question there should be any disallowance unless an asset is brought into being that is of a durable character. On this basis fees paid to Air Raid Precaution Wardens for lectures on air-raid subjects and cost of literature, etc., are clearly allowable. Expenditure on whistles, gas masks, etc., is on the border line as these articles last much longer than a year. A strictly correct way to treat them would be as loose tools and consumable stores and allow them to be valued at the end of the year. The Board, however, considers that such a strict view should not be taken in regard to this purely war expenditure which should be wholly allowed. As regards any additions or alterations made to the buildings, plant or machinery as a precaution against air raids, the expenditure should also be allowed, unless it is clear that these are additions or alterations to the buildings, plant or machinery that may have a post-war value. In that case the expenditure should be treated as capital and depreciation thereon should be allowed according to the rules.

2. These instructions apply equally to the computation of profits for excess profits tax purposes.

Copy of letter No. G110(ARP), dated 21st November 1941 from the Under Secretary to the Government of India, Department of Labour to the Association.

I am directed to enclose a copy of a scheme which the Government of India have drawn up regarding the recovery of costs of measures of A.R.P. in factories and to invite your comments thereon. The Government of India would be grateful to receive any comments not later than the 30th November 1941. It has not in practice been found possible to devise a satisfactory formula for implementing the original scheme whereby firms were to recover costs of structural precautions by raising prices.

Copy of scheme for the recovery of cost of measures of A.R.P. in factories.

The Government of India have come to the conclusion that the most satisfactory way for allowing business concerns to recoup the cost of A.R.P. measures will be to allow the firms concerned to write-off such costs as revenue expenses for income-tax (and excess profit tax) purposes except to the limited extent that some items may have a permanent post-war (capital) commercial value. It will be remembered that the costs involved are only costs of such measures as have been carried out under the orders of an A.R.P. Officer of Government empowered for this purpose either by the Central or Provincial Government. The present scheme is intended to apply to all approved A.R.P. measures and not, as did the original scheme, to structural precautions only.

2. It is proposed that this scheme outlined above will be worked in the following manner :—

(a) the A.R.P. Officer concerned will serve an order on the firm stating the A.R.P. measures which the firm is required to undertake ; and in special cases, where he considers it necessary, it will be open to that officer to obtain and approve estimates of costs framed by the owners.

(b) After the work has been completed, a statement of the cost actually incurred by the owners will be submitted to the officer ordering the execution of the measures. These statements will bear a certificate of the auditors of the owner of firms to establish the

conformity of the statements with the accounts of the firms. On receipt of these statements the authority ordering the measures will, on being satisfied of the correctness of the statements, certify the amount which should be treated as allowable revenue expenditure for this purpose and the amount to be treated as capital expenditure and the Income-tax Officers will treat such certificates as final for purposes of assessment.

Note.—Before expenditure is treated as capital expenditure, the A.R.P. Officer should be satisfied not only that the expenditure will have a post-war value but also that the expenditure is one which in the ordinary course the firm might have found it advisable to undertake.

Copy of letter No. N-14(11), dated 24th November, 1941 from the Department of Supply, New Delhi, to the Association.

I am directed to refer to the following suggestions which were made by the representatives of the cotton textiles industry at the Conference held in Bombay on the 8th and 9th September, 1941,

- (1) Out of the proceeds of the excess profits tax realised by Government some relief might be given to the cotton mills either in the form of a rebate to mills executing Government orders or in the form of contributions towards purchase of machinery required by mills for replacement of that worn out on account of working extra shifts or hours.
- (2) Rate of depreciation to be allowed in the case of mills working more than one shift should be proportionately higher.
- (3) Expenditure incurred by mills engaged on Government work on alterations to plant, etc., with a view to execute Government orders should be allowed for purposes of income-tax and excess profits tax.

2. The Government of India regret that they are unable to accept the first suggestion. As regards (2), I am to say that the Government of India are prepared to consider the question of fixing rates of depreciation corresponding to the life of the assets in the particular conditions and circumstances in which they are used, provided such claims are supported by reliable evidence as to the life of those assets. I am to add that there were many concerns working twenty-four hours a day which raised no objection to these rates of depreciation when they were originally fixed. It is accordingly not possible for the Government of India to admit any claim for increased rates unless they are supported by evidence on the lines indicated above.

3. As regards (3), I am to say that this has already been accepted and I am to enclose a copy of a Press Note issued on the subject for your information.

Copy of Press Note dated 15th November 1941, referred to in Government's letter to the Association dated 24th November 1941.

TEXTILE MILLS FULFILLING WAR ORDERS. COST OF PLANT ALTERATIONS : BOARD OF REVENUE DECISION.

The Central Board of Revenue have issued instructions that in the case of textile mills the cost of alterations to plant or machinery—required with a view to fulfilling orders placed by the Supply Department—will be allowed as a deduction for the purposes of income-tax and excess profits tax in the year in which it is incurred.

The cost of realteration of plant or machinery to its original form, when these mills have ceased to fulfil Supply Department orders, will also be allowed as a revenue expense. Mills which have already altered their plant or machinery will also be eligible for the concession.

Copy of circular No. 5391/164A dated 10th December, 1941 to all members of the Association.

I am directed to inform you that, in view of the recent developments, precautionary measures should be taken by mills on whom orders have already been served by A.R.P. authorities or the Government of India, to protect their vital plants. Before incurring any expenditure in this connection, members are strongly advised to secure the approval of the authority serving the order, to their plans and estimate of costs. After the work has been completed, a statement of the cost actually incurred by mills should be submitted to the authority ordering the execution of the measure. This statement will bear a certificate of the auditors of the mill to establish the conformity of the statement with the accounts of the firms. On receipt of this statement, the authority ordering the measure will, on being satisfied of the correctness of the statement, certify the amount which should be treated as allowable revenue expenditure and the amount to be treated as capital expenditure, and the Income-tax Officers will treat such certificates as final for purposes of assessment. The amount certified by the A.R.P. authorities as allowable as revenue expenditure would be an admissible deduction under section 10 of the Indian Income-tax Act when computing the assessable profits or gains of the mill company concerned.

Copy of letter No. 5483/164 dated 15th December, 1941 from the Association to the Under Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to acknowledge the receipt of your letter No. G110(A.R.P.), dated the 21st November 1941, in which Government have requested my Committee to express an opinion on a scheme regarding the recovery of costs of measures of A.R.P. in factories, and to say that the proposals drawn up by Government, in the opinion of my Committee, seem to be fair and reasonable. It is felt, however, that where A.R.P. expenditure is not recovered under the scheme proposed by Government, it would be equitable if a grant be made either by the Central Government or by the Provincial Government out of funds received for air raid damage insurance, in proportions that might be settled after discussion by the authorities in question.

Copy of letter No. 5572/177, dated 23rd December 1941, from the Association, to the Secretary to the Government of India, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. N-14(11), dated the 24th November 1941, in connection with certain matters which were raised by the representatives of industry at the Cotton Textiles Industry Conference held in Bombay on 8th and 9th September 1941, and to say that my Committee have noted Government's decision in regard to the first suggestion. As regards suggestions 2 and 3, I am to draw your attention to my letter No. 4903/177, dated the 4th November 1941,* addressed to the Central Board of Revenue. In this letter it has been pointed out that the concession granted by Government in regard to expenditure incurred by mills engaged on war work on alterations to plant, etc., does not go far enough, and sufficient safeguards have been asked for to ensure that the cost of re-conversion is allowed in the last chargeable accounting period if incurred, say, within a period of 12 months thereafter.

(*Vide Appendix 25A, page 244.)

Regarding the rate of depreciation to be allowed in the case of mills working more than one shift, I am to draw your attention to the penultimate paragraph of my communication dated the 4th November 1941*, addressed to the Central Board of Revenue.

Copy of Circular No. 5564/177, dated 23rd December 1941, to all members of the Association.

I quote below for your information a Press Note dated the 15th November 1941, issued by the Central Board of Revenue :

TEXTILE MILLS FULFILLING WAR ORDERS. COST OF PLANT ALTERATIONS : BOARD OF REVENUE DECISION.

The Central Board of Revenue have issued instructions that in the case of textile mills the cost of alterations to plant or machinery—required with a view to fulfilling orders placed by the Supply Department—will be allowed as a deduction for the purposes of income-tax and excess profits tax in the year in which it is incurred.

The cost of realteration of plant or machinery to its original form, when these mills have ceased to fulfil Supply Department orders, will also be allowed as a revenue expense. Mills which have already altered their plant or machinery will also be eligible for the concession.

The Association has already pointed out to the Central Board of Revenue that the concession granted does not go far enough, for the excess profits tax may be taken away immediately after the termination of the war, and in that event the cost of altering the plant back to its original form may not become allowable for excess profits tax. Sufficient safeguards have, therefore, been asked to ensure that the cost of reconversion is allowed in the last chargeable accounting period if incurred, say, within a period of 12 months thereafter. Similar safeguards have also been asked for in respect of plant which will practically be worked to destruction on war orders, e.g., ordinary looms converted into heavy looms for the manufacture of canvas. These looms, it has been further pointed out, suffer such heavy deterioration that they may not be worth reconverting to their original use, and that if such plant is not scrapped within the life of the Excess Profits Tax Act, the set-off of the written-down value (less any scrap value) against the profits which may be chargeable to excess profits tax will be lost. What has been suggested, therefore, is that the present written-down value of the plant worked to destruction should be allowed to be written off completely during the period the Excess Profits Tax Act is in operation, and that, if complete set-off is not possible during the life of the Act, an extension of one further year should be permitted.

Copy of letter No. 367/164C, dated 24th January 1942, from the Association, to Mr. J. F. Sheehy, c/o the Commissioner of Income-tax, Bombay Province, Bombay.

Towards the end of November 1941, the Government of India prepared a draft scheme for the recovery of cost of measures of A.R.P. in factories. This scheme has not yet received the sanction of Government, but mills have already been served with orders under the Defence of India Act to incur all sorts of expenditure in connection with A.R.P. schemes. In the circumstances, and pending publication of Government's final scheme, the Association's advice has been sought as regards the form in which certificates should be obtained from the A.R.P. Officers as laid down in paragraph 2(b) of the scheme. We presume that the form of certificate to be given by the A.R.P. Officers will be laid down in the Rules which will issue from Government in due course, but it is thought that a certificate on the lines of the draft enclosed will serve the purpose until these Rules are published. I shall be glad if you will kindly let me know whether the enclosure meets with your approval.

*(Vide Appendix 25A, page 245)

SUGGESTED FORM OF CERTIFICATE.

I.....being the A.R.P. Officer empowered by Government for the purpose, hereby certify that I have ordered the following work to be carried out by.....for A.R.P. purposes.

(Detail the work ordered.)

I certify that the cost of this work was Rs.....of which no part Rs..... has a post-war commercial value and represents expenditure which, in the ordinary course, the firm company might have found it advisable to undertake, and which is to be treated as capital expenditure under the following heads :—

-
.....
.....
.....
.....

Rs.....is to be treated as allowable revenue expenditure for the purposes of Income-tax and Excess Profits Tax.

Signature.....

Designation.....

Copy of letter No. 27(4)—I.T./42, dated 14th February 1942, from the First Secretary, Central Board of Revenue, to the Association.

With reference to your letters Nos. 367/164C and 532/164C, dated the 24th January* 1942, and the 5th February, 1942, respectively, I am desirous to say that Mr. Sheehy approves of the form of certificate suggested by you.

Copy of circular No. 677/164C dated 17th February 1942, from the Association, to all members of the Association.

I am directed to invite your attention to my letter No. 5391/164A, dated 10th December, 1941, on the above subject. Members were instructed to obtain certificates from A.R.P., authorities, ordering the execution of A.R.P. measures, showing the amount which should be treated as allowable revenue expenditure and the amount to be treated as capital expenditure for income-tax purposes. The matter has since been considered by the Committee in conjunction with the Association's auditors and I enclose herewith for ready reference a draft* representing the form in which A.R.P. Officer's certificate should be obtained. I may add that the enclosed form has received the approval of Mr. J. F. Sheehy of the Central Board of Revenue.

* Published in the beginning of this page.

Copy of letter No. 1542/164C, dated 16th April 1942 from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

I am directed by the Committee of the Millowners' Association, Bombay, to address you in connection with the expenses incurred by mills in A.R.P. measures.

2. In circular No. 25 of 1941 dated 15th April 1941, the Central Board of Revenue stated :—

“The question has arisen whether expenditure incurred by an assessee on air-raid precautions in connection with property used for business purposes is an admissible deduction under section 10 of the Indian Income-tax Act. The general principle is, of course, that if expenditure brings an asset into being it is of a capital nature and hence inadmissible, but it is not desired that in the case of expenditure for the purpose in question there should be any disallowance unless an asset is brought into being that is of a durable character. On this basis fees paid to Air Raid Precaution Wardens for lectures on air-raid subjects and cost of literature, etc., are clearly allowable. Expenditures on whistles, gas masks, etc., is on the border-line as these articles last much longer than a year. A strictly correct way to treat them would be as loose tools and consumable stores and allow them to be valued at the end of the year. The Board, however, considers that such a strict view should not be taken in regard to this purely war expenditure which should be wholly allowed. As regards any additions or alterations made to the buildings, plant or machinery as a precaution against air raids, the expenditure should also be allowed, unless it is clear that these are additions or alterations to the buildings, plant or machinery that may have a post-war value. In that case the expenditure should be treated as capital and depreciation thereon should be allowed according to the rules.

These instructions apply equally to the computation of profits for excess profits tax purposes.”

3. The above circular, as Government are aware, was the subject of certain discussions which took place in Bombay in the middle of October 1941 between the Honourable Mr. Prior and a special Sub-Committee of the Association. Following these discussions, Government issued their draft “Scheme for the recovery of cost of measures of A.R.P. in factories.” It was stated in Government’s draft Scheme that “the present scheme is intended to apply to all *approved* A.R.P. measures and not as did the original Scheme to structural precautions only.” It, therefore, follows that the draft scheme, when finally issued, will, firstly, supersede the instructions contained in the Central Board of Revenue circular referred to above, and, secondly, apply *only* to “approved A.R.P. measures.” If this is so, the position is unsatisfactory. It does not cover expenses on various A.R.P. measures already incurred by the mills with or without a requisition from, or the approval of the A.R.P. Officer. For example, a number of mills in Bombay have, on the suggestion of the Association and the Factory Inspection Department, already incurred expenditure on :—

- (i) Purchase of A.R.P. outfit including uniforms, whistles, stretchers, buckets, etc.
- (ii) Payment of tuition fees for their A.R.P. staff.
- (iii) Payment of special allowance to induce their A.R.P. men to attend special courses of lectures.
- (iv) Construction of walls to protect vital plants and machinery.
- (v) Construction of shelters and/or digging of trenches.
- (vi) Construction of static water-supply tanks.
- (vii) Provision of secondary lighting and for obscuration of lights, etc.

The above list is not complete, but what is desired to point out is that in all these cases, the previous approval of the A.R.P. Officer concerned may not have been taken, and the procedure laid down in Government’s draft scheme may not have been followed. In this view

of the case, it is suggested that the scheme should provide for proper safeguards which would enable a mill company to claim an allowance in respect of *all* A.R.P. expenses incurred prior to the introduction of the scheme even though the formalities prescribed therein have not been followed and even if expenses have been incurred on A.R.P. measures without the previous approval of the A.R.P. Officer concerned. Where expenses already incurred are of a capital nature, the quantum of post-war value of the assets created by the expenditure should be certified by the A.R.P. Officer on receipt of a certificate from the mill company regarding total amounts spent, and the A.R.P. Officer's certificates should be accepted as final for purposes of income-tax and excess profits tax.

4. The next point which my Committee desire to raise is that the preamble to Government's draft Scheme states "the Government of India have come to the conclusion that the most satisfactory way for allowing business concerns to *recoup the cost* of A.R.P. measures will be to allow the firms concerned to write off such costs as revenue expenses for income-tax and excess profits tax purposes except to the limited extent that some items may have a permanent post-war capital commercial value." In communications addressed to certain individual members of the Association, the A.R.P. Officer, Bombay, has remarked :—

"You are requested to please see that the work is carried out, as specified in the orders served on you, as economically as possible. As regards recouping of the expenditure that may thus be incurred by you, I am directed to state that you will, subject of course to such orders as the Central Government may issue, be permitted to write off such costs as revenue expenses for income-tax (and excess profits tax) purposes except to the limited extent that some items may have a permanent post-war (capital) commercial value."

In the orders served by Government on certain mills under the Defence of India Rules in December last, it was clearly stated that, while the cost of providing this passive defence would be met in the first instance by the firms concerned, they would be permitted to recoup themselves by raising prices in such a manner as Government might subsequently direct. No orders, however, issued from Government, but the point is if, as is stated in the above extracts, it is Government's intention to enable business concerns to recoup the *full* cost of A.R.P. measures except to the limited extent indicated therein, then it is pointed out that the scheme does not go far enough. An assessee is ordered to pay hundred per cent. of the cost of A.R.P. measures, but the allowances granted to him do not, as shown below, aggregate to hundred per cent. In fact, the effect varies according to the tax position of the assessee, that is to say :—

- (a) If he has excess profits tax liability, he will recover about 76 per cent. by way of relief from income-tax, super-tax and excess profits tax. *The balance of 24 per cent. will be borne by the assessee.*
- (b) If he has no excess profits tax liability, but is assessable for income-tax and super-tax, he will recover about 30 per cent. by way of relief from income-tax and the balance 70 per cent. of the expenditure will be borne by him.
- (c) If he has no tax liability in the year in which the expenditure is incurred, it can only be carried forward as part of a loss or deficiency and set-off against future profits, if any.

The point which my Committee now wish to make is that, in all cases where the post-war value of an asset brought into existence does not arise, a provision should be made to enable the assessee to recoup hundred per cent. of the expenses incurred by him. This point has already been referred to in my letter* No. 5483/164, dated the 15th December 1941. In the case of the woollen industry, for instance, which is entirely on war work, no difficulty is likely to arise and 100 per cent. recoupment of A.R.P. expenses could be effected, partially by relief from taxation, and partially by an increase in prices paid by Government in respect

*Already published (*vide* page 248).

of goods produced on their account. Where, however, as in the case of most cotton mills, a factory is only partially on Government orders, the position is different, but in such cases it is thought that a lump-sum payment equivalent to the difference between the total expenses incurred on A.R.P. and the cash value of the relief from taxation already afforded should be made by Government.

5. The third point which my Committee desire to bring to the notice of Government is that the scheme makes no mention of the expenditure incurred by an assessee in filling up trenches and in demolishing temporary structures put up by him under orders of an A.R.P. Officer. It is true that the question of an allowance for demolition of such structures is bound up with the question of the resale value of the scrap material after demolition, but in view of the fact that several structures put up, e.g., temporary walls around vital plants and machinery, blast proof walls against windows, concrete trenches, etc., may not have any scrap value, it is thought that a provision should be made to enable an assessee to claim an allowance for demolition and restoration of his premises to pre-war condition.

6. The fourth and the last point which my Committee desire to raise is the desirability of publishing a final scheme at a very early date. A.R.P. Officers in their respective localities have already commenced to issue various types of orders on the factories situated within their jurisdiction, and it is very necessary in order to ensure that a uniform practice is adopted in all cases as regards the procedure to be adopted by both the officers and the factory authorities in securing the completion of these orders and the issue of certificates relating to the post-war value of assets, if any, brought into existence as a result of the expenses incurred following the order issued by the A.R.P. authorities. The draft scheme issued by Government, as has already been pointed out, covers only "approved A.R.P. measures." Some of the expenditure itemised in paragraph 3 of this letter—for instance, items (i), (ii), (iii) and (vii)—are not likely to come within the scope of "approved A.R.P. measures" and in this view of the case, it would seem that the draft scheme, before it is finally issued, should cover such items also in order to secure to the factory owner hundred per cent. recoupment of the expenses incurred by him under these heads.

Copy of letter No. ARP-1/7A dated 6th May, 1942, from the Under Secretary to the Government of India, Department of Labour, to the Association.

I am directed to refer to your letter No. 1542/164C, dated 16th April 1942, regarding the Government of India's Scheme for the recovery of cost of A.R.P. measures in factories. I am to enclose a copy of the Government of India's final Scheme on this matter which was issued to factories on the 27th of February but which you do not appear to have received. It will be seen that it clears up some of the points you raise.

2. This Scheme has been evolved after careful consideration. The Government of India are satisfied that it is a fair and reasonable one, and they propose adhering to it. As regards one point you raise, namely, the cost of the demolition of A.R.P. structural measures after the war, the Government of India are however prepared to give an assurance that expenditure on this will be allowed to be treated as revenue expenses for income-tax and excess profits tax purposes.

Copy of Scheme for the recovery of cost of measures on Air Raid Precautions in Factories.

1. Business concerns will be allowed to recoup the cost of A.R.P. measures by writing off such costs as revenue expenses for income-tax (and excess profits tax) purposes in the accounts for the year in which such costs are incurred except to the extent that some measures taken may have a permanent post-war (capital) commercial value.

2. *Costs.*—The costs which may be so treated are the costs of

(1) such measures as have been carried out under the orders of an A.R.P. Officer empowered for this purpose either by the Central or Provincial Government,

- (2) such measures as have been carried out by the firm on its own initiative but which have been subsequently approved by an A.R.P. Officer empowered for this purpose either by the Central or Provincial Government.

Note :—The scheme will apply to all such A.R.P. measures as may have been ordered or approved, but it should be emphasised that the A.R.P. Officer will only approve of measures undertaken in anticipation of an order if such measures are absolutely essential for A.R.P. purposes.

3. The scheme will be worked in the following manner—

(a) The A.R.P. Officer concerned will serve an order on the firm stating the A.R.P. measures which the firm is required to undertake or, where the firm has already undertaken such measures, approving these measures. Where he considers it necessary it will be open to the A.R.P. Officer to obtain and approve estimates of costs framed by the owners.

(b) A statement of the cost actually incurred by the owners on such measures as have been ordered will be submitted to the A.R.P. Officer who served the orders. This statement will bear a certificate of the auditors of the owners of firms to establish the conformity of the statements with the accounts of the firms. On receipt of these statements the A.R.P. Officer ordering or approving the measures will, on being satisfied of the correctness of the statements, certify the amount which should be treated as allowable revenue expenditure for this purpose and the amount to be treated as capital expenditure, and the Income-tax Officers will treat such certificates as final for purposes of assessment.

Note.—Before expenditure is treated as capital expenditure, the A.R.P. Officer will satisfy himself not only that the expenditure will have a post-war value but also that the expenditure is one which in the ordinary course the firm might have found it advisable to undertake.

4. *Appeal*.—Firms may appeal to the Government of India against the amounts certified by the A.R.P. Officer within sixty days of his so certifying.

FORM OF CERTIFICATE TO BE ISSUED BY THE A.R.P. OFFICER.

I.....being the A.R.P. Officer empowered by Government for the purpose, hereby certify that I have ordered the following work to be carried out by.....for A.R.P. purposes.

(Detail the work ordered)

I certify that the cost of this work was Rs.....of which $\frac{\text{no part}}{\text{Rs.}}$ has a post-war commercial value and represents expenditure which, in the ordinary course, the $\frac{\text{firm}}{\text{company}}$ might have found it advisable to undertake, and which is eligible for treatment as capital expenditure under the following heads:—

-
-
-
-
-

Rs.....is to be treated as allowable revenue expenditure for purposes of Income-tax and Excess Profits Tax.

Signature

Designation,.....

Copy of letter No. 164C dated 11th May, 1942, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

Further to my letter No. 1542/164C, dated the 16th April 1942, the attention of the Association has been drawn by the Chief Inspector of Factories, Bombay, to a Scheme for the recovery of cost of measures on air raid precautions in factories as sanctioned by the Government of India. I have also received your letter No. A.R.P.1/7A, dated the 6th May 1942. My Committee note that Government's Scheme covers most of the points raised in the Association's representation referred to above, but it is still defective inasmuch as it does not enable mills to recoup hundred per cent. of the expenses incurred by them on air raid precautionary measures. In this connection, the attention of Government is invited to paragraph 4 of my letter dated the 16th April 1942.

APPENDIX 26A.

EXCESS PROFITS TAX ACT, 1940.

CALCULATION OF DEPRECIATION ALLOWANCE FOR PURPOSES OF ARRIVING AT EXCESS PROFITS TAX.

Copy of letter No. 976, dated 5th May 1941, from the Indian Chamber of Commerce, Calcutta, to the Association.

I am directed to forward herewith copy of a communication which the Chamber has addressed to the Government of India on the question of the calculation of depreciation under Excess Profits Tax Act. The Committee hope that your Association will also support this representation.

Copy of letter dated 3rd May 1941, from the Indian Chamber of Commerce, Calcutta, to the Secretary to the Government of India, Department of Finance, Simla.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to refer to Rule 2 of Schedule I of the Excess Profits Tax Act, 1940. This rule lays down that "the profits of a business during the standard period shall be computed on the same basis and in the same manner as the profits of that business are . . . computed for the chargeable accounting period." It is specifically provided that the profits shall be computed on the basis of the amended Income-tax Act of 1939 notwithstanding the fact that the Act "may not have been in force in the standard period." According to this provision, depreciation in particular, is to be calculated on written-down value basis and not on cost basis. While proposing the addition of this rule, the Select Committee of the Central Legislative Assembly observed that "this new provision is intended to secure that the computation of profits in any standard period should be made on the same basis as the computation of profits in the chargeable accounting period and, in particular, that depreciation should be calculated on the written-down basis instead of on the cost basis," etc.

While the Select Committee introduced this provision with a view to be fair to the assessee, the Committee desire to point out that in actual operation this rule is working to their great detriment in relation to the calculation of depreciation. It will be seen that both in the standard period as well as in the chargeable accounting period, depreciation having to be calculated on the written-down value basis instead of the original cost basis, the amount of calculated depreciation deducted from gross profit in the standard period in order to arrive at the standard profit is much more than the amount of depreciation allowed in the chargeable accounting period for, according to the written-down-value basis, the amount of depreciation is reduced year after year. The result is that even though the amount of gross profits made by the assessee in the chargeable accounting period and in the standard period be the same, the assessee becomes liable to pay excess profits tax on account of the amount

of depreciation in the chargeable accounting period being less than in the standard period. For example, take an industrial concern with a block capital of the original cost of Rs. 10 lakhs (written-down-value being Rs. 5 lakhs) which earned in 1935-36 a gross profit of, say, Rs. 1½ lakhs, including depreciation. Assuming that the amount of depreciation allowed from the gross profit as per calculation on the present written-down-value basis, amount to Rs. ¼ lakh, the standard profit left to the concern was Rs. 1 lakh. The same concern, however, while still making a gross profit of Rs. 1½ lakhs (including depreciation) in the year 1940-41 will not only have to pay income and super-taxes on a higher amount, because of the depreciation being progressively less on the written-down-value basis, but will also have to pay excess profits tax on the amount by which depreciation has been reduced from 1935-36 to 1940-41. If the rate of depreciation be, say, 10 per cent. in 1940-41, the amount thereof would only be Rs. 29,524, that is, roughly Rs. 30,000 as against Rs. 50,000 allowed as depreciation in the standard year. The result will be that on the same amount of gross profit, namely, Rs. 1½ lakhs, the concern will have to pay excess profits tax on about Rs. 20,000 amounting to about Rs. 13,333 apart from increased income-tax and super-tax.

The Committee have no doubt that the Government will appreciate the unfairness to the assessee in the operation of the above rule regarding calculation of depreciation. The Committee, therefore, strongly urge the Government to correct this anomalous position by making a provision that, subject to extensions and obsolescence taking place after the standard period, the same amount of depreciation should be taken into account both in the standard as well as the chargeable accounting periods for the purposes of arriving at assessable profits. I may add that the Committee are aware of the circular No. 11 of the 10th March, 1941, issued by the Central Board of Revenue on the subject of "Depreciation Allowance" but the hardship pointed out above is not met or removed by that circular.

In view of the great hardship to assesseees caused under the present arrangement, the Committee have to request the Government kindly to take early action in the matter.

Copy of letter No. 2566/58, dated 10th June 1941, from the Association to the Secretary to the Government of India, Department of Finance (Central Revenues), Simla.

The attention of the Association has been drawn to a representation submitted to Government on the 3rd of May 1941, by the Indian Chamber of Commerce, Calcutta, regarding Rule 2 of Schedule I to the Excess Profits Tax Act, 1940, concerning the computation of depreciation allowances for purposes of arriving at the excess profits tax. The representation deals at length with the actual working of the rule as at present worded, and suggests, in equity, the desirability of making a provision that, subject to extensions and obsolescence taking place after the standard period, the same amount of depreciation should be taken into account both in the standard as well as the chargeable accounting periods for the purpose of arriving at the assessable profits.

The Committee of this Association are in general agreement with the view put forward by the Indian Chamber of Commerce, Calcutta, and they trust that it will be possible for Government to accept the suggestion.

Copy of letter No. D.Dis. No. 8(iii) (6)-E.P./41, dated 16th June 1941, from the First Secretary, Central Board of Revenue, to the Association.

With reference to your letter No. 2566/58, of 1940, dated the 10th June 1941, I am directed to refer you to the Board's reply to the Indian Chamber of Commerce, Calcutta, a copy of which is enclosed for your information.

Copy of letter C. No. 8(iii) (6)-E.P./41, dated 15th May 1941, from the First Secretary, Central Board of Revenue, to the Secretary, Indian Chamber of Commerce, Calcutta.

In reply to your letter of the 3rd instant, I am directed to say that the Central Board of Revenue is unable to agree that the newly-introduced basis for the calculation of depreciation for income-tax purposes, that has been applied to all accounting periods for the purpose of excess profits tax by Rule 2 of Schedule I of the Act of 1940, does involve any hardship to assesses.

2. It is generally admitted in both this and other countries and by the business community as well as by the accountancy profession that the written-down-value basis of calculation of depreciation is much more closely in harmony with the physical facts than is a method that assumes an equal loss of value by depreciation of buildings, plant and machinery in each year of the assets' life. It is a fact beyond dispute that in the earlier years of life of such an asset the depreciation is much greater than in the final years and a diminishing series is recognised on all hands as corresponding to the facts.

3. For these reasons the Board is of opinion that there is no case for alteration of the written-down-value method of arriving at depreciation allowable in computing the profits of business either for income-tax or for excess profits tax purposes.

APPENDIX 26B.

EXCESS PROFITS TAX ACT, 1940.

BUSINESS WITH LITTLE OR NO PROFITS IN STANDARD PERIODS.

Copy of letter No. 3748/177, dated 23rd August 1941, from the Association to the Excess Profits Tax Adviser, Central Board of Revenue, Simla.

I am directed to refer to the discussions at the last conference held in Bombay on the 21st July, 1941, on item 2, dealing with the position of depressed industries, having little or no profits in the "standard" period, and to request that the Association may be favoured with a statement of Government's views regarding the real position of such industries in relation to the Excess Profits Tax Act. In particular, the Association would greatly appreciate it if you would be good enough to let me know whether it is necessary for parties concerned with the relevant provisions of the Act to proceed forthwith to state a case to the Central Board before decisions had been given by Boards of Referees in applications made under Section 6(3) of the Act.

Copy of letter C. No. 13(11)-E.P./41, dated 9th September 1941, from the Excess Profits Tax Adviser, Central Board of Revenue, Simla, to the Association.

In reply to your letter of the 23rd August I beg to inform you that no general statement can be made as to the directions that would be given by the Central Board of Revenue in the case of applications made to them under section 26(1) of the Excess Profits Tax Act. While the fact that a business belonged to a depressed industry would be a circumstance that would be taken into consideration by the Board, the circumstances generally of each business for which an application is made would need separate consideration.

2. In reply to the final question in your letter, sub-section (4) of section 26 provides that a claim under sub-section (1) may be made before the expiry of the period allowed for the delivery of a return or in the case where an application has been made under section 6(3), within 45 days of the date on which the decision of the Board of Referees under that sub-section is communicated to the assessee.

Copy of letter No. 4429/177, dated 4th October 1941, from the Association to the Excess Profits Tax Adviser, Central Board of Revenue, Simla.

I am directed to invite a reference to your letter No. C. No. 13(11)-E.P./41, dated the 9th September 1941, in which it is indicated that "no general statement can be made as to the directions that would be given by the Central Board of Revenue in the case of applications made to them under section 26(1) of the Excess Profits Tax Act," and that "while the fact that a business belonged to a depressed industry would be a circumstance that would be taken into consideration by the Board, the circumstances generally of each business for which an application is made would need separate consideration."

My Committee have carefully examined this matter, and they regret that the position is still vague. What the Association would like to know is whether the Central Board of Revenue have yet come to any decision as to what constitutes a depressed industry? It is not clear, for instance, whether the fact that a business had no profits during any of the standard periods, or had profits so low that it would not be just to determine the standard profit by reference to the actual profits, be considered sufficient proof of depression?

It will be agreed that no business can continue to make losses indefinitely. A business, once prosperous, may conceivably have to be "nursed" through a period of depression, but there is always a reasonable expectation of future profits from such a business. In such circumstances, would it not be possible for the Central Board of Revenue to give some sort of an assurance that a business employing a large share capital would be allowed to make a reasonable return to its shareholders and would not be restricted to the statutory minimum standard of Rs. 36,000.

Another point on which my Committee would like information is as to whether the Central Board of Revenue have yet decided any applications under section 26(1) from businesses belonging to depressed industries. If so, the Association would appreciate an indication of the circumstances which have been taken into consideration in such cases, and the basis on which relief, if any, has been granted. What, in effect, we are anxious to ascertain is the nature of the evidence which will be required to satisfy the Central Board of Revenue that a company is entitled to the relief to be given to a depressed industry.

Copy of letter D. A. Dis. No. 13(11)-E.P./41, dated 20th February 1942, from the Excess Profits Tax Adviser, Central Board of Revenue, to the Association.

In reply to your letter of the 4th October 1941, I beg to inform you that the Central Board of Revenue has not so far been able to formulate any general definition of what constitutes a depressed industry. It has, however, dealt with a number of applications under section 26(1) from individual concerns in which there were in the chosen standard period no profits or very low profits and in which the size of the business and the capital employed were such that it could be agreed that the minimum standard of Rs. 36,000 a year was inequitable.

The full facts would be taken into consideration in each such case in which an application is made under the section, but I regret that the circumstances of different businesses are so various that I am not able to indicate any general basis upon which relief would be given.

APPENDIX 27.

THE TRADE MARKS ACT, 1940.

Copy of letter No. 7600, dated 18th October 1941, from the Deputy Registrar of Trade Marks, Bombay, to the Association.

I should like to draw your attention to section 64 of the Trade Marks Act. Section 64 (d) refers to conditions and restrictions being prescribed for the registration of letters or numerals,

but unfortunately any rules which may be framed under sub-section (d) would, as the section stands, have effect only in reference to textile piecegoods. The draft rules have been entirely based upon your rules. The first sentence of section 64 is as follows :—“ In respect of textile goods being *piecegoods*.” The result is somewhat anomalous because the rules which have been drafted for the purpose of the Trade Marks Act with reference to letters or numerals are applicable to piecegoods but not applicable to goods which are not piecegoods. I would suggest that the words “ being piecegoods ” in the first line of section 64 should be deleted. This will mean that the whole of the section, including sub-section (d) will become applicable to textile goods.

2. Your register of numbers clearly shows that numbers are used in respect of goods other than piecegoods. I should like to know whether you agree that the words “ being piecegoods ” should be deleted from section 64 of the Act.

3. Please be good enough to inform me whether in the textile industry line headings are considered as trade marks.

4. If the words “ being piecegoods ” are deleted from the first sentence in section 64, then clauses (a), (b) and (c) of section 64 would become applicable to all textile goods. If this result is not desired by you, viz., that line headings should not be registrable in respect of all textile goods, please say so.

5. The following questions arise for your consideration :—

(i) Whether rules made under clause (d) of section 64 in respect of letters or numerals should be applicable to all textile goods.

(ii) Whether line headings should be registrable in respect of textile goods other than piecegoods.

Copy of letter No. 4959/94, dated 7th November 1941, from the Association to the Deputy Registrar of Trade Marks, Trade Marks Registry Office, Bombay.

I am directed to acknowledge the receipt of your letter No. 7600, dated the 18th October 1941, and to say that the Trade Marks Sub-Committee of the Association agree that the words “ being piecegoods ” in the first line of section 64 might be deleted so that the whole section including sub-section (d) would become applicable to textile goods.

So far as my Sub-Committee are aware, line headings are not considered distinctive in respect of any textile goods.

Copy of letter No. 5351/94, dated 6th December 1941, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to draw your attention to section 64 (d) of the above-mentioned Act according to which any rules which may be framed would have effect only in reference to textile piecegoods. The first sentence of section 64 reads as under :—

“ In respect of textile goods being piecegoods, etc., etc.”

The draft rules under section 64 (d) are to be based entirely upon the Association's rules for the registration of trade numbers. For the purpose of trade number registration, the Association's scheme sub-divides the textile goods into about 94 different sub-heads. Some of these sub-heads, especially those stated below, could not be regarded as piecegoods in the sense that they are not ordinarily sold in the piece :—

Terry towels—grey, bleached, dyed, striped or checked.

Huckaback towels—grey, bleached, dyed, striped or checked.

Honeycomb towels—grey, bleached, dyed, striped or checked.

All other towels.

Dusters, napkins, handkerchiefs, rumals and tablecloth.

Durries and carpets including satranji (floor carpets).

The result is, therefore, somewhat anomalous because the rules with reference to letters or numerals would under section 64 only apply to "piecegoods" but not to goods which are not piecegoods. In the circumstances, in a letter addressed to the Deputy Registrar of Trade Marks on 7th November 1941, the Association expressed itself in favour of the words "being piecegoods" in the first line of section 64 being deleted so that the whole section including sub-section (d) would become applicable to textile goods.

The attention of the Association has since been drawn to the Trade Marks Amendment Act which was published in the *Government of India Gazette*, dated the 29th November 1941, but the amendment suggested by the Association does not appear to have been given effect to. In the circumstances, it is suggested that the point might be considered by Government and a further amendment be introduced in the next session of the Assembly to make the position quite clear.

Copy of letter No. 401-Ind.(1)/42, dated 13th May 1942, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

Subject :—PROPOSED AMENDMENT OF SECTION 64 OF THE TRADE MARKS ACT, 1940.

With reference to your letter No. 5351/94 dated the 6th December 1941, on the above subject, I am directed to say that the point regarding the amendment of section 64 of the Trade Marks Act, 1940, referred therein has been noted for consideration at as early a date as practicable.

Copy of letter No. 7843, dated 4th December 1941, from the Deputy Registrar of Trade Marks, Bombay, to the Association.

Please refer to the memorandum of discussion at the meeting held in my room on the 17th April 1941, at which Sir Vithal Chandavarkar and Mr. T. Maloney were present. As far as I am able to judge, Government appear to be in sympathy with the suggestions made by your Association at the discussion. Government, however, required from me a categorical assurance that if the fees suggested by your Association were adopted the revenue of the office would be sufficient to meet the expenditure. I was unable to give such an assurance, and I pointed out that if the total fee in respect of application and registration of each trade mark consisting of numerals or letters or any combination thereof were raised from Rs. 5 to Rs. 10/ it would be possible for me to give such an assurance. Before adopting this suggestion, Government consider it fair to apprise you of the proposed fee in respect of trade numerals and would like to have the views of your Association on the point.

2. The draft of the relevant items of fees based upon the discussion is given below:—

	Rs. a. p.
6A. On application to register a textile mark consisting of a word or words (not being an invented word or invented words) for specification of goods in one class	7 8 0

(Note.—This is in accordance with the memorandum of discussion.)

6B. On application to register a textile mark consisting of numerals or letters or any combination thereof for specification of goods included in one sub-class under rule	3 0 0
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(Total fee on any number of such applications made at the same time

by the same person and relating to one and the same trade mark in respect of the different sub-classes under Rulenot to exceed Rs. 15.)

(*Note.*—Government contemplate that Rs. 3 should be raised to Rs. 5 and Rs. 15 at the end of the second paragraph should be raised to Rs. 25.)

- 6C. On two applications made at the same time by the same person to register one and the same mark consisting of a ticket, label, device or invented word or words, one of the applications being in respect of cotton piecegoods and the other in respect of cotton yarn 15 0 0

(*Note.*—This is in accordance with the memorandum of discussion.)

- 16A. For one registration of a textile mark consisting of a word or words (not being an invented word or invented words) for specification of goods included in one class 7 8 0

(*Note.*—This is in accordance with the memorandum of discussion.)

- 16B. For one registration of a textile mark consisting of letters or numerals or any combination thereof for specification of goods included in one sub-class under Rule 2 0 0

(Total fee for registration of any number of applications made at the same time by the same person and relating to one and the same textile trade mark as aforesaid in respect of the specifications of goods included in the different sub-classes under rulenot to exceed Rs. 10.)

(*Note.*—Government contemplate that Rs. 2 should be raised to Rs. 5 and that Rs. 10 at the end of the second paragraph should be raised to Rs. 25.)

- 16C. For two registrations of the same mark consisting of a ticket, a label, a device or an invented word or invented words on two applications made at the same time and by the same person, where one application is in respect of cotton piecegoods and the other is in respect of cotton yarn . . . 30 0 0

(*Note.*—This is in accordance with the memorandum of discussion.)

Please confirm that the above draft is in conformity with the memorandum of discussion.

3. The draft of the rule relating to separate applications for goods falling in each of the sub-classifications where the trade mark is a letter or numeral or a combination thereof is under consideration. A separate letter has been written to you on this point. I have to draw attention to the fact that section 64 of the Trade Marks Act has not been amended as required by your Association.

Copy of letter No. 5519/94, dated 19th December 1941, from the Association to the Deputy Registrar of Trade Marks, Bombay.

I am directed to acknowledge the receipt of your letter No. 7843, dated the 4th December 1941, and to inform you that the fees set forth against items 6A, 6B, 6C, 16A, 16B and 16C in your communication correctly represent the rates agreed to by the Association at the meeting held on the 17th April 1941. You state in your communication that Govern-

ment require a categorical assurance that if the fees suggested by the Association were adopted, the revenue of the office—apparently the Bombay Office—would be sufficient to meet the expenditure. You point out that you were unable to give such an assurance, but you think that if the total fees in respect of application and registration of trade marks consisting of numerals and letters were raised from Rs. 5 to Rs. 10, it would be possible for you to give such an assurance. My Committee do not, at the outset, agree with the principle underlying the suggestion of Government, namely, that a department of Government should be made entirely self-supporting from the fees raised by its operations; nor are they in agreement with the suggestion that the Bombay Office should be taken as a separate unit for the purpose. Even if revenue considerations necessitated strict economy in expenditure, they see no reason why the whole department including the Bombay and Calcutta Offices should not be taken as one unit, so that any margin which may be available in one branch may, to start with, at any rate, be utilised in supporting the other. Otherwise, the principle which Government seek to lay down might result in different scale of fees being levied for registration in different provinces.

My Committee do not propose in this letter to deal with the principle of self-sufficiency of individual Government departments enunciated in their letter, but what they suggest is that the scale of fees agreed to by the Association be given effect to for a period of three years, and if, at the end of this period, these fees are found to be low, the position might be gone into again.

APPENDIX 28.

INDIAN MERCHANDISE MARKS ACT.

Copy of letter No. 163/40, dated 14th January 1941 from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of my Committee has been drawn to a Bill further to amend the law relating to fraudulent marks on merchandise (L.A. Bill No. 36 of 1940) which was introduced in the Legislative Assembly on 5th November 1940. It is understood that the Bill has been referred to a Select Committee of the House, and that this Committee will meet towards the end of January. My Committee have carefully gone through the Bill, and so far as they can see, it appears to have been framed on right lines, but there are two or three points which they would like to bring to the notice of Government.

2. Clause 9 of the Bill lays down that the Central Government may make rules providing for the manner in which for purposes of section 12, cotton yarn shall be marked with an indication of the weight of each bundle and the count of the yarn contained in the bundle. In this connection, my Committee would like to draw Government's attention to the representation submitted by them to Government on 1st April 1938 (copy* enclosed for ready reference). It was indicated in that letter that the existing scales of yarn tolerances prescribed in notification No. 1474, dated the 13th November, 1891, as subsequently amended, are inadequate, and suggestions were made for a more practical working standard of tolerances. My Committee agree that their representation of 1st April 1938 did not contain any suggestions regarding folded yarns, cabled yarns, waste yarns and mercerised yarns, but what they desire to point out is that, before the provisions of the proposed section 20 are brought into operation, the yarn tolerances at present laid down in the Merchandise Marks Manual should be carefully scrutinised and amended by Government in consultation with commercial interests, and my Committee would greatly appreciate an assurance on this point from Government.

3. My Committee would also like to refer to clause 8 which seeks to introduce section 12(A)—sub clauses (1) to (5)—after existing section 12. This new clause empowers

*Vide pages of 1938 Report.

Government by notification in the *Gazette* to require the country of origin to be stamped on particular classes of goods imported into British India. It also empowers Government to prescribe the form of indication which shall be applied to the goods ; the manner in which the indication shall be so applied ; the time at, or the occasion on which the indication shall be applied, and in particular whether it shall be applied on importation only or also on sale of goods, whether by wholesale or retail in British India. It is further proposed that any notification issued by Government shall come into force only on the expiry of three months from the date of notification. The Committee of the Association agree to the principle underlying these amendments, but they desire to point out that cotton, silk, artificial silk, woollen and staple fibre goods imported into British India from the commencement of the Act should bear an indication as to the country of origin on the goods themselves in the case of piece-goods, or on the packages in which they are made up for retail sale in the case of yarn. In other words, my Committee desire to have an assurance from Government that a notification as contemplated in section 12(A)(1) would be issued by Government on the introduction of the Act without observing the formalities laid down in sub-clauses 12(3) and 12(4). My Committee desire to point out that the object underlying the requirement regarding the stamping of the country of origin is to prevent goods of foreign origin being passed off as Indian, and this could not be effectively achieved if it is not possible to secure relief the moment the Indian manufacturer or Government detect that imported goods with no indication of the country of origin are being sold as Indian. My Committee feel that it is quite conceivable that even when such detection takes place, large quantities of imported goods may already have been landed in this country and gone into consumption, and, in these circumstances, any further delay in getting relief might result in serious losses to the indigenous industry before any notification is issued.

4. Clause 7—proposed section 12(1)—lays down that piecegoods such as are ordinarily sold by length or by the piece which have been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act, 1934, shall not be removed for sale from those premises without having conspicuously stamped in English numerals on each piece the length thereof in standard yards . . . according to the real length of the piece and without being conspicuously marked on each piece with the name of the manufacturer or of the wholesale purchaser in India of the piece.

Proposed section 12(2) lays down that “ cotton yarn such as is ordinarily sold in bundles which has been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless the bundles are conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods and with an indication of the weight of each bundle and the count of the yarn contained in the bundle . . . ”

My Committee are in agreement with the general principle underlying these two clauses. They would point out, however, that in the case of piecegoods and yarns intended for *direct* export to overseas markets, manufacturers have to take into account the laws of the countries concerned and the wishes of overseas buyers, who, it is understood, would in certain instances prefer to buy Indian piecegoods without any indication as to the name of the manufacturer or wholesale distributor in India. My Committee, therefore, suggest that where manufacturers are in a position to give satisfactory guarantees that piecegoods and yarns produced by them will not be sold in this country, they should not be compelled to stamp either the name of the manufacturer or wholesale distributor on the pieces or bundles as the case may be. In these cases, they would be deemed to have complied with the Act if the length of the piece, in the case of piecegoods, and the count of yarn and the weight of the bundle, in the case of yarn, were stamped on goods issued out of the mill premises. To prevent unscrupulous manufacturers or merchants taking advantage of goods not stamped with the name of the manufacturer being sold in this country, it may be necessary to incorporate in the Bill satisfactory safeguards, and the exact nature of these provisions may be settled by Government.

5. Another point which my Committee desire to raise in connection with proposed sections 12(1) and (2) is that they give the option to the manufacturers of either stamping the manufacturers' name or the name of the wholesale purchaser in India. It is thought

that the stamping of the name of the manufacturer should be compulsory where cloth or yarn sold is for consumption in this country. There would, however, be no objection to the name of the wholesale purchaser or retail merchant being stamped in addition to the manufacturer's name, if so desired by the wholesale purchaser or retail merchant, but it should not be an alternative to the stamping of the name of the manufacturer.

6. The next point which my Committee would like to raise is in connection with the application of sections 12(1) and (2) to goods which are bleached, dyed and/or printed outside the factories. The mills concerned only supply the grey cloth which is subsequently bleached, dyed or printed elsewhere, or supply bleached and/or dyed cloth which is subsequently printed outside the mills. Such processing outside the mills is not always done on account of the mills, and the proposed section 12(1) would, therefore, require the name of the manufacturer and the real length of the cloth to be stamped on each piece. In the case of bleached and dyed cloth which is sold for printing outside, such stamping would probably necessitate an additional process in the processing establishment concerned to remove the original stamping as otherwise it would come in the way of printing. It is, therefore, suggested that where a mill sells cloth for bleaching, dyeing and/or printing purposes, it should be permissible to issue the cloth without any stampings. It is understood that in these cases, the requirements of the Act would be complied with by the final processor. It is, of course, realised that satisfactory safeguards would have to be provided to ensure that unstamped cloth or yarn issued outside the mill premises for subsequent processes are not sold for consumption in the state in which they were issued out of the mill premises. The intention of the Act is that all manufactures sold in this country should have stamped on them sufficient information to safeguard the buyer and facilitate ascertainment of source of supply in case of fraud, and this object should not be lost sight of when framing safeguards.

7. The fourth point which my Committee would like to bring to the notice of the Government of India is that the Sections referred to only apply to cloth or yarn manufactured in premises which are factories under the Factories Act of 1934. In other words, establishments which do not come within the Factories Act of 1934 would not be compelled to stamp the length of the piece in yards or the name of the manufacturer or wholesale merchant etc. on their manufactures. As Government are aware, there are many manufacturing and processing establishments in the country which do not come within the Factories Act, but which, between them, make a substantial contribution to the total quantity of cloth marketed in this country. As one of the objects of this legislation is to prevent fraudulent trade descriptions being stamped on cloth sold, it is my Committee's desire that the manufactures of these establishments should also be brought within the purview of this Act. If, however, Government feel that there are insuperable difficulties in bringing these establishments within the scope of the Indian Merchandise Marks Act, then my Committee suggest that it might be possible to make them toe the line by bringing indirect pressure to bear upon them. What my Committee have in view is that the possession for sale or otherwise and the purchase of piecegoods which are not stamped in accordance with the Act, should be made a penal offence. The provisions which my Committee have in mind would read somewhat as under:—

“ Any person other than a manufacturer who has in his possession for sale or otherwise, full pieces of piecegoods or full bundles of yarn not stamped in accordance with this Act or any notification issued thereunder, shall be punishable with fine not exceeding Rs.....for the first offence and Rs.....for each subsequent offence. This Section shall not apply if the person concerned proves to the satisfaction of the Court that the pieces of cloth or bundles of yarn when bought by him were stamped as required by the Act and that the stampings were obliterated or removed in the course of trade or, in the case of cloths or yarn purchased for personal use, in the course of putting them to such personal use.

Any person who buys a full piece of cloth or a full bundle of yarn which is not stamped in accordance with these provisions knowing that it is not so stamped, shall be liable to a fine not exceeding Rs.....every time the offence is committed.”

8. My Committee also understand that the proposed legislation will not apply to establishments situated in Indian States. They are anxious to prevent mills in Indian States

selling their goods in British India without the name of the manufacturer or the length of the piece stamped on each piece. They are aware that the Sea Customs Act prohibits imports into British India by land or sea of piecegoods such as are ordinarily sold by length or by the piece which have not conspicuously stamped in English numerals on each piece the length thereof in standard yards.....according to the real length of the piece. They are also aware that the proposed clause 10 prohibits the import of piecegoods which have not been conspicuously marked on each piece with the name of the manufacturer, exporter or wholesale purchaser in India of the piece, but still, in view of the long line of customs frontier between British India and Indian States, there is a possibility of goods manufactured in Indian States being sold in British India without any indication as to the length or the name of the manufacturer, etc. Rather than detecting and punishing offenders, it would be in the interest of British India and Indian States to persuade the latter to adopt legislation on the lines of the Indian Merchandise Marks Act. It is understood that, for the purpose of obtaining preferential treatment in certain foreign countries, manufacturers in Indian States are allowed to stamp their goods as "Manufactured in British India" to enable them to secure the benefit of the lower duties, etc. If Indian States are not inclined to adopt the provisions of the Indian Merchandise Marks Act, then Government might consider the advisability of withdrawing this privilege.

Copy of letter No. 164/40 dated 14th January, 1941 from the Association to the Secretary to the Government of India, Legislative Assembly Department, New Delhi.

I enclose herewith copy of a letter which the Association has addressed to the Government of India, Department of Commerce. It is understood that the Indian Merchandise Marks Act Amending Bill (L.A. Bill No. 36 of 1940) will be taken up for consideration by the Select Committee of the House on or before the 4th of February 1941. The Association would greatly appreciate it if the Association's communication to Government could be placed before the members of the Select Committee for consideration.

Copy of letter No. 301-Ind. (2)/41, dated 10th April 1941, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

Subject :—MARKING OF ORIGIN ON FOREIGN GOODS.

I am directed to forward for the information of your Association a copy, with one spare copy, of the Press Note issued on the subject noted above. The relevant provisions are contained in section 8 of the Merchandise Marks (Amendment) Act, 1941. The Act has been published in the *Gazette of India*—Part IV—dated the 15th March 1941. Copies of the *Gazette* can be had from the Manager of Publications, Civil Lines, Delhi, or from any of the agents authorised to sell the Government of India publications. I am to add that if any members of your Association wish to make an application for requiring goods to show an indication of origin they may state in their application the manner in which such indication may be applied, that is to say whether to the goods themselves or in any other manner, and the times or occasions on which the presence of the indication may be made necessary, that is to say whether on importation only, or also at the time of sale, whether by wholesale or retail or both.

Press Note

Subject :—SAFEGUARDING INDIAN INDUSTRY—MARKING OF ORIGIN ON FOREIGN GOODS—REPRESENTATIONS INVITED.

Complaints have been received by the Government of India from time to time that goods manufactured in foreign countries are sometimes put on the Indian market in such a manner as to obscure the country of origin and to pass them off as Indian manufactures.

Greater protection to Indian business and industry is now given by the Indian Merchandise Marks Amendment Act, which gives power to the Central Government to issue notifications, after enquiry by the Central Government either on its own initiative or on consideration of a representation from the interests concerned, requiring the marking of the country of origin in any cases where this should be found necessary.

As most of the commercial bodies in India are in favour of compulsory marking of origin on all foreign goods imported into British India, it is now for the commercial community to make representations to the Commerce Department and thus take full advantage of the facilities provided by the Act for safeguarding their legitimate interests.

Copy of letter No. 2588/40, dated 11th June 1941, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 301-Ind.(2)/41, dated the 10th April 1941, enclosing copies of a Press Note inviting representations from the commercial community on the question of the marking of origin on foreign goods on the lines contemplated by section 8 of the Indian Merchandise Marks (Amendment) Act, 1941.

In reply, my Committee desire me to draw attention to the views expressed in their representation on the Merchandise Marks Act Amending Bill, No. 163/40, dated the 14th January 1941, wherein it was suggested that, from the commencement of the Act, cotton, silk, artificial silk, woollen and staple fibre goods imported into British India should bear an indication as to the country of origin on the goods themselves in the case of piecegoods, or on the packages in which they are made up for retail sale in the case of yarn. The object underlying the requirement regarding the stamping of the country of origin being to prevent goods of foreign origin being passed off as Indian, it was felt that the end in view could not be achieved unless it was possible to secure relief the moment the Indian manufacturer or Government detected that imported goods with no indication of the country of origin were being sold as Indian. It was also thought that even when such detection took place large quantities of imported goods might have already been landed in this country and gone into consumption; and that, in these circumstances, any further delay in getting relief might result in serious losses to the indigenous industry before any notification was issued.

My Committee still adhere to these views, and they trust that a notification requiring an indication of origin in the case of foreign textile goods, on the lines suggested above, would be issued simultaneously with the enforcement of the provisions of the Amending Act.

Copy of letter No. 308-Ind.(4)/41, dated 18th August 1941, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to invite your attention to section 9 of the Indian Merchandise Marks (Amendment) Act, 1941 (copy, together with a copy of the section referred to therein, enclosed). The Government of India have under consideration the question of framing the necessary rules. Before framing them they wish, however, to have the views of the interests concerned in the matter. It is accordingly requested that the views and suggestions of your Association may be furnished, in the form of draft rules, to this Department as early as possible but in any case not later than the 30th August 1941.

STAMPING OF PIECE GOODS, COTTON YARN AND THREAD.

12 (1). Piece goods, such as are ordinarily sold by length or by the piece, which have been manufactured, bleached, dyed, printed or finished in premises which are a factory, as defined in the Factories Act, 1934, shall not be removed for sale from the last of such

premises in which they underwent any of the said processes without having conspicuously stamped in English numerals on each piece the length thereof in standard yards, or in standard yards and a fraction of such a yard, according to the real length of the piece, and, except when the goods are sold from the factory for export from British India, without being conspicuously marked on each piece with the name of the manufacturer, or of the occupier of the premises in which the piece was finally processed or of the wholesale purchaser in India of the piece.

(2) Cotton yarn such as is ordinarily sold in bundles, and cotton sewing or darning thread, which have been manufactured, bleached, dyed or finished in premises which are a factory, as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless, in accordance with any rules made under section 20 of this Act, in the case of yarn the bundles are conspicuously marked with an indication of the weight of yarn in each bundle and the count of the yarn contained in the bundle and in the case of thread each unit is conspicuously marked with the weight of thread in the unit and the grist number and, except where the goods are sold from the factory for export from British India, unless each bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods.

(3) If any person removes or attempts to remove or causes or attempts to cause to be removed for sale from such premises or sells or exposes or has in possession for sale any such piecegoods or any such cotton yarn or any cotton sewing or darning thread which is not marked as required by sub-section (1) and sub-section (2), every such piece and every such bundle of yarn and all such thread, and everything used for the packing thereof, shall be forfeited to His Majesty and such person shall be punished with fine which may extend to one thousand rupees.

(1A) The Central Government may make rules providing for the manner in which for the purposes of section 12 cotton yarn and cotton sewing or darning thread shall be marked with the particulars required by that section.

Copy of letter No. 4039/40, dated 15th September 1941 from the Association to the Under Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 308-Ind.(4)/41, dated the 18th August, 1941, in which the views of the Association are requested regarding the draft rules which might be framed to give effect to the provisions of section 12 of the Indian Merchandise Marks Act as amended.

I regret that it is not possible for the Association to make other than general suggestions in regard to cotton sewing or darning thread. Members of the Association interested in the production of sewing and darning thread have been consulted, and the view has been expressed that, unless the Act is amended, it will prove unworkable. The term "grist" number is apparently not calculated on a uniform basis by all sewing thread manufacturers and appears to be unknown to some Indian producers of thread. What appears to be necessary in the case of thread is that merchants and manufacturers should ordinarily have the option of marking each unit of sewing or darning thread with the weight or the length, but in the case of small packages of 50 yards or less, the marking of the length in yards should be made compulsory. Satisfactory tolerances would need to be provided under the rules, and it has tentatively been suggested to us that these tolerances should be as under:—

- (a) Where the weight is marked:—
- 3 per cent for units exceeding .5 ounce.
 - 3 per cent. for units between .05 and .5 ounce.
 - 10 per cent. for units upto .05 of an ounce,

(b) Where length is marked :—

3 per cent. for units above 400 yards.

5 per cent. for units between 25 and 400 yards.

We might add that the tolerances suggested above are intended to apply to yarn in dry condition, that is to say, subject to an allowance for regain of $8\frac{1}{2}$ per cent.

The proposals made in respect of sewing thread are made on the assumption that the Act will be amended and that, before any rules relating to the marking of sewing and darning thread are introduced, they will again be circulated for the purpose of ascertaining the views of sewing thread manufacturers who market their goods in large quantities in India.

As regards cotton yarn ordinarily sold in bundles, our suggestion is that Draft Notification No. 301-Ind. (4)/39, should be amended as under :—

“ In exercise of the powers conferred by section 16 of the Indian Merchandise Marks Act, IV of 1889, the Central Government is pleased to direct that the following instructions for the guidance of criminal courts, in giving effect to the provisions of the said Act in respect of trade descriptions of quantity, measure, or weight of the goods shall be substituted for those contained in Parts III and IV of the Government of India, Home Department notification No. 1474, dated the 13th November 1901, as subsequently amended :—

TRADE DESCRIPTIONS OF COUNT.

III. A trade description of count or number, length or weight, applied to *grey or bleached, single or twofold, cotton yarn*, shall not be deemed to be false in a material respect, unless—

(a) (i) in the case of *grey, single yarn of which the count is 7s or higher or grey twofold yarn of which the single count is 7s or higher*, the described count or number is greater or less than the actual count or number by more than 5 per cent. the actual count being equivalent to the average count of the yarn in one bundle ; or

(ii) in the case of *bleached single or twofold yarn* the count of the yarn in the *grey* state is not stamped on the bundle and the described count is greater or less than the actual count by more than 10 per cent., the actual count being equivalent to the average count of the yarn in one bundle ; or

(b) (i) in a bundle of *grey single yarn of which the count is 7s or higher or grey twofold yarn of which the single count is 7s or higher*, the average length of the whole number of single hanks is less than 830 yards and of double hanks is less than 1,660 yards ; or

(ii) in a bundle of *bleached single or twofold yarn*, the average length of single hanks is less than 809 yards and of double hanks is less than 1,618 yards ; or

(bb) (i) in the case of a bundle of yarn of counts 7s or over upto 16s and not exceeding 5 lbs. in weight, the variation between the stamped and actual weights thereof is greater or less than two ounces or four ounces in the case of a bundle exceeding 5 lbs. in weight ; or

(ii) in the case of a bundle of yarn of counts 16s and above, and not exceeding 5 lbs., in weight the variation between the stamped and actual weights thereof is greater or less than one ounce or two ounces in the case of a bundle exceeding 5 lbs. in weight ; or

(d) In the case of *bleached, single or twofold, yarn* the *grey* weight is not stamped or the described weight exceeds the actual weight by more than 10 per cent. in counts upto 24s ; $8\frac{1}{2}$ per cent. in counts from 25s to 40s ; $7\frac{1}{2}$ per cent. in counts of 41s and upwards ; the allowance being 1 per cent. less than that specified in each of the above cases if the *bleached* yarn in the bundle is twofold.

IV. A trade description of count or number applied to a bundle of cotton yarn below 7s count or dyed or folded yarn other than twofold cotton yarn shall be accepted as indicating length only, the hank being taken to measure 840 yards, and it shall be deemed to be false in a material respect if the average length of the single hank in a bundle is less than 809 yards or if the length of the double hank in a bundle is less than 1,618 yards."

It will be noticed that the amended notification is intended to deal with nothing more than single and two-fold yarns marketed in bundle form and to exclude waste yarn under 7s counts from the count and weight tolerances.

APPENDIX 29.

BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

APPLICATION OF THE ACT TO CLERICAL DEPARTMENTS OF MILLS.

Copy of letter No. 292/118, dated 21st January, 1941 from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 143/34-E, dated the 23rd December 1940.* My Committee note that, while Government are not prepared to grant a total exemption from the provisions of the Bombay Shops and Establishments Act in respect of all clerical staff of the mills, they are prepared to grant a temporary exemption to the classes of persons mentioned in the list forwarded with my letter of 18th November 1940, provided Government are assured that mills will comply with the provisions of the Factories Act, as regards the hours of work, holidays, maintenance of registers, etc., in respect of those employees mentioned in the list. It is further stated in your letter that it is desirable that such clerical staff in the mills should at least get the benefits of the provisions of the Factories Act when they do not get the benefits of the Shops and Establishments Act, and Government require mills to maintain records of hours of work, etc., of these clerks—if they are not being kept—so that it may be possible to verify whether the mills carry out the assurance or not. Government's communication has been carefully considered by my Committee, and they desire me to point out that if Government's intention is only to ascertain whether the benefits of the provisions of the Factories Act are being made available to the classes of people referred to, then separate records and registers on the lines suggested do not appear to be necessary since, as Government are aware, the Standing Orders for Clerks recently settled by the Industrial Court lay down (*vide* Standing Order No. 4) that the periods and hours of work of all classes of employees shall be posted up on the notice board. Standing Order No. 5 for Clerks prescribes that notices specifying the days observed by the mill as holidays should also be put up. In this view of the case, there seems to be no point in Government insisting upon the maintenance of separate records, as the notices put up under the Standing Orders 4 and 5 are in themselves records which can be checked up by Government Inspectors.

So far as my Committee are aware, most of the clerks referred to in my letter are already in receipt of the benefits equivalent to those provided by the Factories Act, but it will, my Committee trust, be realised that it would be most difficult to apply the letter of the Factories Act to a class of employees whom the Act was never intended to cover and that anomalies would be bound to arise. Pay clerks and the time-keeping staff, for example, have to be worked overtime and even on mill holidays in the first few days of the month to facilitate the payment of wages as laid down in the Payment of Wages Act. At this particular portion of the month, they might be required to put in more than 54 hours per week, work on holidays, and the hours of their employment might in certain cases contravene the "spreadover" provisions of the Factories Act. The extra time put in by the pay clerks and the time-keeping staff in the first few days of the month could, however, be made up by

*Published in last year's Report.

allowing them "time off" on the days following wage payment. Though such an arrangement would not comply with the provisions of the Factories Act in regard to the number of hours worked per day, recess hours, weekly holidays, spreadover provisions, it would not be inequitable because the total number of hours put in per month, the number of holidays given in the month, etc., could be made to correspond with the total normal hours, holidays, etc., given to departmental workers covered by the Factories Act. In this view of the case, my Committee suggest that the hours worked, number of holidays, etc., of all mill clerks be regulated on the basis of a calendar month, the total number of hours worked to be the number of mill working days multiplied by 9; holidays being granted at the rate of four per month. Overtime might be calculated for the number of hours put in over and above the monthly limit calculated on the basis of the number of working days multiplied by 9, such overtime being paid on basis equivalent to that set out in the Factories Act.

My Committee hope that, in view of the suggestions made in the foregoing paragraphs, exemptions from the provisions of the Bombay Shops and Establishments Act will be granted to clerical employees included in the list which accompanied the Association's representation, No. 4879/118, dated the 18th November 1940.

Copy of letter No. 143/34-E, dated 30th January 1941 from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 292/118, dated the 21st January 1941, on the above subject, I am directed to forward herewith a copy of notification No. 143/34-II, dated the 29th January 1941.

2. The arrangement suggested in paragraph 2 of your letter in the matter of hours of work, overtime, holidays, spreadover provisions, etc., is accepted.

Copy of Notification No. 143/34-II dated the 29th January 1941 issued by the Government of Bombay in the Political and Services Department.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (Bom. XXIV of 1939), the Government of Bombay is pleased to exempt the classes of persons mentioned in the schedule appended hereto and employed in such mills in the city of Bombay as are members of the Millowners' Association, Bombay, from the operation of the said Act, for a period of six months from the 30th day of January 1941.

SCHEDULE.

Clerks employed in connection with any of the following kinds of work :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.
8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.

10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by timekeeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

Copy of letter No. 461/118, dated 30th January 1941 from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge with thanks the receipt of your letter No. 143/34-E, dated the 30th January 1941, and copy of Government notification No. 143/34-II, dated the 29th January 1941. I note that the exemption notified by Government only covers persons employed "in such mills in the city of Bombay as are members of the Millowners' Association, Bombay." In this connection, I would like to draw your attention to the fact that the Association has members in Sholapur and Poona, and as the Act has already come into force in these two centres, the exemption granted by Government may be extended to cover our members in these two centres also. The conditions governing the grant of exemption in respect of these two centres will be the same as those which are applicable to member mills situated in the city of Bombay.

Copy of letter No. 143/34/2012-E, dated 3rd February 1941 from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 461/118, dated the 30th January 1941, I am directed to forward herewith a copy of Government notification, Political and Services Department, No. 143/34 of to-day's date.

Copy of Notification No. 143/34, dated 3rd February 1941 issued by the Government of Bombay in the Political and Services Department.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (Bom. XXIV of 1939), the Government of Bombay is pleased to exempt the classes of persons mentioned in the schedule appended hereto and employed in such mills in the Poona City and Suburban Municipal Boroughs and Cantonment and in the Sholapur Municipal Borough, as are members of the Millowners' Association, Bombay, from the operation of the said Act, for a period of six months from the 6th day of February 1941.

SCHEDULE.

Clerks employed in connection with any of the following kinds of work :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.

8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by time keeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

Copy of letter No. 2490/118, dated 5th June 1941 from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to invite a reference to previous correspondence resting with your letter No. 143/34/2012-E, dated the 3rd February 1941, in connection with the exemption granted to certain classes of clerical employees working in cotton and woollen mills, members of this Association, from the provisions of the Bombay Shops and Establishments Act, 1939.

The exemptions which were originally granted by Government for a period of six months are due to expire by the end of next month, and my Committee, therefore, desire me to request that Government may be pleased to sanction them permanently. The case for a continuance of the exemptions may briefly be stated as under :—

(1) The existing arrangement (*vide* my letter No. 292/118, dated the 21st January 1941) whereby member mills are required to comply with the provisions of the Factories Act, as regards hours of work, holidays, maintenance of registers, etc., in respect of the exempted classes of employees, has worked satisfactorily during this period ;

(2) The conditions, hours of work and privileges enjoyed by departmental clerks in factories compare favourably with those of shop assistants, and of workers whose conditions of work are regulated in accordance with the Factories Act ; and

(3) A continuance of the exemption is also desirable in view of the fact that central legislation on this subject is imminent, and the enactment contemplated by the Government of India will exclude clerks working in factories from its scope.

My Committee desire me to express the hope that the suggestion will commend itself to Government, and that the necessary orders will be issued at a very early date.

Copy of letter No. 143/34-E, dated 17th July 1941, from the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay, to the Association.

Subject.—BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.—EXEMPTION OF THE MILLS FROM THE OPERATION OF THE—DURING THE CONTINUANCE OF THE WAR.

With reference to your letter No. 2490/118, dated the 5th June 1941, I am directed to forward a copy of Government notification on the above subject.

Copy of Notification No. 143/34 (a) dated 17th July 1941 issued by the Government of Bombay in the Political and Services Department.

No. 143/34(a).—In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (Bom. XXIV of 1939), and in modification of Government notifications in the Political and Services Department

No. 143/34-II, dated the 29th January 1941, and No. 143/34, dated the 3rd February 1941, the Government of Bombay is pleased to exempt the classes of persons mentioned in the schedules appended to the said notifications and employed in such mills in the city of Bombay, the Poona City and Suburban Municipal Boroughs and Cantonment and the Sholapur Municipal Borough, as are members of the Millowners' Association, Bombay, from the operation of the said Act during the continuance of the war.

Copy of letter No. 3182/118, dated 19th July 1941 from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge with thanks the receipt of your letter No. 143/34-E, dated the 17th July 1941, enclosing copy of Government notification in the Political and Services Department, No. 143/34(a), dated the 17th July 1941, continuing the exemption at present accorded to certain classes of employees working in mills which are members of this Association, from the provisions of the Bombay Shops and Establishments Act, 1939, for the duration of the war.

APPENDIX 30.

WEEKLY HOLIDAYS BILL.

L. A. BILL NO. 25 OF 1941.

A Bill to provide for the grant of weekly holidays to persons employed in shops, commercial establishments, restaurants and theatres.

Whereas it is expedient to provide for the grant of weekly holidays to persons employed in shops, commercial establishments, restaurants and theatres ;

It is hereby enacted as follows :—

1. (i) This Act may be called the Weekly Holidays Act, 1941.

(ii) It extends to the whole of British India.

(iii) It shall come into force in a Province or in a specified area within a Province only if the Provincial Government by notification in the official *Gazette* so directs.

2. In this Act, unless there is anything repugnant in the subject or context :—

(a) " establishment " includes a commercial establishment, shop, restaurant and theatre ;

(b) " day " means a period of 24 hours beginning at midnight ;

(c) " commercial establishment " means any establishment in which there is carried on for profit the trade or business of an advertising, commission, forwarding or other commercial agency, or of insurance, banking, brokerage or exchange, or of a joint stock company.

and includes the clerical department of an industrial or commercial undertaking, and any other establishment or class of establishments which the Provincial Government may by notification in the official *Gazette* declare to be a commercial establishment or class of commercial establishments for the purposes of this Act,

but does not include a restaurant, shop or theatre, or a factory (except the clerical department thereof) subject to the Factories Act, 1934, or a mine subject to the Indian Mines Act, 1923, or a railway as defined in the Indian Railways Act, 1890, or any establishment in which the hours of work are regulated by any law for the time being in force other than this Act ;

- (d) "restaurant" means any premises where refreshments are supplied for consumption on the premises but does not include a restaurant attached to a theatre ;
- (e) "shop" includes any premises where any retail trade or business is carried on, including the business of a barber or hairdresser, and retail sales by auction, but excluding the sale of programmes, catalogues and other similar sales at theatres ;
- (f) "theatre" includes any premises intended principally or wholly for the presentation of moving pictures, dramatic performances or stage entertainments ;
- (g) "week" means a period of seven days beginning at midnight on Saturday.

3 (i) Every shop and commercial establishment shall remain entirely closed on Sunday, or on such other day of the week in lieu of Sunday as in respect of such shop or commercial establishment may be fixed by the Provincial Government by general or special order.

(ii) The Provincial Government may, for the purposes of this section, fix different days for different classes of shops and commercial establishments, or different days for different areas, or different days for different times of the year.

4. Every person employed otherwise than in a confidential capacity or in a position of management in any restaurant or theatre shall be allowed in each week a holiday of one whole day.

5. The Provincial Government may, by notification in the official *Gazette*, require in respect of shops and commercial establishments or any specified class of either or both that they shall be closed at one o'clock in the afternoon of one week-day in every week in addition to the day provided for by section 4 and, in respect of theatres and restaurants or any specified class of either or both, that every person employed therein otherwise than in a confidential capacity or in a position of management shall be allowed in each week an additional holiday of one half-day commencing at one o'clock in the afternoon.

6. No deduction or abatement of the wages of any person employed in an establishment to which this Act applies shall be made on account of any day or part of a day on which the establishment has remained closed or a holiday has been allowed in accordance with sections 3, 4 and 5, and if such person is employed on the basis that he would not ordinarily receive wages for such day or part of a day he shall nonetheless be paid for such day or part of a day the wages he would have drawn had the establishment not remained closed or the holiday not been allowed on that day or part of a day.

7(i) The Provincial Government may appoint persons to be inspectors for the purposes of this Act within such local limits as it may assign to each such person.

(ii) Every inspector appointed under this section shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

8(i) Subject to any rules made in this behalf by the Provincial Government, an inspector may, within the local limits for which he is appointed :—

- (a) enter and remain in any establishment to which this Act applies with such assistants, if any, being servants of the Crown, as he thinks fit ;
- (b) make such examination of any such establishment and of any record, register or notice maintained therein, and take on the spot or otherwise such evidence of any person as he may deem necessary for carrying out the purposes of this Act ;
- (c) exercise such other powers as may be necessary for carrying out the purposes of this Act.

(ii) Any person having the custody of any record, register or notice shall be bound to produce it when so required by the inspector, but no person shall be compellable to answer any question if the answer may tend directly or indirectly to criminate himself.

9. In the event of any contravention of the provisions of section 3, of section 4, of a requirement imposed by notification under section 5, of section 6, or of the rules made under clause (c) of sub-section (2) of section 10, the proprietor or other person responsible for the management of the establishment in which such contravention takes place shall be punishable with fine which may extend, in the case of the first offence to Rs. 25, and, in the case of a second or subsequent offence, to Rs. 250.

10(i) The Provincial Government may, by notification in the official *Gazette*, make rules for carrying out the purposes of this Act.

(ii) In particular and without prejudice to the generality of the foregoing power, such rules may :—

- (a) define the persons who shall be deemed to be employed in a confidential capacity or in a position of management for the purpose of sections 4 and 5 ;
- (b) regulate the powers and duties of inspectors ;
- (c) require registers and records to be maintained and notices to be displayed in establishments to which this Act applies and prescribe the form and contents thereof.

11. The Central Government in respect of establishments under its control, and the Provincial Government in respect of all other establishments within the Province may, subject to such conditions, if any, as it thinks fit to impose, exempt any establishment to which this Act applies from all or any specified provisions of this Act, and may, on any special occasion in connection with a fair or festival or a succession of public holidays, suspend for a specified period the operation of this Act.

STATEMENT OF OBJECTS AND REASONS.

It was suggested at the first Conference of Labour Ministers held in January, 1940, that the Central Government should consider the question of passing an enabling measure giving Provincial Governments power by notification to provide for the compulsory closing of shops and commercial establishments for a minimum period of one day in the week, leaving it to the Provincial Governments to provide an extra half-holiday, if they considered it necessary. The present Bill has been drafted after consultation with Provincial Governments and further discussion at the second Conference of Labour Ministers held in January, 1941. The Bill will not come into effect in any Province until the Government of that Province directs its application by notification, either to the whole Province or any specified area within it. A further notification of the Provincial Government will be necessary to bring into application the provisions about an extra half-holiday. It is considered desirable that Provincial Governments should have power to introduce by notification certain minimum provisions on uniform lines as embodied in the Bill. The Bill provides for payment of wages for holidays declared under it. Certain classes of persons and establishments are excluded from its purview. It proposes to leave power with the Central Government in respect of establishments under its control and with Provincial Governments in respect of all other establishments within the Province, to make exceptions from or temporary suspension of the provisions of the proposed Act.

Copy of letter No. 4795/185, dated 29th October 1941, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

The attention of my Committee has been drawn to the provisions of the above Bill published in *Government Gazette* dated the 11th October, 1941. My Committee have carefully studied the Bill, and though the Association's views on the detailed clauses will be elaborated by its representative in the Assembly, Sir Vithal Narayan Chandavarkar, I set forth below, in brief, the position taken up by my Committee in regard to the measure as a whole.

At the outset, I am desired to point out that my Committee have nothing to say against the principle of a weekly holiday to our clerical employees and as a matter of fact, clerical staffs of most commercial offices in Bombay do get half a day off on Saturdays and a full day off on Sundays. Our objection, however, is to the inclusion in the Bill of clerical staffs' employed in factories. The clerical department of a mill usually includes the time-keeping staff, the godown and stores clerks, coal and cotton weighment clerks, production re-cording clerks, bundling and baling clerks, etc., whose presence in the mill is absolutely essential to ensure the smooth working of the various process departments. These people have all along been given the benefits of the Indian Factories Act in the matter of daily and weekly hours of work, rest intervals, weekly holidays, etc. In 1939, the Bombay Legislative Assembly passed the Shop and Establishment Act which, *inter alia*, sought to regulate the hours of work, rest intervals, weekly holidays, etc., of these people independently of the Indian Factories Act. The Chairman of the Association who was called up by the Government of Bombay for a personal interview pointed out the difficulties which would arise if the Bombay Act was made applicable to the clerical staff of the factories. Government was impressed with the case put forward and orders were issued exempting the clerical staff of the factories from the provisions of the Act for the duration of the war on the understanding that such clerical staff in mills would at least have the benefit of the Indian Factories Act.

So far as our factory clerical staff is concerned, the Bill under consideration goes even further than the Bombay Act. The Bombay Act sought to reduce the number of hours worked per day from 9 to 8, whereas the Bill under consideration seeks to grant an additional holiday amounting to half a day on one of the week days in addition to a full holiday on Sunday. My Committee have already pointed out that presence of the clerical staff within the factories is absolutely essential for the smooth working of the various process departments, and if the departmental clerks concerned were granted an additional half holiday in the week, the factories also would have to be closed down, thus bringing down the total number of hours worked by factories from 54 to about 50 per week.

In this connection, my Committee would like to recall the discussions which took place at a Conference which the employers of the country had with the Honourable Sir Ramaswami Mudaliar in Calcutta on 6th January 1941, when Governments' Draft Bill was discussed. I enclose herewith a copy of a White Book* published by the Employers' Federation of India and would draw your attention to the discussions recorded on pages 17 to 19 inclusive, but what my Committee desire to emphasise is that the Conference was unanimously of the opinion that the proposal for the additional half holiday in a week should be dropped and that even the Honourable Labour Member indicated that it was not the intention of the Government to bring the clerks working in factories within the scope of the Central Act.

In conclusion, my Committee would like to point out that this is not the time when war efforts of industries in the country should be crippled by social legislation of this character, but if Government still desire to pursue the matter, then I am to point out that the clerical staff of factories should be exempted from the provisions of the Act.

APPENDIX 31.

CITY OF BOMBAY MUNICIPAL ACT—PROPOSAL FOR THE ABOLITION OF SPECIAL CONSTITUENCIES.

Copy of letter No. 2558/122, dated 9th June 1941, from the Association to the Secretary to the Government of Bombay, General Department.

The attention of the Committee of this Association has been drawn to the adoption, on the 24th April 1941, by the Bombay Municipal Corporation, of certain recommendations made by the Law, Revenue and General Purposes Committee of that body for the

*Not published.

amendment of the City of Bombay Municipal Act, which, among other things, sought to abolish the Special Constituencies provided for in the existing Act.

Before proceeding to urge the merits of our case for the retention of the special seats for "Commercial Constituencies," my Committee would desire to place before Government how the present move originated. In view of the introduction of "adult franchise" for the Municipal General Elections from the year 1942, the Corporation by its Resolution, No. 879, dated the 7th December 1939, requested the Law, Revenue and General Purposes Committee to consider, in consultation with the Commissioner, and report on the advisability of amending the Municipal Act so as to redistribute all the *elective* seats on the Corporation between the different wards of the city.

Accordingly, the Municipal Commissioner, with his letter No. E1 1691, dated the 12th January 1940, submitted a statement embodying the amendments which he considered desirable or necessary to the existing Act. One of the recommendations made by him suggested the abolition of the "Labour Constituency." The reasons advanced by the Commissioner for this change were as follows :

"With the introduction of adult franchise, every worker residing in the city will have a vote. There does not, therefore, appear any necessity to retain a special constituency for labour any longer.

"This constituency provides persons who do not actually belong to the working classes a comparatively easy method of becoming a Councillor.

"My predecessor in his letter No. E1 943, dated the 20th August 1938, underlying the Law, Revenue and General Purposes Committee's resolution No. 138, dated 11th November 1938, suggested the discontinuance of this constituency. I have considered the suggestion very carefully and feel that under the adult franchise there will be a tremendous increase in the voting strength of the labour classes, and a separate constituency will no longer be justifiable. The seats released may be distributed to different wards."

The Law, Revenue and General Purposes Committee, by its Resolution No. 32, dated the 6th May 1940, referred the Commissioner's proposals to a sub-committee for consideration and report. The sub-committee, at its final meeting on 16th January 1941, agreed with the Commissioner that, as with the introduction of adult franchise, the voting strength of the working classes would tremendously increase, a separate constituency for the working classes would no longer be necessary.

During the discussion on this point, it was casually urged that with the abolition of the Labour Constituency, the special representation granted to the Chambers of Commerce and the Bombay Millowners' Association should also cease, and that those bodies should no longer possess the special privilege of returning one representative each to the Corporation, as it would be invidious to cancel the "Labour Constituency" and to retain the other interests cited above. The Sub-Committee, after a prolonged discussion, came to the conclusion that the parent Committee should be requested to recommend to the Corporation to approach Government with a request to amend the Municipal Act so as to abolish the Labour Constituency as well as the representation granted to the commercial interests.

The Law, Revenue and General Purposes Committee, at its meeting on 27th February 1941, considered the proposals made by the Commissioner and also the recommendations made by the Sub-Committee. The Committee, while fully endorsing the Sub-Committee's recommendations for the abolition of special representation for the Labour and Commercial interests, went a step further and suggested the abolition of the one remaining special interest, namely, the "Fellows." The Committee was of the opinion that—

"The Corporation as a civic body is responsible for the civic Government of the City and as such has nothing to do with the safeguarding of the rights and privileges of special interests existing in the city. The Committee have, therefore, come to the conclusion that all special constituencies should be abolished."

At the Corporation meeting held on 24th April 1941, it was resolved that the Report of the Committee referred to above regarding the question of amending the provisions of the Municipal Act be approved and adopted, and that the Commissioner be requested to submit a draft Bill embodying the proposed amendments for the approval of the Corporation. It is understood that after the draft Bill is approved by the Corporation, Government would be approached for an amendment of the present Act.

From the reasons given by the Commissioner for the abolition of the "Labour Constituency," two points are clear, viz., (i) Labour was provided with special representation mainly because most members of that class were not ordinarily entitled to vote, and as such, there was every probability of that section of the community going without any representation in the civic affairs of the city, (2) the privileges conferred on "Labour" was not being used for the purpose for which it was originally intended and the arrangement resulted in non-working-class men being easily elected as Councillors. Neither of these grounds is applicable to a Commercial Constituency.

As against the weighty reasons advanced by the Commissioner in support of his proposal to abolish the Labour Constituency, the Sub-Committee of the Law, Revenue and General Purposes Committee summarily disposed of the representation for commercial interests with a fallacious argument of "invidious distinction" which might result by the retention of special seats for the latter constituency.

In the first place, my Committee submit, the two constituencies were not created either simultaneously or on parallel lines. It will be observed from the following table, that, as early as 1888, the Chamber of Commerce had been allotted two special seats in the Corporation. Later, in 1922, the Chamber of Commerce, the Indian Merchants' Chamber, and the Millowners' Association were given a seat each while the 4 seats for the "Labour Constituency" as such, came into existence as late as 1928: the following tabular statement will reveal at a glance how seats in the Corporation came to be allotted from time to time:

Number of Seats.

	1872.	1888.	1922.	1928.	1931.	1938.
Elected (General seats)	32	36	76	76	86	106
Elected by Justices	16	16	..	..	..	..
Nominated by Government	16	16	16	14	18	3*
Special representation for:						
University .. .. .	..	2	1	1	1	1
Bombay Chamber of Commerce .. .. .	..	2	1	1	1	1
Indian Merchants' Chamber .. .. .	..	..	1	1	1	1
Millowners' Association .. .. .	..	..	1	1	1	1
Trade Unions .. .. .	..	..	..	4	4	4
Co-opted by Members .. .. .	..	..	10	10	..	..
Total ..	64	72	106	108	112	117

* Ex-officio—(1) Police Commissioner; (2) Executive Engineer, P.W.D.; (3) Chairman, Bombay Port Trust.

Secondly, it is obvious from the recommendation of the Commissioner that special seats were provided for Labour, mainly because there was no "adult franchise." It is, therefore, illogical for the Sub-Committee to place all special constituencies on the same plane and to suggest that when one is abolished, others should automatically vanish.

Turning to the merits of "functional" representation, my Committee would submit that in all forms of democratic administration, it has been recognised, and proved by experience too, that representation on a functional basis has contributed a great deal to the successful and smooth working of constitutions. Even the Government of India who, in their memoranda to the Simon Commission supported the principle of special representation, observed as follows:

" the recognition of Chambers of Commerce as electoral constituencies is a privilege which has long been enjoyed.

“The arrangement succeeds in securing men of weight in the commercial world as members of the legislatures. It sends them to the legislatures with a mandate from an authority which remains competent to enforce it, and it facilitates their continuous attendance. A chamber can always get its representative to resign if he cannot attend the legislature, and can elect another without difficulty, whereas the process of substituting a representative of a general constituency is far more cumbrous.”

The Montagu-Chelmsford Reforms recognised the principle of special representation through public bodies, and the Constitution provided for the creation of special constituencies in the legislative bodies. The continuance of this system of representation for obtaining expert advice in legislative bodies was also emphasised in the following clear terms by the Indian Franchise (Lothian) Committee in its report issued in 1932 :—

“. The suggestion has been made that the general constituencies can be relied on to return in sufficient numbers members whose experience is such as to enable them to speak with authority on commercial and industrial questions and that special representation for commerce and industry is unnecessary in the new legislatures. We are unable to accept this view. Functional representation is assuming increasing importance under modern conditions, and the arguments in favour of making special provision for the presence in legislative bodies of business and economic experts is in our judgment a strong one. While general constituencies may not infrequently return individuals whose knowledge and experience is such that they can make contributions of value in discussions on commercial and industrial questions, those members speak primarily as representatives of their general constituency, and they may on occasion find that the claims of that constituency are difficult to reconcile with a wholly dispassionate examination of particular economic issues. There is, moreover no certainty that persons qualified to speak with authority on these largely technical matters will be returned through the general constituencies. The danger that in the absence of special representation for commerce and industry the new legislatures may find themselves deprived of expert advice when it is most needed is in our view a real one. The civil service which advises the ministers has indeed an expert and intimate knowledge of the ordinary administration of the country. But its members have, as a general rule, no first-hand experience of those great commercial, industrial and banking undertakings which play a rapidly increasing part in the life of every community in the modern world. It is, therefore, in our considered view desirable in order that the legislature may be better equipped to deal with economic subjects, that a certain number of seats should be filled by representatives of commerce and industry, who will speak in the legislatures from the expert and technical point of view.”

The answer to the remarks made by the Law, Revenue and General Purposes Committee that there was no necessity to continue representation of special interests on the Corporation is lucidly given in the above observations of the Lothian Committee, and all that my Committee would like to add is that what is recognised to be beneficial for larger Provincial legislatures is surely bound to prove even more valuable to the smaller civic bodies, such as, a Municipality. The civic conditions of a town are closely inter-linked with the general economic elements which go to form the whole structure, and the city of Bombay does not derive its premier position by virtue of the number of adults occupying the town, but due mainly to the importance of its trade and commerce. The Law, Revenue and General Purposes Committee of the Corporation stated in its final report that the Corporation as a civic body was responsible for the civic Government of the city and as such had nothing to do with the safeguarding of the rights and privileges of special interests existing in the city. My Committee venture to question the propriety of the view expressed by the Municipal Committee, and they would point out that the need for such a representation has been considered essential for the smooth working of the larger Provincial and Central legislatures, and that this representation has not been and cannot be regarded as merely for the purpose of “safeguarding the rights and privileges” of a particular interest, as mistakenly conceived by the Municipal Committee.

My Committee would also point out, in this connection, that special representation is not accorded merely with a view to safeguard the rights and privileges of particular interests ;

it will be observed that the Municipal Corporation has been given special representation on the following public bodies though they are neither municipal-aided institutions nor are there any civic interests involved in the administration of such bodies :

The Bombay Port Trust ;

The Local Advisory Committees of the G. I. P. Railway and the B. B. & C. I. Railway ;

The Senate of the Bombay University and other such bodies.

Now that the Provincial Legislature is not functioning, a draft Bill might, in due course, be forwarded by the Corporation requesting Government to amend the Bombay Municipal Act in the directions indicated by the Corporation. My Committee trust that, as and when such a Bill comes up before Government, they will give this representation their very careful consideration, and will not give their consent to amend the Act so as to do away with special representation for the " Commercial Constituencies."

APPENDIX 32.

PROPOSED AMENDMENT OF THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

SANITARY PROVISIONS.

Copy of Press Note issued by the General Department, Government of Bombay, on 4th July 1941.

No. S.108/3325-A.—It is common experience that roads and footpaths in the City of Bombay, though swept and attended to regularly, are found continually littered with all sorts of refuse. In order to keep them cleaner and to minimise this nuisance, additional statutory powers are considered necessary by the Bombay Municipal Corporation. It has, therefore, submitted proposals for amending and supplementing the existing sanitary provisions of the City of Bombay Municipal Act, 1888. It has also suggested amendments in the Act for obtaining powers for constructing public baths and for enforcing sanitary requirements in respect of certain trades and callings, e.g., preparing *shev*, *gathia*, *bhajia*, etc., the management of private dhobi ghats, the manufacturing of cowdung cakes, etc.

The Government of Bombay considers that before any action is taken in the matter, the opinion of the public should be invited on the provisions of the Bill to amend the City of Bombay Municipal Act. The draft Bill, with the statement of objects and reasons, is accordingly published for the information of the public. Any objections or suggestions in respect of the proposed Bill should be submitted to the Secretary to the Government of Bombay, General Department, on or before the 25th August 1941.

A Bill further to amend the City of Bombay Municipal Act, 1888.

* * * * *

9. Insert the following sections 368-A and 368-B after section 368 :—

368-A. Notwithstanding anything contained in sections 365 and 368, when building operations are being carried on in any premises or when any premises are used for carrying on any manufacture, trade or business or are used as a market, garden, garage or stable, the Commissioner may—

- (a) by written notice direct the owner or occupier of such premises to collect all the trade refuse accumulating thereon and to remove the same or cause the same to be removed at such time, in such receptacles, carts or other means of locomotion and by such routes and in such manner as may be specified in the notice, to the place or places of final disposal provided or appointed under section 367 ; or

- (b) after giving such owner or occupier written notice of his intention, cause all the trade refuse accumulated in such premises to be removed to the place or places of final disposal provided or appointed under section 367, and charge the said owner or occupier for such removal such periodical fee as shall from time to time be fixed by the Commissioner with the sanction of the Corporation and be specified in the notice.

368-B. The Commissioner may contract with the owner or occupier of any premises referred to in section 368-A to remove the trade refuse from such premises on such terms as to time and period of removal and other matters as may seem suitable to the Commissioner, and on payment of such fees at such rate as the Commissioner shall from time to time fix with the sanction of the Corporation.

* * * *

17. Insert under sections 471 and 472 the new sections, sub-sections and clauses as shown in the following table, each of the said sections or sub-sections or clauses being placed in the existing table after the preceding section.

Sections, sub-sections or clauses.	Subject.	Fine which may be imposed under section 471.	Daily fine which may be imposed under section 472.
		Rs.	Rs.
Section 368-A, sub-section (a)	Collection and removal of trade refuse to place of final disposal.	20	10

Sections 368-A and 368-B and Sections 372 (a), (b), (d) and (e).—Under section 367 of the City of Bombay Municipal Act, 1888, the Commissioner has to provide or appoint in proper and convenient situations, public receptacles, depots and places for the temporary deposit and final disposal, *inter alia*, of "trade refuse." As the place of final disposal of all rubbish should on grounds of public health and sanitation be necessarily in some remote part of the city, the cost of removal of such rubbish, particularly of "trade refuse," which alone exceeds over a lakh of tons annually, is a heavy drain upon the Corporation and it is, therefore, fair that the manufacturer or business producing such "trade refuse" should bear the cost of its removal to the place of final disposal in proportion to the quantity produced. In many places in England and in the cities of Madras and Calcutta and in provincial municipalities in Bengal the occupier is required to remove such refuse to a place appointed for its disposal or to pay certain charges for its removal by municipal agency to the place of disposal. The draft amendment is intended to enable similar procedure to be followed in Bombay.

Copy of letter No. 3694/142, dated 20th August 1941 from the Association to the Secretary to the Government of Bombay, General Department.

The attention of my Committee has been drawn to Press *communiqué*, No. S.108/3325-A, dated the 4th July 1941, published in Part I of the *Bombay Government Gazette*, dated the 17th July 1941, dealing with a draft Bill for the amendment of the City of Bombay Municipal Act, 1888, for the purpose of supplementing the existing sanitary provisions of the Act.

Clause 9 of the draft Bill seeks to add new sections 368-A and 368-B to the Act. Section 368-A is designed to empower the Municipal Commissioner, by written notice, to require the owner or occupier of premises wherein any manufacture, trade or business is carried on, to collect and cause all trade refuse to be removed at such time, in such receptacles, carts or other means of locomotion and by such routes and in such manner as may be specified, to the place of final disposal provided or appointed under section 367. Alternatively, the

Commissioner himself is empowered to cause such removal at the expense of the owner or occupier of the premises. Section 368-B makes provision for the Commissioner to contract with the owner or occupier of the premises for the removal of all trade refuse.

My Committee have carefully examined these proposals, and they are strongly opposed to the addition of the new sections referred to above to the Municipal Act, for the following, among other, reasons :—

Under section 367 of the Act, the Commissioner has to provide or appoint in proper and convenient situations, public receptacles, depots and places for the temporary deposit and final disposal, *inter alia*, of "trade refuse." By empowering the Commissioner to compel the owner or occupier of a business premises to remove all trade refuse to the place of final disposal, the additional sections proposed seek to transfer this responsibility to industrial establishments. My Committee are strongly of the view that there is no justification for such a transfer of an obligation expressly imposed by the Act on the Municipality to industrial establishments.

It has been suggested in the 'statement of objects and reasons' appended to the draft Bill, that the cost of removal of such rubbish, particularly of "trade refuse" is a heavy drain upon the Corporation, and that it is, therefore, fair that the manufacturer or business producing such trade refuse should bear the cost of its removal to the place of final disposal in proportion to the quantity produced. My Committee respectfully submit that this statement overlooks one of the most important fundamental functions for which a civic body like the Bombay Municipality has been constituted. While it may be that the collection and disposal of trade refuse may involve the Municipality in a "heavy drain," in the opinion of my Committee, it is unfair to transfer this expenditure to industrial establishments, whose contribution to municipal revenues directly and indirectly, is very great. The unfairness of the proposal will be all the more striking when it is remembered that industrial consumers of water supplied by the Bombay Municipality are charged very much higher rates than are made applicable to other classes of consumers, who, incidentally, use a relatively larger volume of water supplied to the city.

Another argument advanced in favour of the proposal advocated by the Municipality is the practice which, it is stated, is followed in the cities of Madras and Calcutta and by the provincial municipalities in Bengal. Without in any way disputing this assertion, all that my Committee would like to point out in reply is that the incidence of municipal taxation per head of the population in each of the cities and centres referred to is very much lower than in the City of Bombay, as can be seen from the following figures extracted from "The Statistical Abstract for British India," 1937-38, published by the Government of India, which speak for themselves :—

	Incidence of Municipal Rates and Taxes per head of the population.			Percentage of incidence compared to Bombay City.
	Rs.	a.	p.	
Bombay City	22	8	3	..
Madras City	7	6	2	33 per cent.
Madras (excluding Madras City)	3	8	8	16
Calcutta	16	15	8	75
Bengal (excluding Calcutta)	3	5	0	15

In the past, whenever attention has been drawn to the higher incidence of municipal taxation in Bombay than in other cities in India, it has been asserted that the amenities and services rendered by the Bombay Municipality are better and greater, but this amendment of the Municipal Act would reduce the extent of the services rendered without a corresponding reduction in taxation which is manifestly unfair.

The new sections proposed, moreover, appear to be in conflict with the provisions of existing section 367 of the City of Bombay Municipal Act, which specifically lays the obligation for the removal of trade refuse on the Municipality; and in these circumstances, my Committee trust that Government will see their way to delete clause 9 altogether from the draft Bill.

APPENDIX 33.

BILL TO AMEND THE INDIAN LIMITATION ACT, 1908.

Copy of letter No. 4243/4, dated 16th January 1941 from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith copies of the undermentioned papers (1) Bill as introduced with Statement of Objects and Reasons, (2) extracts from the Council of State Debates, dated the 21st and 29th November 1940 and to request you to favour Government with the views of the Bombay Millowners' Association on the provisions of the Indian Limitation (Amendment) Bill.

2. The reply to this letter should be sent, in triplicate, by the 10th February 1941.

(To be introduced in the Council of State.)

A Bill to amend the Indian Limitation Act, IX of 1908.

Whereas it is expedient to amend the Indian Limitation Act, IX of 1908, for a certain purpose; It is hereby enacted as follows:—

1. This Act may be called the Indian Limitation (Amendment) Act, 1940.
2. In section 20, sub-section (1), omit the words "as such" occurring after the word "paid."
3. Payments of interest or principal made before this Act and acknowledgment thereof appearing in the manner prescribed by the proviso to section 20 shall save limitation as if the words "as such" were never enacted in the section.

STATEMENT OF OBJECTS AND REASONS.

The decision of the Judicial Committee of the Privy Council in *Rama Shah vs. Lal Chand*, reported in A.I.R. 1940, P.C. 63, which places a strict interpretation on the words of section 20 of the Indian Limitation Act, has created considerable hardship. Endorsements of payments made by debtors towards a debt do not in all cases specify whether the payment is made towards interest as such or part of the principal. In practice, debtors also do not specify at the time of making payment whether the payment is made towards interest or principal. In many cases, the payments are made towards the debt or legacy due, and the mode of appropriation is left either to the creditor or is regulated in accordance with the course of business between the parties. If the decision of the Privy Council is allowed to stand, several promissory notes and bonds on which endorsements are made without specifying that the payment is made towards interest as such or principal would be held by courts to have become time-barred. It is, therefore, necessary to amend section 20 of the Indian Limitation Act in such a way as to give effect to the intention of the Legislature that a payment

made towards a debt will have the effect of saving limitation, for all payments are intended to go either towards principal or interest or partly towards the one and partly towards the other, whether the endorsements so specify or not, provided the acknowledgment of payment appears in the handwriting of, or in a writing signed by, the person making the payment. But in order to save endorsements of payments made before the passing of this Act, it is necessary to give retrospective effect to this Act, and provision is accordingly made that the section shall be so read as the words "as such" never existed in the section.

Extract from the Council of State Debates, Vol. II, No. 2.

The Council met in the Council Chamber of the Council House at New Delhi, on Thursday, the 21st November, 1940.

INDIAN LIMITATION (AMENDMENT) BILL.

THE HONOURABLE MR. CHIDAMBARAM CHETTIYAR (Madras : Non-Muhammadan) : Sir, I beg for leave to introduce : " A Bill to amend the Indian Limitation Act, IX of 1908."

The motion was adopted.

THE HONOURABLE MR. CHIDAMBARAM CHETTIYAR : Sir, I beg to introduce the Bill.

Extract from the Council of State Debates, Vol. II, No. 8.

The Council met in the Council Chamber of the Council House at New Delhi Friday, the 29th November 1940.

INDIAN LIMITATION (AMENDMENT) BILL.

THE HONOURABLE MR. CHIDAMBARAM CHETTIYAR (Madras : Non-Muhammadan) : Sir, I move : " That the Bill to amend the Indian Limitation Act, IX of 1908, be circulated for the purpose of eliciting opinion thereon."

Sir, this is an important Bill affecting many people in the country. The Statement of Objects and Reasons clearly indicates the need for this amending Bill. I therefore request that it be circulated for eliciting public opinion.

Sir, I move.

The motion was adopted.

Copy of letter No. 863/56, dated 19th February, 1941 from the Association to the Secretary to the Government of Bombay, Home Department.

I am directed to acknowledge the receipt of your letter No. 4243/4, dated the 16th January 1941, in which you request my Committee to express an opinion on a Bill to amend the Indian Limitation Act, 1908, introduced in the Council of State by the Honourable Mr. Chidambaram Chettiyar. My Committee have carefully considered the amendments proposed by Mr. Chidambaram Chettiyar, and I am to say that they agree with the principle underlying these amendments.

My Committee regret that there has been some delay in furnishing Government with their views on this matter, and I am sending my reply, in duplicate, to facilitate transmission of the Association's views in this matter to the Central Government.

APPENDIX 34.

INDO-BURMA TRADE AGREEMENT.

Memorandum of Agreement signed on the 3rd April 1941 by the Delegates of the Governments of India and Burma regarding trade between India and Burma.

The delegates of the Governments of India and Burma, concerned with the negotiation of a Trade Agreement to replace the India and Burma (Trade Regulation) Order, have arrived at the following :—

HEADS OF AGREEMENT.

Part 1.—Tariff Treatment of Burmese Goods on Import into India.

1. *Free List.*—Goods of Burmese origin of the kinds which at present are duty-free from whatever country imported will, so long as no duty is imposed on those kinds when imported from countries other than Burma, continue to be duty-free. If in British India any duty is hereafter imposed on any such kind of goods a corresponding duty may, subject to Part III, be imposed on the like kind of goods of Burmese origin : provided that in the case of broken rice (which was liable to duty on 31st March 1941, but became duty-free on 1st April 1941) the Government of India undertake to accord a margin of preference of 10 per cent. *ad valorem* or the amount of the duty whichever is less.

2. (a) In the case of articles which under the Indian Customs Tariff are at present subject only to a standard rate and that rate does not exceed 15 per cent. *ad valorem*, the Government of India undertake to accord a margin of preference equal to the existing rate.

(b) In the case of articles which under the Indian Customs Tariff are at present subject according to origin to either a standard or a preferential rate and those rates do not exceed 15 per cent. and 10 per cent. respectively, the Government of India undertake to accord margins of preference equal to the existing standard and preferential rates.

3. *Matches, Motor Spirit, Salt, Silver and Sugar.*—The Government of India undertake that the duties on these goods shall not exceed the rates of excise duty for the time being leviable on similar goods produced or manufactured in British India.

4. *Other Articles subject to Central Excise Duty.*—Notwithstanding anything contained herein, no article which in British India is for the time being subject to a duty of excise shall be entitled on import from Burma to be subjected to a rate of duty less than the rate of excise duty for the time being in force.

5. *Kerosene.*—The Government of India undertake :—

(i) that the margin of preference as against foreign kerosene shall be 9 pies per Imperial gallon, and

(ii) that the rate of customs duty shall not exceed the rate of excise duty for the time being in force in India on domestically produced kerosene :

Provided that during the period of the present war, the Government of India shall be at liberty to levy duties on kerosene from Burma equal to the duties applicable to kerosene imported from other countries.

Explanation.—For the purposes of this paragraph and of other paragraphs in which the phrase “ period of war ” is referred to, the period of the war shall be interpreted as mean-

ing the period elapsing between the date of signature of this document and the date of signature of a definitive Treaty of Peace with Germany or one year after the conclusion of a formal armistice with that country, whichever is earlier.

6. *Tea*.—The Government of India undertake to accord a specific margin of preference of one anna per pound against the preferential rate and of three annas per pound against the standard rate.

7. (a) In the case of articles (other than cigarettes and tobacco, manufactured, and articles specified in paragraphs 1, 3 and 5) which under the Indian Customs Tariff are at present subject only to a standard rate and that rate exceeds 15 per cent. *ad valorem* the Government of India undertake to accord a margin of preference of 15 per cent.

(b) In the case of articles which under the Indian Customs Tariff are at present subject according to origin to either a standard or a preferential rate and those rates exceed 15 per cent. and 10 per cent. respectively the Government of India undertake to accord a margin of preference of 15 per cent. as compared with the standard rate, or 10 per cent. as compared with the preferential rate, whichever is greater.

8. The Government of India undertake to accord free entry to the following articles :—

Item No. in the Indian Customs Tariff.	Description.
13	Dyeing and tanning substances.
13 (3)	Gums, resins and lac.
13 (4)	Gums, Arabic, benjamin (res and cowrie) and dammer (including unrefined batu) and resin.
40	Wood and timber.
40 (2)	Furniture and cabinetware.
40 (3)	Tea chests and parts and fittings thereof.
46 (3)	Cotton, raw.
Ex 60	Lacquered ware.
63	Iron or steel, old.
63 (1) to (28)	Iron or steel.
63 (29)	Enamelled ironware.
64	Copper, wrought, and manufactures of copper.
64 (1)	Copper, scrap.
65	German silver including nickel silver.
66	Aluminium.
66 (1)	Unwrought ingots, blocks and bars of aluminium.
67	Lead, wrought.
67 (1)	Lead sheets for tea chests.
68	Zinc or spelter, wrought or manufactured, not otherwise specified.
69	Tin, block.
70	Brass, bronze and similar alloys, wrought, and manufactures thereof not otherwise specified.
70 (1)	All sorts of metals other than iron and steel.

9. The Government of India undertake that the duty on the following goods shall not exceed the rate specified against each :—

Item No. in the Indian Customs Tariff.	Description.	Rate.
		Per cent.
Ex 7	Potatoes and onions	5
9	Coffee	10
9 (3)	The following spices whether ground or unground, namely, cardamons cassia, cinnamon, cloves, nutmegs and pepper ..	10
9 (5)	Betelnuts	20
13 (2)	Cutch and gambier, all sorts	5
24 (1)	Cigars	10
24 (3)	Tobacco, unmanufactured	One anna per pound.

10. For the purpose of according margins of preference where an existing duty is not simply *ad valorem*, that is to say, when the duty is either specific or composite, a single *ad valorem* or specific duty may be fixed from time to time in consultation with the Government of Burma. Such duty shall be so calculated as to provide the prescribed margin having regard to the average value of goods of the like kind imported into India from Burma during the previous financial year.

Part II.—Tariff Treatment of Indian Goods on Import to Burma.

1. *Free List.*—Goods of Indian origin of the kinds which at present are duty-free from whatever country imported will, so long as no duty is imposed on those kinds when imported from countries other than India, continue to be duty-free. If in Burma any duty is hereafter imposed on any such kind of goods a corresponding duty may, subject to Part III, be imposed on the like kind of goods of Indian origin.

2. *Cotton Twist and Yarn.*—The Government of Burma undertake to maintain the existing margins of preference, except in the case of mercerized yarn on which the Government of Burma do not undertake to accord any margin of preference.

3. (a) In the case of articles (other than cotton twist and yarn) which under the Burma Customs Tariff are at present subject only to a standard rate and that rate does not exceed 15 per cent. *ad valorem* the Government of Burma undertake to accord a margin of preference equal to the existing rate.

(b) In the case of articles which under the Burma Customs Tariff are at present subject according to origin to either a standard or a preferential rate and those rates do not exceed 15 per cent. and 10 per cent. respectively the Government of Burma undertake to accord margins of preference equal to the existing standard and preferential rates.

4. *Cotton Piecegoods.*—The Government of Burma undertake :—

- (1) to accord a margin of preference of 7½ per cent. to Indian cotton piecegoods over corresponding goods of United Kingdom manufacture ;
- (2) Not to levy a higher duty than 10 per cent. on Indian cotton piecegoods ; and
- (3) not to increase the existing quota of Japanese cotton piecegoods which may be imported into Burma.

Explanation.—The expression “cotton piecegoods” means fabrics which at the date of the signature of the agreement are assessable to duty on import into Burma under item 48 (3), item 48 (7), or item 48 (9) of the First Schedule to the Burma Tariff Act, 1934.

5. *Sugar*.—The Government of Burma undertake to carry out any measures which may be necessary to give effect to their declared intention of satisfying the demand for sugar in Burma (other than classes of sugar specifically excluded by agreement) in excess of local production, by means of imports from India.

6. *Salt*.—The Government of Burma undertake to accord a margin of preference equal to 50 per cent. of the additional import duty leviable on salt imported from countries other than India or 8 annas per 100 viss, whichever is the greater.

7. *Tea*.—The Government of Burma undertake to accord a specific margin of preference of one anna per pound against the preferential rate and of three annas per pound against the standard rate.

8. *Manufactured Tobacco*.—The Government of Burma undertake that the duty on *bidis* shall not exceed 80 per cent. of the lowest rate of duty leviable on cigarettes imported from India.

9. *Matches, Motor Spirit, Silver and Kerosene*.—The Government of Burma undertake that the duties on these goods shall not exceed the rates of excise duty for the time being leviable on similar goods produced or manufactured in Burma.

10. *Other Articles Subject to Excise Duty*.—Notwithstanding anything contained herein no article which in Burma is for the time being subject to a duty of excise shall be entitled on import from India to be subjected to a rate of duty less than the rate of excise duty for the time being in force.

11. (a) In the case of articles (other than cigarettes, iron and steel, and articles specified in paragraphs 1, 2 and 4 to 9), which under the Burma Customs Tariff are at present subject only to a standard rate and that rate exceeds 15 per cent. *ad valorem* the Government of Burma undertake to accord a margin of preference of 15 per cent.

(b) In the case of articles which under the Burma Customs Tariff are at present subject according to origin to either a standard or a preferential rate and those rates exceed 15 per cent. and 10 per cent. respectively, the Government of Burma undertake to accord a margin of preference of 15 per cent. as compared with the standard rate of 10 per cent. as compared with the preferential rate, whichever is greater.

12. The Government of Burma undertake to accord free entry in respect of the following articles :—

Item No. in the Burma Customs Tariff.	Description.
16 (1)	Fish, canned.
20 (1)	Fruit juices.
20 (2)	Fruits and vegetables, canned or bottled.
30 (7)	Lead pencils.
44	Paper.
44 (1)	Printing paper.
44 (2)	Printing paper.
44 (3)	Writing paper.
50 (8)	Coir fibre, coir yarn and coir mats and matting.
60	Glass and glassware.
60 (1)	Glass globes and chimneys for lamps and lanterns.
60 (3)	Glass bangles, glass beads and false pearls.
73 (1)	Certain electrical instruments.
73 (2)	Certain electrical instruments.
77	Instruments, apparatus and appliances other than electrical.

13. The Government of Burma undertake that the duty on the following goods shall not exceed 5 per cent :—

Item No. in the Burma Customs Tariff.	Description.
Ex 7	Potatoes and onions.
Ex 8	Cocoanuts.
28	Chemicals, drugs and medicines.
28 (5)	Magnesium chloride.
28 (6) } (a) & (b) }	Certain chemicals.
28 (7)	Certain chemicals.
28 (8)	Certain chemicals, drugs and medicines.
28 (14)	Toilet requisites.
30 (2) } (a) (b) (c) } & (d) }	Paints.
30 (3) } (a) (b) (c) } & (d) }	Paints.
47 (3)	Woollen yarn.
47 (4)	Woollen yarn.
49 (3)	Blankets and rugs.
51 (1)	Woollen hosiery.

14. The Government of Burma undertake that the duty on the following goods shall not exceed 10 per cent :—

Tariff No. in the Burma Customs Tariff.	Description.
9	Coffee.
9 (3) (a) & (b)	Certain spices.
24 (1)	Cigars.
32 (1)	Soap, toilet.
49 (4)	Woollen carpets.
54	Boots and shoes.
54 (1)	Boots and shoes.

15. The Government of Burma undertake that the duty on the following goods shall not exceed the rate specified against each :—

Tariff No. in the Burma Customs Tariff.	Description.	Rates.
9 (5)	Betelnuts	20 per cent.
22 (1)	Ale and beer	Rate of excise duty for the time being in force.
22 (5) (b)	Drugs and medicines containing spirit. .	Double the rate of excise duty for the time being in force.
24 (3)	Tobacco, unmanufactured	1 anna per pound.
29 (1)	Cinematograph films, exposed	15 per cent. (with separate tariff value for Indian films).
48	Silk fabrics	15 per cent.
48 (1)	Artificial silk fabrics	15 per cent.
48 (5)	Mixture fabrics	15 per cent.
51 (3)	Cotton knitted fabric	15 per cent.
60 (2)	Electric lighting bulbs.	15 per cent.

16. Notwithstanding anything to the contrary in the foregoing paragraphs, the Government of Burma shall during the period of the war be at liberty to impose a surcharge of 5 per cent. *ad valorem* on any class of goods imported from India, provided that a surcharge equal to, or greater than, this amount is also imposed on the same class of goods imported from all other countries.

17. For the purpose of according margins of preference where an existing duty is not simply *ad valorem*, that is to say, when the duty is either specific or composite, a single *ad valorem* or specific duty may be fixed from time to time in consultation with the Government of India. Such duty shall be so calculated as to provide the prescribed margin having regard to the average value of goods of the like kind imported into Burma from India during the previous financial year.

Part III—General.

1. Subject to the provisions of the two preceding parts, the contracting parties undertake to accord each other Most Favoured Empire Nation Treatment.

2. Provision shall be made in the Agreement to the effect that in the event of circumstances arising which, in the judgment of the Government of India or of the Government of Burma, as the case may be, necessitate a variation in the terms of the Agreement, the proposal to vary its terms shall be the subject of consultation between the two Governments.

3. The margins of preference and other advantages referred to in Parts I and II shall apply only to goods of Burmese and Indian origin, respectively. Definitions of what constitute goods of Burmese and Indian origin respectively and ancillary questions (e.g., certificates of origin) shall be determined by the parties in consultation.

4. The following matters to be covered by exchange of notes :—

(a) The Government of Burma undertake not to impose an export duty on timber exported to India during the period of the war, and they take note of the declaration by the Government of India that if at any time after the expiry of the above-mentioned period the Government of Burma impose an export duty the Government of India will hold themselves free to withdraw the concession of guaranteed free entry.

- (b) The Government of Burma undertake to accord to Indian goods in transit of Burma treatment not less favourable than that accorded to goods of any other part of the British Empire.
5. The Agreement shall be terminable at six months notice by either side.

APPENDIX 35.

ANTI-MALARIAL MEASURES—TREATMENT OF ROOF GUTTERS.

A Bill to amend the City of Bombay Municipal Act, 1888.

Whereas it is expedient to amend the City of Bombay Municipal Act, III of 1888, for the purposes hereinafter appearing: It is hereby enacted as follows:—

1. This Act may be called the City of Bombay Municipal (Amendment) Act, 1941.
 2. In sub-section (i) of section 381 of the City of Bombay Municipal Act, 1888, (hereinafter called "the said Act"),
 - (i) after clause (ii) the following clause shall be inserted, namely—
 - (iii) without prejudice to the generality of the Commissioner's powers under clause (ii), the Commissioner may, by notice in writing, require the owner, lessee or occupier of any mill, factory or other high buildings except private buildings used for residential purposes, fitted with roof gutters,
 - (a) to provide safe and easy means of access to such roof gutters as he thinks fit,
 - (b) to carry out works with respect to any such roof gutter as, in his opinion, are necessary to prevent such gutter from becoming a breeding place for mosquitoes;
- and he may, by order in writing, prohibit the construction of roof gutters in any new building.
- (2) clauses (iii) and (iv) shall be re-numbered as (iv) and (v) respectively.

STATEMENT OF OBJECTS AND REASONS.

The roof-gutters of mills, factories and other high premises in the city of Bombay have been found to be potential breeding places of mosquitoes, but it has hitherto been impossible for the malaria staff of the Corporation to carry out proper inspection of these gutters and to take measures to destroy and prevent the breeding of mosquitoes in them on account of their inaccessibility. Under the existing provisions of the Municipal Act the Commissioner has no power to require owners of premises where roof-gutters are located to make them accessible for inspection. It is, therefore, proposed to amend Section 381 of the Act to confer upon the Commissioner adequate powers for this purpose, and it is also proposed to give to the Commissioner power to require owners of mills, factories and other high premises to take measures for making roof-gutters proof against the breeding of mosquitoes and in the case of new buildings to prohibit the construction of roof-gutters.

Copy of letter No. 657/134, dated 12th February 1942 from the Association to the Secretary to the Government of Bombay, General Department.

I am directed to invite your attention to my letter No. 411/134, dated the 29th January 1942. In that letter I referred to a Bill to amend the City of Bombay Municipal Act, which

was before the Corporation in 1940, but I omitted to bring out clearly the differences between the Bill which was then placed before the Corporation and the Bill which has now been approved by them.

Firstly, the 1940 measure sought to empower the Municipal Commissioner to require the owner, lessee or occupier of any building fitted with roof gutters to provide safe and easy means of access to such roof gutters including the provision of an iron ladder to each roof gutter and to carry out such work with respect to any roof gutter as in his opinion is necessary to prevent such gutter from becoming a breeding place for mosquitoes. The present Bill, however, limits the scope of the amendment to buildings *other than private buildings used for residential purposes*.

Secondly, the original Bill specifically provided for the provision of a fixed iron ladder to each roof gutter, whereas the present Bill gives full discretion to the Commissioner in the matter of deciding what constitutes safe and easy means of access to roof gutters.

Thirdly, the 1940 Bill empowered the Commissioner to remove any roof gutter which in his opinion is not capable of being rendered secure against becoming a breeding place for mosquitoes and to prohibit the construction of roof gutters in any new building. In the present Bill, however, the power to order the removal of roof gutters which in the opinion of the Commissioner was not capable of being rendered secure against becoming a breeding place for mosquitoes has been taken out, but the power to prohibit the construction of roof gutters in new buildings has been retained.

Briefly stated, therefore, the new Bill seeks to exclude landlords of private residential buildings from its scope and gives full discretion to the Municipal Commissioner in the matter of prescribing the measures which, in his opinion, should be taken to prevent roof gutters from breeding mosquitoes and to prohibit the construction of roof gutters in new buildings.

The exemption in favour of private residential buildings is not understandable; nowhere has it been maintained by the Commissioner or by the Law, Revenue and General Purposes Committee of the Corporation that roof gutters of private buildings *do not* breed mosquitoes. On the other hand, the Municipal Commissioner, in his communication No. H6016, dated the 29th March 1941, addressed to the Corporation, seems to have made out a case for such buildings being brought within the scope of the amendment. Yet, the Law, Revenue and General Purposes Committee of the Corporation excluded them from the scope of the amendment for no apparent reason whatsoever except perhaps to secure the votes of the interests concerned in carrying the measure through the House. If roof gutters in mills breed mosquitoes, so will the roof gutters of residential quarters, and if the object which the Corporation seeks to attain is to eradicate malaria by doing away altogether with or effectively treating mosquito breeding places, then, there is no point in singling out one particular class of building for action. The Association has on several occasions pointed out that so long as slums and low-lying marshy places in Bombay continue to exist, it is idle to expect a complete solution of the malaria problem, for mosquitoes will continue to thrive in spite of existing roof gutters being rendered accessible and treated and in spite of construction of roof gutters being prohibited. The key to the solution of the problem seems to lie in taking measures to fill in the low-lying lands and ponds which exist in various parts of Bombay. If this is done, the problem of roof gutters will solve itself. Prohibition of roof gutters in new buildings would, in my Committee's view, be an ill-advised measure. Roof gutters are an indispensable appurtenant to shed type buildings with north-light roofs, and bearing in mind that this type of buildings is an advantage for carrying on processes like weaving, the proposed legislation is likely to produce results which neither the Municipality nor Government desire to bring about.

My Committee have already pointed out in their previous letter that legislation is unnecessary. Out of 3,646 roof gutters, 3,450 have been rendered accessible by voluntary efforts and there is, therefore, no justification whatsoever for conferring such wide powers on the Municipal Commissioner. If there are any points arising out of this representation on which further information is required, the Chairman of the Association would be very pleased to place himself at the disposal of Government.

Copy of letter No. 411/134, dated 29th January 1942 from the Association to the Secretary to the Government of Bombay, General Department.

The attention of the Committee of the Association has been drawn to a Bill to amend the City of Bombay Municipal Act recently passed by the Corporation. Briefly stated, this Bill seeks to empower the Commissioner to require the owners of all buildings other than private buildings used for residential purposes wherein roof gutters are located :

- (a) to provide safe and easy means of access to such roof gutters as he thinks fit ; and
- (b) to carry out such works with respect to any roof gutter as, in his opinion, are necessary to prevent such gutter from becoming a breeding place for mosquitoes.

The Bill further empowers the Commissioner to prohibit the construction of roof gutters in new buildings. In this connection, Government will perhaps remember that a similar Bill was before the Corporation in 1940 ; it was referred to the Works Committee of the Corporation who were of the opinion that " in view of the fact that there has been substantial co-operation from owners of mills, factories and other high buildings in the city having roof gutters in the matter of providing easy access thereto, the proposed legislation be deferred for the present and the effect of voluntary co-operation be watched," and the Works Committee further recommended that the papers be recorded. The recommendations of the Works Committee were not, however, accepted by the Medical Relief and Public Health Committee who seem to have held that it was necessary to confer statutory powers on the Commissioner to take action against owners of high buildings like mills and factories fitted with roof gutters whereto easy access is not available and where water accumulated and provided a breeding place for mosquitoes, and it was perhaps at the instance of this Medical Relief and Public Health Committee that the amended Bill came up before the Corporation recently and was passed by them. It is not my Committee's desire at this stage to deal with the principles underlying the proposals incorporated in the Bill passed by the Corporation which seem to have singled out buildings other than private buildings used for residential purposes, for discriminatory action. They are only concerned, for the time being, with the main issue as to whether the powers sought to be conferred on the Commissioner are really necessary. In this connection, I am to draw the attention of Government to " A note on anti-malarial measures carried on by the Malaria Department during the six months from 1-1-1940 to 30-6-1940 " circulated by the Department to the Malaria Advisory Committee of the Corporation on 13th August, 1940. The report states that " out of the total number of 3,648 roof gutters, about 3,450 have so far been rendered accessible and steps are being taken by the mills to make the remaining roof gutters accessible." If the figures given in this note really represent the state of affairs in the city, then surely there is no case for enacting legislation on the lines referred to by the Corporation. Apart from the admission contained in the note submitted to the Malaria Advisory Committee, it may be pointed out the Association has encouraged its members to render all possible assistance to the municipal staff and also to provide access to their roof gutters, and the results have so far been extremely satisfactory. In this view of the case, my Committee strongly feel that legislation proposed by the Corporation should not be sanctioned by Government unless it were definitely proved that voluntary efforts have already failed to produce the desired results.

APPENDIX 36.

PROPOSAL TO ADVANCE INDIAN STANDARD TIME BY ONE HOUR FOR THE PERIOD OF THE WAR.

Copy of letter No. S. D/A.R.P.-1019, dated 27th August 1941 from the Joint Secretary to the Government of Bombay, Home Department (A.R.P.), to the Association.

Subject :—PROPOSED ADVANCING OF CLOCKS BY ONE HOUR DURING THE PERIOD OF THE WAR.

I am directed to forward herewith a copy of Government of India, Home Department, letter No. 123/41-Public, dated the 6th August 1941, on the above subject, and to request

that you will kindly furnish Government with the opinion of your Association on the proposal by the 8th September 1941.

Copy of letter No. 123/41-Public, dated 6th August 1941 from the Secretary to the Government of India, to the Chief Secretary to the Government of Bombay.

Subject :—PROPOSED ADVANCING OF CLOCKS BY ONE HOUR DURING THE PERIOD OF THE WAR.

I am directed to say that the Government of Bengal have moved the Government of India on the subject noted above. They have stated that in view of the black-out scheme in Calcutta it is necessary to take measures in advance to deal with traffic difficulties which are anticipated if large numbers of office workers have to be transported after nightfall through streets in which the lamps have been shaded in accordance with A.R.P. Instructions. It is also regarded as essential that, before there is any appreciable shortening of daylight, steps should be taken to adjust normal business hours so that it will not be necessary to rely during the winter months on the blacking out of lights in commercial offices and the great bulk of office workers may get home before nightfall. To achieve this purpose the Provincial Government point out that it would be possible to advance local time, but Calcutta Time is already 24 minutes ahead of Standard Time and there would be disadvantages, particularly in connection with postal and railway services, in further increasing the margin between Calcutta Time and Standard Time by advancing the former another 36 minutes. The Government of Bengal have therefore suggested that for the duration of the war Indian Standard Time should be advanced by one hour, i.e., from 5½ hours to 6½ hours ahead of G.M.T., throughout India.

2. The Government of India would be glad to be furnished with the views of the Government of Bombay on the above proposal as early as possible and in any case not later than September 15th.

Copy of letter No. 4104/162, dated 17th September 1941 from the Association to the Joint Secretary to the Government of Bombay, Home Department (Political)-A.R.P.

I am directed to acknowledge the receipt of your letter No. S.D./A.R.P.-1019, dated the 27th/28th August 1941, covering copy of a letter from the Government of India, Home Department, which deals with a proposition made by the Government of Bengal for the advancing of Indian Standard Time by one hour during the period of the war. It is regretted that it was not possible to furnish a reply to your letter by the 8th September 1941 as a large number of firms had to be consulted before conclusions could be reached.

My Committee, after close study of the subject, are opposed to the proposition made by the Government of Bengal for the reason that an advance of Standard Time on this side of the country would have adverse effects on those industrial establishments now working daylight hours. The position in Bombay during the winter months is that it is just possible, by starting work at 7-30 in the morning and closing at 5-30 in the evening, to get in a full working day of 9 hours without resort to artificial light; and if clocks were advanced by one hour, as suggested by the Government of Bengal, it would mean that, to achieve the same results, our starting hour would have to be altered. Bombay Time is already 39 minutes behind Indian Standard Time, and if Standard Time was advanced by an hour as suggested, this difference would be increased to 1½ hours. Possibly, the best solution of the problem would be for Standard Time to be advanced by half an hour only during the winter months. Another solution would be for Bengal to deal with the question as a local problem and to alter Calcutta Time in a manner best suited to achieve the object in view, namely, the best utilisation of the daylight hours available,

APPENDIX 37.

A.R.P. MEASURES IN COTTON MILLS.

Copy of letter No. 5362/164A, dated 8th December 1941 from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

A Special Sub-Committee of the Association has, for some time past, been going into the question of drawing up suitable A.R.P. measures in cotton mills for the guidance of member mills. The Sub-Committee had before them Government's Blue Book entitled "A.R.P. in Factories" and the orders which appear to have been served on certain mills by the Central and Provincial Governments, but they have found it difficult to ascertain the precise standards of protective measures which Government apparently consider should be maintained in various types of factories. In the circumstances, they suggest that Government might be pleased to give a lead on the following points. It would be of considerable assistance if Government would indicate the minimum standards to be maintained in various classes of factories, grouped as B1, B2, etc., with an indication as to what those classifications stand for.

- I. (a) Whether trenches are to be provided ;
 - (b) If (a) is in the affirmative, what type of trenches would be approved by Government ;
 - (c) What provision, factories which had no compound should make for the evacuation of their workmen.
- II. (a) Whether trailer pumps are to be an essential part of the fire-fighting service of these factories, and whether water tanks should be constructed as independent sources of supply of water ;
 - (b) Whether these trailer pumps would be made available, and when they would be made available.
- III. Whether all glazing in factories are to be protected by $\frac{1}{2}$ " mesh wire, or bearing in mind the fact that adequate supplies of $\frac{1}{2}$ " mesh wire is not available, only vital plant requires protection against flying glass.
- IV. Whether the vital parts of machinery should be protected against splinters by brickwork.
- V. Whether Government desire all North Light Roofs to be rendered non-inflammable.

In this connection, the Sub-Committee wish to point out that compliance with this requisition (No. V) would mean reconstruction of the entire roof. This proposition does not appear to be feasible for the reason that not only would the material required be extremely costly and not available immediately, but that reconstruction of the roof would interfere with the working of the mills until the work is completed. In these circumstances, it is thought that the present fire-fighting equipment including sprinklers and hydrants coupled with the stirrup pumps and trailer pumps which would shortly be ordered out by the mills would be sufficient to prevent a major conflagration. In this connection, it would be interesting to learn whether and if so, how cotton mills in England with north-light roofs tackled this problem.

The Sub-Committee fully realise that no hard and fast rules regarding A.R.P. measures could be laid down for each and every type of factory and that each case should be dealt

with on its own merits, but it is felt that if Government could give an indication of the general principles which they desire to be observed in such matters it would considerably facilitate the work of the Sub-Committee.

Another point which my Sub-Committee desire to bring to the notice of Government is that, however efficient and satisfactory A.R.P. measures in factories may be, they may fail to achieve the object in view, if the local authorities, e.g., the Government of Bombay, and the Municipality in the case of Bombay, fail to undertake measures to protect the civilian population. The worker's thoughts in an emergency are with his family and if he is not assured that adequate measures exist for the protection of his wife and children in their homes, then whatever measures may be taken by the mills to prevent a stampede and to ensure continuance of work would be of no avail because the worker would naturally try to leave the city for his up-country village.

Copy of letter No. G105(ARP), dated 3rd January 1942 from the Under Secretary to the Government of India, Department of Labour, to the Association.

I am directed to refer to your letter No. 5362/164A, dated the 8th December 1941, regarding A.R.P. measures in cotton mills. The Government of India's views on the various points raised in that letter are as follows :—

- I. (a) Trenches are to be provided.
 - (b) One or other of the types laid down in Chapter II of "A Summary of Air Raid Precautions Applied to Factories" copies of which have been supplied to the Association.
 - (c) Factories which have no compound and in the vicinity of which no land is available for the construction of trenches should endeavour as far as possible to provide protection for their employees on the ground floor of the factory by erecting shelters of type 'D' shown in "A Summary of Air Raid Precautions Applied to Factories" and by erecting low walls about 4'-6" high constructed of 13½ brick in cement masonry wherever it is possible to do so. (In the case of the walls labour should be taught to sit behind them.) When all measures of this nature have been exhausted the balance of the labour should be taught to vacate the factory and take shelter in the houses nearest to the mill. The Local Governments should also be approached with the request that they will requisition all available space, including roads not necessary for the movement of traffic, on which shelters can be erected or trenches dug.
- II. (a) Trailer pumps are an essential part of the fire-fighting service and water tanks must be constructed as independent sources of supply of water.
 - (b) Government are arranging for the supply of these pumps. It is, however, not possible under present conditions to say when they are likely to be available.
- III. All glazing in rooms containing vital machinery should be removed and the apertures bricked or boarded up until supplies of glass substitute are available. Wherever daylight is essential the glass should be replaced by fabric substitutes which can be obtained from the Indian Glass Substitute Company, P. O. Baksar, District Meerut. Treated fabric glass substitutes have only a limited life but they should last at least 3 months, probably longer, and thus fill the gap between the present emergency and the arrival of more permanent substitutes from abroad. All other glass should be removed wherever possible. Where it cannot be removed it should be protected by ½" wire mesh.

IV. All vital machinery should be protected by blast and splinter proof walls.

Note.—Vital machinery is plant which is damaged or destroyed is likely to hold up production for more than one month.

V. The method of dealing with this problem is still under consideration. No information is available as to how this problem was tackled in England but it is doubtful whether there are roofs of this type in England.

2. With reference to your enquiry as to the minimum standards to be maintained for various classes of factories, I am directed to say that there is no difference in the standard it is necessary to maintain from one class to another. The class is chiefly given as an indication of priority in A.R.P. matters.

3. As regards protection for the civilian population, there is no reason to believe that the Provincial Governments are not taking the necessary precautionary measures.

Copy of circular No. 4088/164A, dated 19th September 1941 to all mills in the City and Island of Bombay.

I am directed to enclose for your information an A.R.P. scheme for cotton spinning and weaving mills in Bombay drawn up by the Chief Inspector of Factories, and Mr. N. G. Kewalramani, who has been appointed by Government as Special Officer (A.R.P.) to organise A.R.P. work in Bombay. The problem of air-raid precaution and protection has become a very urgent one, and Government are anxious to secure the co-operation of the mill industry and give effect to the scheme drawn up by the Chief Inspector of Factories on a voluntary basis. The Committee feel that it will be in the interests of the members to give the utmost co-operation possible to Mr. Kewalramani and give effect to the scheme to the best of their ability and capacity. If there are any difficulties in the way, it is suggested that the mill managements should get into touch immediately with Mr. Kewalramani and consult him as to the best method of overcoming those difficulties. The Committee are anxious that the response from the industry should be so adequate that there could be no question of Government using the compulsory powers which they have under the Defence of India Rules.

Reports on the action taken to implement the scheme should be submitted to the Inspector of Factories on Special A.R.P. duty on or before the 15th of October 1941. Copies of any such reports should be forwarded to the Association for the purpose of information and record.

A.R.P. SCHEME IN COTTON SPINNING AND WEAVING MILLS.

The scheme aims at providing defence against a combination of the following forms of attack :—

- Blast and splinter from H. E. bombs,
- Incendiary bombs,
- Machine-gun fire from low-flying air craft.

(Anti-gas precautions have been omitted from the scheme for the present)

Scheme.

- (1) General organisation.
- (2) Protection of employees.
- (3) Protection of buildings, machinery and plant.
- (4) Warning system and emergency communications.

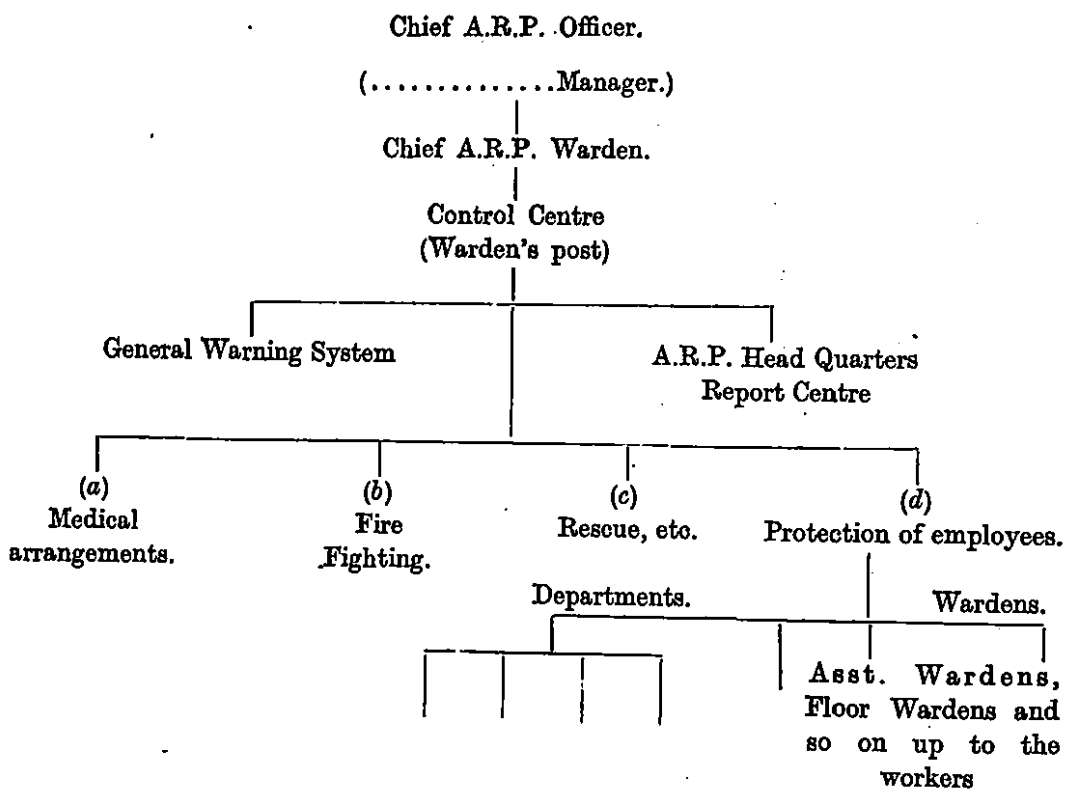
- (5) Lighting restrictions.
- (6) Medical arrangements.
- (7) Fire fighting.
- (8) Rescue work.

(1) *General Organisation.*

A high responsible official of the mill should be at the head of the scheme, as the Chief A.R.P. Officer, to be able to command the fullest co-operation from the A.R.P. Wardens, the A.R.P. Personnel and the employees of the mill. Under him he should have the Head or Chief A.R.P. Warden, who should have undergone an intensive training course in A.R.P. He should be made responsible for the organisation and execution of the A.R.P. Scheme in the mill.

There must be a Warden's post on the mill premises through which messages will be sent to or received from A.R.P. Head Quarters Report Centre. In time of emergency Warden's post should be manned with trained wardens who should be practised in receiving or sending messages to A.R.P. Head Quarters Report Centre. Mills should have a reserve method of reporting should their own posts be put out of action.

The diagram below shows the general scheme.



The scheme must provide for day and night if the mills work at night.

A scheme should be drawn up for each mill. It should show the names of every person holding any position in the A.R.P. organisation and the specific duties of all should be clearly indicated. A copy of the scheme should be sent to the Inspector of Factories on Special A.R.P. duty.

(2) *Protection of Workers.*

Casualties are likely to arise from (a) glass splinters, (b) bomb fragments, (c) blast, (d) other debris and (e) machine gun fire.

Unless otherwise directed by statutory orders, shelters should be suited to particular layouts of each mill.

In general it is considered it would be advisable to evacuate the employees (other than those concerned with the mill A.R.P. services) on the upper floors of storey buildings to the lower floors. In the case of shed type of buildings workers should be kept inside the departments taking such shelter as is available unless they can be evacuated to a suitable adjacent building of reasonably strong construction. In no case should cover be taken in the vicinity of glass. No shelter should be located below heavy machinery, water tanks, or any shelter which might collapse and diminish it unless the roof is of sufficiently strong construction, and no shelter should be near stores of inflammable material. Proximity to boilers or to numbers of hot pipes should also be avoided as high temperature in a shelter are undesirable.

Wardens and assistant wardens should be appointed for each department and for each room of the building. The warden's chief duties should be to shepherd the workers to their appointed places of safety and to prevent panic. Sign boards should be put up at suitable points, indicating the route to the various refuges and shelters to which employees in particular rooms or departments have to go. Particular sections should be allocated to particular staircases. An evacuation plan should be drawn up showing clearly the organisation, with the names of the department wardens, assistant wardens, floor wardens, etc. and finally the number of workers in each section. (A copy of this plan shall be sent to the Inspector of Factories on special A.R.P. duty for information.)

Until perfection has been secured, weekly practices should be arranged, as soon as the evacuation scheme has been devised. The Chief A.R.P. warden shall maintain a log book showing details of the results of such practices with notes of defects detected and measures taken to rectify them.

Suitable propaganda, oral, by poster, or by leaflet should also be arranged so that the workers themselves know what they have to do and where they have to go if an air raid takes place.

Air Raid Wardens should be supplied with pocket torches to supplement the auxiliary lighting arrangements and assist in shepherding the employees for whom they are responsible, to their allocated refuges.

(3) *Protection of Building, Machinery and Plant.*

(For consideration. Details to be settled after the points have been agreed upon.)

(a) Segregation of the sprinkler and hydrant pumps, if in the same room, by a protective wall, suitable sand bag arrangement or 13½" thick brick wall or other suitable arrangement to be blast and splinter proof to a height of the pumps.

(b) Protection of the sprinkler and hydrant pump rooms.

(c) Protection of the Transformer House.

(d) Protection of Telephone box.

(e) A protective wall in front of the boilers where practicable if exposed.

(f) Provision of auxiliary steampipe lines to the sprinkler and hydrant pumps unless they are well protected.

(g) Dispensaries to be blast and splinter proof.

(h) Sand bagging of oil storage.

(i) Provision of isolating valves on the hydrant mains.

(4) *Warning System and Emergency Communications.*

All mills which have not already done so, must make arrangements for the practically instantaneous transmission of warnings to all departments, when an air raid alarm is received on the telephone or sounded on the sirens. The system of conveying the warning may be either by an electric bell alarm arrangement or by means of gongs on bells, as has already been done in some of the mills. Time is the essence of this matter, and when warning of an air raid is received not a second should be lost in taking action.

Alternative arrangements should also be made for emergency methods of communications, e.g., runners, cyclists, etc., in case the telephone or electric arrangements go out of operation.

On receipt of the air raid alarm it should be the specific duty of the Engineer to close down the main power plant, and if the warning is at night to switch off the lights, except the auxiliary lights. As regards boiler plants the Chief Inspector of Boilers has already issued instructions as to what should be done.

All Clear Signal.—As in the case of initial warning, suitable arrangements should be devised for the immediate communication to all refuge stations of the all clear signal.

The methods adopted under this head shall be shown in details, in the detailed scheme, mentioned under the 1st head.

Roof Spotters.—The duty of roof spotters is to identify and report on approaching enemy air craft. The work of training and detailing for duty of roof spotters may be kept pending for the present.

(5) *Lighting Restrictions.*

No attempt has yet been made to secure a "black out." The restrictions have been framed to eliminate as far as possible a glare or loom in the sky which might aid the approach of raiding air craft or raiding naval vessels. To comply with the statutory obscuration of lighting regulations the mills have mostly carried out the following :—

(1) Dimmed the compound lights and provided deeper shades on the lamps.

(2) Screened or blue washed the north lights in the weaving and other departments.

(3) Provided curtains on the windows (the portions without curtains having been blue washed) in such a way as to allow free passage of air, without allowing glare or ray of light passing out. These points require to be strictly attended to, to avoid any breach of the Police regulations.

Auxiliary Lighting.—For night work, auxiliary lights have been provided in most of the mills. They should be provided by the mills which have not so provided them, already. The auxiliary lighting service should be maintained in use every night from dark to day light.

(6) *First Aid.*

Most of the mills are provided with dispensaries with arrangements for full or part time doctors, in the day, and compounder for the day and night.

As a result of an air raid, the cases of serious injury will normally have to be sent to hospital by ambulance, but every effort should be made to give first aid for minor or even major injuries within the mills. *As far as possible arrangements should be made by all mills to have qualified doctor on the mill premises, when the air raid alarm has been sounded.* For

this purpose it will be necessary to make arrangements with the A.R.P. Headquarters to obtain a permit for the doctor to be allowed to move on the road to reach the mill, after the air raid warning. The mill dispensary will serve as a first aid post. In mills where no dispensary is provided, a first aid post in a splinter and blast proof room should be provided and located where there is no likelihood of debris falling. A mill dispensary or first aid post should be equipped with first aid materials or at least as shown in the accompanying list. Every mill should organise first aid parties, each consisting of four men, one of whom should be the leader, one an assistant—both should be trained in First Aid—and the remaining two as stretcher bearers. There should be one such party for every 250 workers (both day and night). Each first aid party should have a first aid haversack of durable material, with the contents as follows :—

Bandages, triangular	..	..	..	..	..	..	6
Dressings, first aid, large	..	..	..	..	..	..	6
Dressings, first aid, small	..	..	..	..	..	..	6
Lints, cotton, absorbent, 4" × 6" piece				..	..	..	3 in packets.
Pins, safety (6 on card)	..	..	..	..	..	..	3 cards.
Scissors, 7" with nickel plated, with lanyard	..	..	..	..	..	..	1
Torch, electric	..	..	..	..	..	..	1
Labels, identity, linen tie-on string, pads of 15				..	..	..	1
Pencil lead	..	.	.	..	..	..	1
Bandages 4"	..	..	..	..	..	..	4

The haversacks could be kept in suitable boxes in the departments near the normal working place of the leader.

An adequate supply of stretchers on the basis of 1 to 250 of the mill population should be made to deal with casualties. These stretchers should be kept in convenient locations and near to the main places appointed as refuges. Two or three stretchers should be kept at the dispensary.

Arrangements should also be made to be able to quickly improvise a mill lorry as an ambulance—in case a public ambulance (which will mostly be under control of the A.R.P. Headquarters) is not available—to carry serious cases to a hospital. Arrangements will also have to be made with the A.R.P. Headquarters for admission of such cases to a hospital. If the number of first aid men already in the mill is not up to the above mentioned standard, the mill medical staff should be utilised to train the additional number.

Each member of the first aid party must be provided with a steel helmet which must be worn in case of an emergency.

(7) *Fire Fighting.*

On receipt of an air raid alarm the main fire fighting services in the mill must be manned at once. The men must be well trained and constantly practised and provision made for an adequate reserve. Details shall be entered in the log book.

In most of the mills there is only one sprinkler pump and one hydrant pump and the two pumps usually are not inter connected. In such cases the pumps should be suitably inter connected so that at least one pump would be available for service either way in cases of damage to the other in an air raid.

It is understood that the Fire Insurance Association will have no objection to this arrangement being adopted, provided there is a padlock arrangement to keep the sprinkler pump in service position under normal conditions.

List of Materials for First Aid.

Triangular Bandages	48	Stationery set (6 Nibs, 4 oz. Ink, 2	
Bandages 2"	48	Pencils and 2 Holders)	1
Bandages 4"	48	Acid Boric	1 lb.
Gauze Packets	4	Aether Anæstheticus	1 lb.
Lint	1 lb.	Spirit Ammonia Aromaticus	1 lb.
Absorbent Cotton Wool	10 lbs.	Tablets Atropine Sulph. 1/150 gr. and	
Water Proof Sheeting	10 Yds.	Morphine Sulph. ¼ gr. Tubes	2
Tourniquets	5	Tinct. Benzoin Co.	1 lb.
Set of Splints Arm	1 set	Tinct. Iodine	1 lb.
Scissors	1	Clinical Thermometer	1
Artery Forceps 5"	6	Urinal, Male, E.I.	1
Forceps Dissecting 5"	2	Distilled Water	4 oz.
Serum syringe 5 c.c.	1	1 lb. Bottle Castor Oil.	
Serum syringe 10 c.c.	1	Probes 5" with eye.	
Face Mask	1	Probes 8" with eye.	
Tongue Clip	1	Scalpels.	
Liston's Wooden Splints, set of 6	1 set	Scissors, Straight 5".	
Metal Spoon	1	Gentian Violet Jelly, Bottle.	
Steriliser, small	1	Cork Screw.	
Kidney Trays	2	2 Gallipots.	
Round Trays	2	Towels (small).	
Bowls 4" dia.	2	Drop bottle 1 oz. size.	
Bedpan	1	1 oz. bottle Soda Bicarb.	
Bucket	1	Cat Gut Ligature Tubes.	
Electric Torch with Refill	1	Methylated Spirit bottle.	
Medicine Glass	1	1 packet Acriflavin Powders 10 gr.	
Record Book	1	1 set of Thigh Splints.	

Copy of circular No. 5598/164, dated 30th December 1941 from the Association to all mills in Bombay.

I enclose for your information copy of a report submitted to the General Committee of the Association by the Special A.R.P. Sub-Committee who has been studying the question of A.R.P. measures in cotton mills. The Committee of the Association are in complete agreement with the suggestions made by the Sub-Committee, and recommend that in view of the latest developments in the war situation, action on the lines indicated by the Sub-Committee should be taken by member mills at a very early date. The report is self-explanatory and should be carefully read by the mill managements, but I would like to draw particular attention to two or three points.

The Sub-Committee's recommendations only deal with the broad outlines of the scheme and it may perhaps be necessary for individual mills to take minor alterations in details to suit their own individual cases. The Committee are aware that certain mills have already brought into existence an A.R.P. organisation which is more or less similar to the basis recommended by the Sub-Committee, but wherever there are differences it should be possible for individual mill managements to set matters right by making proper adjustments in their scheme.

To start with, the A.R.P. Sub-Committee recommend the adoption of standard recruiting forms for the various branches of mill A.R.P. work, *vide* para 15 of the report. Such recruiting forms should be adopted not only by mills whose organisation is not yet ready, but also by the mills whose organisation is ready, for the reason that every mill should have detailed information about the name and address of its A.R.P. workers. Particulars regarding name, address and occupation of A.R.P. workers should be displayed in a prominent place in the control room. Copies of these lists should also be made available to the officers in charge of each branch of A.R.P. work.

The Sub-Committee recommend that the first-aid personnel of individual mills should be given a course of 12 lectures in first-aid as prescribed in the St. John Ambulance Association's Training Course and these lectures should be given by the mill's own doctors. In cases where no doctors are available, the Association is prepared, on hearing from the mills concerned, to help them in securing the services of a qualified lecturer to conduct the course (*vide* para 9).

The attention of individual mills is invited to the suggestions made by the Sub-Committee in connection with payment to the staff engaged on special A.R.P. work and the conditions attached to such payment (*vide* para 7).

It is understood that the Inspector of Factories on Special Duty, A.R.P., has already served an order on the mills asking them to provide themselves with sandbags which can be used in an emergency in dealing with incendiary bombs. The Association has already applied to the Collector of Bombay for permission to remove sand from the Juhu Beach. On receipt of this permission, a further communication will be sent to the mills indicating the place or places from which sand can be removed (*vide* para 11).

In this connection, I am to draw the attention of individual mills to a Blue Book entitled "A Summary of Air Raid Precautions Applied to Factories" issued by the Department of Labour, copies of which were circulated to you with my letter No. 5345/164, dated the 6th December 1941. This book deals with the details of the equipment of A.R.P. personnel in mills and the standards laid down should, unless a different standard has been prescribed in the Sub-Committee's report, be followed as far as possible. Where difficulties are being experienced by individual mills in interpreting any of the recommendations of the Sub-Committee, a reference may be made to the Association without delay.

I shall be making a further communication to you in connection with the provision of uniforms to A.R.P. workers in mills, etc.

Copy of Report of the A.R.P. Sub-Committee, dated 19th December 1941, to the Committee.

As instructed by the General Committee, in their resolution, dated the 8th December 1941, we met the A.R.P. Authorities in Bombay on Tuesday, the 16th December 1941, at 5 p.m. (S.T.) and discussed the question of Air Raid Precautionary Measures, particularly the organisation and equipment of A.R.P. Personnel in Bombay cotton mills. We had before us a tentative scheme of A.R.P. Personnel organisation drawn up by the Chairman of the A.R.P. Sub-Committee, Mr. Neville N. Wadia, which was discussed at the meeting and approved by the Sub-Committee and by the A.R.P. Officers present at the meeting, and we suggest that all member mills in Bombay be recommended to adopt this scheme, a copy of which is attached to this report.

2. *The Scheme in Broad Outline.*—It might perhaps facilitate matters if we gave a brief explanation of the scheme attached. The scheme proposes that the entire A.R.P. organisation of the mill should be under the control of the "Company A.R.P. Officer." A "Company A.R.P. Officer" is necessary only in the case of a company owning two or more mills, and can be done away with where only one mill is concerned. The officer next to him is the "Chief Mill A.R.P. Officer" who may be either the Mill Manager or the Mill Engineer. The Chief Mill A.R.P. Officer is assisted by an "Assistant Chief Mill A.R.P. Officer" who may be the Assistant Mill Manager or the Assistant Mill Engineer. We have deemed it necessary to provide an Assistant to the Chief Mill A.R.P. Officer for the reason that we feel that this arrangement would ensure the presence of either the Chief Mill A.R.P. Officer or the Assistant Chief Mill A.R.P. Officer in the mill in an emergency.

3. The principal A.R.P. activities of a mill fall under the following broad heads :—

- (a) First Aid.
- (b) Fire Fighting.
- (c) Rescue.
- (d) Evacuation.

4. The Mill First Aid Officer will in all cases be the mill's own medical officer, and his Assistant will be the compounder or the dispensary assistant. The Mill First Aid Officer and the Assistant First Aid Officer will be assisted by "First Aid Parties" consisting of trained personnel. Similarly, the Fire-Fighting, Rescue, and Evacuation Services will be directly controlled by their respective Officers and Assistants, and each branch will have its own trained personnel to do the various duties allocated to them.

5. We recommend that the posts of Mill Fire Fighting Officer and his Assistant and the Mill Rescue Squad Officer and his Assistants should be held by persons holding a rank not less than that of Departmental Assistants. There is no need of a special Evacuation Officer as *all those not occupied in other A.R.P. work* must be responsible for evacuating their men.

6. *Composition of each branch of A.R.P. Workers.*—Our scheme provides for an unspecified number of leaders and men in each branch of Mill's A.R.P. Activities. The numbers depend upon the size of the mill, but the following basis is given as a rough guide :—

6(a). *First Aid.*—Each First Aid Party should consist of 4 men one of whom should be the leader, one an assistant, and both should be trained in First Aid ; and the remaining two will be Stretcher Bearers. There should be one such party for every 250 workers both day and night.

6(b).—*Fire Fighting.—Hydrants :* We suggest 24 men with one leader. There should be at least 3 men for every hydrant that can be worked simultaneously.

6(c). *Trailer Pumps.*—We are not making any recommendations regarding trailer pumps as we understand that these will not be available in the immediate future.

6(d). *Stirrup Pumps and Fire Watchers.*—We suggest one leader for every 21 men, that is to say, one leader for 7 stirrup pumps, each stirrup pump requiring three people to handle. The Stirrup Pump Personnel should be so spread out as to *ensure* the allocation of one leader for each main department.

6(e). We are not making any recommendations regarding Rescue Squads as we propose to discuss the problems facing the staffs engaged on this work with the Salvage Association Authorities before making definite recommendations. Evacuation plans will have to be worked by each mill according to its particular circumstances.

7. *Payment to Staff engaged on Special A.R.P. Work.*—To create interest in the work and to procure the right type of men, we suggest that the leaders and men recruited for each branch of service be remunerated at the rate of 12 annas per parade in the case of skilled men, and 4 annas per parade in the case of unskilled operatives, the remuneration being payable only if the candidates attend the training and parade and pass the test. This recommendation will not apply to evacuation. Details are as follows :—

<i>First-Aid Parties.</i>							
Leader .. .. .	..	..	..	..	..	..	.. 12 annas.
Assistant Leader	..	..	..	..	..	..	.. 12 annas.
Stretcher Bearers	..	..	..	..	..	..	.. 4 annas.
<i>Fire Fighting.</i>							
<i>Hydrants :</i>							
Squad Leader	..	..	..	..	..	..	.. 12 annas.
Hose men	..	..	..	..	..	..	.. 4 annas.
<i>Stirrup Pump and Fire Watchers :</i>							
Squad Leader	..	..	..	..	..	..	.. 12 annas.
Pump men..	..	..	..	..	..	..	.. 4 annas.
<i>Rescue Squads :</i>							
Leader	..	..	..	..	..	..	.. 12 annas.
Men	..	..	..	..	..	..	.. 4 annas.

8. One of our colleagues raised the point as to whether the provisions of the Indian Factories Act would come in the way of training these people on a Sunday morning, but we were assured by the Chief Inspector of Factories that the Factory Inspection Department would not raise the point at all.

9. *Training for the First Aid Staff.*—We have considered the nature of the training which should be given to our First Aid personnel, and we recommend that mills who have got their own doctors should arrange to give a course of 12 lectures in First Aid as prescribed in the St. John Ambulance Association's Training Course, bearing in mind the desirability of finishing all the lectures *within a month*. In cases where mills have no doctors of their own, arrangements should be made to secure the services of trained lecturers. We went into the question as to whether it was necessary to lay down special lecture hours, but we thought that this matter might be dealt with by individual mills to suit the convenience of their own doctors. But we only wish to point out that attendance at lectures should be regarded as attendance at parades for purposes of calculating remuneration payable, but payment for the training period should be made *after* completion of training.

10. *Training in Fire Fighting.*—We have gone into the question of training the Fire Fighting staff, and were assured by the Chief Inspector of Factories that one Stirrup Pump per mill would be made available shortly for training purposes. We recommend that individual mill engineers should endeavour to acquaint their Fire-Fighting staff with the practical use of this pump and also make arrangements to parade all their pumps for at least one hour per week to ensure that they are free from all faults.

11. *Supply of Sandbags.*—Mr. Kewalramani indicated that he had asked mills to provide themselves with sandbags which can be used in an emergency in dealing with incendiary bombs. Here the main question appeared to be whether the requisite quantity of sand could be made available to the mills, and in this connection Mr. Johnstone promised that he would write to the Collector of Bombay and obtain permission for mills to draw their sand requirements from the Mahim or Juhu foreshore.

12. If the Committee agree with the recommendations we have made in this report, we suggest that, in view of the recent developments, an early communication should be sent to all members in Bombay asking them to take the necessary steps to train up their First Aid and Fire Fighting Squads and bring them up to the required strength. We also enclose herewith for ready reference a complete set of recruitment forms* which we suggest might be used by all mills. The point that we desire to bring out in connection with the recruitment form is that the mill should have complete information at its disposal regarding the various people who are on commission in the various branches of its A.R.P. activities.

13. Before we dispersed, our attention was drawn to a communication addressed to the Century Mill by Mr. N. D. Daftary requesting the mill company to construct trenches. Mr. Guthrie, on behalf of the Century Mills, pointed out that a trench of the required depth could not be put up without striking water in his area, and Mr. Johnstone promised that he will make the necessary enquiries from the authorities concerned with a view to ascertain what was exactly required, and it was understood that, pending receipt of definite information, nothing need be done.

14. When on the question of trenches, we discussed the question of evacuating mill operatives in the event of an emergency, and the point was raised as to whether mill basements would not be considered as a satisfactory refuge to the operatives working in upper floors. Opinion seemed to differ on this point, but we were agreed that whether operatives were evacuated to mill basements or to prepared trenches, it was necessary to ensure order and prevent confusion in the process of evacuation. This, it was thought, might be achieved by member mills allotting straightaway particular exits for particular operatives working in particular departments and persuading the operatives to use only those exits when they leave the mill at recess and after the closing hours.

15. Our attention was then drawn by the A.R.P. Authorities to the equipments of the A.R.P. Personnel in Bombay mills, and we worked out that approximately the following equipments would be required :—

Respirators	..	..	10,000	Gum boots	..	..	5,000
Steel helmets	..	..	10,000	Eye shields	..	..	10,000

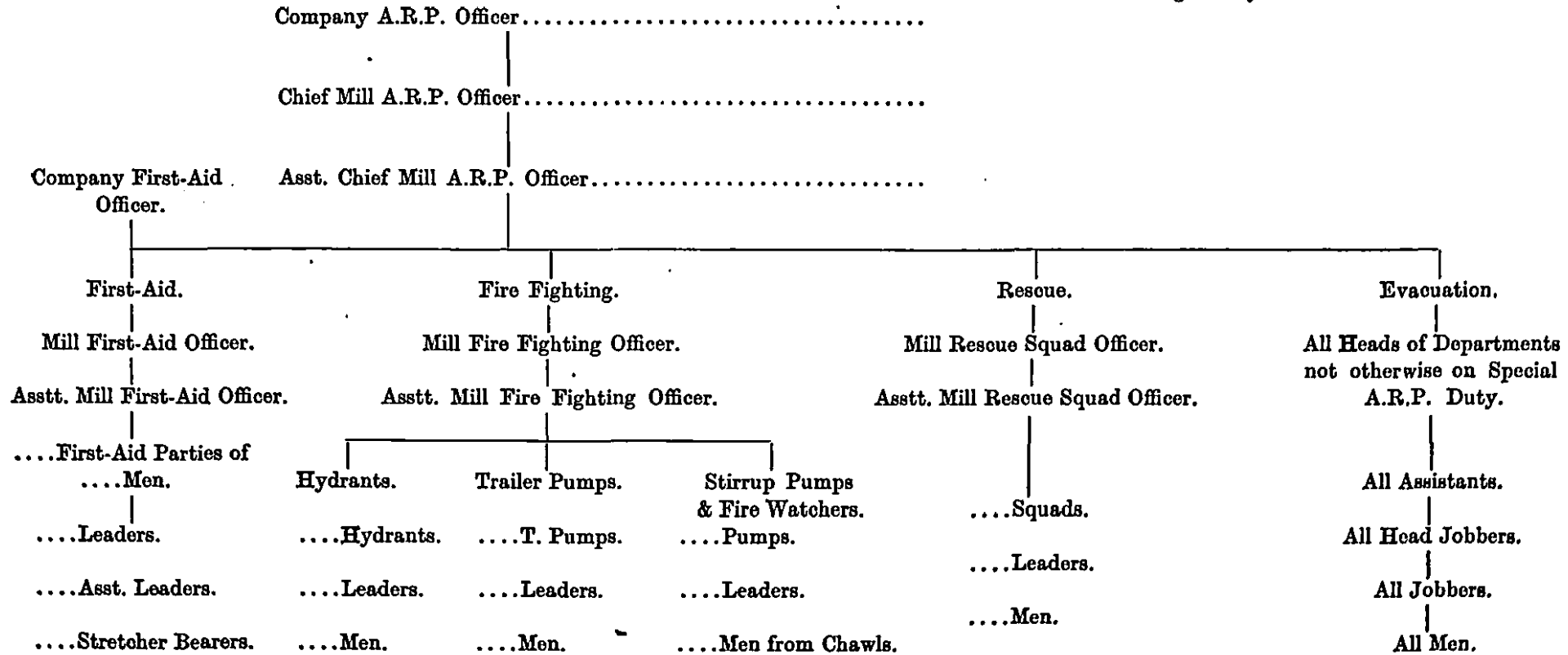
We were, however, unable to place an order for the whole of the industry as we felt that we had no authority to do so. Mr. Kewalramani said he would convey this figure to Government as an indication of what was required.

*Not printed.

A.R.P. PERSONNEL.

.....Mills.

Average Daily Hands.....



APPENDIX 38.**PAYMENT OF WAGES TO WORKMEN IN THE EVENT OF SUSPENSION OF WORK DUE TO AIR-RAID PRECAUTIONS.**

Copy of letter No. L1882/680 dated 4th November 1941 from the Under Secretary to the Government of India, Department of Labour, to the Employers' Federation of India, Bombay.

I am directed to state that the Government of India have under consideration the question of payment of wages to workmen in the event of suspension of work due to air-raid alarms. It is considered that in those factories and undertakings which are required by Government in furtherance of the war effort to continue production under air-raid conditions, there should be an inducement to workers to carry on work and return to work promptly on ceasing of the air-raid alarm, so as to maintain production at maximum level. It is also considered that there should be uniformity of provision in respect of all such factories and undertakings whom Government require to continue functioning during air-raid conditions in cases where operatives are required under an approved Air Raid Precautions scheme to suspend work on account of air raids. I am to express regret that it is not possible at this stage to give any even approximate idea of the number or nature of factories or other undertakings which Government may require to continue work during air-raid conditions. It is intended, however, to apply such orders only to such essential factories and undertakings in which production has to be carried on continuously irrespective of air-raid conditions subject only to the stoppage of work during the actual period of air raids.

2. Government consider that provisions on the following lines should meet the case :—

(1) The provisions should apply in the case of air-raid interruptions under approved Air Raid Precautions schemes both actual and experimental, and both by day and by night. Concessions should be on the following lines :—

- (i) The workers affected will, subject to the restrictions laid down in rule (iii) below, be treated as on duty.
- (ii) Payments will be restricted to workers who have actually recorded their attendance for duty at the usual time, or if, owing to air-raid conditions, attendance cannot be recorded at the usual time then, as soon afterwards as possible.
- (iii) Payments will be restricted to that portion of the time spent in an air-raid shelter or enforced inactivity which falls entirely within the actual working hours for the men affected, provided that no payment shall be made for any period after an air raid is over. The men will not be paid for the normal rest period, but idle time enforced by air-raid warning before and after will be paid for.
- (iv) Payments will be on the general basis of full time for interruptions not exceeding 8 hours in any week ; and of half time for interruptions beyond this.
- (v) Workers may be required to make up in the same week or in the following week time lost up to a period not exceeding 2 hours before or after the ordinary shift, not exceeding 8 hours in any week and not exceeding the hours which, but for the interruptions would have been worked by the worker in the week. Payment for time so made up will be on the basis of full time ; it would be at ordinary or overtime rates as may be relevant in individual cases.
- (vi) In so far as the worker declines without good reason to make up time lost when required, no compensatory payments will be payable for time lost which is not made up.
- (vii) Payments to piece-workers will be made at the ordinary time rates without any piece-work profits.
- (viii) The payment will be booked as "idle time."

(2) The liability to pay for lost time will be on the employer.

(3) The scheme would cover not merely workers in factories and undertakings in the ordinary sense but also such workmen as, for instance, locomotive drivers who are required, under an approved Air Raid Precautions Scheme, to carry on work during air-raid conditions.

3. These proposals will affect various provisions of the Factories Act, 1934. It is also necessary that all undertakings which would be affected by the proposed provisions should be required by law to maintain uniformity in this respect. The Government of India are advised that power can be taken under a Defence of India rule to be made for this purpose. I am to state that the Government of India would be grateful for the views of your Federation on the proposals contained in this letter and I am to request that in view of the urgency of making the provisions, a reply may be sent to this reference as early as possible and in any case not later than the 10th November, 1941.

Copy of letter dated 24th November 1941 from the Employers' Federation of India to the Under Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to acknowledge the receipt of your letter No. L1882/680 dated the 4th November, inviting the Federation to express an opinion on certain proposals regarding the payment of wages to workmen in the event of suspension of work in consequence of an air raid. The Federation greatly appreciates the opportunity afforded to it for expressing an opinion on this important subject, but regrets that, within the time available, it has not been possible either to consult all members or to give detailed consideration to Government's proposals, but from such consultations as have been possible, I am now in a position to say that members of the Federation are generally in agreement with the principle underlying Government's proposals. There are, however, a few points on which Government's proposals require further consideration or clarification, and these are set forth below:—

1. It is proposed, under clause 2 of the scheme, that the liability to pay for time lost will be on the employer. Members of the Federation point out that, while this provision is reasonable, it is only fair that when he incurs additional works cost, the employer should be in a position to pass it on to Government by an increase in the price of goods.

2. It is considered desirable that interruptions caused by experimental air raid precautions should be reduced to the minimum in the interests of maintaining production at the maximum level.

3. *Clause 1(v).*—It may be made quite clear whether payment in respect of time made up would be in addition to the payment prescribed in clause 1(iii). If, for instance, there is an interruption of 8 hours in a week and the employer is in a position to make up, say, 6 hours in the week following, then would the employer be called upon to pay compensatory wages for all the 8 hours lost in addition to the wages paid for the 6 hours made up?

4. *Clause 1(v).*—This Clause lays down that workers may be required to make up *in the same week or in the following week* time lost up to a period not exceeding 2 hours before or after the ordinary shift, not exceeding 8 hours in any week . . . It has been suggested that the employer might be permitted to make up the time lost in a longer period than one week.

5. *Clause 1(vi).*—It is considered that it would be advisable to lay down a broad indication as to what would constitute "good reason" for the purpose of this provision.

6. *Clause 1(vi).*—The basis of payment to piece-workers is not clearly defined; and in any event, the expression "piece-work profits" would appear to need explanation.

The industrial interests associated with the Federation in Eastern India and Bengal state that they have under consideration the general question of measures to prevent the

dispersal of labour in the event of air raids taking place and that an important part of this proposal is the suggestion that danger allowances might, in suitable circumstances, be paid to labour who remained on duty during air raids or during a period of emergency. Discussions on this matter are still proceeding and since the method of paying danger allowance and the object in view do not differ materially from the proposals made by the Government of India, the interests concerned are of the opinion that it would be premature to express an opinion on the Government's scheme until the question has been considered in all its aspects. A further communication in the matter will be addressed to Government on hearing from members of the Federation in Bengal.

Copy of letter No. L1882 dated 15th April, 1942 from the Under Secretary to the Government of India, Department of Labour, New Delhi, to the Federation.

I am directed to refer to the correspondence ending with your letter dated the 24th November, 1941.

2. The Government of India have given careful consideration to the suggestions made in your letter referred to. It was suggested that the undertakings concerned should be allowed to pass on to Government any additional expenditure necessitated by the proposals. In the opinion of the Government of India, the liability involved would be a fair one for the undertakings themselves to accept. Your Federation will no doubt agree that these concessions will go a considerable way in creating confidence in the minds of workers and minimising the exodus of labour in conditions of danger. The Government of India understand that some large undertakings have already promised to essential workmen, concessions more far-reaching than those made by the Government of India. They therefore trust that the undertakings concerned and your Federation will accept the small additional liability which would ensue from the concessions (which will, of course, be revenue expenditure for income and excess profits tax purposes).

3. The Government of India would agree to modification, in one material respect, of the proposal made in this Department's letter dated the 4th November 1941. They now agree that time lost due to air-raid conditions may be required to be made up in the same week or in the following *two* weeks instead of the following one week as originally proposed.

4. In paragraph 3 of this Department's letter dated 4th November 1941, it was stated that a Defence of India Rule could be made to enable necessary orders to be passed. It now appears, however, that a self-contained piece of legislation would be necessary in the matter. The Government of India feel that in the circumstances mentioned below there is hardly any need to undertake special legislation for the purpose.

Government themselves have already adopted the proposals, in respect of Railway Workshops and Ordnance factories. Government are aware that many private employers have, as already stated above, granted far-reaching concessions to their workers. It is only some employers who will have to come into line with the general practice and the Government of India trust your Federation will be able to persuade all your members to adopt the scheme under reference.

APPENDIX 39.

SUPPLIES OF ESSENTIAL MILL STORES.

Copy of letter No. SY/TX-61(48), dated 5th May 1941 from the Department of Supply, Government of India, to the Association.

Reports have been received by this Department from one or two mills of a shortage of certain essential mill stores, more particularly halds and reeds, for the bulk of which

India has hitherto relied on imports. Although these and some other mill stores are now being made in this country the volume of production is insufficient to meet the full needs of the industry, and, in view of the present restricted imports due to shortage of shipping and other causes, it is thought that the time has arrived for the situation to be carefully reviewed. I am, therefore, to invite your Association, preferably after consultation with the other Associations to which this letter is addressed, to indicate :—

- (1) What are the imported items of mill stores in respect of which supply difficulties have arisen or are apprehended ?
- (2) What are the requirements of those stores which cannot be met from Indian sources ?
- (3) What are the present sources of supply of these stores ?
- (4) Are there any alternative sources of supply ?

2. On receipt of a reply to the questions asked in paragraph 1 above this Department will be in a position to examine what methods are open to it of helping the industry to obtain those requirements which are essential not only for the maintenance of war supplies from the industry, but to help the mills in full production, which if not essential for the fulfilment of war orders, is at least desirable to enable war supplies to be obtained readily and promptly.

3. Your very early attention to this matter will be greatly appreciated.

Copy of letter No. 2774/111, dated 24th June 1941 from the Association to the Government of India, Department of Supply, New Delhi.

SUPPLIES OF ESSENTIAL MILL STORES.

I am directed to acknowledge the receipt of your letter No. SY/TX-61(48), dated the 5th of April 1941, on the above subject and to enclose herewith a list of various classes of mill stores in respect of which difficulties of supply have recently been experienced or are apprehended. Supplies of these stores have hitherto been drawn mainly from the United Kingdom, though a small proportion has also been obtained from the Continent, America and Japan. Some of them, for instance healds and reeds, and bobbins and pirns, are now being produced in India, but it has been reported that the quality of the article manufactured in India is not equal to the corresponding imported material. In the case of healds and reeds, it has been further stated that, although steel healds and reeds are obtainable, there has been a considerable shortage of steel wires.

As regards alternative sources of supply, the names of Japan and the United States of America have been mentioned as potential suppliers, but it is understood that supplies of leather goods from the U.S.A. are likely to be restricted. Efforts might also be made to encourage manufacture in India.

I am to point out that, in addition to the mill stores listed in the enclosure, considerable difficulties have been experienced latterly in obtaining supplies of heavy chemicals and dyestuffs of various kinds.

List of essential Mill Stores in respect of which supply difficulties have been experienced or are apprehended.

- Card clothing.
- Healds and reeds, especially for fine counts.
- Condenser rubbing leathers.
- Bobbins, pirns and skewers.

Roller and clearer cloth.
 Fillets of all counts and kinds.
 Fettling combs.
 Fibre card cans.
 Paper tubes and cones.
 Ring and doubling travellers.
 Leather laces, buffers, picking bands, pickers, beltings, U-rings and roller skins.
 Leather aprons for frames equipped with the Casablanca system.
 Loom sundries such as weft forks, springs, spindles, temples, perforated fillet for fine counts, temples for fine counts, shuttles and shuttle tongues.
 Card rings and slips.
 Weavers' combs.
 Reed hooks.
 Fork holders.
 Drop pins.
 Sizer pins.
 Weft grates.
 Jackson's belt fasteners with plates.
 Calendar bowls.
 Carbide rods for welding.
 Steam jointing sheets $1/8''$; $1/16''$; and $1/32''$.
 Machinery spare parts.
 Copper rollers for sizing cylinders.
 Tallow (Australia).
 Mild steel baling hoops and rivets.
 Wood screws, set screws, bolts and nuts of various descriptions.
 Tools and mild steel shaftings.
 Perforated steel strips.
 Circular saws, 18" to 30".
 Involute gear cutters, all sizes upto 1" pitch.
 Folding and packing papers such as brown paper, kraft, manilla, tissue, etc., white, glazed, paper tarpaulin, card board, etc.
 Gum karim power and Gum Cheshire.
 Electric fittings, conduit pipes and fittings, V.I.R. wires, flexible wires, switches, AM meters, motors, etc.
 Hose pipes $2\frac{3}{4}''$.
 Grease and oils.
 Emery and sand papers.

Copy of letter No. SY/TX-61(48), dated 22nd July 1941, from the Department of Supply, Government of India, to the Association.

I am directed to invite your attention to this Department letter No. SY/TX-61(48), dated the 5th May 1941, on the subject of mill stores in which prominent millowners' organisations were invited to indicate the nature and extent of the difficulties which they were experiencing in securing supplies of mill stores of various types. Though two months have now elapsed since this circular was issued to the organisations referred to, only a few replies have been received which, in Government's view, indicates that the situation in respect of mill stores is not by any means as acute as it was thought to be. In these circumstances, Government are of the opinion that no general arrangement for the procurement on a priority

basis of essential mill stores is necessary at this stage, but, should the position deteriorate, Government would again give the matter their consideration.

2. I am to add that in the meantime any requests for assistance in securing the essential mill stores required for the execution of war orders will be dealt with on their merits if application is made to the Directorate General, Munitions Production, 6 Esplanade East, Calcutta, in respect of textile machinery parts, with the exception of picking bands, pickers; and to the Directorate General of Supply, New Delhi, in respect of knitting needles, and mill stores such as kraft paper, tallow, chemicals, etc., which do not come under the classification "Machinery parts."

3. I am to request that the views expressed in this letter and the instructions in regard to specific requests for assistance be conveyed to your members.

Copy of circular No. 3307/111, dated 25th July 1941, from the Association to all members of the Association.

Some two months ago, this Association along with other Millowners' Associations in the country was addressed by the Government of India on the subject of mill stores supply difficulties. It has been reported to the Department of Supply that there was a shortage of certain essential mill stores and more particularly healds and reeds, and we were asked to indicate what were the imported items of mill stores in respect of which supply difficulties had arisen or were apprehended; what were the present sources of supply and whether there were any alternative sources of supply. After referring to member mills, a comprehensive list of the stores in respect of which difficulties had been experienced or apprehended was sent to the Government of India. Copies of this list were also sent to other associations as a means of assisting them in submitting their reply to the Department of Supply.

The Association has now been informed that, judging by the small number of replies received, Government are inclined to the view that the situation in respect of mill stores is not by any means as acute as it was thought to be, and that in these circumstances, Government are of opinion that no general arrangement for the procurement on a priority basis of essential mill stores is necessary at this stage, but, should the position deteriorate, Government would again give the matter their consideration. Government's letter goes on to say that requests for assistance in securing the essential mill stores required for the execution of war orders will be dealt with on their merits if application is made to the Directorate General, Munitions Production, 6, Esplanade East, Calcutta, in respect of textile machinery parts, with the exception of picking bands, pickers; and to the Directorate General of Supply, New Delhi, in respect of knitting needles, and mill stores, such as, kraft paper, tallow, chemicals, etc., which do not come under the classification "Machinery parts."

In view of these instructions, mills which have been experiencing difficulties in respect to any particular items of mill stores might make early applications to Calcutta or Delhi, as the case may be.

APPENDIX 40.

SUPPLIES OF CAUSTIC SODA.

Copy of letter No. 3456/190B, dated 5th August 1941 from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to draw your attention to the fact that cotton mills are to-day experiencing very considerable difficulties in obtaining adequate supplies of caustic soda. This chemical is used to a very considerable extent in the production of khaki and other coloured goods

required for war purposes. The Association has been in touch with Imperial Chemical Industries (India) Ltd. in this matter, and on the 31st May 1941, we were informed by I.C.I. that they had ready stocks of this chemical in Bombay and had made arrangements with their suppliers for regular and adequate supplies to come forward and that it was unnecessary for Bombay mills to place orders with I.C.I. for shipment. I.C.I. went on to say that they were giving to mills supplies on the basis of their (mills) 1940 purchases from them, that they would have to ration supplies on this basis until their reserve stock position had been restored to normal, but that on present indications good supplies were in transit and that they had every hope that they would be able to meet all demands made on them in two or three months' time. Since then, we have learnt from I.C.I. that His Majesty's Government have introduced an export rationing scheme in respect of heavy chemicals such as caustic soda and that the export ration of this product is inadequate to meet the normal demands of the Indian market plus the additional quantities required for the manufacture of goods for the Government of India, that in view of the uncertainty regarding the extent of future supplies, it would be incumbent on them to reserve the stocks which they have on hand primarily for the needs of firms engaged on Government work and that it would not at present be possible for them to supply in full orders for caustic soda unless they were satisfied that the material was required for the execution of Government contracts. I.C.I. further state that they have made representations to the Government of India in this matter and that it is hoped that a larger export quota of caustic soda will be arranged.

My Association is most anxious that the Government of India should give favourable consideration to the representations submitted by I.C.I. in this matter in the general interests of the development of the offtake of Indian cotton piecegoods on which the satisfactory disposal of the Indian cotton crop largely depends. The loss of a number of export markets for raw cotton, and particularly cotton of short staple, has already been severely felt, and if shipments of raw cotton to Japan and China are still further curtailed as a result of developments in the Far East, it will be even more necessary for the Indian mill industry to increase its production of manufactured goods, of which a large proportion would necessarily have to be coloured goods, in the production of which the use of caustic soda is essential.

Copy of letter dated 28th August 1941 from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to acknowledge receipt of your letter No. 3456/190B of the 5th August 1941 and to say that the Government of India fully appreciate the points stated by you and will afford all reasonable assistance to importers of caustic soda.

APPENDIX 41.

CHROME COMPOUNDS CONTROL ORDER.

Copy of Notification dated 9th October 1941 issued by the Government of India, Department of Supply.

No. 590.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following order :—

1. (1) This Order may be called the Chrome Compounds Control Order, 1941.
- (2) It shall come into force forthwith.
2. For the purposes of this Order, "chrome compound" includes potassium bichromate, sodium bichromate and chrome alum.

3. No chrome compounds shall be used in any textile industry except for the manufacture of goods ordered by the Central Government and to the extent required by the specifications prescribed for such goods.

4. No person shall sell or otherwise dispose of chrome compounds except on presentation by the purchaser or other recipient of a licence in the form appended to this Order granted by the Directorate-General of Supply, Supply Department, New Delhi or the Assistant Director-General, Cotton Textiles, Bombay and in accordance with the terms and conditions of such licence.

5. (1) Persons wishing to purchase or otherwise acquire chrome compounds shall apply in the form appended to this Order (which shall be completed in triplicate)

(a) to the Assistant Director-General, Cotton Textiles, Ballard Estate, Bombay, if the chrome compounds are needed for use in a textile industry, or

(b) to the Director-General of Supply, Chemicals Directorate, Supply Department, New Delhi, if the chrome compounds are needed for use otherwise than in a textiles industry.

(2) The Assistant Director-General, Cotton Textiles, or the Director-General of Supply, as the case may be, shall either reject the application and inform the applicant, or shall issue a licence in the form appended to this order for such quantity of chrome compound as he thinks fit and shall specify in the licence the name of the supplier from whom purchase under the licence may be made, and the licence shall be valid only for purchase from the supplier named therein.

6. (1) All manufacturers, stockholders and consumers of chrome compounds and all dealers in chrome compounds shall maintain true and accurate accounts showing

(i) the stocks (if any) held on the coming into force of this Order ;

(ii) the quantities of chrome compounds produced or acquired after the coming into force of this Order ;

(iii) the quantities of chrome compounds sold or otherwise disposed of after the coming into force of this Order ;

(iv) the daily and monthly balances of stocks held.

(2) These accounts shall be open to inspection by any person authorised in writing in this behalf by the Director-General of Supply.

FORM OF APPLICATION AND LICENCE

(To be submitted in triplicate.)

PART I.

Application for permission to purchase or otherwise acquire Chrome Compounds (Sodium Bichromate, Potassium Bichromate, Chrome Alum).

1. Date.
2. Name of applicant.
3. Address of applicant.
4. Type and quantity of chrome compound required,

5. Quantity of chrome compounds held by applicant on the date of the application.
6. Name of person or firm from whom applicant prefers to purchase.
7. Purpose for which quantity in head 4 is required,
 - (a) whether for use in a textile industry,
 - (b) whether for use for any other purpose.
8. If use in head 7 is for textile industry :—
 Number and date of the Supply Department Purchase Branch order for execution of which the purchase of chrome compounds is necessary.
9. If use in head 7 is for a purpose other than textile industry,
 - (a) precise purpose for which the purchase is necessary,
 - (b) average monthly consumption for the said purpose during the twelve months previous to the date of the application.

I certify that the contents of this application are true to the best of my knowledge and belief.

Signature of Applicant.

PART II.

(For use in Directorate-General of Supply only.)

If purpose of purchase is under head 7 (a) (Textile Industry).

Certified that I have checked the purpose of purchase specified in head 7 (a) and that the Purchase Branch order $\frac{\text{is}}{\text{is not}}$ correctly quoted and that the quantity of chrome compounds specified in head 4 $\frac{\text{is}}{\text{is in excess and/or is not}}$ necessary for the execution of the said order. I recommend that a licence $\frac{\text{be granted}}{\text{be not granted}}$ for (quantity) of (kind).

Assistant Director General, Cotton Textiles.

Director of Chemicals.

If purpose of purchase is under head 7 (b) (other than Textile Industry).

Certified that I have scrutinised the average consumption of the past $\frac{12 \text{ months}}{\text{(other period)}}$ of chrome compounds for the purpose specified in head 7 (b) and recommend that a licence $\frac{\text{be granted}}{\text{be not granted}}$ for (quantity) of (kind).

Date of issue of licence.

Director of Chemicals.

..... (Detachable)

PART III.

Licence No.

I hereby sanction the sale of (quantity) of

Sodium	}	bichromate.
Potassium		
Chrome Alum		

by.....(name of seller) to.....(name of applicant).

Under Secretary, Supply Department.

Copy of circular No. 4555/170, dated 13th October 1941 from the Association to all members of the Association.

The attention of all members of the Association is drawn to the Chrome Compounds Control Order 1941, promulgated by the Government of India, Department of Supply, on the 9th October 1941, which prohibits the use in any textile industry, of any chrome compounds including potassium bichromate, sodium bichromate and chrome alum except for the manufacture of goods ordered by the Central Government and to the extent required by the specifications prescribed for such goods. The Order provides that no person shall sell or otherwise dispose of chrome compounds except on presentation by the purchaser or other recipient of a licence in the prescribed form granted by the Directorate General of Supply, Supply Department, New Delhi. Mills which desire to purchase or otherwise acquire chrome compounds have to apply in the prescribed form to the Director of Cotton Textiles, Ballard Estate, Bombay. The Order also enjoins on all manufacturers, stockholders and consumers of chrome compounds, and all dealers in chrome compounds, the maintenance of true and accurate accounts showing :

- (1) the stocks (if any) held on the coming into force of this Order ;
- (2) the quantities of chrome compounds produced or acquired after the coming into force of this Order ;
- (3) the quantities of chrome compounds sold or otherwise disposed of after the coming into force of this Order ;
- (4) the daily and monthly balances of stocks held.

Such accounts should be open to inspection by any person authorised in writing in this behalf by the Director General of Supply.

The forms prescribed under the Order are available for inspection in the office of the Association on any day during office hours.

Copy of telegram dated 15th October 1941, sent to the Secretary to the Government of India, Department of Supply.

Reference Chrome Compounds Order published October ninth which prohibits use of chrome compounds in any textile industry except for manufacture goods ordered by Central Government stop. Representations received by Association from member mills supplying very considerable amount of yarn dyed in chrome yellow orange and green to handloom industry point out Control Order abovementioned will hit Indian mill industry as well as handlooms as latter cannot obtain their requirements chrome dyed yarn hereafter stop. Request reconsideration of order so as to permit use chrome compounds in yarn dyeing stop. As considerable quantities yarn awaiting dyeing immediate orders may please be issued.

Copy of letter No. Dy.6457/WB, dated 25th October 1941, from the Department of Supply, Government of India, to the Association.

With reference to your telegram of 15th addressed to Warboard, Simla, I am directed to say that during the present period of acute shortage of Bichromates, synthetic dyes could be used in lieu of chrome compounds for the shades mentioned in your telegram. As all the available chrome compounds are required for khaki dyed cloth for the Defence Services it is regretted that no exception can be made for yarn dyeing for the handloom industry.

APPENDIX 42.

PRICE FIXATION OF PETROL AND KEROSENE.

Copy of letter No. 554/52, dated 4th February 1941 from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of my Committee has been drawn to a recent Press *communiqué* issued by Government in connection with the price of kerosene and petrol (copy enclosed).* This press note refers to an arrangement under which Government would appear to permit the oil companies to regulate the price of petrol and kerosene during the period of the war "on the basis of an average between the world prices for the foreign oil and the cost of production for the indigenous oil constituting the supplies for the Indian market over a given period."

This arrangement has enabled the oil companies to raise the price of kerosene oil and to stabilise, for the time being at any rate, the price of petrol at a rate, which represents a substantial increase over pre-war retail prices (Bombay) in the case of kerosene oil and a rise of about 50 per cent. in the case of petrol. In the case of petrol, the increase in the net price realised by the oil companies is, of course, much greater than 50 per cent., since there has been little or no change in the Government taxation. My Committee have been considering the question as to whether, under the conditions now prevailing, there was any justification for permitting oil companies to fix prices of oil in India on the basis of world prices. It would have been from my Committee's point of view perfectly understandable if such a concession had been made in order to attract sufficiently large quantities of oil to this country and to prevent overseas suppliers from selling their goods in other markets where higher prices might be obtainable. No such incentive appears necessary at present. Oil, it is understood, is on the British contraband list subject to seizure by the Navy on the high seas, and foreign oil suppliers have only the markets of the British Commonwealth and their allies open to them, and trade with other countries is not only practically impossible but attended with serious risks and the effects of this situation, my Committee feel, might have been given greater weight by Government than has apparently been done, in their negotiations with the oil companies. Even assuming that a certain rise in oil prices was inevitable as a result of rises in operating costs, freight, insurance, etc., there appears to be no sufficient reason why oil prices in India should be dictated by world prices. Scarcity of oil in certain countries of the world brought about by the British blockade may have sent prices of oil in those countries soaring to fantastic levels, and this is perhaps the case in Europe, North Africa and, perhaps, Japan. In the view of my Committee, world average based on such high prices can hardly be the proper criterion for fixing oil prices in India. In the circumstances, my Committee suggest that Government should review the whole arrangement.

APPENDIX 43.

IRON HOOPS FOR COTTON BALES.

Copy of letter No. 737, dated 11th October 1941 from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that the present position regarding the supply of cotton baling hoops in the country was examined by my Local Sub-Committee at its meeting held

* Not published.

in September last. In this connection, it was felt, *inter alia*, that as there was likely to be a shortage of hoops, the pressing factory owners might be allowed to use old hoops for baling cotton. Under the Cotton Ginning and Pressing Factories Act and the By-laws of the East India Cotton Association, there is no objection to the re-use of old hoops for baling pressed cotton, provided the old press marks, if punched on the hoops, are so obliterated as to leave no doubt regarding the identity of a bale, but before addressing factory owners in this matter, my Sub-Committee felt that it would be desirable to ascertain the views of the Millowners' Associations on the point. I am accordingly to request that the views of your Association may kindly be communicated to me at an early date.

Copy of letter No. 4839/187, dated 31st October 1941 from the Association to the Indian Central Cotton Committee, Bombay.

IRON HOOPS FOR COTTON BALES.

I am directed to acknowledge the receipt of your letter No. 737, dated the 11th October 1941, on the above subject, and to state in reply that the Association has no objection, in the present emergency, to the re-use of old hoops for baling pressed cotton, provided the old press marks are properly obliterated.

APPENDIX 44.

BOOKING ARRANGEMENTS FOR COTTON PIECEGOODS FROM BOMBAY (WADI BUNDER) TO UP-COUNTRY STATIONS.

Copy of letter dated 25th April 1941 from the Hindoostan Spinning and Weaving Mills Co., Ltd. to the Association.

We beg to draw your attention to the following changes that have been made at the Wadi Bunder Shed from where the piecegoods of mills are taken by the railway for transshipment. Upto 23rd instant piecegoods were sent from Bombay from Shed No. 9 at Wadi Bunder. This shed No. 9 was specially reserved for piecegoods and weighing of the same was done separately from other goods. Since that date the railway authorities have for some reasons unknown to us stopped shed No. 9 for being used for piecegoods exclusively and have put up a notice that the piecegoods scales which were hitherto dealt with in shed No. 9 would be dealt with at three different sheds Nos. 10, 11 and 12. As you are aware, piecegoods business forms a very important part of Bombay City and since the beginning a separate shed has been allotted by the railway authorities for piecegoods alone. Even at Victoria Terminus before its transfer to Wadi Bunder in 1923 a separate shed was assigned to piecegoods.

Due to the proposed new arrangement since yesterday we have to send our goods to three different sheds which are intended for consignment for iron, steel and other different miscellaneous goods. Already there is considerable congestion in these sheds and more congestion is likely to occur due to the transfer of piecegoods to these sheds. You are aware piecegoods require greater care in handling and we fear that the same are likely to be damaged and spoiled if they are brought into contact with such things as colours or sugar molasses or miscellaneous articles.

Further, as the bales of piecegoods are generally sent under Risk Note B the railway administration at once gets the benefit of its very stringent provisions and is exempt from any damage that may happen to the goods while they are in the possession of the railway. The Risk Note B has already placed a very heavy handicap on the dealers in piecegoods. As they had a separate shed until now the chance of the goods being damaged while they were consigned was small. Now that the piecegoods will be taken to the different sheds and

dumped and weighed with other goods, the danger of damage is considerably increased without any compensating advantage to the merchants, who use the railway as a means of transport of their goods.

We shall, therefore, thank you to kindly get in touch with the railway authorities and to make inquiries why the shed No. 9 has been stopped and to make proper arrangements for giving facilities for despatching the goods.

Copy of letter dated 22nd April 1941 from Mr. B. S. Sabnis, B.A., LL.B., Advocate, to the Chief Traffic Manager, G. I. P. Railway.

Under instructions from my clients Mr. Eknath Ganesh, Mr. Parsharam Sadashiv and other piecegoods dalals, I have the honour to address you as under :—

At Wadi Bunder shed No. 9 a notice under the signature of the Goods Superintendent has been placed on the notice board to-day to the effect that from the 23rd instant the piecegoods scales which were hitherto dealt with in shed No. 9 would be dealt with at three different sheds, viz., sheds Nos. 10, 11 and 12.

My clients say this notice has come upon them as a surprise. No previous inkling of the contemplated change was given by the railway authorities to the public and no opportunity was given to them to place their views before the railway authorities.

Piecegoods business forms such an important part of the railway transport that from the beginning a separate shed has been assigned to piecegoods. Before 1923 the piecegoods scales were at Victoria Terminus and there separate space was assigned to the piecegoods. When the scales were transferred to Wadi Bunder in 1923 shed No. 9 was exclusively placed at the disposal of the piecegoods after taking into consideration the importance and the volume of the business and the revenue that it brought to the railway administration. Since 1923 piecegoods business and consequent transport of piecegoods by railway has been on the increase, and in busy season even the whole shed No. 9 proves insufficient to accommodate the vast number of bales that are brought to it every day for transport up-country.

The proposed new arrangement works very great hardship on the merchants, the dalals and the general public without bringing any special benefit to the railway. Under the proposed arrangement piecegoods will have to be taken to three different sheds for being consigned. This will involve the triplication of the present staff at the disposal of the forwarding agents, the dalals, as well as the merchants and will involve them into heavy costs. Under the present circumstances, when motor buses are competing with the railway in the transport of goods, this additional expenditure involving in taking the goods to different sheds will drive the merchants away from the railway as a means of transport to the motor buses or such other means.

Sheds Nos. 10, 11 and 12 are intended for all kinds of goods from iron and steel to corn, colour, molasses, dates and such miscellaneous goods. Already there is considerable congestion in those sheds. The transfer of piecegoods to these sheds will add to the congestion. Besides piecegoods require greater care while they are being loaded as they are likely to be damaged and spoiled if they are brought into contact with such things as colours or sugar molasses, dates and even iron. Besides, every package of piecegoods has got to be weighed and must therefore be weighed at the scales. The packages cannot be weighed at the weighbridges because one merchant cannot transport one cart-load of a consignment at one and the same time. There is every likelihood of disputes arising at the scales when piecegoods are taken for weighment along with other commodities. There will be a scramble for the scales and while weighing the piecegoods will be damaged.

Further, as the bales of piecegoods are generally sent under Risk Note B the railway administration at once gets the benefit of its very stringent provisions and is exempt from any damage that may happen to the goods while they are in the possession of the railway.

The Risk Note B has already placed a very heavy handicap on the dealers in piecegoods. As they had a separate shed until now the chance of the goods being damaged while they were consigned was small. Now that the piecegoods will be taken to the different sheds and dumped and weighed with other goods, the danger of damage is considerably increased without any compensating advantage to the merchants, who use the railway as a means of transport of their goods.

My clients therefore request you to consider the points briefly mentioned above and not to give effect to the order from the 23rd inst. If you are pleased to grant my clients an interview they will wait upon you in deputation and explain their difficulties in detail so that it may be possible to find a way out of the difficulty.

Copy of letter No. 1906/96, dated 28th April 1941 from the Association to the Chief Traffic Manager, G. I. P. Railway.

The attention of the Association has been drawn to the inconvenience caused to member mills by reason of certain changes which appear to have been made recently in the booking arrangements for cotton piecegoods from Bombay (Wadi Bunder) to up-country stations. It has been represented that from the 23rd April, shed No. 9, which had uniformly been reserved for this traffic from the year 1923, has been taken over for other purposes and that it has been notified that piecegoods would be dealt with in sheds Nos. 10, 11 and 12, which already deal with various other types of goods, such as iron and steel, colours, corn, molasses, etc. Quite apart from the additional staff which it would be necessary to employ if piecegoods were to be accepted in three sheds, it has been pointed out that the new arrangement has greatly increased the risk of damage to baled goods awaiting despatch owing to their proximity to other goods and the likelihood of their coming into contact with such articles as colours, molasses, etc. Taken in conjunction with the terms of Risk Note "B" under which cotton piecegoods are usually accepted for transit, it has been suggested that the effect of the new arrangement is to throw an unnecessary additional responsibility, since Risk Note "B" would exempt the railway authorities in respect of damage to goods while they are in the possession of the railway awaiting despatch.

In view of the fact that piecegoods form such a large proportion of the traffic from Bombay as to warrant the allocation of a separate shed for them since the year 1923, my Committee would greatly appreciate it if you could let me know the reason for the new arrangements, which are understood to have come into effect from the 23rd of this month. If shed No. 9 has been taken over for the storage of goods in transshipment during this emergency, I am to inquire whether it would be possible for you to consider the allocation of some other shed where piecegoods could be dealt with exclusively, and entirely separately from other classes of articles.

An early reply will be appreciated.

Copy of letter No. CG.2/548.P.II, dated 1st May 1941 from the Chief Traffic Superintendent, G. I. P. Railway, to the Association.

1. The revised scale arrangements have been introduced at Wadi Bunder as a temporary measure from Wednesday the 23rd April 1941, in the interests both of the public and the railway, and the original arrangements will be reverted to as soon as conditions justify.

2. Every precaution will be taken while the present temporary arrangements of the booking of piecegoods traffic in sheds Nos. 10, 11 and 12 are in force to ensure that piecegoods traffic is handled carefully and not allowed to be mixed up with other general goods or damaged as feared by the merchants and dalals.

APPENDIX 45.

WAGON SHORTAGE

Letter No. 949/88, dated 9th April 1941 from the Chamber of Commerce, Bombay, to the Association.

I attach herewith for your information the copies of the telegrams arising out of the meeting held in the Chamber of Commerce on the 3rd inst., also copies of a letter received from the Hon'ble Mr. S. N. Roy, Department of Communications, and my reply thereto. It will be noted therein that Mr. K. G. Mitchell expects to be in Bombay about the 21st of April next when a meeting will be called of the various Associations interested, to go fully into the matter with him.

Mr. Gibbons accompanied by Mr. Ormerod interviewed the General Manager and the Chief Traffic Manager of the G.I.P. Railway on the 7th inst., and resulting from this a statement is being prepared setting out the amount of traffic awaiting despatch at the G.I.P. stations.

It is, therefore, considered that as this will provide figures of the existing wagon shortage there is no need for the various Associations to obtain them from their members as originally arranged. It is, however, still necessary to obtain some idea of the future annual requirements for wagons of the various Associations interested.

COPIES OF TELEGRAMS EXCHANGED IN CONNECTION WITH SHORTAGE OF TRANSPORT.

Telegram to the Member for Communications dated 3rd April 1941.

"At meeting held to-day of undermentioned Associations it was decided telegraph you urgently advising the grave situation arising out of existing shortage transport from and to Bombay. Owing to congestion of G.I.P. food and grain prices rising. Situation is not assisted by restrictions on road transport. Consider it essential an Executive Officer is appointed to investigate and co-ordinate all forms of transport with view relieving present situation and also plan ahead for the future when an even greater strain on India's internal transport is anticipated owing to increased output of munitions and other war demands. Grateful for early reply and suggest Senior Officer your Department be delegated discuss matter in Bombay enabling commercial community to offer fullest co-operation."

From Bombay Chamber, Indian Merchants' Chamber, Bombay Millowners Association, East India Cotton Association, Marwari Chamber of Commerce, Grain Merchants Association, Indian Roads and Transport Development Association.

Telegram dated 4th April from the Hon'ble Mr. R. H. Parker to Mr. J. M. B. Gibbons.

"Due leave Delhi Monday morning if possible wire me particulars position after you have seen G.I.P. If too late get me wire Communications which day next week deputation of two would like interview and send fullest possible information as to problem and suggested solutions in advance."

Telegram dated 5th April from the Chamber to the Hon'ble Mr. R. H. Parker.

"Are getting full statement from G.I.P. present difficulties and until received and considered premature deputation go Delhi. Impossible provide solution until problem fully investigated and we reiterate request despatch Official Bombay assist investigation. Suggest Roy Communications Department as very suitable for purpose."

Telegram dated 7th April from the Hon'ble Sir Andrew Clow, Communications Member, to the Chamber.

"Your telegram 3rd April matter has been discussed with Parker who reaches Bombay to-morrow. Understand you are discussing with G.I.P. Would be glad to discuss here with representatives on any day up to 13th. Alternatively Mitchell will be in Bombay on 21st."

Copy of letter No. D.550/41/W.T.B., dated 7th April 1941 from the Secretary to the Government of India, Department of Communications, to the Chamber of Commerce, Bombay.*

In reply to your letter No. 901/88 of the 4th April, I am directed to enclose a confirmatory copy of a telegram sent to you by the Hon'ble Member for Communications.

2. I am to add that the Government of India are in some doubt regarding the object and intention of the proposal made in your telegram. They understand that the imports of food grains by rail into Bombay have been on a larger scale than last year and have in consequence difficulty in understanding how congestion of traffic on the G.I.P. Railway has resulted in a rise of food prices. Nor are the Government of India clear as to the nature of the restrictions on road transport to which reference is made in this connection.

3. The Government of India are also in doubt regarding the nature of the proposal made for the appointment of an executive officer who is apparently to relieve the present situation in Bombay and make plans on a large scale for the future, and they feel that it would be of assistance to them if this proposal could be clarified.

4. Sir Andrew Clow will be leaving New Delhi on tour on 14th April, but would be very ready to discuss the matter here with any representatives who care to come before that date. Alternatively, Mr. K. G. Mitchell expects to be in Bombay about the 21st of April and could be asked to discuss it with representatives of your Chamber and any other body interested.

Copy of letter No. 947/88, dated 9th April 1941, from the Chamber of Commerce, Bombay, to the Secretary to the Government of India, Department of Communications, New Delhi.

I write to acknowledge receipt of your letter No. D.550/41/WTB, dated the 7th of April and also to confirm the receipt of a telegram dated the 7th idem from the Hon'ble Sir Andrew Clow, Member for Communications.

In reply I am to state that the question has been discussed with the General Manager of the G.I.P. Railway and a statement giving figures of traffic awaiting despatch at G.I.P. stations is in course of preparation. An attempt is also being made to obtain an estimate from the various associations who were signatories to the original telegram to the Communications Department, setting out their future wagon requirements over a fixed period.

It will not be possible therefore for a delegation with sufficient facts and proposals in their possession to wait on Sir Andrew Clow before the 14th of April. The alternative suggested by you is, therefore, preferred, namely, that Mr. K. G. Mitchell, who expects to be in Bombay about the 21st of April, should be asked to attend a meeting of the various interested bodies when it is hoped that concrete suggestions will be forthcoming and the queries raised in your letter under reference will then be replied to.

Copy of letter No. 1075/88, dated 26th April 1941, from the Bombay Chamber of Commerce to the Secretary, to the Government of India, Department of Communications, New Delhi.

I am directed to inform you that at a conference of the undermentioned Associations held in the rooms of the Bombay Chamber of Commerce on Thursday, the 24th April 1941,

between Mr. K. G. Mitchell, Consulting Engineer to the Government of India (Roads), accompanied by Mr. J. M. Sladen, Secretary to the Government of Bombay, Home Department, Mr. C. H. Reynolds, Secretary, Provincial Transport Authority, and the General and Traffic Managers of the G.I.P. and B.B. & C.I. Railways, it was resolved as follows :

“ In view of the shortage of transport that has existed for several months to the detriment of trade and industry, and with the prospect that this shortage will be greatly accentuated before long as India's war effort develops and the needs of the Military and the Supply Department for transport of munitions and war supplies increase, this meeting unanimously recommends to Government the appointment of an executive officer with full powers to investigate and co-ordinate the operation and development of all forms of transport, road, rail and water, and urges that the appointment be made without delay.”

The Bombay Chamber of Commerce, the Indian Merchants' Chamber, the East India Cotton Association Ltd., the Indian Roads and Transport Development Association, Ltd., the Marwari Chamber of Commerce, the Grain Merchants' Association, the Bombay Mill-owners' Association.

Copy of letter No. 1592/88, dated 25th June 1941 from the Chamber of Commerce, Bombay, to the Association.

WAGON SHORTAGE : CO-ORDINATION OF TRANSPORT.

I am directed to forward herewith copy of a letter received from the Government of India, Department of Communications, on the above subject, for your information.

Copy of letter No. R160, dated 18th June 1941 from the Secretary to the Government of India, Department of Communications, to the Chamber of Commerce, Bombay.

With reference to your letter No. 1470/88, dated the 9th June 1941* to the Honourable the Member for Communications, I am directed to state that the question of furthering co-ordination of road and rail transport with a view to securing the best use of the available facilities will be considered by the Transport Advisory Council when they meet next month and that the position will then be reviewed by the Government of India in the light of any recommendations which the Council may make.

Copy of letter No. 1511/88, dated 16th June 1941 from the Chamber of Commerce, Bombay, to the Association.

Resulting from the telegram despatched on the 3rd of April 1941 to the Hon'ble Member for Communications and the subsequent interview held with him in Simla, information has now been received that the Government of India have appointed Mr. J. T. Day, lately Deputy Traffic Manager, G.I.P. Railway—

- (1) to examine, in consultation with the Government of Bombay, business interests in Bombay, and other connected railways, the complaints arising from congestion on the G.I.P. in recent months ;
- (2) to report on the points between which relief is most required, the possibility of securing relief by increased resort to road and water transport and the best methods of securing such relief ; and
- (3) to consider any other suggestions that may be put forward.

Mr. Day desires to meet members of the various Associations at 3 o'clock in the offices of this Chamber on Thursday, the 19th June, and I am to request you to be good enough to arrange for your representatives to be present.

Copy of letter No. 2629/49A, dated 17th June 1941, from the Association to the Chamber of Commerce, Bombay.

With reference to your letter No. 1511/88, dated the 16th instant, I am directed to inform you that Mr. A. L. Paramor (of Messrs. E. D. Sassoon & Co., Ltd.) and Mr. Neville N. Wadia (of Messrs. Nowrosjee Wadia & Sons) would represent the Association at the meeting with Mr. J. T. Day on Thursday next, the 19th June 1941, at 3 p.m. (S.T.)

APPENDIX 46.

ESTABLISHMENT OF A PERMANENT INDUSTRIAL MUSEUM.

Copy of letter No. 141-Ind. (6)/41, dated 4th February 1941 from the Under Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to enclose herewith a copy of the conclusion reached on the proposal made at the Twelfth Industries Conference held at Lucknow in December 1940, concerning the establishment of an Industrial Museum. It will be noted that it was decided to ask those interested in the question to furnish further details of their proposals to Government, and suggestions as to the location of the Museum and the means of financing it were also to be invited. I am, therefore, to request you, if your Association is interested in the matter, kindly to let the Government of India have such details and suggestions in the above noted matter as your Association may wish to put before them.

Conclusion reached in connection with item XIII "Establishment of a permanent Industrial Museum at the Imperial Capital" of the Agenda of the Twelfth Industries Conference.

The Conference is of the opinion that the consideration of this question may be adjourned to the next Industries Conference and that in the meanwhile those interested in the question may be asked to furnish further details to the Government of India so that a Commercial Exhibition on a permanent scale may be organised and may function permanently. Suggestions as regards the place where it should be located and how it should be financed may also be invited.

Copy of letter No. 1182/73, dated 11th March 1941 from the Association to the Under Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 141-Ind.(6)/41, dated the 4th February 1941, in which you request my Committee to express an opinion on a proposal for the establishment of a permanent Industrial Museum in Delhi. The proposals made at the last session of the Industries Conference were carefully considered by my Committee, but they feel that a Central Exhibition in Delhi would not be attractive as a commercial proposition. The cotton mills of Bombay are, it is understood, sufficiently represented in Delhi, and this representation, my Committee feel, adequately meets the needs of the case. In other words, manufactures of Bombay cotton mills are already on exhibition in the selling agents' shops, and these exhibits are being renewed from time to time. In this view of the case, an additional museum, to my Committee's mind, would be superfluous.

APPENDIX 47.

AMENDMENT OF THE RULES OF THE BOMBAY NATIVE SHARE AND STOCK
BROKERS' ASSOCIATION.

Copy of letter No. 2902/14485-D, dated 16th July 1941, from the Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to enclose a copy of Government notification, Finance Department, No 2902-D, dated 15th July 1941, which has been published in Part IV-B of the *Bombay Government Gazette Extraordinary* dated 16th July 1941, containing amendments to its rules submitted by the Native Share and Stock Brokers' Association, and to request you to communicate to Government the views of your Association, if any, on the proposed amendments before the 15th August 1941.

2. The amendments are intended to enforce a scheme of compulsory intermediate settlements in certain circumstances. A copy of the memorandum submitted by the Native Share and Stock Brokers' Association explaining the scheme and the amendments consequential on it is enclosed for your information.

Copy of Finance Department Notification dated 15th July 1941.

No. 2902-D—In pursuance of the provisions of sub-section (3) of section 5 of the Bombay Securities Contracts Control Act, 1925 (Bom. VIII of 1925), the following amendments made by the Native Share and Stock Brokers' Association, Bombay, in the rules for the regulation and control of transactions in securities (other than ready delivery contracts), published in Government Notification in the Finance Department, No. 2902-D, dated the 31st May 1938, are published for general information. They will be taken into consideration by the Government of Bombay on or after the expiry of one month from the date of publication of this notification :—

In rule 90 (a) (6) (i), after the word "market" occurring in the first line, the words "with respect to all or specified securities" shall be added.

In the proviso to rule 90 (a) (6) (i), for the figures and word "24 hours" the words "two working days" shall be substituted.

In rule 119 (d), after the word "Day" occurring in the sixth line the words "or the Adjusting Pay Day" shall be added; and after the word "Day" occurring in the seventh line the words "or the Adjusting Settling Day" shall be added.

In rule 253 (a), after the word "Day" occurring in the second line, add the words "or on the Adjusting Pay Day" and in the fourth line, for the word "settlement" substitute the words "and ensuing settlements."

In rule 253 (c), after the word "Day" occurring in the third line, add the words "or on the Adjusting Settling Day".

In Appendix H, Form A, after the word "stated," add the words "A margin of per cent. in cash or securities to be approved by me/us to be maintained by you with me/us until closing of this contract."

After rule 357 (2), the following new rules shall be added namely :—

358. *Official Budli Prices.*—(a) On the business day immediately preceding the first Day fixed by the Board for budli business, the Secretary with the concurrence of the members

of the Board present at the time shall fix prices for all securities on the Forward List, hereinafter called Official Budli Prices.

(b) *Budli Prices how Fixed.*—Official Budli Prices so fixed shall be slightly above or below the market prices, as the market conditions warrant at the close of forward business on the Day of fixation and shall constitute the bases for fixing and declaring Margin Prices.

(c) *Budli Contracts.*—Unless otherwise arranged, bargains in respect of Budli or carry over shall be effected at or below the Official Budli Prices.

359. *Forward Bargains subject to Adjustment.*—All forward bargains shall be closed and completed every month on the days to be fixed by the Board for the purpose and shall be subject to adjustment from time to time by reason of a change in market values as hereinafter provided.

360. *Margin Prices.*—(a) For the purpose of adjustment of account, the Secretary with the concurrence of the members of the Board present at the time shall fix prices for securities hereinafter called Margin Prices.

(b) *Conditions for Fixing Margin Prices.*—Margin price shall be fixed for any security whenever :—

(1) there is a decline, on the day of fixation or on any day previous thereto in the market price to the extent of 10 per cent. (i) from the Official Budli Price, (ii) from the last margin price fixed for the current settlement for such security ;

(2) there is a rise to the extent of 10 per cent. above the last margin price fixed for current settlement ;

(3) the market price recedes to the Official Budli Price after a rise of 10 per cent. from the said price.

(c) *Day for Fixing Margin Prices.*—Margin prices shall be fixed on Friday or when circumstances so require on such other day as may be declared by the Board after the close of business on the previous day. If Friday be a holiday, Margin Prices shall be fixed on the preceding working day.

(d) *Margin Prices how Fixed.*—Margin Prices to be fixed shall be around the average market prices for the current settlement on the day of fixation and in no event higher than the Official Budli Prices.

361. *Contracts to be Adjusted.*—(a) When Margin Prices are fixed in any security, all contracts in such security entered into up to and including the day on which Margin Prices are fixed shall be included in each adjustment of account.

(b) *Adjustment of Open Contracts.*—All open contracts shall be temporarily adjusted at Margin Prices. Differences shall become due on the adjusting pay day.

(c) *Adjustment of Closed Contracts.*—All closed contracts shall be settled and completed at the contract rates. Differences shall become due on the adjusting pay day.

362. *Comparison of Accounts.*—Members shall compare and check accounts and adjust any discrepancies on Saturday or on the business day next after the day on which Margin Prices are fixed.

363. *Payments of Differences.*—(a) All payments by or to a member in settlement of differences shall be made through the Clearing House in the manner provided in rules 285 and 288.

(b) *Inward Payment.*—Payments into the Clearing House shall be made by members not later than 5 p.m. on Monday or on the business day following the Comparison Day.

(c) *Outward Payments.*—Payments out by the Clearing House shall be made to the Bank of India, Ltd., for the credit of the account of such member with the said Bank as soon as practicable but not later than 12 noon on Wednesday or on the second business day next after the Adjusting Pay Day.

(d) *Outward Payment by Draft.*—For the purpose of this Rule, a draft drawn on the Clearing House for the amount due by the Clearing House to a member in such Form as may be prescribed by the Board and accompanied by a Pay-in-Slip of the Bank of India, Ltd., shall be lodged with the Clearing House with the Statement Sheet of Differences.

364. *Adjusting Pay Day.*—(a) The day on which differences are to be paid to the Clearing House shall be known as Adjusting Pay Day.

(b) *Adjusting Settling Day.*—The day on which differences are to be paid by the Clearing House to members shall be known as Adjusting Settlement Day.

(c) *Altering Payment Days.*—In case of emergency the Board may postpone the Adjusting Pay Day and/or the Adjusting Settling Day by a resolution carried by a majority of the members present at a meeting of the said Board at which not less than three-fourths of all the members of the said Board shall have been present.

365. *Initial Margin.*—(a) A member shall have the right to demand an initial margin in cash and/or securities from his constituent before executing an order, but shall not be entitled to claim any margin after executing an order save as hereinafter provided.

(b) *Additional Margin.*—When an initial margin is put up, the constituent shall maintain, save as otherwise agreed upon by the parties to the contract, such percentage of margin as may have been specified in the contract note, by forthwith putting up, when from time to time called upon, additional margin required owing to changes in market prices.

366. (a) A member shall require his constituent to pay on any Adjusting Pay Day, difference equivalent to the amount by which it exceeds the sum of additional margin money put up with the member under rule 365 (b).

(b) *Member's Claim for Differences.*—If a member does not exercise his right to call upon his constituent for additional margin as provided in rule 365 (b), the difference between the contract price and Margin Price fixed under these Rules shall be payable by the constituent on the Adjusting Pay Day.

(c) *Constituent's Liabilities for Differences.*—If by arrangement a constituent is not obliged to maintain margin, he shall become liable for payment of differences on the Adjusting Pay Day. Unless otherwise agreed upon in writing at the time of the bargain, a member shall not be required to set off differences against the initial margin until closing of the contract.

367. *Failure to Maintain Margin.*—Failure to comply with the provisions of rule 365, shall give the member the right to close the account of the constituent as provided in rule 253 (b) or 298 (f) as the case may be.

368. *Unlimited Liabilities.*—The liability of a constituent is not limited to the amount of margin money or securities deposited.

369. (a) *General Margin Agreement.*—If a member elects to hold securities as margin for the account of his constituent, he may take a letter from the constituent in the Form prescribed in Appendix M to these Rules or in any other form by mutual agreement.

(b) *Pledge Agreement.*—An agreement between a member and a constituent, authorising the member to pledge securities shall only entitle the member to pledge such securities as may be fair and reasonable having regard to the indebtedness of the constituent.

370. Rules Nos. 358 to 369 shall remain in operation for a period of one year from the date on which they come into force.

APPENDIX M.

Form of General Margin Agreement.

Rule 369 (a).

Agreement Stamp Re. 1. ^o

Address :

194 .

(Name of Broker)

Gentlemen,
Gentleman,

I/We beg to hand you the following securities and/or the sum of Rs. to be held by you as security for payment of all my/our liabilities to you, howsoever and whenever arising.

You are hereby authorised and empowered, without further notice to me/us in the usual course of business to sell, pledge or hypothecate at your option for the amount due to you from me/us from time to time all or any of the said securities as also the securities which I/we may hereafter deposit with you in addition to or in substitution for the securities already deposited or which may hereafter come into your possession on my/our liabilities to you, returning the surplus, if any, to me/us, and being entitled to claim from me/us for the deficiency, if any, which I/we hereby agree to pay to you on demand. I/We further agree that in the event of even a temporary rise or fall in value of any shares or securities sold or bought by you on my/our account and behalf, I/we shall from time to time on demand either pay to you further margin moneys or furnish further additional security approved by you equivalent in value to the difference between the contract price of securities sold or bought and the market value of such securities on the date when the demand for further margin is made. In the event of my/our failing to do so, you are hereby authorized to close either forthwith or at any time thereafter in your absolute discretion and without notice to me/us, all my/our outstanding business.

It is agreed that my/our liability is not limited to the amount of securities or money deposited with you and that there is no obligation on you to close out the account even if the margin is exhausted.

Accompaniment to Government letter, Finance Department, No. 2902/14485-D, dated 16th July 1941.

Memorandum submitted by the Native Share and Stock Brokers' Association explaining the scheme.

Amendment to rule 90(a)(6)(i).—Under the margin rules, an intermediate settlement will have to be effected in the case of a scrip, in the price of which there has been a fall exceeding 10 per cent. It would not be therefore advisable to close the whole market.

2. *Amendment to proviso to rule 90(a)(6)(i).*—As we are introducing the margin system, though it will not be necessary at every intermediate settlement to close the market, when there are chances of settlement not going through smoothly, as in the case of a crisis or a big fall, it may appear necessary to close the market for 2 days. In times of emergency it will not be convenient to obtain Government's sanction for closing the market one day further. Hence the amendment.

3. *Amendments to rules 119(d), 253(a), 253(c) and Form A in Appendix H.*—These are consequential to the margin rules.

4. *Substance of the Margin System.*—The Rules 358 to 364 relate to compulsory margin scheme and require elucidation.

Each new settlement starts mostly with carry-over or *budli* business. The Rule 358 gives the Board the power to fix a maximum price for each security for *budli* business. In other words, the Board declare the prices at which credit may be extended to the buyers. For instance, the Board fix Rs. 2,000 as *Budli* Price for Tata Deferred as provided in rule 358(b). It is proposed that all *Budli* business as provided in rule 358(c) should be done at or below Rs. 2,000. It is, however, not possible to prohibit such business above Rs. 2,000, the Official *Budli* Price, if parties to the contract agree. Such a restriction cannot be enforced without the assistance of legislature. The fixation of *Budli* Prices is only essential for the purpose of determining margin prices. The carry-over or *budli* is effected at or below Rs. 2,000 the Official *Budli* Price or even above this price. The market thereafter declines. If the decline is to the extent of 10 per cent. from the Official *Budli* Price, i.e., from Rs. 2,000 to 1,800, the margin will be demanded from the purchaser under rule 360(b) (1)(i). If there is a further fall of 10 per cent. from the margin price so fixed, i.e., from 1,800 to 1,620, further margin will be demanded under rule 360(b)(1)(ii), and so on for each successive fall of 10 per cent. from the previous margin prices fixed.

Again, if there is a rise of 10 per cent. after margin money is paid, i.e., either from 1,620 to 1,800 or from 1,800 to 2,000, the buyers shall be entitled to claim the refund of the margin already paid under rule 360(b)(2).

You will thus notice that the margin money to be paid or to be refunded is not to be calculated as so much per cent. on the purchase price but it is to be paid by way of difference, as provided in rule 361, between the contract price and margin price fixed by the Board under rule 360(d).

Suppose *budli* is done at different prices for different clients, say, for A at 1,950 and for B at 2,050. The Official *Budli* Price is 2,000. Margin price fixed is 1,750. A will have to pay Rs. 200 = 1,950 — 1,750, whereas B will have to pay Rs. 300 = 2,050 — 1,750. You will thus see that whatever the *budli* prices of the contract may be, all purchases in a falling market are brought down to the level of the prevailing market prices on the first payment of margin money and the risk is thereby entirely minimised.

Now take the reverse case, after carry-over of the purchases, there is, instead of a fall, a rise in market prices, no margin under the rules is to be paid. Now after the rise of 10 per cent. over the Official *Budli* Price, the market declines, the margin is to be demanded, but only when the market prices reach the level of Official *Budli* Prices. This is rule 360(b)(3). This policy of the Exchange is based on the principle that a borrower cannot claim any further advance over the initial credit given to him, that is over the Official *Budli* Prices. This is provided in rule 360(d).

The most important rule is 360. The other rules merely lay down the procedure to enforce margin as and when arising.

A good deal of publicity is given without properly understanding the function of the margin to the question of not fixing any margin price when there is a rise of 10 per cent. or more in prices over the *Budli* Prices fixed. This is a most technical subject, which is not readily grasped by a layman and cannot be fully understood by the general public.

Suppose A has bought 10 Deferreds at 1,900. He neither takes delivery of shares nor takes the profits at the ruling rate of 2,000 but decides to carry-forward at 2,000. In other words, he borrows money at the prevailing market rate, that is, he gets the full credit from, and without depositing any margin with, the takers-in who may either be banks or money-lenders.

The prices thereafter go higher and higher week after week. Is it fair and equitable that a borrower should demand further advance of money, i.e., margin week after week. Suppose the rate rises to 2,300 no banks or moneylender would agree to advance a further sum of Rs. 300—2,300—2,000. Why should they? They are not speculators. They have invested their funds to earn interest and they must not be required to take further risk of the speculative purchasers. The another instance. An investor sells his shares at 2,000. After the sale, the prices rise to 2,300. Can a buyer legitimately claim from the *bona fide* seller a sum of Rs. 300? Why should the seller pay Rs. 300 to the buyer? He has simply to deliver the shares on due date and recover Rs. 2,000. Why should he be compelled to pay Rs. 300 at the intermediate settlement and recover Rs. 2,300 on the pay day. If the buyer fails eventually to take delivery, the unfortunate seller will not only suffer a loss but also lose the sum of Rs. 300 paid from his cash box for no consideration whatever.

It will be realised that the critics have not figured out the effect which will follow from the system of margin to be paid by the seller to the buyer, i.e., by the lender to the borrower in a bull market. Such a procedure will play more mischief rather than do any good. Bull speculators would in such cases be encouraged to over-trade as they can realise unearned profits quickly week after week.

The only possible argument that may be advanced by the critics is that it will encourage short selling, but they forget that if bears have not to pay any margin at the intermediate settlement they have after all to pay the difference at the end of the settlement. Besides, we know from our past long experience of the market, that 15 per cent. are short sales whereas 85 per cent. are *bona fide* sales. We therefore do not experience a crisis when prices are booming but it is only when slump eventually follows boom, the buyers fail to meet their liabilities with the resultant crisis.

No one will deny that short sellers under the scheme are not required to pay the margin, but this so-called disadvantage of the scheme is outweighed by the advantages. After viewing the scheme from all the angles, the Exchange is of opinion that when the scheme comes into operation there would be a diminution of business for its members but the business would be more healthy.

Copy of letter No. 4256/154, dated 24th September 1941 from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to refer to your letter No. 2902/14485D, dated the 16th July 1941 requesting the Association to express an opinion on certain amendments to the rules of the Native Share and Stock Brokers' Association designed to enforce a scheme of compulsory intermediate settlements in certain instances, and regret it was not possible for the Association to send a reply by the date specified in your letter.

My Committee are generally of the opinion that nobody can really approve or continue to be satisfied with the present position where shares may be bought for cash at very much lower prices than they can be bought in the forward market. In their view, the amended rules, if put into operation, might bring about an improvement of the situation, though they seem designed to give protection to the bulls and brokers rather than act as a facility for investors.

Copy of letter No. 2902/19026-D, dated 28th August 1941, from the Secretary to the Government of Bombay, Finance Department, to the Association.

Subject :—AMENDMENTS TO THE RULES OF THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

I am directed to enclose herewith a copy of Government Notification, Finance Department, No. 2902-D, dated 18th August 1941, which has been published on page 728

of Part IV-B of the *Bombay Government Gazette*, dated 21st August 1941 on the subject mentioned above and to request you to communicate the views of your Association, if any, on the proposed amendments before 17th September 1941.

2. A copy of memorandum submitted by the President of the Native Share and Stock Brokers' Association explaining the proposed amendment to rule 238 is also enclosed for your information.

Copy of Government of Bombay Notification, Finance Department, dated 18th August 1941.

No. 2902-D.—In pursuance of the provisions of sub-section (3) of section 5 of the Bombay Securities Contracts Control Act, 1925 (Bom. VIII of 1925), the following amendments made by the Native Share and Stock Brokers' Association, Bombay, in the rules for the regulation and control of transactions in securities (other than ready delivery contracts) published in Government Notification in the Finance Department No. 2902-D, dated the 31st May 1938, are published for general information. They will be taken into consideration by the Government of Bombay on or after the expiry of one month from the date of publication of this notification :—

At the end of rule 115, full point should be deleted and the words " whether the time for making the same has expired or not " shall be added.

In rule 172(k), after the word " Association " occurring in the 12th line, the following shall be added :—

" On the termination of his employment or in the event of his death all security not applied under this rule shall at the cost of the Remisier be repaid and retransferred to him or as he shall direct."

At the end of rule 200, add the words " The Board may in any particular case or cases declare that transactions shall be *ex-dividend* or *ex-rights* at any other time."

In rule 230(b), after the word " Exchange " occurring in the third line, the words " outside India " shall be added.

In the heading of rule 238, the word " Forbidden " shall be deleted.

For rule 238, the following rule shall be substituted namely :—

" 238. Parties to a dispute may appear through Advocates or Attorneys in any investigation before the Board or Arbitration Committee with the permission of the said Board or Arbitration Committee."

In rule 253(b), after the word " default " occurring in the fourth line put a full stop and add the words " In the event of closing the account, he shall immediately send notice of such closing to his constituent."

Copy of a Memorandum by the President, Native Share and Stock Brokers' Association.

Rule 238.—In case of dispute between the members it is compulsory for them to refer the matter in dispute to our Arbitration Committee. But in case of the dispute between a member and a non-member, though it is compulsory on the part of a member to refer the matter to the Arbitration Committee, it is absolutely optional for a non-member. If an award is passed against a member, a non-member can enforce the same without any difficulty ; but in case of a non-member, if the latter does not carry out the terms of the award then the member has to compulsorily go to a Court of Law to execute the award.

The rule is thus absolutely in the interest of the public. As framed, our rule 238 debars the appearance of lawyers. As our member is labouring under so many disadvantages, it is apparent that an application by a non-member for allowing to be represented by a lawyer would not be accepted. In order therefore to give justice to both the parties, we have suggested the amendment, and there is nothing unusual because, even in References made by the Courts of Law there is always a provision that parties will be allowed to be represented by the lawyers with the permission of the arbitrators. If a non-member thinks that he will not be able to put his case before the arbitrators in a proper manner, then he is at fullest liberty to go to a Court of Law.

Copy of letter No. 4382/154, dated 2nd October 1941, from the Association to the Secretary to the Government of Bombay, Finance Department.

Subject :—AMENDMENTS TO THE RULES OF THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

I am directed to acknowledge the receipt of your letter No. 2902/19026-D, dated the 28th August 1941, on the above subject, and regret it was not possible to submit an earlier reply.

My Committee have carefully examined the amendments proposed, and it would appear that, with the exception of rule 238, the other amendments are only of a purely domestic nature.

Rule 238, as it stands at present, appears to refer to members of the Stock Exchange only, and the amendment proposed to this rule might, it is thought, benefit the poorer members of the public who might prefer to go to arbitration before the Board rather than have recourse to a Court of Law.

APPENDIX 48.

ADULT EDUCATION IN BOMBAY CITY.

Copy of letter No. L(m)-107, dated 10th May 1941 from the Special Literacy Officer, Bombay, to the Association.

In continuation of our conversation in your office on 30th April, 1941, I have the honour to forward herewith the scheme of literacy classes which is being tried in the Morarji Gocouldas Mills for the last ten months, with fairly satisfactory results. I feel that a similar arrangement can also be tried in other mills with the necessary modifications, in individual cases. I request that you will kindly bring this scheme to the notice of other managements and recommend them to give it a trial in their respective mills. I propose to see the authorities and to discuss the question personally with them and I feel that a letter of introduction from your Association will facilitate my work to a great extent.

I shall be grateful if you request Mr. R. G. Gokhale, the Labour Officer of the Association to introduce me to the several managements and to help me in my mission in any other way possible for him. It would also be of much help to me if I get a list of all the mills in Bombay with their addresses and the names of managements and the Labour Officers with their office addresses.

I hope you will consider the above proposals sympathetically and do the needful in the matter.

ADULT LITERACY CAMPAIGN IN BOMBAY.

Scheme Working in the Morarjee Goculdas Mills.

Four classes were opened in the mills in July 1940 and were conducted for a period of four months. These classes were held in two batches to suit the convenience of employees working in the day and night shifts. One batch of two classes which was meant for the night shift workers, commenced by 4-40 p.m. and continued for 45 or 50 minutes, i.e., upto 5-30 p.m. On the closing of the classes, they proceeded directly for their night-shift work and the day-shift workers who were free at 5-30 p.m. attended the two classes of the other batch upto about 6-20 p.m. before they went home. When the shifts changed, the pupils of the first batch became the pupils of the second batch and *vice versa*. The pupils were the same but they changed the periods of attendance according to the shifts in which they were working. As the teachers were the same also the continuity of instruction was not disturbed. In this way they continued for a period of four months and a large majority of those who attended had acquired a limited proficiency in reading and writing. With a view to afford these new literates facilities to keep up the habit of reading they had acquired and to improve their efficiency they have been further allowed to attend the two post-literacy classes which have been maintained to suit the shift arrangements.

On the termination of tuition for one set of workers, a set of four fresh classes were started and have been working on the same lines. The management have decided to continue this practice in future and may increase the number of classes to be run at each period in the light of experience that they will gain from the present experiment.

The above scheme has worked very well in the Morarjee Goculdas Mills and the experience of the last 10 months shows very satisfactory results. The cost of running these four classes for a period of four months was a very small amount and it had not exceeded Rs. 55 including the recurring and non-recurring items of expenditure as shown below :—

<i>Recurring.</i>	Rs. a. p.
1. Teacher at Rs. 7 p.m. (7×4)	28 0 0
2. Contingency for pencils, chalk, books, etc., at Re. 1 ..	4 0 0
	Total .. 32 0 0

<i>Non-Recurring.</i>	Rs. a. p.
20 Text books at As. 2	2 8 0
20 Slates at As. 6	7 8 0
1 Black board	2 0 0
20 Supplementary reading books at As. 2	2 8 0
	Total .. 14 8 0
Nominal charges for supervision	4 0 0

Grand Total (in round figures) .. 50 0 0

It will thus be seen that at a nominal cost of Rs. 50 about 53 workers have achieved literacy within a period of four months. It has been found that occasional visits paid by the

Manager and other officers of the mills to these classes go a long way in keeping up the enthusiasm of the pupils, and they attend the classes regularly and take greater interest in the instruction imparted to them.

In short, the experience gained by the Morarjee Goculdas Mills in conducting these classes has been satisfactory in every respect and the results achieved in a short period of four months are most encouraging.

Copy of circular No. 2376/172, dated 29th May 1941, to all members of the Association in the City and Island of Bombay.

Towards the end of 1939, the Committee of the Association considered the question of assisting the Adult Education Committee in their efforts to spread literacy in the city of Bombay. The Committee of the Association at a meeting held on 20th November 1939, passed two resolutions which are reproduced below for the guidance of member mills.

“That member mills be asked to take such steps as they consider advisable to assist Government in their literacy campaign as far as mill workers are concerned, and that, in any case, they be asked to ascertain the names of their operatives willing to attend classes after working hours.”

“It was further resolved that facilities be given to the Secretary of the Adult Education Committee to enable the representatives of the Committee to establish direct contact with the mill managements for the purpose of assisting the establishment of satisfactory arrangements in the mill area.”

During the last 12 or 15 months Mr. K. T. Mantri, the Special Literacy Officer, approached a few member mills with a view to find out whether the managements would be prepared to start literacy classes in their own mills. As a result of this, literacy classes have been started in the Morarjee Goculdas Mills and certain other mills. I am forwarding herewith copy* of a note setting out the details concerning the classes in the Morarjee Goculdas Mills, and the results achieved in a brief period of 10 months. It would appear that at the small cost of about Rs. 50 something like 53 workers have achieved literacy within the period of four months. In short, the experience gained by the Morarjee Goculdas Mills in conducting these classes, has been very satisfactory and encouraging.

During the course of the next few months, Mr. K. T. Mantri desires to call on the individual mill Managements in order to discuss with them the literacy scheme and also to find out whether arrangements similar to those made in the Morarjee Goculdas Mills could be tried in other mills with necessary modifications to suit the convenience of individual mills. I shall be glad if you will kindly request the Manager of your mill to see Mr. Mantri by previous appointment and to discuss the question of literacy classes with him. I have asked Mr. Mantri to get in touch with the Managers in advance and fix up appointments convenient to them.

Copy of letter No. 2382/172, dated 29th May 1941 from the Association to the Special Literacy Officer, Bombay.

I am directed to acknowledge the receipt of your letter No. L(m)-107, dated the 10th May 1941.

As a result of your letter and the discussions we had had, I am sending a circular to all member mills in the City and Island of Bombay, a copy of which is enclosed.*

* Published above.

APPENDIX 49.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 26th March, 1942), showing the rates of Customs duties, including the additional duties levied under the Indian Finance Act, 1942, levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T.(7)/41, dated the 13th December, 1941, for the purpose of assessment of Customs duties with effect from the 1st January 1942, (2) the rate of duty leviable on articles the produce or manufacture of Burma under the Government of India, Finance Department (Central Revenues), Notification No. 39-Customs, dated the 7th June, 1941, as subsequently amended, (3) the rates of Excise duties leviable on articles produced or manufactured in British India, and (4) the rates of Cesses leviable on certain articles on export or otherwise and the Tariff values fixed for certain articles under the Government of India, Department of Education, Health and Lands, Notification No. F. 34/42-A, dated the 11th June, 1942, for the purpose of assessment of the Agricultural Produce Cess with effect from the 1st July, 1942.

Note 1.—In the expression “*ad valorem*” used in these Schedules the reference is to “real value” as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it.

Note 2.—The tariff value specified in the second column of the First Schedule shall, unless otherwise expressly provided, apply whether the article is assessed to duty under the item specified in the corresponding entry in the first column or under any other item.

Note 3.—The description of tariff-valued articles in the second column follows the ordinary trade description and covers all reduced grades and mixtures unless they are specially provided for.

Note 4.—In this publication, the expression “standard rate of duty” means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty.

Note 5.—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty.

Note 6.—The expression “Far East” covers China, including Hongkong and Macao, Japan and the Japanese Empire, the Straits Settlements, Malaya, Thailand, French Indo-China, the Netherlands East Indies, Sarawak, British North Borneo, the Philippines, Burma and Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION I.							
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.							
1	ANIMALS, living, all sorts .. .. .	....	Free .. .. .	....	....	....	....
2	BACON AND HAM, not canned or bottled ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
3	FISH, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
3(1)	FISH, salted, wet	Revenue ..	Such rate or rates of duty not exceeding one rupee per Indian maund of 82·2/7 lbs. avoirdupois weight as the Central Government may, by notification in the <i>Official Gazette</i> from time to time prescribe,* plus 6½ per cent. <i>ad valorem</i> plus one-fifth of the total duty.	....	....	Free ..	....
	<i>Tariff values—</i>	Per Indian maund.					
	(i) Soormal	Rs. a. p.					
	(ii) Bangdas	6 4 0					
	(iii) All other sorts	3 4 0					
		7 8 0					
3(2)	FISH, salted, dry	Revenue ..	18 per cent. <i>ad valorem</i>.	....	....	Free ..	....
3(3)	FISH, unsalted, dry	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt.					
	Bomlas	Rs. a. p.					
		4 8 0					

* The rate on the 26th March, 1942, and until further notice is annas 9½ per maund of 82·2/7 lbs. avoirdupois.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION I—<i>concl.</i>							
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM—<i>concl.</i>							
3(4)	FISHMAWS, including singly and sozille and sharkfins.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Sharkfins, loose or in bundles from Arabian and Persian Gulf Ports.						
	Per cwt. Rs. a. p.						
	Sharkfins, loose or in bundles from China and the Straits.						
	Per lb. Rs. a. p.						
	BUTTER, CHEESE AND GHEE	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Butter						
	Per lb. Rs. a. p.						
	Ghee						
	Per cwt. Rs. a. p.						
4(1)	MILK,* condensed or preserved, including milk cream.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
5	CORAL, unprepared	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
5(1)	COWRIES AND SHELLS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Per thousand. Rs. a. p.						
	Chanks—						
	Sound, live						
	Sound, dead						
	Other sorts						
	Per cwt.						
	Cowries, bazar, common						
	Cowries, yellow, superior quality.						
	Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities.						
	Cowries, Maldives						
	Cowries, Sankhli						
	Mother-of-pearl, nacre						
	Nakhla						
	Per lb.						
	Tortoise-shell						
	Tortoise-shell, nakh						
5(2)	IVORY, unmanufactured.. .. .	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>	12 per cent. <i>ad valorem</i> .	..
	<i>Tariff values—</i>						
	Per cwt. Rs. a. p.						
	Elephants' grinders						
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lbs. in weight, and hollows, centres, and points each weighing 10 lbs. and over.						
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lbs. and not exceeding 20 lbs. each, and hollows, centres, and points each weighing less than 10 lbs.						
	Elephants' tusks each less than 10 lbs. (other than hollows, centres, and points).						
	Sea-cow or moye teeth, each not less than 4 lbs.						
	Sea-cow or moye teeth, each not less than 3 lbs. and under 4 lbs.						
	Sea-cow or moye teeth, each less than 3 lbs.						
SECTION II.							
PRODUCTS OF THE VEGETABLE KINGDOM.							
6	PLANTS, LIVING, not otherwise specified .. .. .	....	Free .. .. .	....	....	....	....
6(1)	RUBBER STUMPS .. .. .	....	Free .. .. .	....	....	....	....
7	VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified.	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	Potatoes and Onions—5 per cent. <i>ad valorem</i> ; all others 12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>						
	Per cwt. Rs. a. p.						
	Potatoes						

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients, is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom.	A British Colony.	Burma.	
	SECTION II—<i>contd.</i>						
	PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.*	Preferential revenue.	38 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>						
	Almonds—	Per cwt. Rs. a. p.					
	(i) Without shell	75 0 0					
	(ii) In the shell—						
	(a) Iranian Kagazi	60 0 0					
	(b) Iranian other than Kagazi.	20 0 0					
	(c) Other than Iranian—						
	(1) Soft shell including half-hard shell qualities such as Prunelle and the like.	33 8 0					
	(2) Hard shell	21 0 0					
	Cashew or cajoo kernels, not skinned.	20 0 0					
	Coconuts, Straits, Dutch East Indies and Thailand—	Per thousand. Rs. a. p.					
	Husked	58 0 0					
	Unhusked	64 0 0					
	Coconuts, Ceylon	40 0 0					
	Coconuts, other except Maldives.	23 0 0					
	Dates, dry, excluding seedless—	Per cwt. Rs. a. p.					
	Kapkapa, Shekra or Shakeria, Chharra, Chupchap, Sakina and Brami.	10 0 0					
	All other qualities	7 0 0					
	Dates, wet, in bags, baskets and bundles.	3 12 0					
	Dates, wet, packed in other receptacles.	9 0 0					
	Figs, dried, Iranian	18 8 0					
	Pistachio nuts	65 0 0					
	Raisins, red, Persian Gulf ..	11 0 0					
8(1)	CURRENTS	Revenue ..	Re. 1-8 per cwt. ..	....	....	Free ..	....
9	COFFEE, not otherwise specified	Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound plus one-fifth of the total duty.	....	30 per cent. <i>ad valorem.</i>	10 per cent. <i>ad valorem.</i>	....
9(1)	COFFEE, canned or bottled	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
9(2)	TEA†	Preferential revenue.	Six annas per pound ..	....	Three and three-fifths annas per pound.	Two and two-fifths annas per pound.	....
9(3)	THE FOLLOWING SPICES, whether ground or unground, namely:—						
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.	Preferential revenue.	54 per cent. <i>ad valorem.</i>	....	45 per cent. <i>ad valorem.</i>	10 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.					
	Spices, unground—						
	Cardamom seed	60 0 0					
	Cassia lignea	40 0 0					
	Cloves	52 0 0					
	Cloves, exhausted	20 0 0					
	Cloves stems and heads	18 0 0					
	Nutmegs	Per lb. 0 6 0					
	Nutmegs in shell	0 4 0					
	Pepper, black	Per cwt. 14 0 0					
	Pepper, long	30 0 0					
	Pepper, white	27 0 0					
9(4)	THE FOLLOWING UNGROUND SPICES, namely:—						
	Chillies, ginger and mace	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	27 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.					
	Ginger, dry, unground	18 0 0					
	Mace, unground	Per lb. 1 0 0					

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashewnuts are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, Black Brick tea, the produce of China, when imported at Calcutta from a port in Burma is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION II—<i>contd.</i>							
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>							
9(5)	BETELNUTS <i>Tariff values—</i> Betelnuts (husked)— Whole from Straits, Dutch East Indies and Thailand. Whole from Goa Whole from Ceylon Split from Straits, Dutch East Indies and Thailand— (a) Mature (b) Immature Split from Ceylon— (a) Mature (b) Immature Sliced all sorts All other sorts	Preferential revenue.	54 per cent. <i>ad valorem.</i>	....	45 per cent. <i>ad valorem.</i>	20 per cent. <i>ad valorem.</i>	....
		Per cwt. Rs. a. p.					
		10 0 0					
		11 0 0					
		12 0 0					
		12 0 0					
		19 0 0					
		9 0 0					
		17 0 0					
		18 8 0					
		10 0 0					
9(6)	VANILLA BEANS	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free .. .. .	....	....	....	....
10(1)	WHEAT*	Protective ..	Re. 1-12-4/5 per cwt. ..	....	....	Free	March 31st, 1944.
11	FLOUR, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
11(1)	WHEAT FLOUR	Protective ..	Re. 1-12-4/5 per cwt. ..	....	....	Free ..	March 31st, 1944.
11(2)	SAGO FLOUR .. .. .	....	Free .. .. .	....	....	....	....
11(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR <i>Tariff values—</i> Cassava, Tapioca or Sago Cassava or Tapioca flour	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
		Per cwt. Rs. a. p.					
		12 8 0					
		11 0 0					
11(4)	STARCH AND FARINA	Revenue ..	18 per cent. <i>ad valorem.</i>	....	....	Free ..	....
12	SEEDS, all sorts, not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
12(1)	OILSEEDS imported into British India by sea from the territories of any Prince or Chief in India.	....	Free .. .. .	....	....	....	....
12(2)	OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel. <i>Tariff value—</i> Copra or coconut kernel Poppy seeds	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
		Per cwt. Rs. a. p.					
		9 0 0					
		9 8 0					
12(3)	RUBBER SEEDS .. .. .	....	Free .. .. .	....	....	....	....
12(4)	HOPS .. .. .	....	Free .. .. .	....	....	....	....
12(5)	FODDER, BRAN AND POLLARDS	Revenue ..	3 per cent. <i>ad valorem.</i>	....	....	Free ..	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.† <i>Tariff values—</i> Cochineal Gallnut	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	Free ..	....
		Per lb. Rs. a. p.					
		1 12 0					
		Per cwt. Rs. a. p.					
		38 8 0					
13(1)	BARKS FOR TANNING ‡	Revenue ..	3-3/5 per cent. <i>ad valorem.</i>	....	....	Free ..	....
13(2)	CUTCH AND GAMBIEB, all sorts <i>Tariff values—</i> Gambier, cube Gambier in flakes or circular pieces.	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	5 per cent. <i>ad valorem.</i>	....
		Per cwt. Rs. a. p.					
		16 8 0					
		48 0 0					
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified. <i>Tariff values—</i> Gum olibanum or frankincense. Gum Iranian (false) Myrrh, excluding cleaned and sifted Myrrh	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	Free ..	....
		Per cwt. Rs. a. p.					
		16 0 0					
		9 8 0					
		50 0 0					
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin.	Preferential revenue.	36 per cent. <i>ad valorem.</i>	....	24 per cent. <i>ad valorem.</i>	Free ..	....

* Under Government of India, Commerce Department, Notification No. 156-T (3)/41, dated the 6th December, 1941, wheat is exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 57, Customs, dated the 15th November, 1941, wattle extract or tanning is liable to import duty at 12 per cent. *ad valorem.*

‡ Under Government of India, Finance Department, (Central Revenues), Notification No. 26-Customs, dated the 4th April, 1942, barks for tanning are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION II—<i>concl.</i>							
PRODUCTS OF THE VEGETABLE KINGDOM—<i>concl.</i>							
	<i>Tariff values—</i>						
		Per cwt.					
		Rs. a. p.					
	Dammer batu, unrefined ..	8 8 0					
	Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted.	21 8 0					
	Gum Benjamin, ras ..	20 0 0					
	Gum Benjamin, cowrie (excluding pure cowrie).	40 0 0					
	Gum Dammer (or Copal) ..	37 0 0					
13(5)	STICK OR SEED LAC .. .. .	....	Free .. .. .	....	....	....	....
13(6)	OPPIUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
13(7)	CINCHONA BARK .. .. .	....	Free .. .. .	....	....	....	....
14	CANES AND RATTANS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per 100 pieces.					
		Rs. a. p.					
	Canes—						
	Malacca	36 0 0					
	Chimity	15 0 0					
	Tries	6 0 0					
	Root moonah	25 0 0					
	Mannu	22 0 0					
	Polo, all kinds—						
	Not exceeding 10 feet in length.	40 0 0					
	Exceeding 10 feet in length.	50 0 0					
	Tohite	16 0 0					
	Rattans—						
	Chair	22 8 0					
	Basket	19 0 0					
	Outers	39 8 0					
	Inners	30 0 0					
SECTION III.							
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN.							
15	ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per lb.					
		Rs. a. p.					
	Lubricating grease	0 6 6					
	Petroleum jelly, white	0 6 9					
	Petroleum jelly, all other sorts.	0 3 6					
15(1)	LARD, not canned or bottled	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
15(2)	BEEWAX	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
15(3)	TALLOW .. .. .	....	Free .. .. .	....	....	....	....
15(4)	FISH OIL, including whale oil, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 12 per cwt. ..	....	....	Free ..	....
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified.	Preferential revenue.	42 per cent. <i>ad valorem</i>.	....	30 per cent. <i>ad valorem</i> .	18 per cent. <i>ad valorem</i>.	....
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	42 per cent. <i>ad valorem</i>.	....	30 per cent. <i>ad valorem</i> .	18 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.					
		Rs. a. p.					
	Coconut oil	13 0 0					
	Linseed oil, raw or boiled	3 8 0					
15(8)	ALL SORTS OF ANIMAL OILS, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 30 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION IV.							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.							
16	CANNED OR BOTTLED BACON, HAM AND LARD.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
16(1)	FISH, canned	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
16(2)	ISINGLASS, canned or bottled	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
17	SUGAR, excluding confectionery	Protective ..	The rate at which excise duty is for the time being leviable on Sugar, other than <i>khandsari</i> or Palmyra Sugar, produced in British India† plus Rs. 6-12 per cwt. plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on sugar, other than <i>khandsari</i> or palmyra sugar produced in British India.†	March 31st, 1944.
17(1)	MOLASSES	Revenue ..	37½ per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
17(2)	CONFECTIONERY	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
17(3)	SUGAR-CANDY	Revenue ..	Rs. 12-9-3/5 per cwt...	....	....	Free ..	....
18	COCOA AND CHOCOLATE, other than confectionery.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
			Per cwt.				
			Rs. a. p.				
	*Vermicelli, flour, from the Far East.		16 0 0				
	*Vermicelli, peas, from the Far East.		24 0 0				
	*Vermicelli, rice, from the Far East.		15 8 0				
	*The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.						
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>		Per lb.				
			Rs. a. p.				
	Vegetable product (excluding hardened coconut oil).		0 10 0				
20(1)	FRUIT JUICES	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
20(2)	FRUITS AND VEGETABLES, canned or bottled..	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>		Per case of 48 tins of 1 lb. each.				
			Rs. a. p.				
	China canned fruit		11 0 0				
			Per case of 12 tins of 1½ lbs. each.				
	Preserved pine-apples from the Far East.		2 8 0				
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>		Per box of six large or twelve small jars.				
			Rs. a. p.				
	China preserves in syrup		9 0 0				
	*China preserves, dry, candied		0 3 0				
	*The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.						
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Item No. 21(1) below.						
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

† The rate of excise duty on the 26th March, 1942, and until further notice, on sugar, other than *khandsari* or palmyra sugar, produced in any factory in British India and either issued out of, or used within, such factory is Rs. 3 per cwt. The rate of excise duty on *khandsari* sugar produced in any factory in British India and issued out of such factory is eight annas per cwt.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.										
				The United Kingdom.	A British Colony.	Burma.											
SECTION IV—<i>contd.</i>																	
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>contd.</i>																	
<p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td style="text-align: right;">Rs. a. p.</td> <td></td> </tr> <tr> <td style="text-align: right;">6 12 0</td> <td></td> </tr> <tr> <td style="text-align: right;">Per lb.</td> <td></td> </tr> <tr> <td style="text-align: right;">0 4 6</td> <td></td> </tr> </table> <p>Vegetable product (excluding hardened coconut oil), not canned or bottled.</p> <p style="text-align: right;">Per cwt.</p> <p>*Yeast, from the Far East .. 17 0 0</p> <p>*The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under Item No. 21 above.</p> <p>N.B.—For other tariff values under this item see those marked with an asterisk (*) under Items Nos. 19 and 21 above.</p>									Per cwt.	Rs. a. p.		6 12 0		Per lb.		0 4 6	
	Per cwt.																
Rs. a. p.																	
6 12 0																	
Per lb.																	
0 4 6																	
21(2)	ALL SORTS OF FOOD not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>										
22	ALL SORTS OF DRINK not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>										
†22(1)										
22(2)	ALE, BEER, PORTER, CIDER AND OTHER FERMENTED LIQUORS—						The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.										
	(a) In barrels or other containers containing 27 ozs. or more.	Revenue ..	Re. 1-2 per Imperial gallon.										
	(b) In bottles containing less than 27 ozs. but not less than 20 ozs.	Revenue ..	Three annas per bottle										
	(c) In bottles containing less than 13½ ozs. but not less than 10 ozs.	Revenue ..	One anna and six pies per bottle.										
	(d) In bottles containing less than 6½ ozs. but not less than 5 ozs.	Revenue ..	Nine pies per bottle										
	(e) In other containers ‡	Revenue ..	Re. 1-8 per Imperial gallon.										
22(3)	WINES, not containing more than 42 per cent. of proof spirit—						The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.										
	(a) Champagne and other sparkling wines.	Revenue ..	Rs. 15-12 per Imperial gallon.										
	(b) Other sorts	Revenue ..	Rs. 9 per Imperial gallon.										
22(4)	SPIRITS (other than denatured spirit)—						The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.										
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Revenue ..	Rs. 45 per Imperial gallon of the strength of London proof.										
	(b) Liqueurs, cordials, mixtures and other preparations containing spirit not otherwise specified—																
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Revenue ..	Rs. 60 per Imperial gallon.										
	(ii) not so entered	Revenue ..	Rs. 45 per Imperial gallon of the strength of London proof.										
	PROVIDED THAT—																
	(a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 30 per cent. <i>ad valorem.</i>																
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.																
22(5)	SPIRITS—						The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.										
	(a) Bitters—																
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 60 per Imperial gallon.	Rs. 54 per Imperial gallon.											
	(ii) not so entered	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	Rs. 40-8 per Imperial gallon of the strength of London proof.											

† There is no entry bearing Item No. 22(1).

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION IV—<i>concl.</i>							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>concl.</i>							
	(b) Drugs and medicines containing spirit—						
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 48 per Imperial gallon.	Rs. 43-3½ per Imperial gallon.	Rs. 43-3½ per Imperial gallon.	....	....
	(ii) not so entered	Preferential revenue.	Rs. 34-12½ per Imperial gallon of the strength of London proof.	Rs. 31-3½ per Imperial gallon of the strength of London proof.	Rs. 31-3½ per Imperial gallon of the strength of London proof.	....	....
	(c) Perfumed spirits	Revenue ..	Rs. 60 per Imperial gallon or 25 per cent. <i>ad valorem</i> whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(d) Rum	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	....	Rs. 40-8 per Imperial gallon of the strength of London proof.	....	....
PROVIDED THAT—							
(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 24 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 36 per cent. <i>ad valorem</i> ;							
(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.							
22(6)	DENATURED SPIRIT <i>Tariff value—</i> Spirit denatured before clearance.	Revenue ..	11½ per cent. <i>ad valorem</i> Per Imperial gallon. Rs. s. p. 1 0 0	....	....	Free ..	....
22(7)	VINEGAR IN CASKS	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
23	OILCAKES	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
24	TOBACCO, manufactured, not otherwise specified.	Revenue ..	Rs. 4-8 per lb. ..	....	....	....	....
24(1)	CIGARS	Revenue ..	135 per cent. <i>ad valorem</i>.	....	....	10 per cent. <i>ad valorem</i>.	....
24(2)	CIGARETTES	Revenue ..	25 per cent. <i>ad valorem</i> , and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-14½ per lb. ..	....	Rs. 8-4½ per lb.	12 per cent. <i>ad valorem</i>.	....
SECTION V.							
MINERAL PRODUCTS.							
25	CHINA CLAY .. .. .	....	Free .. .. .	....	....	....	....
25(1)	SALT, excluding salt exempted under item No. 25 (2).	Revenue ..	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place †	....	....	....	....
25(2)	SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Central Government for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Central Government to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Central Government for use in curing fish in those provinces.	....	Free .. .. .	....	....	....	....
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2-6½ per lb. (standard) and Re. 1-12½ per lb. (preferential).

† The rate of excise duty on the 26th March, 1942, and until further notice is Re. 1-9-0 per maund of 82-2/7 lbs. avoird.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION V—<i>concl.</i>							
MINERAL PRODUCTS—<i>concl.</i>							
25(5)	PORTLAND CEMENT excluding white Portland cement.	Revenue ..	Rs. 16-8 per ton. ..	....	....	12 per cent. <i>ad valorem.</i>	....
25(6)	STONE prepared as for road metalling ..	....	Free .. ..	....	....	....	....
25(7)	MARBLE AND STONE not otherwise specified* ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
26	METALLIC ORES, all sorts except ochres and other pigment ores.	....	Free .. ..	....	....	....	....
27	COAL, COKE AND PATENT FUEL	Revenue ..	Twelve annas per ton..	....	....	Free ..	....
27(1)	ASPHALT	Preferential revenue.	30 per cent. <i>ad valorem.</i>	....	18 per cent. <i>ad valorem.</i>	6 per cent. <i>ad valorem.</i>	....
27(2)	PITCH AND TAR	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>		Per cwt.				
	Coal pitch		Rs. a. p.				
	Stockholm pitch		7 0 0				
			12 0 0				
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>		Per Imperial gallon.				
	Mineral Colza oil		Rs. a. p.				
	Transformer oil, including transil and switch oil, other than that assessed to duty under the proviso to Item No. 72(3) of the First Schedule of the Indian Tariff Act, 1934.		1 4 0				
			2 4 0				
27(4)	KEROSENE; † also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Revenue ..	Four annas and six pies per Imperial gallon.	....	....	....	....
27(5)	MINERAL OIL, not included in Item No. 27(4) or Item No. 27(6) which is suitable for use as an illuminant in wick lamps.	Revenue ..	Four annas and six pies per Imperial gallon.	....	....	....	....
27(6)	MOTOR SPIRIT ‡	Revenue ..	The rate at which excise duty is for the time being leviable on motor spirit.	....	....	....	....
27(7)	MINERAL OIL—						
	(a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre;	Revenue ..	Rs. 18-12 per ton ..	....	....	Free ..	....
	(b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes.	Revenue ..	15 per cent. <i>ad valorem.</i>	....	....	....	....
	<i>Tariff value—</i>		Per ton.				
	Mineral oil which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes, if imported naked in bulk.		Rs. a. p.				
			46 0 0				
27(8)	LUBRICATING OIL, that is, oil such as is not ordinarily used for any other purpose than lubrication, excluding any mineral oil which has its flashing point below two hundred degrees of the Fahrenheit thermometer by Abel's close test.	Revenue ..	Two annas and six pies per Imperial gallon.	....	....	Free ..	....
SECTION VI.							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.							
28	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.‡¶	Preferential revenue.	36 per cent. <i>ad valorem.</i>	24 per cent. <i>ad valorem.</i>	24 per cent. <i>ad valorem.</i>	12 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>		Per cwt.				
	Alkali, Indian (sajji-khar)		Rs. a. p.				
	Ammonium carbonate or bicarbonate.		3 0 0				
			27 0 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone is exempt from payment of import duty.

† The rate of excise duty on the 26th March, 1942, and until further notice, on all kerosene produced in a manufactory in British India is the rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.

‡ The rate of excise duty on the 26th March, 1942, and until further notice, on all motor spirit produced in a manufactory in British India is 15 annas per Imperial gallon.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, calcium acetate, radium salts and cryolite are exempt from payment of import duty.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 32 dated the 16th May, 1942, Ipecacuanha root, ergot of rye and cascara sagrada are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION VI—<i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>							
<i>Tariff values—</i>							
	Ammonium chloride—		Per cwt.				
	Muriate of ammonia, crystalline.		Ra. a. p.				
	Salammoniac, sublimed ..		19 0 0				
	Other sorts, including compressed.		35 0 0				
	Calcium chloride		24 8 0				
	Carbonic acid gas including compressed or liquified gas.		7 0 0				
	Chlorine		Per lb.				
	Copper sulphate		0 4 3				
	Menthol (peppermint) crystals		0 8 0				
	Soda, caustic, flake, petal or powder.		Per cwt.				
	Soda, caustic, solid		26 0 0				
	Soda crystals		Per oz.				
	Sodium hydrosulphite		0 15 0				
	Sodium sulphide		Per cwt.				
	Sodium thiosulphate (Hypo) ..		14 8 0				
	Banslochan (bamboo camphor), crude.		Per lb.				
	Calumba root		12 12 0				
	China root (Chobchini) rough ..		14 8 0				
	China root (Chobchini) scraped ..		24 8 0				
	Cubebs		70 0 0				
	Galangal		11 0 0				
	Salep		170 0 0				
<i>N.B.—The tariff values apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals; the tariff value for the latter applies to all menthol in containers of ½ oz. and above.</i>							
28(1)	BLEACHING PASTE AND BLEACHING POWDER..	....	Free .. ..	....	....	....	....
28(2)	COFFERAS, green (ferrous sulphate)	Revenue ..	3 per cent. <i>ad valorem</i>..	....	....	Free ..	....
28(3)	SULPHUR .. ..	....	Free .. ..	....	....	....	....
28(4)	SODA ASH, including calcined natural soda and manufactured sesqui-carbonates.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	18 per cent. <i>ad valorem</i> .	6 per cent. <i>ad valorem</i>.	....
<i>Tariff value—</i>							
	Soda ash in bags including calcined natural soda and manufactured sesqui-carbonates.		Per cwt.				
			Ra. a. p.				
			5 12 0				
<i>N.B.—The tariff value applies to articles packed in containers of not less than 14 lbs.</i>							
28(5)	HEAVY CHEMICALS, the following, namely:—						
	Magnesium chloride	Protective ..	Twelve annas per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1946.
28(6)	THE FOLLOWING CHEMICALS, namely:—						
	(a) Alum (ammonia alum, potash alum and soda alum).	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-6 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
	(b) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-4 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
28(8)	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbonic, citric, hydrochloric, nitric, oxalic, sulphuric, tartaric and other acids, anhydrous ammonia, naphthalene, potassium bichromate, potassium chlorate, potassium cyanide and other potassium compounds, bicarbonate of soda, borax, sodium bichromate, sodium cyanide, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafetida, cocaine, sarsaparilla and storax.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
	SECTION VI—<i>contd.</i>						
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>contd.</i>						
	<i>Tariff values—</i>						
	<i>Coupling dyes of the naphthol group—</i>						
			Per lb.				
			Rs. a. p.				
	(a) Naphthols		8 8 0				
	(b) Rapid fast colours (rapid salts).		14 0 0				
	(c) Bases		10 0 0				
	(d) Other salts		6 0 0				
	<i>Vats—</i>						
	(a) Indigo		2 10 0				
	(b) Carbazole blue		8 0 0				
	(c) Other sorts—						
	(i) Paste		8 0 0				
	(ii) Powder		33 0 0				
	Sulphur black		1 6 0				
	Metanil yellow		1 14 0				
	Aniline oil		1 4 0				
	Aniline salts		1 2 0				
	All others		3 0 0				
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—						
	(a) Red lead, genuine dry, genuine moist and reduced moist.	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
	(b) White lead, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 5-12 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
	(c) Zinc white, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
	(d) Paints, other sorts, coloured, moist—						
	(i) in packing of 1 lb. or over ..	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 8-8 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
	(ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 11-4 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
	(iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 17 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
	(iv) in packing of less than $\frac{1}{4}$ lb. ..	Preferential revenue.	30 per cent. <i>ad valorem</i> . or Rs. 24 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. <i>ad valorem</i>.	....	....	....
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—						
	(a) Red lead, reduced dry	Revenue ..	25 per cent. <i>ad valorem</i> . or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
	(b) White lead, genuine moist, and reduced dry or moist.	Revenue ..	25 per cent. <i>ad valorem</i> . or Rs. 5-12 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(c) Zinc white, genuine moist	Revenue ..	25 per cent. <i>ad valorem</i> . or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(d) Zinc white, reduced dry or moist ..	Revenue ..	25 per cent. <i>ad valorem</i> . or Rs. 4-4 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
30(4)	THE FOLLOWING "PAINTS, COLOURS AND PAINTERS' MATERIALS, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
30(6)	PRINTERS' INK	Revenue ..	12 per cent. <i>ad valorem</i>.	....	....	Free ..	....
30(7)	LEAD PENCILS	Revenue ..	25 per cent. <i>ad valorem</i> . or one anna per dozen, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION VI—<i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>							
30(8)	SLATE PENCILS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>						
	Cassia oil, natural, from the Far East.	Per lb. Rs. a. p. 1 12 0					
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf.	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>						
	Citronella oil, natural, from the Far East.	Per lb. Rs. a. p. 1 8 0					
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, ootorose and peppermint.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Gajupatti oil, natural, from the Far East.	Per lb. Rs. a. p. 2 10 0					
	*Peppermint oil, natural, from the Far East.	5 12 0					
	*The tariff value applies to peppermint oil packed in containers of more than 1 oz.						
31(3)	ESSENTIAL OILS, synthetic	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
31(4)	CAMPHOR	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
31(5)	PERFUMERY, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Gowla, husked and unhusked..	Per cwt. Rs. a. p. 75 0 0					
	Kapurkachri (zedoary) ..	14 10 0					
	Patch leaves (patchouli) ..	28 0 0					
	Rose-flowers, dried ..	15 8 0					
32	SOAP, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
32(1)	SOAP, Toilet	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 20 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
32(2)	SOAP, household and laundry—						
	(a) In plain bars of not less than one pound in weight.	Revenue ..	Rs. 4-12½ per cwt. ..	....	....	Re. 1-12½ per cwt.	....
	(b) other sorts	Revenue ..	Rs. 7-12½ per cwt. ..	....	....	....	....
32(3)	POLISHES AND COMPOSITIONS	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
32(4)	CANDLES	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
33	GLUE, not otherwise specified	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
33(1)	GLUE, clarified, liquid	Revenue ..	12 per cent. <i>ad valorem</i>.	....	....	Free	....
34	GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuse.†	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
34(2)	FIREWORKS, specially prepared as danger or distress lights for the use of ships.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
34(3)	FIREWORKS, not otherwise specified‡	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
34(4)	MATCHES, undipped splints and veneers—						
	(a) Matches—						
	(1) In boxes or booklets containing on an average not more than 40 matches.	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India§ plus ten annas per gross of boxes or booklets plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, explosives specially adapted for use in coal mines and included in the list of "Permitted Explosives" issued by the Chief Inspector of Mines in India under the Indian Coal Mines Regulations, 1926, and in force for the time being are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently fireworks specially designed for the use of aircraft are liable to duty at 30 per cent. *ad valorem*.

§ The rate of excise duty on the 26th March, 1942, and until further notice is Rs. 2 per gross of boxes or booklets. The rate of excise duty on matches of the type known as "Bengal lights" in boxes containing on an average not more than 12 matches is 10 annas per gross of boxes.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION VI—<i>concl'd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>concl'd.</i>							
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.*	....
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Re. 1-4 per gross of boxes or booklets plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.†	....
	(4) All other matches	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof plus one-fifth of the total duty.	....	.. .	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
	(b) Undipped splints such as are ordinarily used for match-making.	Protective ..	Six annas and nine pies per lb.	....	....	12 per cent. <i>ad valorem.</i>	....
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective ..	Nine annas per lb.	....	....	12 per cent. <i>ad valorem.</i>	....
35	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbolime, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free .. .. .	....	....	....	....
SECTION VII.							
HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS.							
36	HIDES AND SKINS not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
36(1)	HIDES AND SKINS, raw or salted .. ..	....	Free .. .. .	....	....	....	....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
38	FUR SKINS, dressed	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
SECTION VIII.							
RUBBER AND ARTICLES MADE OF RUBBER.							
39	RUBBER, raw .. .. .	....	Free .. .. .	....	....	....	....
39(1)	RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
Tariff values—		Per doz.					
	Cycle tyres (pneumatic) from the Far East.	Rs. a. p.	14 0 0				
	Cycle tubes from the Far East	Per lb.	6 0 0				
	Solid rubber tyres for carriages and rickshaws.		0 8 9				

* The rate of excise duty on the 26th March, 1942, and until further notice is Rs. 3 per gross of boxes or booklets. But under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, matches in boxes or booklets containing on an average more than 40 but not more than 50 matches are liable to duty at the rate equivalent to the excise duty leviable on such matches plus 1/2 annas and 6 pies per gross of boxes or booklets. The rate of excise duty on such matches on the 26th March, 1942, and until further notice is Rs. 2-8 per gross of boxes or booklets.

† The rate of excise duty on the 26th March, 1942, and until further notice is Rs. 4 per gross of boxes or booklets.

‡ The rate of excise duty on the 26th March, 1942, and until further notice is 8 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION IX.							
WOOD AND CORK AND WARES OF THESE MATERIALS: GOODS MADE OF PLAINTING MATERIALS.							
40	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	Free	....
40(1)	FIREWOOD	Revenue	3 per cent. <i>ad valorem</i>.	....	....	Free	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	Free	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS thereof	Revenue	30 per cent. <i>ad valorem</i>.	....	....	Free	....
41	CORK MANUFACTURES not otherwise specified.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
SECTION X.							
PAPER AND ITS APPLICATIONS.							
43	WOOD PULP	Protective	25 per cent. <i>ad valorem</i> or Rs. 30 per ton, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
44	WRITING PAPER—						
	(a) Ruled or printed forms (including letter paper with printed headings) and envelopes made of writing paper and account and manuscript books and binding thereof.	Protective	Nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
	(b) All other sorts	Protective	Ten and four-fifths pies per lb.	....	....	....	March 31st, 1944.
44(1)	PRINTING PAPER, excluding poster and stereo and all coated papers, but including art paper, all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content.	Protective	Ten and four-fifths pies per lb.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
44(2)	PRINTING PAPER, all sorts not otherwise specified which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content.*	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
44(3)	PAPER, including poster and stereo and all coated papers except art paper, all sorts, not otherwise specified.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
44(4)	PASTEBOARD, MILLBOARD, CARDBOARD AND STRAWBOARD, all sorts.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
44(5)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book or parcel post.	....	Free .. .. .	....	....	....	....
44(6)	PAPER MONEY .. .. .	....	Free .. .. .	....	....	....	....
44(7)	NEWSPAPERS, OLD, in bales and bags ..	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
45	ARTICLES MADE OF PAPER AND PAPIER MACHE; Stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified.†	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
45(1)	BOOKS, printed, including covers for printed books, maps, charts and plans, proofs, music, manuscripts, and illustrations specially made for binding in books.	....	Free .. .. .	....	....	....	....
45(2)	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboard.‡	Revenue	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following classes of printing paper containing Mechanical Wood Pulp amounting to not less than 70 per cent. of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(i) newsprint in reels, unglazed—Re. 1-12½ per cwt., (ii) newsprint in reels, other sorts—Re. 2-1½ per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2-6½ per cwt.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India, within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XI.							
TEXTILE MATERIALS AND TEXTILE GOODS.							
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb. pound plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
	<i>Tariff values—</i>						
	Silk, raw—		Per lb.				
	Chinese—		Rs. a. p.				
	Waste products		2 8 0				
	Duppon all kinds		4 8 0				
	Hand reeled (excluding re-reeled).		5 4 0				
	All other sorts		6 12 0				
	Japanese filatures and hand reeled and hand re-reeled but excluding duppon all kinds.		9 4 0				
46(1)	SILK WASTE AND NOILS	Protective	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
46(2)	WOOL, RAW, AND WOOLTOPS .. ..	....	Free .. ..	....	....	....	....
46(3)	COTTON, RAW*	Revenue	One anna per lb. ..	....	....	Free ..	....
46(4)	TEXTILE MATERIALS, the following:—	Revenue	Raw hemp—22½ per cent. <i>ad valorem</i> ; all others—30 per cent. <i>ad valorem</i>.	....	....	Raw hemp—free; all others—12 per cent. <i>ad valorem</i>.	....
	Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.						
46(5)	SISAL AND ALOE FIBRE	Preferential revenue	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
47	SILK YARN including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.†	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb. plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
47(1)	SILK SEWING THREAD	Protective	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i> .	March 31st, 1944.
47(2)	ARTIFICIAL SILK YARN AND THREAD ..	Revenue	25 per cent. <i>ad valorem</i> or 5 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
47(3)	WOOLLEN YARN, not otherwise specified ..	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
47(5)	COTTON THREAD, other than sewing or darning thread.	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread‡—						
	(a) of counts above 50's—						
	(i) of British manufacture ..	Protective	6 per cent. <i>ad valorem</i>..	....	....	Free ..	March 31st, 1944.
	(ii) not of British manufacture ..	Protective	7½ per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(b) of counts 50's and below—						
	(i) of British manufacture ..	Protective	5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture ..	Protective	6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
47(7)	TWIST AND YARN OF FLAX OR JUTE	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue	7½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—						
	(a) Pongee	Protective	50 per cent. <i>ad valorem</i> plus Re. 1 per lb. plus one-fifth of the total duty.	....	....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
	(b) Fuji, Boseki and corded (excluding white cord).	Protective	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(c) Othersort§	Protective	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.

* Under the Cotton Fund Ordinance, 1942 (Central Ordinance No. VIII of 1942), dated the 29th January, 1942, an additional duty of Customs at the rate of one anna per lb. is also leviable on raw cotton imported into any port in British India.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from so much of the duty as is in excess of 30 per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 6 per cent. *ad valorem* when the thread is of British manufacture and at 7½ per cent. *ad valorem* when it is of non-British manufacture.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb. plus one-fifth of the total duty, and (2) Paj all sorts, are exempt from so much of the duty as is in excess of 90 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XI—<i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>							
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—						
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	18 per cent. <i>ad valorem</i> .	March 31st, 1944.
	(b) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
48(2)	WOOLLEN FABRICS, not otherwise specified, containing more than 90 per cent. of wool, excluding felt and fabrics made of shoddy or waste wool.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—						
	(a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)—					6 per cent. <i>ad valorem</i> .	
	(i) of British manufacture† ..	Protective ..	15 per cent. <i>ad valorem</i> or 2½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) Printed piecegoods and printed fabrics—						
	(i) of British manufacture‡ ..	Protective ..	21 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	60 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(c) Cotton piecegoods and fabrics, not otherwise specified—						
	(i) of British manufacture‡ ..	Protective ..	18 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	60 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					24 per cent. <i>ad valorem</i> .	
	(a) containing more than 50 per cent. of silk or artificial silk or of both.	Protective ..	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) containing not more than 50 per cent. of silk or artificial silk or of both—						
	(i) containing more than 10 per cent. artificial silk¶	Protective ..	50 per cent. <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk¶	Protective ..	60 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					18 per cent. <i>ad valorem</i> .	
	(a) containing 50 per cent. or more cotton—						
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture‡‡ ..	Protective ..	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.

* Under Government of India, Commerce Department, Notification No. 341-T.(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

† Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent. *ad valorem* or 2½ annas per lb. whichever is higher plus one-fifth of the total duty.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent. *ad valorem*.

§ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent. *ad valorem*.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen all-overs plus embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re. 1-2 per lb., whichever is higher plus one-fifth of the total duty.

‡‡ Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5½ annas per square yard, whichever is higher plus one-fifth of the total duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XI—<i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>							
	(b) containing no cotton or containing less than 50 per cent. cotton—						
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
48(6)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					18 per cent. <i>ad valorem</i> .	
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(b) not of British manufacture	Protective ..	60 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs—					6 per cent. <i>ad valorem</i> .	
	(a) Printed fabrics—						
	(i) of British manufacture†	Protective ..	21 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	42 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(b) Other fabrics—						
	(i) of British manufacture‡	Protective ..	18 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	42 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
48(10)	FABRICS containing gold or silver thread ..	Protective ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or 48(10) :— Bed sheets. Bed spreads. Bolster cases. Counterpanes. Cloths, table. Cloths, tray. Covers, bed. Covers, table. Dusters. Glass-cloths. Handkerchiefs. Napkins. Pillow cases. Pillow slips. Scarves. Shirts. Shawls. Sacks (cotton). Towels. Umbrella Coverings.	Protective ..	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	The <i>ad valorem</i> rates of duty applicable to the Burma fabric of which the article is wholly or mainly made.	The duration applicable to the fabric of which the article is wholly or mainly made.
49(1)	FRENDS, being <i>bona fide</i> remnants of piecegoods or other fabrics—						
	(a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>.	....
	(b) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2½ yards in length.	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....	....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....	....
49(2)	RIBBONS	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....

* Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

† Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent. *ad valorem*.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XI—<i>concl.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS—<i>concl.</i>							
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.*	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	18 per cent. <i>ad valorem</i>.	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely:— Ghoosis and Muktakesis.	Protective ..	7½ annas per lb. ..	....	....	Free	March 31st, 1944.
50	JUTE MANUFACTURES not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
50(1)	SECOND-HAND OR USED GUNNY BAGS OR CLOTH MADE OF JUTE.	....	Free .. .. .	....	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING for machinery.	Revenue ..	7½ per cent. <i>ad valorem</i>.	....	....	Free	....
50(4)	ROPES, cotton .. .. .	....	Free .. .. .	....	....	....	....
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
50(7)	MATS AND MATTINGS, not otherwise specified..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTING.	Preferential revenue.	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....
Tariff values—							
			Per cwt.				
			Rs. a. p.				
		Coir fibre	6 0 0				
		Coir yarn	10 0 0				
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
51(1)	WOOLLEN HOSIERY AND WOOLLEN KNITTED APPAREL, that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undershirts, knitted or woven, and cotton socks and stockings—					12 per cent. <i>ad valorem</i> .	
	(a) of a weight not exceeding 4 lbs. per dozen.	Protective ..	25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(b) of a weight exceeding 4 lbs. per dozen..	Protective ..	25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
52	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPERY, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
52(1)	SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely:— silk or artificial silk ligatures; elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and other silk or artificial silk.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
52(2)	UNIFORMS AND ACCOUTREMENTS APPERTAINING THERETO, imported by a public servant for his personal use.	....	Free .. .. .	....	....	....	....
52(3)	INSIGNIA AND BADGES of official British and Foreign Orders.	....	Free .. .. .	....	....	....	....
53	TEXTILE MANUFACTURES, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
53(1)	RAGS AND OTHER PAPER-MAKING MATERIALS excluding wood pulp.	....	Free .. .. .	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen waste and rags are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XII.							
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION.							
54	BOOTS AND SHOES	Revenue ..	25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
54(1)*	....	....	....	....	....	....	....
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather.	Revenue ..	25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
56(1)	UMBRELLAS	Revenue ..	25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
57*	....	....	....	....	....	....	....
SECTION XIII.							
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.							
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
58(2)	PACKING—ENGINE AND BOILER—all sorts, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59	BUILDING AND ENGINEERING MATERIALS, all sorts not of iron, steel or wood, not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No. 72 or No. 74(2).†	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(1)	BUILDING AND ENGINEERING BRICKS ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(3)	EARTHENWARE PIPES AND SANITARY WARE.,	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Revenue ..	25 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>.	....
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following, namely:—					12 per cent. <i>ad valorem</i> .	
	(a) Tea cups and coffee cups—						
	(i) having a capacity of more than 7½ ozs.	Revenue ..	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) having a capacity of not more than 7½ ozs.	Revenue ..	25 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(b) Saucers—						
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Revenue ..	25 per cent. <i>ad valorem</i> or five annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Revenue ..	25 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sand is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XIII—<i>concl.</i>							
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE—<i>concl.</i>							
	(c) Tea-pots—						
	(i) having a capacity of more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. <i>ad valorem</i>	....
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(iii) having a capacity of not more than 10 ozs.	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(d) Sugar-bowls	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(e) Jugs having a capacity of over 10 ozs. . .	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(f) Plates over 5½ inches in diameter—						
	(i) over 8½ inches in diameter ..	Revenue	25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) not over 8½ inches in diameter ..	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
59(8)	COVERED CRUCIBLES FOR GLASS-MAKING ..	Revenue	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
60	GLASS AND GLASSWARE, not otherwise specified, and lacquered ware.	Revenue	30 per cent. <i>ad valorem</i>	....	....	Lacquered ware—free; all others 12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
		Per gross.					
		Rs. a. p.					
	Aerated water bottles, empty, from the Far East—Codd's pattern—						
	Under 10 ozs.	25 0 0					
	10 ozs.	27 0 0					
	Over 10 ozs.	28 0 0					
	Crown cork pattern—						
	7 ozs. and under	19 0 0					
	Over 7 ozs. up to and including 10 ozs.	20 0 0					
	Over 10 ozs.	21 0 0					
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					12 per cent. <i>ad valorem</i> .	
	(a) Globes for hurricane lanterns	Revenue	25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(b) Other globes and chimneys having an external base diameter of over one inch.	Revenue	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
60(2)	ELECTRIC LIGHTING BULBS	Revenue	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
60(3)	GLASS BANGLES, GLASS BRADS AND FALSE PEARLS.	Revenue	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>						
	Glass bangles—	Per 100 pairs.					
	<i>China—</i>	Rs. a. p.					
	Nimuchi and pasajal	2 0 0					
	Bracelet, Jodi and fancy, all kinds.	4 0 0					
	Rajawarakh, all kinds	10 8 0					
	<i>Japan—</i>	Per doz. pairs.					
	Reshmi or lustre, all colours—						
	Fancy (including all kinds of Vankwel or zigzag but excluding hexagonal bangles).	0 1 8					
	Fancy hexagonal	0 0 9					
	All others	0 1 0					
	Hollow or tube, all colours.	0 2 6					
	Sonerikada (golbala)—						
	Containing gold in their composition.	0 13 0					
	All others	0 3 0					

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XIV.							
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE).							
61	PRECIOUS STONES, unset and imported uncut, and Pearls, unset.	....	Free .. .. .	....	....	....	....
61(1)	PRECIOUS STONES, unset and imported cut* ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas and seven and one-fifth pies per ounce.	....	....	....	....
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.	....	Free .. .. .	....	....	....	....
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made.‡	Protective ..	75 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i> .	March 31st, 1944.
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.§	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
61(9)	CUTLERY, plated with gold or silver	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
61(10)	JEWELLERY AND JEWELS‡	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	24 per cent. <i>ad valorem</i>.	....
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	....	Free .. .. .	....	....	....	....
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas and seven and one-fifth pies per ounce.	....	....	....	....
62(2)	GOLD COIN .. .. .	....	Free .. .. .	....	....	....	....
SECTION XV.							
BASE METALS AND ARTICLES MADE THEREFROM.							
63	IRON OR STEEL, old††	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free	....
	<i>Tariff value—</i>						
	Per cwt.						
	Rs. a. p.						
	Iron or steel, old		3 8 0				
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free	....
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING—					Free	
	(a) not fabricated—						
	(i) of British manufacture—						
	not coated with other metals..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ plus Rs. 43 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, precious stones imported cut and unset are liable to duty at 6 per cent. *ad valorem*.

† The rate of excise duty on the 26th March, 1942, and until further notice, on all silver produced in silver works in British India, is 3 annas and 7½ pies per ounce.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 60 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver or both and in which the proportion of gold or silver or both together to total metallic contents is less than 1.5 per cent., are liable to duty which would have been leviable had they contained no gold or silver.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, iron and steel, old, covered by this item when imported from Burma, are exempt from payment of import duty.

¶ The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
(b) fabricated—							
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(3)	IRON OR STEEL BAR AND ROD—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(4)	IRON, pig	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(5)	IRON RICE BOWLS	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(6)	CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like—					Free ..	
	(i) of British manufacture†	Protective ..	12 per cent. <i>ad valorem</i>.	....	....	....	March 31st, 1944.
	(ii) not of British manufacture	Protective ..	Rs. 69-0-0 per ton ..	....	....	....	March 31st, 1944.
63(7)	CAST IRON PLATES	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(8)	STEEL INGOTS	Revenue ..	The excise duty leviable for the time being on steel ingots produced in British India*; or 15½ per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
	Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡						
63(9)	IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Item Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)—					Free ..	
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.

* The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 69 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton plus one-fifth of the total duty.	....	....	Free ..	March 31st, 1944.
63(11)	IRON OR STEEL ANCHORS AND CABLES	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(12)	A. IRON OR STEEL BOLTS AND NUTS, including hookbolts and nuts for roofing but excluding fish bolts and nuts—					Free ..	
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-9-0 per cwt. plus one-fifth of the total duty.	....	....		March 31st, 1944.
	B. IRON OR STEEL FISH BOLTS AND NUTS—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 4-5-0 per cwt. plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(13)	IRON OR STEEL EXPANDED METAL	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....	Free ..	....
63(15)	IRON OR STEEL RIVETS—					Free ..	
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-14-0 per cwt. plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.

* The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 44-11-½ per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 52-3½ per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
63(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, bolts, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					Free ..	
	(a) not fabricated—						
	(i) of British manufacture*—						
	not coated with other metals. .	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 25 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(b) fabricated—						
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1942.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 40 per cent plus one-fifth of the total duty.	....	....		March 31st, 1942.
63(20)	IRON OR STEEL SHEETS—					Free ..	
	(a) not fabricated—						
	(1) not galvanized—						
	(i) of British manufacture‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1942.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 32 per ton plus one-fifth of the total duty.	....	....		March 31st, 1942.
	(2) galvanized—						
	(i) of British manufacture§	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 40 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.

* Under Government of India, Finance Department (Central Revenues), Notification No. 38, dated the 22nd June, 1935, as amended subsequently, iron or steel plates of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 36-6½ per ton.

† The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under that sub-item are exempt from so much of the duty as is in excess of Rs. 44-12½ per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 54-6½ per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	(b) fabricated—						
	(1) not galvanized—						
	(i) of British manufacture*	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	Free	March 31st, 1944.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 35 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(2) galvanized—						
	(i) of British manufacture‡	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 44 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—						
	A. Rails (including tramway rails the heads of which are not grooved)—						
	(a) 30 lbs. per yard and over, and fish-plates therefor—						
	(i) of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(b) under 30 lbs. per yard and fish-plates therefor—						
	(i) of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 39 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	B. Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved—						
	(a) for rails 30 lbs. per yard and over—						
	(i) of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 49-3½ per ton.

† The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 60 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October, 1941, as amended subsequently used iron or steel railway track material, covered by this item, when imported from Burma, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	(i) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....	Free ..	March 31st, 1944.
	(b) for rails under 30 lbs. per yard—						
	(i) of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	C. Sleepers, and sleeper bars, other than cast iron—						
	(i) of British manufacture‡ ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture‡ ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	D. Spikes (other than dog-spikes) and tie-bars—						
	(i) of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	E. Dog-spikes—						
	(i) of British manufacture§ ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture§ ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt. plus one-fifth of the total duty.	....	....		March 31st, 1944.
	F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—						
	(i) of British manufacture§ ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.

* The rate of excise duty on the 28th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently used iron or steel railway track material, covered by this item, when imported from Burma, are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel sleeper bars other than cast iron are exempt from payment of the alternative *ad valorem* duty.

§ Under Government of India, Finance Department (Central Revenue), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently used iron or steel railway or tramway track material covered by these items when imported from Burma, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
	(ii) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt. plus one-fifth of the total duty.	....	....	Free ..	March 31st, 1944.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS,† not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS,† not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>.	....	Free ..	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 60 per ton plus one-fifth of the total duty.	....	....		March 31st, 1944.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India—					Free ..	
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	(ii) not of British manufacture .. .	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	....	....		March 31st, 1944.
	Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.						
63(28)	ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF, not otherwise specified.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
	<i>Tariff values—</i>						
	Per can.						
	Rs. a. p.						
	Iron and Steel cans or drums—						
	When imported containing kerosene and motor spirit, namely:—						
	Cans, tinned, of four gallons capacity.	0 8 0					
	Per can or drum.						
	Cans or drums, not tinned, of two gallons capacity—						
	(a) with faucet caps ..	1 0 0					
	(b) ordinary	0 6 0					

* The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October 1941, as amended subsequently used iron or steel railway or tramway track material, covered by these items, when imported from Burma, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>							
<i>Tariff values—</i>							
	Drums of four gallons capacity—	Per drum.					
	(a) with faucet caps ..	Rs. a. p. 1 8 0					
	(b) ordinary	0 14 0					
63(29)	ENAMELLED IRONWARE, the following, namely:—						
	(a) Sign-boards	Revenue ..	25 per cent. <i>ad valorem</i> or four and a half annas per square foot, whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice-cups, rice-bowls and rice-plates—						
	(i) having no diameter exceeding 19 centimetres.	Revenue ..	25 per cent. <i>ad valorem</i> or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(ii) having any diameter exceeding 19 centimetres.	Revenue ..	25 per cent. <i>ad valorem</i> or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher plus one-fifth of the total duty.	....	....	....	....
64	COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	Free ..	....
64(1)	COPPER, scrap*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
65	GERMAN SILVER including nickel silver* ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
66	ALUMINIUM—circles, sheets and other manufactures, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
67(1)	LEAD SHEETS FOR TEA CHESTS*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
68(1)	ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.*	....	Free .. .. .	....	....	....	....
69	TIN, BLOCK*	Revenue ..	Rs. 375 per ton ..	....	....	Free ..	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified.*	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, AND MANUFACTURES THEREOF, not otherwise specified.*†	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	Free ..	....

* Under Government of India, Finance Department (Central Revenue), Notification No. 80 C., dated the 4th October, 1941, waste and scrap of base metals when imported from Burma, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, radium is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV—<i>concl.</i>							
BASE METALS AND ARTICLES MADE THEREFROM—<i>concl.</i>							
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Crown corks (except those bearing monogram or trade mark or name of an importer).		Per gross. Rs. a p. 0 12 0				
71(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
71(4)	PRINTING TYPE	Revenue ..	One anna and six pies per lb.	....	....	Free ..	....
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF* ..	Revenue ..	3 per cent. <i>ad valorem</i>.	....	....	Free ..	....
SECTION XVI.							
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.							
72	MACHINERY, namely, such of the following articles as are not otherwise specified†:— (a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts; (b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts; (c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose; (d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton; (e) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof. <i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	Free ..	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, component parts of racks for the withering of tea leaf when proved to have been imported for use in racks for the withering of tea leaf are also liable to duty at 3 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
	SECTION XVI—<i>contd.</i>						
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(1)	THE FOLLOWING TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds; heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cords; Jacquard cards; punching plates for Jacquard cards; warping mills; multiple box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobby cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; plano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumuli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoes, comber boards and comber board frames; take-up motions, temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.*	Revenue	10 per cent. <i>ad valorem.</i>	....	....	Free	....
72(2)	PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electro-type blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nip rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitring machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.†	Revenue	10 per cent. <i>ad valorem.</i>	....	....	Free	....
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue	10 per cent. <i>ad valorem.</i>	....	....	Free	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	36 per cent. <i>ad valorem.</i>	24 per cent. <i>ad valorem.</i>	....	12 per cent. <i>ad valorem.</i>	....
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one-horse power.	Revenue	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 12 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notification Jacquard harness linen cordage is liable to duty at 12 per cent. *ad valorem* or 4 annas and 9½ pies per lb. whichever is higher and striking combs used in textile machinery at 12 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, die-stamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up and register tables, book sewing machines, and cloth stripping machines are liable to duty at 12 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
	SECTION XVI—<i>contd.</i>						
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(7)	WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG-MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice.	....	Free .. .. .	....	....	....	....
72(8)	THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay presses, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes; also agricultural tractors, also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.*	....	Free .. .. .	....	....	....	....
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.†	....	Free .. .. .	....	....	....	....
72(10)	SEWING AND KNITTING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one-horse-power.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.	Preferential revenue.	36 per cent. <i>ad valorem</i> .	24 per cent. <i>ad valorem</i>.	....	12 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts, and latex cups, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard-rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XVI—<i>concl.</i>							
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>concl.</i>							
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; also accumulators, batteries and electro-medical apparatus.* ††	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
73(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
73(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.*	Preferential revenue.	60 per cent. <i>ad valorem</i> .	48 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>.	....
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:— (a) Insulators, Shackle, Sinclair, Cordeaux or Pin-type, not otherwise specified— (i) fitted	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) not fitted	Revenue ..	25 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(b) Two-way cleats	Revenue ..	25 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher plus one-fifth of the total duty.	....	....		....
	(c) Spacing insulators	Revenue ..	25 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher plus one-fifth of the total duty.	....	....		....
	(d) Ceiling roses— (i) fitted	Revenue ..	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) not fitted	Revenue ..	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(e) Joint-box cut-outs— (i) fitted	Revenue ..	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
	(ii) not fitted	Revenue ..	25 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....		....
73(6)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue ..	7½ per cent. <i>ad valorem</i>.	....	....	Free ..	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 3 per cent. *ad valorem* :—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Controller of Broadcasting, if the apparatus is imported for the All-India Radio, by the Officer Commanding, Aircraft Depot, Royal Air Force (India), if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—at Bombay, by the Naval Store Officer; at Karachi, by the Sea Transport Officer; and at Calcutta and Madras, by the Agent for Government Consignments concerned, and by the following officers, if imported for the Army, namely—at Karachi, by the Embarkation Supply and Stores Officer, Kiamari; at Bombay, by the Ordnance Officer, Bombay Depot; at Calcutta, by the Embarkation Supply and Stores Officer at that port, and at other ports, by the Agent for Government Consignments concerned;
- (ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus;
- (iii) wireless transmission apparatus and component parts thereof;

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 18½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of-entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 18 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XVII.							
TRANSPORT MATERIAL.							
74	COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES, designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—					Free	
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one fifth of the total duty.	....	....		March 31st, 1944.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher plus one fifth of the total duty.	....	....		March 31st, 1944.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
74(2)	RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration: Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Central Government may, by notification in the <i>Official Gazette</i> specifically include therein: Provided also that articles of machinery as defined in Item No. 72 or No. 72(3) shall not be deemed to be included hereunder.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No. 74(2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue ..	18½ per cent. <i>ad valorem</i>.	....	....	Free ..	....
75	CONVEYANCES, not otherwise specified, and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
75(1)	MOTOR CARS INCLUDING TAXI CABS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this Item or in Items Nos. 75(2) and 75(3) shall be dutiable at the rate of duty specified for such articles.	Preferential revenue.	45 per cent. <i>ad valorem</i> .	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>.	....
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	45 per cent. <i>ad valorem</i> .	36 per cent. <i>ad valorem</i>.	....	24 per cent. <i>ad valorem</i>.	....
75(3)	MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	21 per cent. <i>ad valorem</i>.	....	6 per cent. <i>ad valorem</i>.	....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof; excluding rubber tyres and tubes.	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

* The rate of excise duty on the 26th March, 1942, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XVII—<i>concl.</i>							
TRANSPORT MATERIAL—<i>concl.</i>							
75(5)	CYCLES (other than motor cycles) imported entire or in sections, and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	36 per cent. <i>ad valorem.</i>	24 per cent. <i>ad valorem.</i>	....	12 per cent. <i>ad valorem.</i>	....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue ..	3 per cent. <i>ad valorem.</i>	....	....	Free ..	....
76(1)	SHIPS AND OTHER VESSELS† FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections: Provided that articles of machinery as defined in Item No. 72 or No. 72(3) shall, when separately imported, not be deemed to be included hereunder.	Revenue ..	18½ per cent. <i>ad valorem.</i>	....	....	Free ..	..
76(2)	LIGHT SHIPS .. .. .	....	Free .. .. .	....	....	....	....
76(5)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
SECTION XVIII.							
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.							
77	INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified, including photographic.‡	Preferential revenue.	36 per cent. <i>ad valorem.</i>	24 per cent. <i>ad valorem.</i>	....	12 per cent. <i>ad valorem.</i>	....
77(1)	INSTRUMENTS, APPARATUS AND APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	....	Free .. .. .	....	....	....	....
77(2)	OPTICAL, SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES.	Revenue ..	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
77(8)	ARTIFICIAL TEETH	Preferential revenue.	30 per cent. <i>ad valorem.</i>	....	18 per cent. <i>ad valorem.</i>	6 per cent. <i>ad valorem.</i>	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines.	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
SECTION XIX.							
ARMS AND AMMUNITION.							
80	SAVE WHERE OTHERWISE SPECIFIED, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Central Government may, by notification in the <i>Official Gazette</i> , declare to be ammunition or military stores for the purposes of this Act.§	Revenue ..	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
80(1)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—Firearms, including gas and air guns, gas and air rifles and gas and air pistols not otherwise specified, but excluding parts and accessories thereof.‡	Revenue ..	Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> plus one-fifth of the total duty.	....	....	24 per cent. <i>ad valorem.</i>	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 3 per cent. *ad valorem.*

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (a) ocean-going vessels, imported to be broken up, and (b) parts of vessels under repair removed for replacement are liable to duty at 18½ per cent. *ad valorem*, provided that articles contained in any such vessel not forming part of her necessary tackle, apparel or furniture (e.g., pianos, crockery, cutlery) shall be assessed to duty separately under the appropriate items of the Tariff.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, photo-litho films are liable to duty at 12 per cent. *ad valorem.*

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
	SECTION XIX—<i>concl.</i>						
	ARMS AND AMMUNITION—<i>concl.</i>						
80(2)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—					24 per cent. <i>ad valorem.</i>	
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified.	Revenue	Rs. 18-12 each.	....	....	....	....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue	Rs. 6-4 each.	....	....	....	....
	(c) Gun stocks and breech blocks	Revenue	Rs. 3-12 each.	....	....	....	....
	(d) Revolver cylinders, for each cartridge they will carry.	Revenue	Rs. 2-8 each.	....	....	....	....
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Revenue	Rs. 1-4 each.	....	....	....	....
	(f) Machines for making, loading, or closing cartridges for rifled arms.	Revenue	60 per cent. <i>ad valorem.</i>	....	....	....	....
	(g) Machines for capping cartridges for rifled arms.	Revenue	60 per cent. <i>ad valorem.</i>	....	....	....	....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:—	....	Free .. ..	....	....	....	....
	(a) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.						
	(b) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (i) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector-General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.						
	(c) Swords for presentation as army or volunteer prizes.						
	(d) Arms, ammunition and military stores imported with the sanction of the Central Government for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the First Schedule to the Indian Extradition Act, 1903.						
	(e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.*						
80(4)	ORNAMENTAL ARMS OF AN OBSOLETE PATTERN possessing only an antiquarian value; masonic and theatrical and fancy dress swords, provided they are virtually useless for offensive or defensive purposes; and dahs intended exclusively for domestic, agricultural and industrial purposes.	Revenue	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
81	CARTRIDGE CASES, filled and empty	Revenue	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
	SECTION XX.						
	MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.						
82	CORAL, prepared	Revenue	30 per cent. <i>ad valorem.</i>	....	....	12 per cent. <i>ad valorem.</i>	....
82(1)	IVORY, manufactured, not otherwise specified..	Revenue	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
82(2)	BANGLES AND BEADS, not otherwise specified..	Revenue	60 per cent. <i>ad valorem.</i>	....	....	24 per cent. <i>ad valorem.</i>	....
	<i>Tariff values—</i>	Per doz. pairs.					
	I. Celluloid bangles, viz. :—	Rs. a. p.					
	(1) All plain, flat, bangles without border or groove of width not over $\frac{1}{4}$ inch but not under $\frac{1}{8}$ inch.	0 10 6					

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, .22 inch Adapters, aim teachers and aperture sights for service rifles imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—concl'd.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XX—concl'd.							
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—concl'd.							
	<i>Tariff values—</i>	Per doz. pairs.					
		Rs. a. p.					
	(2) All plain, flat, bangles with border or groove of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch, excluding bangles with multiple borders or grooves.	0 14 0					
	II. Celluloid fancy bangles, viz. :—						
	(1) Patla bangles, all colours, including zigzag patla bangles, of width under $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch.	0 4 9					
	(2) Rubber rings, passa, vavto, zigzag all colours and rainbow designs but excluding Coils, Dantia, and Coral roots.	0 3 3					
83	BRUSHES, all sorts	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
84	Toys, games, playing cards and requisites for games and sports, bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows.	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.					
		Rs. a. p.					
	Bird shot	50 0 0					
		Per dozen.					
	Tennis balls	10 0 0					
85	BUTTONS, metal	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
85(1)	SMOKERS' REQUISITES, excluding tobacco and matches:	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	Mechanical lighters— 20 per cent. <i>ad valorem</i> plus the amount of the excise duty on mechanical lighters manufactured in British India*; plus one-fifth of the total duty; all others— 24 per cent. <i>ad valorem</i>.	....
	Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India.*						
SECTION XXI.							
WORKS OF ART AND ARTICLES FOR COLLECTIONS.							
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue ..	60 per cent. <i>ad valorem</i>.	....	....	....	....
86(1)	ART, works of, not otherwise specified ..	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....
86(2)	ART, the following works of :—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	....	Free .. .. .	....	....	....	....
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS, illustrative of natural science, and medals and antique coins.†	....	Free .. .. .	....	....	....	....
86(4)	POSTAGE STAMPS, whether used or unused ..	....	Free .. .. .	....	....	....	....
SECTION XXII.							
ARTICLES NOT OTHERWISE SPECIFIED.							
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post.‡	Revenue ..	30 per cent. <i>ad valorem</i>.	....	....	12 per cent. <i>ad valorem</i>.	....

* The rate of excise duty on the 26th March, 1942, and until further notice is Rs. 3 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-fong is liable to duty at 10 per cent. *ad valorem*.

SCHEDULE II—EXPORT TARIFF.

No.	Names of articles.	Per	Rate of duty.
JUTE, OTHER THAN BIMLIPATAM JUTE.			
1	RAW JUTE—		Ra. a. p.
	(1) Cuttings	Bale of 400 lbs.	1 4
	(2) All other descriptions	Bale of 400 lbs.	4 8
2	JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods—		
	(1) Sacking (cloth, bags, twist, yarn, rope and twine)*	Ton of 2,240 lbs.	20 0
	(2) Hessians and all other descriptions of Jute Manufactures not otherwise specified.†	Ton of 2,240 lbs.	32 0
3			
RICE.			
4	RICE, HUSKED OR UNHUSKED, including rice flour but excluding rice bran and rice dust, which are free.	Indian maund of 82-2/7 lbs. avoirdupois weight.	Two annas and three pies.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than .75 lbs. per square yard, and having not more than 360 warp and weft threads per square yard, is liable to export duty at Rs. 5-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

‡ There is no entry bearing Item No. 3.

EXCISE DUTIES LEVIABLE ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN BRITISH INDIA.

Serial No.	Articles.	Rate of Excise Duty.
1	SALT	Rs. 1-9-0 per maund of 82-2/7 pounds avoirdupois.
2	SUGAR—	
	(i) Khandsari sugar	Eight annas per cwt.
	(ii) All other sugar except palmyra sugar	Rs. 3-0-0 per cwt.
3	KEROSENE	The rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.
4	MOTOR SPIRIT	15 annas per Imperial gallon.
5	MATCHES—	
	(i) in boxes or booklets containing on an average not more than 40 matches.	Rs. 2-0-0 per gross of boxes or booklets.
	(ii) in boxes or booklets containing on an average more than 40 but not more than 50 matches.	Rs. 2-8-0 per gross of boxes or booklets.
	(iii) in boxes or booklets containing on an average more than 50 but not more than 60 matches.	Rs. 3-0-0 per gross of boxes or booklets.
	(iv) in boxes or booklets containing on an average more than 60 matches but not more than 80 matches.	Rs. 4-0-0 per gross of boxes or booklets.
	(v) in boxes containing on an average not more than 12 matches of the type known as "Bengal-lights."	10 annas per gross of boxes.
	(vi) all other matches	8 annas for every 1,440 matches or fraction thereof.
6	SILVER	3 annas and 7½ pias per ounce.
7	STEEL INGOTS	Rs. 4-0-0 per ton.
8	MECHANICAL LIGHTERS	Rs. 3-0-0 per lighter.
9	COAL AND COKE—	
	(i) Coal and Soft Coke	2 annas per ton.
	(ii) Hard Coke	3 annas per ton.
10	COFFEE*	Rs. 1-0-0 per cwt.
11	TYRES†	10 per cent. <i>ad valorem</i> .
12	Goods specified in Item 40 of List II of the 7th Schedule to the Government of India Act, 1935, viz.—	Rates vary in different provinces.
	(a) Alcoholic liquors for human consumption;	
	(b) Opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs;	
	(c) Medicinal and toilet preparations containing alcohol or any substances included in (b) above.	

* A duty of excise at the rate of one rupee per cwt. is leviable under the Coffee Market Expansion Act, 1942, on all coffee (except coffee sold and delivered before the estate became subject to the provisions of the Act)—(i) which a registered estate is permitted by the internal sale quota allotted to it, to sell in the Indian market, whether such coffee is actually sold or not, and (ii) which is released for sale in India by the Indian Coffee Market Expansion Board from the surplus pool.

NOTE.—The Act shall cease to be in force at the end of the twelve months commencing on the first day of July subsequent to the termination of the present hostilities.

† Under the Government of India, Finance Department (Central Revenues), Notification No. 16-Central Excises, dated the 1st April 1941, tyres specially designed for use on animal-drawn vehicles are exempt from payment of this duty.

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE.

No.	Name of Article.	Cess leviable.
*1	TEA	Rs. 1-6 per 100 lbs.
†2	JUTE—	
	(a) Raw including Jute cuttings and rejections	Two annas per bale of 400 lbs.
	(b) Manufactured Jute	Twelve annas per ton of 2,240 lbs.
‡3	COTTON (ginned)—	
	(a) Baled	Two annas per standard bale of 400 lbs.
	(b) Unbaled	Six pies per 100 lbs.
§4	LAC—	
	(a) Any form of manufactured or unmanufactured lac	Seven annas per maund.
	(b) Refuse lac	Five annas per maund.
||5	COFFEE	Rs. 1 per cwt.
¶6	(i) BONES**	
	Tariff value—	Per cwt.
	Bones, broken or crushed (including bone grist).	Rs. a. p. 3 8 0
	(ii) BRISTLES	
	(iii) BUTTER	
	Tariff value—	Per lb.
	Butter	Rs. a. p. 1 4 0
	(iv) CEREALS, other than Rice and Wheat	
	Tariff values—	Per cwt.
	Bajri	Rs. a. p. 5 8 0
	Barley	4 10 0
	Jowar	5 0 0
	Maize	5 0 0
	(v) DRUGS††	‡ per cent. <i>ad valorem</i> .
	(vi) FIBRE FOR BRUSHES	
	Tariff value—	Per cwt.
	Fibre for brushes, all kinds	Rs. a. p. 14 0 0
	(vii) FISH	
	(viii) FRUITS	
	Tariff values—	Per cwt.
	Almonds in the shell	Rs. a. p. 34 0 0
	Almonds without shell	106 0 0
	Cashew kernels	60 0 0
	Coconuts	Per thousand. 45 0 0
	Raisins, all kinds	Per cwt. 23 0 0
	Tamarind	7 0 0
	Walnut in the shell	23 0 0
	Walnut kernel	35 0 0

* The cess is levied on all tea exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, tea exported to any place in the Janjira State or exported from any Customs port to any port in Kathiawar and tea exported by post is exempt from payment of this duty.

† The cess is levied on all jute exported by sea from the port of Calcutta to any other port whether beyond or within India and from the port of Chittagong to any other port beyond or within India (except raw jute exported to Calcutta).

‡ The cess is levied on all cotton produced in India and (a) consumed in any mill in British India or (b) exported from any Customs port to any port outside British India, or (c) exported by land to the French and Portuguese territories of Pondicherry, Karikal, Goa and Daman. The cess is not, however, leviable on cotton waste, kapok and cotton fly. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, cotton exported from any Customs port to any port in Kathiawar and linters are exempt from payment of this duty.

§ The cess is levied on all lac and refuse lac produced in India and exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, lac and refuse lac exported from any Customs port to any port in Kathiawar are exempt from payment of these duties.

|| The cess is levied on all coffee taken by sea or by land to any place beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, coffee taken by sea or by land to any place in the Travancore State or Cochin State or by land to any place in the Mysore State, or exported from any Customs port to any port in Kathiawar is exempt from payment of this duty.

¶ Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, articles included under item No. 6, exported (a) by sea as passengers' baggage, (b) by post, (c) to any place in the Janjira State, and (d) from any Customs port to any port in Kathiawar are exempt from payment of this duty.

** Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September 1940, Bones, human, exported as anatomical specimens are not subject to this duty.

†† Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September 1940, Drugs, manufactured, are not subject to this duty.

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE—concl'd.

No.	Name of Article.	Cess leviable.
(ix)	GHEE .. .. .	.. .. .
	<i>Tariff values—</i>	Per Indian maund.
		Rs. a. p.
	Ghee	61 0 0
	Ghee substitute including vegetable ghee and hydrogenated edible oil and fat mixture.	Per cwt. 32 0 0
(x)	HIDES, raw .. .. .	.. .. .
	<i>Tariff values—</i>	Per lb.
		Rs. a. p.
	Buffalo hides (excluding calf skins)—	
	(i) Arsenicated	0 6 0
	(ii) Salted	0 4 6
	Cow hides (excluding calf skins)—	
	(i) Arsenicated	0 8 6
	(ii) Salted	0 5 6
(xi)	MANURES .. .. .	.. .. .
	<i>Tariff value—</i>	Per cwt.
		Rs. a. p.
	Manures of animal origin, all kinds ..	3 8 0
(xii)	OILCAKES .. .. .	.. .. .
	<i>Tariff values—</i>	Per ton.
		Rs. a. p.
	Groundnut oilcakes	35 0 0
	Groundnut oilcake meal	37 8 0
	Linseed oilcakes	45 0 0
	Oilcakes other kinds	40 0 0
(xiii)	PULSES .. .. .	.. .. .
	<i>Tariff values—</i>	Per cwt.
		Rs. a. p.
	Dal, all kinds	7 8 0
	Pulses, all kinds	7 0 0
(xiv)	SEEDS .. .. .	.. .. .
	<i>Tariff values—</i>	Per cwt.
		Rs. a. p.
	Ajwan	9 8 0
	Aniseed	13 0 0
	Castor seed	7 12 0
	Celery seed	45 0 0
	Coriander seed	8 8 0
	Cotton seed	4 0 0
	Groundnuts, decorticated	7 4 0
	Linseed	8 0 0
	Mustard and rape seeds	7 8 0
	Niger seed	5 0 0
	Til (Sesamum)	8 8 0
(xv)	SKINS, raw .. .. .	.. .. .
	<i>Tariff values—</i>	Per piece.
		Rs. a. p.
	Goat skins (excluding kid skins) ..	1 2 0
	Sheep skins (excluding lamb skins) ..	0 10 0
(xvi)	SPICES .. .. .	.. .. .
	<i>Tariff values—</i>	Per cwt.
		Rs. a. p.
	Chillies, dry	15 8 0
	Ginger, dry	25 0 0
	Pepper, black	20 0 0
	Turmeric	12 0 0
(xvii)	TOBACCO, unmanufactured .. .. .	.. .. .
	<i>Tariff values—</i>	Per lb.
		Rs. a. p.
	Flue cured	0 6 0
	Non-flue cured	0 3 0
	Chewing, bidis, cheroot and cigar tobacco	0 3 0
(xviii)	VEGETABLES .. .. .	.. .. .
	<i>Tariff values—</i>	Per cwt.
		Rs. a. p.
	Garlic	15 0 0
	Onions	5 0 0
	Potatoes	6 8 0
(xix)	WHEAT .. .. .	.. .. .
	<i>Tariff value—</i>	Per cwt.
		Rs. a. p.
	Wheat, all kinds	7 0 0
(xx)	WHEAT FLOUR .. .. .	.. .. .
	<i>Tariff values—</i>	Per cwt.
		Rs. a. p.
	Wheat atta	8 8 0
	Wheat flour and suji	9 8 0
(xxi)	WOOL, raw .. .. .	.. .. .

‡ per cent. ad valorem.

Report for the Year 1941.

Section IV.

**SPEECH OF THE FINANCE MEMBER
ON
INTRODUCTION OF BUDGET FOR 1942-43.**

SPEECH BY THE HONOURABLE THE FINANCE MEMBER IN INTRODUCING
THE BUDGET PROPOSALS FOR 1942-43.

THE year which has elapsed since I presented my last budget has been crowded with momentous happenings, as the struggle against armed aggression spread to every continent and developed the full proportions of a world war. The year has witnessed, both for good and for evil, the intensified pressure of the forces resulting directly from the war situation upon the economic structure of the country. The demands now being made upon her comprehend to the fullest possible extent the industrial possibilities of India. On a broad front—very much broader than some critics are willing to admit—a great advance has been made. I shall, in my speech to-day, only touch on the major features of that advance, for much has already been done to acquaint the people of India with the really striking achievements of Indian industry. The pressure upon the available industrial resources has been aggravated by the demands for Indian textile and other manufactured products from overseas areas which have been cut off from their former sources of supply. Inside India itself, the expansion of the national income due to the war is resulting in an increasing volume of demand which it is at times difficult to satisfy, in face of the inevitable diversion of capital resources and of trained labour towards the sustenance of the war effort.

2. So far as agriculture and raw materials are concerned, the situation can most easily be judged in the light of the course of prices. Over the greater part of the fiscal year, the price-level has been rising sharply and indeed, the widespread demand for the control of prices is a confirmation of the strain which increased purchasing power in the hands of consumers, on the one hand, and the diversion of resources to the war effort, on the other hand, is imposing upon the economy of India. The full utilisation of the country's productive powers which, incidentally, are becoming increasingly diversified, has its counterpart in growing incomes and increased opportunities for employment. That is the favourable aspect of the war on the economic side. The growing shortages, the necessity for doing without, the sacrifices which all classes of the community are now called upon to undergo—these, which are the inevitable consequences of the immense wastages which modern wars involve—are the less welcome aspects of the economic situation. On the whole, however, this country has been fortunate: the balance has so far been greatly to her advantage. I shall have occasion, at a later stage of my speech, to refer more fully to the technical aspects of the latest scheme for the repatriation of debt. But it is a remarkable fact that the demands now made on the economy of India are of a sufficient order of magnitude to make possible the retirement of virtually the whole of her external debt. The mere fact that this has been possible shows that our overseas trade, in spite of all the obstacles presented by the shortage of shipping, has been amply maintained, and indeed, the acceleration of the rearmament programme in America, even before Japan's treacherous attack drew that country into the war, enabled us largely to neutralize the effects of the freezing-orders which we, in common with the rest of the Empire and the United States, adopted as a form of economic pressure in the summer of last year.

3. It is, of course, obvious to everyone that the deterioration of the immediate position in the Eastern theatre of war must be a cause of anxiety, and that until it is rectified it will inevitably react on the economic situation. Certain of our old and new export markets are the scenes of actual hostilities; communications by sea have become more difficult, and the strain upon transport facilities within India itself, which is already very great, may become still more intensified. A temporary loss of confidence may check enterprise and may, to a certain extent, interfere with the high level of productivity previously attained. Nevertheless it requires no undue optimism to realize that the complete mobilization of the mighty resources of America and of the British Commonwealth, and the vast man-power of our heroic Chinese allies, must in time avail to hold the Japanese aggressor, and when the tide turns, as inevitably it will, there will be a powerful return of confidence which will again reinforce the tendencies making for a still further expansion of our economic activity.

FINANCIAL YEAR, 1940-41.

4. I will now deal briefly with the results of the financial year 1940-41. In our revised estimates last February we expected to end the year with a deficit of Rs. 8,42 lakhs. The

actual deficit turned out to be only Rs. 6,53 lakhs. For though expenditure, mainly on account of Defence, was Rs. 2,05 lakhs higher than we expected revenue improved by no less than Rs. 3,94 lakhs. More than Rs. 2 crores of this was on account of the larger contribution made by the Railways to general revenues. The only other appreciable increases were in Central Excise Duties and Income-tax receipts. The divisible pool shared with the Provinces rose from Rs. 16,47 lakhs to Rs. 18,08 lakhs and the provincial share from Rs. 3,73 lakhs to Rs. 4,54 lakhs. In consequence of this there is a balance of Rs. 81 lakhs to be paid to the Provinces this March along with the amount due to them for the current year. As the amount provided for the reduction or avoidance of debt was Rs. 3 crores, the net addition to our indebtedness in 1940-41 was only of the order of Rs. 3½ crores.

FINANCIAL YEAR, 1941-42.

5. I now turn to the current year 1941-42. Our revised estimates for revenue for this year show a net improvement of Rs. 16,62 lakhs. But against this our revised expenditure estimates show a net increase of Rs. 20,04 lakhs. The increase in expenditure is almost entirely on account of the Defence Services, the estimated cost of which has expanded from roughly Rs. 84 crores to Rs. 102 crores odd. Thus, while at the time of the budget we put the deficit on the current year at close on Rs. 14 crores we now expect this to increase to Rs. 17,27 lakhs.

Revenue.

6. For the first nine months of the current year our receipts from Customs continued at a satisfactory level, but since the entry of Japan into the war and the consequent dislocation of shipping in the Pacific there has been a marked drop. We still, however, expect that the total receipts for the year will reach our budget figure with about a crore to spare. Central Excise Duties have also come up to expectations, increased collections of sugar excise duty more than making up for the loss on petrol, and our revised estimate is Rs. 20 lakhs above the budget figure.

7. Collections of Income-tax and Corporation tax have continued to increase, so that our total revised estimate shows a further rise of Rs. 3 crores as compared with the budget. The actual receipts of Excess Profits Tax during the current year are put at no more than Rs. 8 crores out of an anticipated Rs. 11 crores. This is largely due to an over-estimate of the extent to which the increase of the rate of tax to 66½ per cent. would affect the current year's yield, the assessments actually made being almost wholly in respect of liabilities at the rate of 50 per cent. As I indicated the other day in reply to an Assembly question there has been in recent months a considerable improvement in the progress of assessments and these are now being made at the rate of over Rs. 1 crore of tax a month. The divisible pool of income-tax has gone up from Rs. 18,35 lakhs to Rs. 22,17 lakhs. In consequence the Provinces are expected to receive an additional Rs. 2 crores which with the arrears of Rs. 81 lakhs due from last year will bring the amount to be distributed to the Provinces this year up to the record figure of Rs. 7,39 lakhs.

8. As explained in my Budget Speech last year, only Rs. 45 lakhs out of the profits from the issue of our small coin is being taken to revenue and the balance to a Suspense Account. The Indian Mints have, however, carried out a number of coinage orders for other Governments and the fees received for this work and for foreign orders undertaken by the Currency Note Press have gone to swell the revenue shown under Currency and Mint. The main rise under this head is, however, on account of the increase in the surplus profits of the Reserve Bank paid over to Government, which turned out to be Rs. 2,47 lakhs as compared with our estimate of Rs. 1,36 lakhs.

9. The working of the Posts and Telegraphs Department is now expected to result in a surplus of Rs. 1,79 lakhs more than was taken in the budget. With the growth of traffic in all branches, especially Telegraphs and Telephones, gross revenue has increased from Rs. 13,49 lakhs to Rs. 15,68 lakhs. At the same time the employment of extra staff and the payment of overtime and other allowances has caused expenditure to rise from Rs. 12,09 lakhs to Rs. 12,49 lakhs. Under the arrangement explained in my Budget Speech last year the whole of the surplus will be taken to general revenues without any liability for the pay-

ment of interest. As already explained in the speech of the Railway Member, the net contribution to be paid by the Railways this year is no less than Rs. 19,12 lakhs or nearly Rs. 9 crores more than was provided in the budget estimates.

Expenditure.

10. *Defence Services.*—Turning to the expenditure side of the current year, I deal first with the Defence Services. In my last Budget Speech I described in some detail the progress that had been made with the schemes for the modernisation and expansion of these Services. The objects are first to put India in possession of up-to-date naval, air and military forces, capable of undertaking the local defence of her own frontiers, and, secondly, to enable her to supply and maintain forces for employment overseas in what have been described as the outer bastions of India's defence. Schemes of this nature must of course be revised from time to time as the threats to particular aspects of India's security approach or recede with the developments in the war situation as a whole. Towards the close of 1940-41 the deterioration in the position in the Middle East, the over-running of the Balkans, and the emergence of sinister pro-Axis manifestations in Iraq, all pointed to the necessity for a further strengthening of our defences against attack from the West.

The prompt and effective action taken in Iraq and Syria eased the threat to India from this quarter for a brief space but Germany's sudden onslaught on Russia and determined drive towards the Caucasus revived it in an acute form. The recent successes of the Russians in the Ukraine and the reverses inflicted on the enemy in Libya lessened, for the time being at least, the danger from this quarter, but it would clearly be folly even now to ignore its existence and grave potentialities. Meanwhile, an even more serious menace from the Far East had been gradually looming up, culminating last December in war with Japan. Although this possibility had not been overlooked, the unfavourable course that this conflict has so far pursued and its rapid approach to within a relatively short distance of India's frontiers has created additional problems of the greatest urgency, which call for immediate action.

11. The defence schemes to which I referred last year were drawn up for the most part early in 1940 and in view of the increases since then in the magnitude and imminence of the threats to India's security, these schemes have undergone considerable modification and their cost has greatly increased. Before examining the financial implications of these changes I propose as last year to give the House some account of the expansions carried out and others at which we are aiming. For obvious reasons it is not possible to divulge in full the scope of our plans but what I have to say will, I hope, give some idea of the steadily growing magnitude of India's war effort.

12. In spite of the enormous requirements of a modern army and the far higher and more varied degree of training required of all ranks than was necessary 25 years ago, our armies are now more than twice as large as they were at the corresponding stage of the war of 1914-18. We now have in all over a million men under arms, twice as many as when I last addressed you. Our recruiting activities have led to a remarkable increase in the intake of recruits other than officers which has risen during the last 12 months from an average roughly of 20,000 per month to 50,000 per month. The arrangements for housing, feeding, clothing and transporting these large numbers of men have presented administrative problems of unprecedented magnitude. The recruitment of officers in India has not on the whole been as satisfactory as we could have wished. One reason put forward for the inadequacy of the response in this field has been that the terms offered to Indian Commissioned officers are not sufficiently attractive. Improved rates of pay have recently been sanctioned for this class of officers. The institution of a Pre-Cadet Training College to supply certain deficiencies in training and education for young men who would otherwise make good officers may also be expected to improve the intake of officers required for our new armies.

13. All our old cavalry regiments have been mechanised and additional units of the new type are steadily being raised. Heavy and light armoured formations have been raised and others are forming. Concentrated efforts continue to be made to train intensively the thousands of officers required to instruct and lead our new units, and courses of instruction are modified whenever necessary so as to embody the lessons learned in actual operations

against the enemy. Last year I laid stress upon the extreme importance of adequate training and the fact that, next to the provision of arms and equipment, the pace of our expansion was conditioned by the quality of our training. During the last 12 months the various schools and other training institutions of the Defence Services have been greatly increased. Thus the Staff College has increased its output by 100 per cent. since March 1941. The Fighting Vehicles School and the Artillery School have also doubled in size since that date. The Tactical School, Small Arms School and Army Signals School have all been greatly expanded. Many new training institutions have also come into being. An Air Landing School, for the training of parachute troops is now in full operation. A special centre for instruction in anti-aircraft and coast defence artillery has also been created. In addition to the Officers' Training Schools, where several thousand cadets and newly commissioned officers are learning the rudiments of their profession, a Higher War School has been established at the other end of the scale for the instruction of senior officers.

14. The position in regard to equipment has, for one reason and another, never ceased to give rise to anxiety and it is only by dint of resourceful planning that we have been enabled to push on so fast with our expansion. I mentioned last year the arrangement whereby His Majesty's Government guaranteed to give us a substantial fixed percentage of the output of the United Kingdom in articles which we cannot make for ourselves. Although this proportion has recently been doubled and our anxieties on the score of equipment lessened they will not disappear for some time yet. The establishment of new factories and the expansion of existing factories in India for the production of ammunition, lethal weapons, explosives, and other articles required for war purposes, as a result of the Roger Mission schemes, will further ease the position in this respect as the new and expanded factories come into production.

15. The programme of expansion for the Royal Indian Navy which I indicated last year, is now materialising rapidly. The strength of officers and ratings has been approximately doubled. Two new sloops of the latest type, fast and well armed, are fully commissioned and have already seen service. Others are under construction in the United Kingdom. A large programme of building in connection with our Local Naval Defence requirements has been undertaken in India and some vessels have already been completed and commissioned. New and enlarged accommodation for the Gunnery School and Mechanical Training Establishment, has been provided during the past year.

The opening of a Junior Boys Training School with effect from the 1st February 1942 calls for special mention. This School is designed as a feeder to the Boys Training Establishment at Manora on which the R.I.N. largely relies for recruits to the ranks of seamen, engine room and other ratings. The new school is intended to give promising boys of about 15 years of age who would not otherwise acquire the educational qualifications prescribed for admission to the Boys Training Establishment, the general education needed to bring them up to the requisite standard. Both as a permanent addition to India's educational facilities and as a source of recruitment to the R.I.N. the scheme is likely to prove of great benefit to India in years to come.

The work in H.M.'s Indian Dockyard or in private firms under R.I.N. supervision on His Majesty's ships and on repairs, armament and protection of both British and Indian merchant ships, has steadily increased during the year. Additional dry docking facilities have also been provided by extending and reconditioning existing docks.

16. The development of the Air Forces has proceeded as fast as the provision of equipment and skilled technical personnel permitted and much progress has been made during the year. Modern aircraft are now arriving in India and a substantial quantity of modern training equipment has been received. The rapid and continuous increase in the complexity and requirements of modern aircraft, the introduction of new types of squadrons, and the increases in the establishments of both personnel and machines for the various types, add greatly to the difficulties of organising our air defences. For the operation of the new makes of machines landing grounds have to be constructed to much higher standards than those accepted as suitable two years ago, while accommodation both for personnel and machines and other operational facilities incidental to modern air defence are necessary on a far larger scale than

was then envisaged. All these factors, I need hardly point out, add substantially to the cost of building up India's air defences. The formation and expansion of training institutions has gone ahead rapidly and there has been a recent increase in the civil repair and maintenance organisation. Under the scheme for the creation of a reserve of Indian Air Force officers to which I alluded last year approximately 300 officers have been produced by the civil organisation and passed on to service training institutions, whence they should eventually be absorbed into active formations. The fullest use possible is being made of civil resources and the scheme inaugurated by the Director of Civil Aviation for pre-entry basic training for Indian Air Force mechanics is in full working order. Finally, the scheme for the assembly and manufacture of aeroplanes in India has made good progress. It is confidentially hoped that the factory will complete its programme of fighter and bomber construction before the end of the present calendar year although considerable difficulties have been encountered in securing the release from America of the necessary materials, particularly since America entered the war. It has not yet been possible to secure from America all the materials needed for the programme of trainer aircraft and this may be delayed in consequence. In addition the factory is doing valuable work in carrying out major repairs to aeroplanes of many types.

17. To understand the effect of these further developments in India's activities on our defence estimates it must be borne in mind that under the Financial Settlement with His Majesty's Government only such portion of the expansion of India's Defence Services as is related to India's local defence requirements is chargeable to Indian revenues. Thus, as I explained last year, India bears the cost of raising and training, and (to some extent) of equipping any additional forces raised and retained in this country in pursuance of her expansion schemes, while the whole cost, initial and recurring, of such additional forces as are sent overseas is recoverable from His Majesty's Government.

The amplification of these schemes and the putting into force of many other measures designed to improve India's coastal, air, and land defences, involve a large increase in India's share of the war bill. The basic factor underlying this increase is the great rise in the numbers of service personnel actually in India, either on the effective strength of units or undergoing training. Apart from the pay and allowances of these men, in itself a substantial item, the cost of feeding, accommodating, clothing and equipping them, constitutes a very heavy additional burden on Indian revenues. Another contributory factor is the enormous rise in the cost of providing ground and other operational facilities for the modernised squadrons required for India's local defence, to which I have already referred. Our total war commitments, estimated last year at Rs. 52 crores initial outlay and Rs. 19 crores annually recurring, have now on a rough computation risen to something like Rs. 100 crores initial and Rs. 40 crores recurring. During the current year the Indian portion of the initial and recurring costs arising out of these enlarged commitments will amount to roughly 54 crores, i.e., Rs. 18½ crores in excess of the amount provided for Indian war measures in the budget.

18. The details of the revised estimate of defence expenditure for 1941-42 amounting to Rs. 1,02,45 lakhs are as follows :—

	Lakhs of rupees.
(1) Basic normal budget	36,77
(2) Effect of rise in prices on (1)	4,24
(3) India's war measures	53,03
(4) Non-effective charges	8,41
	1,02,45

The increase of 69 lakhs in item (2) over the corresponding budget figure is due to the rapid rise in the general level of prices of indigenous stores. The increase of 17,63 lakhs in item (3) is made up of the increase of Rs. 18½ crores just mentioned less Rs. 85 lakhs on account of India's share of contributions for defence purposes received from the Viceroy's War Purposes Fund. The estimate of non-effective charges remains unchanged pending

conclusion of a settlement with His Majesty's Government regarding the allocation of such charges arising out of the war. The terms of this settlement are still under discussion.

It may be of interest to the House to know that the gross expenditure on defence services and supplies expected to be brought to account in India's books for the year 1941-42 amounts in all to Rs. 300 crores of which after India's share as shown above has been deducted the balance of nearly Rs. 200 crores is borne by His Majesty's Government. This latter figure does not include the value of equipment supplied and other services rendered by His Majesty's Government without charge.

Civil Estimates.

19. Civil expenditure in the current year has increased by Rs. 1,72 lakhs. This is mainly due to the expansion of schemes and activities undertaken in connection with the war. The Department of Supply has made steady progress since I last gave the House an account of its activities. No substantial change has been made in its organisation, but for the duration of the war the Indian Stores Department, the Contracts Directorate, and the temporary officers employed on Purchase duties have been merged into a single Purchase Branch with the object of making the most economical use of the staff available. The Textiles Directorate has now been divided into two Directorates one of which has been located at Bombay to deal exclusively with Cotton Textiles. In the Directorate General of Supply, there has been continuous development. Close relations have been established with the Indian Cotton Textiles Industry, and by co-operation between the Department and a Panel representing the Industry bulk purchases have been arranged on a very large scale. Something like 700 million yards of cotton textiles will be purchased during the year 1942-43. The Clothing Factories, multiplied ten-fold since the outbreak of war, are turning out more than 8 million garments a month. A new Parachute Factory has been set up, and the first Indian-made Statichutes have passed their trials satisfactorily. The production of web equipment is being rapidly stepped up, and the output of leather goods has increased thirty-fold. Enormous quantities of timber are being extracted from the Indian forests, and a considerable sawing industry has been established which provides employment for a large number of people. Many new chemicals have been produced for the first time in India, and Indian sulphur will shortly be on the market.

20. The Directorate-General of Munitions Production has launched satisfactorily a large number of new projects. In my last Budget Speech I referred to the possibilities of expanding India's output of war supplies on lines suggested by the Roger Mission whose recommendations were then under consideration. His Majesty's Government have since completed their examination of recommendations and as a result have approved 20 new projects involving in all a capital outlay estimated at roughly Rs. 12 crores, and these are now in various stages of execution. These projects involve the establishment of new factories and the expansion of old ones for the production in India of weapons, ammunition, steel, and other stores in urgent demand for war purposes, and should before long add materially to India's capacity for the production of munitions besides making her self-supporting in respect of certain items for the supply of which she had hitherto to rely on imports. The whole of the capital outlay on the erection and establishment of these factories is being borne by His Majesty's Government, but India will of course pay for such of the articles produced by the new factories as are utilised for purposes of India's local defence.

21. The load on trade and railway workshops has also been substantially increased. Apart from fabricated engineering stores, the tonnage of which is very considerable, the output includes a large range of military requirements from armoured fighting vehicles and small auxiliary naval craft down to camp kettles. Steam-driven marine engines are in production, and India has made her first electric transformers. These results have been achieved by the ready co-operation of industrial concerns throughout India and of the Railway Administrations. Some idea of the magnitude of the Department's activities is given by the fact that from the beginning of the war to the end of December 1941 the orders placed through the Department are valued at approximately Rs. 230 crores, not including the value of the manufactured goods produced in the Ordnance Factories. The additional expenditure on account of these expanded activities is expected to amount to Rs. 64 lakhs in the current year.

22. The decision of the U.S.A. early in 1941-42 to make available to the democratic powers the great resources of that country in equipment and stores of all kinds required for war purposes, on Lease-Lend terms, constituted one of the most significant and heartening developments of the war. In order to ensure that India participated to the fullest possible extent in these Lease-Lend facilities an Indian Purchasing Mission was created in the U.S.A. under the chairmanship of Sir Shanmukham Chetty, and it is due in large measure to his able exposition of India's case for Lease-Lend assistance that India has now been admitted to the benefits of Lease-Lend facilities on the same terms as the United Kingdom itself and other members of the British Commonwealth of Nations. The indents placed for supplies on Lease-Lend terms up to the end of January 1942 amounted in value to roughly Rs. 47 crores. How far, if at all, America's entry into the war may have the effect of postponing deliveries against these indents or of diverting them to other sources of supply, it is impossible to say, but assuming that no such retardation or diversion occurred, a very rough computation indicates that goods valued at Rs. 11 crores against these indents may arrive in India during 1941-42. The corresponding amount for 1942-43 is Rs. 34 crores. The bulk of the items included in these indents comprise stores required either for direct supply to the Defence Services in India or for supply in connection with contracts for the production of war-like stores. A relatively negligible portion of the demands relate to civil requirements, i.e., for A.R.P. stores, etc. In so far as stores received on Lease-Lend terms are utilised for the equipment of troops sent overseas or for other needs which are paid for by His Majesty's Government under the Financial Settlement the benefits and obligations conferred by Lease-Lend will of course be passed on to that Government. The value of such of the stores as are utilised for Indian purposes, whether by the Defence Services, Civil Departments of the Central Government, or Provincial Governments, will be debited to the budgets concerned and corresponding credits will for the time being be taken to a Suspense Head of Account. We have not yet been informed of the precise nature of the obligation that these Lease-Lend facilities will impose on the Governments making use of them and it is therefore considered prudent for the time being to budget and account for these stores in the same way as though they had been obtained by cash purchase until the precise manner in which the Lease-Lend liability will ultimately be liquidated becomes known. As I have already said, the great bulk of the amounts mentioned above relate to stores supplied for the Defence Services in India but the precise division of these amounts between His Majesty's Government and the Government of India cannot at this stage be determined.

23. There has also been an inevitable expansion in other spheres of Government administration to deal with special wartime problems. A Chief Controller of Imports has been appointed to regulate the Import Trade Control scheme: we have had to set up the Wheat Commissioner and the Controller of Coal Distribution and their staffs. An organisation has had to be created to administer the Petrol Rationing scheme and a Secretariat staff has been recruited for the (Post War) Reconstruction Committee. The estimates also include Rs. 1,41 lakhs which have to be provided for setting aside additional War Risks insurance premia on goods. These amounts are included in our revenue receipts and corresponding payments have to be made into the Fund created for this purpose. The amount to be paid this year in connection with A.R.P., mainly in grants to the Provinces, is estimated at Rs. 1,07 lakhs. Equipment of the new Mint which is now being constructed at Calcutta to enable us to meet the rising wartime demands for coin both for ourselves and from Allied Governments is costing Rs. 26 lakhs. A further Rs. 6 lakhs is on account of the larger output of coin from our existing mints, the profits from which go to increase our revenue. The net increase in the Civil estimates would have reached a larger figure but for a welcome reduction of Rs. 3,09 lakhs in our interest charges. This is mainly due to the saving in interest on the counterparts of our sterling loans for the period they were held in our Cash Balance Investment Account before they were sold, converted or cancelled. There are also certain special savings on the repatriation operations carried out last February. These will be counterbalanced in future years by the larger interest payable on the rupee loans raised to replace our cancelled sterling debt but in the current year there is an immediate reduction in our interest payments.

FINANCIAL YEAR, 1942-43.

Revenue.

24. I now come to the financial year 1942-43. Our total revenue estimates amount to Rs. 1,40,00 lakhs as compared with Rs. 1,29,62 lakhs in the revised estimates of this year.

Against our current year's estimate of the yield from Customs duties of Rs. 36 crores, we have taken for 1942-43 Rs. 30 crores. This figure includes the estimated yield of Rs. 2 crores from the special additional import duty on raw cotton, which was recently imposed in order to finance the measures to be taken to relieve the short-staple cotton situation. The full effect on our foreign trade of the war in the Pacific has yet to be seen and on the information at present available we must prepare for a considerable drop in imports which may turn out to be even more serious than we have allowed for. Against this the yield from Corporation Tax and Income-tax together with the Central surcharge is expected to increase by over Rs. 3 crores, and the collections of Excess Profits Tax have been put at Rs. 20 crores as compared with Rs. 8 crores in the current year. On this basis the divisible pool of Income-tax will increase to Rs. 25,75 lakhs and on the assumption that the sum to be retained by the Centre from the Provincial moiety will be maintained at Rs. 4½ crores, the share of the Provinces next year is expected to reach the figure of Rs. 8,37 lakhs. I may observe that this is considerably more than the total sum which at the time of the Niemeyer Award the Provinces were expected to receive at the end of the ten-year devolution period or than ever appeared to be possible before the outbreak of war.

For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 15,77 lakhs and expenditure Rs. 12,54 lakhs. Telegraph and telephone traffic, the revenue from which has doubled in the last four years, is now being carried almost to capacity and the bulk of the Rs. 1,11 lakhs provided for capital works in 1942-43 is to be spent on increasing the capacity of the existing telephone and trunk systems and on opening new lines and exchanges.

Expenditure.

25. *Defence Services.*—The Defence Budget for 1942-43 amounts to Rs. 1,33,00 lakhs made up as follows :—

	(Lakhs of rupees.)
(1) Basic normal budget	36,77
(2) Effect of rise in prices on (1)	6,52
(3) India's war measures	81,30
(4) Non-effective charges	8,41
	1,33,00

The increase over the revised estimates in item (2) is based on the anticipated further rises in the general level of prices during 1942-43. The heavy increase against item (3) is due to the growth of our expansion and other war measures in the circumstances already explained. Of the total amounts shown, roughly Rs. 47 crores represent initial expenditure and Rs. 36 crores annual recurring expenditure. An allowance has also been made for an aggregate credit amounting to Rs. 1½ crores for the year from the Viceroy's War Purposes Fund. Here again, I would draw attention to the fact that the estimated amount of India's Defence expenditure is only a fraction (approximately one-fourth) of the gross Defence expenditure likely to be brought to account in India's books during 1942-43. In other words, the amount of expenditure on defence services and supplies that we expect to recover from His Majesty's Government during that year under the operation of the Financial Settlement exceeds the enormous total of Rs. 400 crores.

By far the greater part of this amount as also of the corresponding amount of Rs. 200 crores for the current year represents expenditure connected with the provision or maintenance of forces engaged in operations overseas that vitally concern India's security against external aggression. More than one half of the total amount relates to the acquisition and storage in India of stores of all kinds intended for the initial equipment or maintenance of such forces. A relatively small portion of these amounts consists of expenditure unconnected with the defence of India, such as, the value of equipment and stores supplied direct to the United Kingdom and expenditure on prisoners of war held in this country.

In addition His Majesty's Government have undertaken the supply to India without charge of large quantities of aeroplanes, vehicles, guns, and other equipment required in connection with the expansion of India's Navy, Air Force and Army. The total value of such free supplies already made or expected to be received by the end of 1942-43 is roughly Rs. 60 crores.

Civil Estimates.

26. Our civil expenditure estimates show increases amounting to Rs. 9,63 lakhs in all as compared with the current year's revised estimates. Though this is a large amount, particularly at a time when ordinary expenditure has to be restricted to the minimum, I will not take up the time of the House by going over the details which are furnished in full in the Explanatory Memorandum on the Budget. I will merely mention the chief components in order to indicate to what extent this extra expenditure is directly related to essential measures connected with the war. There is first of all the expenditure on Civil Defence for which Rs. 4 crores have to be provided. Under the new scheme of financial allocation of the cost of A.R.P. measures, which was drawn up after a conference between the Centre and the Provinces, each Provincial Government is in each financial year to bear the whole of its expenditure up to a specified amount which is to be fixed in a certain broad relation to the provincial revenue receipts. The amount over and above this initial slab of expenditure will be divided into further slabs, of which the first is to be shared 50/50 by the Central and the Provincial Governments, the next 75/25 and anything beyond that 87½/12½. This new allocation will not disturb the previous arrangement whereby the Central Government bear the whole of the non-recurring expenditure sanctioned by them prior to the 1st July 1941 and the recurring expenditure sanctioned by them and incurred before that date. The scheme is designed to ensure that necessary A.R.P. measures are undertaken without delay and that the financial help given by the Centre should be determined in the light of the magnitude of the A.R.P. expenditure to be incurred by each Provincial Government and the capacity of the revenues of the Province. It also takes into account the additional resources which the Provinces are deriving from the larger distribution of income-tax. The amount of A.R.P. expenditure to be shared next year will of course depend to a great extent on future developments, so that our present estimate of the amounts to be paid out by the Centre can only be regarded as tentative.

27. The original Technical Training Scheme by which 15,000 men were to be trained for the technical branches of the Defence Services and Ordnance and Munitions factories has since been expanded to provide for the training of 48,000 men by the end of 1942-43. This is to cost Rs. 2 crores. A further expansion costing about Rs. 20 lakhs is also being undertaken to meet the needs of civil industry. Of these amounts Rs. 1,32 lakhs are expected to be spent next year.

28. There is a special provision of Rs. 26 lakhs for expediting the Civil Aviation programme in addition to the annual subvention of Rs. 35 lakhs. Rs. 17 lakhs are required to complete the programme of the Karachi, Peshawar and Delhi Broadcasting Houses and the construction of the new high power transmitter for foreign broadcasts. The continued expansion of the Supply Department's activities is expected to require a further Rs. 48 lakhs over and above the amount provided this year. Then there are the sums to be transferred to special funds, such as War Risks Insurance premia, the proceeds from the enhanced import duty on raw cotton and the cess on exports of agricultural produce which amount to Rs. 3,24 lakhs, Rs. 2,00 lakhs and Rs. 18 lakhs respectively. These have to be provided in our expenditure estimates though in effect they are set off by corresponding receipts on the revenue side. A further large item is the increase of Rs. 1,75 lakhs in our Interest charges. This is due to the fact that the immediate savings which resulted from our Sterling Debt Repatriation operations will not recur next year and though there will be a large reduction in interest payable in England from the repayment of the 2½ per cent. and 3 per cent. non-terminable sterling loans, this will be offset by the additional interest to be paid in India on the Defence Loans and Treasury Bills raised to finance this repayment. Next year's provision for Interest will still, however, show a saving of Rs. 1,34 lakhs as compared with the budget for 1941-42.

29. I can now summarize the position for the coming year. The expenditure detailed in the Civil estimates comes to Rs. 54,07 lakhs and the provision for the Defence Services has been placed at Rs. 1,33,00 lakhs. Our total expenditure estimates thus amount to Rs. 1,87,07 lakhs. The total revenue, at the existing levels of taxation, is estimated at Rs. 1,40,00. We are thus left with a prospective deficit of Rs. 47,07 lakhs.

WAYS AND MEANS.

30. At this stage I will as is usual give an account of our ways and means position, which naturally assumes a much greater importance in the scheme of wartime finance.

Defence Loans.—Since the Defence Loans were first issued in June 1940 they have produced a total of Rs. 1,10,30 lakhs up to the end of January 1942. The greater part of the amount subscribed this year has been in the form of investments in the 3 per cent. Second Defence Loan, 1949-52, which was on tap from the 1st February 1941 and has only just been closed. The continued response to the Interest-free Defence Bonds has been most welcome. The sales of Defence Savings Certificates and Stamps have also brought in a steady if modest flow of subscriptions, the total of which now amounts to about Rs. 4,67 lakhs.

31. The aggregate of these sums is no doubt a respectable figure in relation to the normal scale of public borrowing in India. But in the circumstances of the present time it is manifest that a continuously increasing rate of saving is essential not only to finance our expanding war activities but to keep the economy of the country in a sound and healthy condition. Our own Defence expenditure has reached a scale of Rs. 40 lakhs a day and is continuing to grow. But there is a much larger expenditure on account of supplies and services to His Majesty's Government and other allied governments. For these we receive payment in sterling but have to disburse the equivalent amount in rupees within the country to those who have provided the goods and services. This creates a large increase in the purchasing power available in the hands of people in the country. The whole of that purchasing power cannot possibly be utilised in a satisfactory and wholesome manner at the present time when so much of the productive power of the country must be directed to the war effort and when the purchase of desirable imports is necessarily subject to the most severe restrictions. In these circumstances it is of paramount importance that claims for consumers' goods should, as far as possible, be postponed; in other words, that the individual should refrain from intensive competition for goods of limited supply and should save his money for expenditure at a more suitable time. In this way he will not only provide a reserve for himself against more difficult times to come but he will assist in the prevention of those sudden rises in the price level which are a source of great hardship to so large a part of the community. These are familiar facts in any wartime economy, but they need to be brought home to those large numbers in India to-day who find themselves in possession of an enhanced spending power. The object of the National Savings campaign is to try and persuade people to follow this course in their own interest and that of the country. A conference of representatives from Provinces and Indian States was held last month to survey the progress made with this movement and to consider the further measures necessary to advance it. I can only repeat that nothing is more important than that people with surplus purchasing power in their hands should be taught at the present moment to save wherever possible rather than spend. I shall have more to say on this subject towards the end of my speech.

During the current year the outstanding balance of the 3 per cent. Bonds, 1941, amounting to Rs. 10½ crores was repaid, Rs. 8½ crores by conversion and the remainder in cash. Apart from the undated sterling loans, to which I shall refer later, the only loan we have the option of repaying next year is the 5 per cent. Loan, 1942-47, but of this the balance still outstanding is only Rs. 65 lakhs.

32. *Sterling Position.*—With the increased war demand for supplies from India, sterling has continued to accumulate in the Reserve Bank at a rate greatly in excess of the previous years' figures and our anticipations. Purchases by the Bank during the first ten months of the current year amounted to approximately £57 million. At the time of the budget we estimated a net refund by the Secretary of State of £26 million. Since then, however,

the volume of recoverable war expenditure and purchases on behalf of His Majesty's Government and Allied Governments has increased continuously, and the net refunds for the year are now expected to aggregate £53 million after providing for the repayment of the 2½ per cent. and 3 per cent. undated sterling loans next month. For next year the net refunds by the Secretary of State are estimated at £164 million after allowing for the repayment of the remaining undated sterling loans and for the payment of £13 million for the purchase of the Bengal and North Western Railway and the Rohilkhund and Kumaon Railway.

33. *Repatriation of Sterling Debt.*—In my Budget Speech last year, I dealt at some length with our scheme for the repatriation of India's sterling debt and its financial implications. During the course of the current year, thanks to the co-operation of the Bank of England and the Reserve Bank, not only were we able to carry out this important and complex transaction smoothly, but we have also been able to adopt, with the assistance of His Majesty's Government, a similar scheme for the repatriation of the remaining non-terminable portion of our sterling debt. The total terminable stock acquired under the first scheme amounted to Rs. 97 crores leaving only some Rs. 15 crores outstanding as being outside the scope of the British and Indian Vesting Orders. The sterling paid out to those holders who were entitled to payment in sterling was £66.3 million, while of Rs. 14,56 lakhs dealt with under the Indian Order Rs. 13,30 lakhs were acquired in exchange for counterparts, the small remainder being paid for in cash. Including the market purchases that preceded the first compulsory acquisitions, the total sterling debt was reduced by £101 million and the annual interest payments in sterling by over £4 million. The continued accumulation of sterling with the Reserve Bank made it possible for us to enlist once more the assistance of His Majesty's Government and to announce towards the end of December last the second compulsory scheme of repatriation, and at the same time to give notice of redemption of the 3½ per cent. undated stock on the 5th January 1943. The probable requirements of sterling for the 2½ per cent. and 3 per cent. stock are £70 million, and this the Reserve Bank will be able to find for us with the greatest ease. Another £70 million will be required during the course of next year for payments in connection with the 3½ per cent. stock and this amount will also be available without any strain on the Reserve Bank's sterling resources.

34. There has been criticism in some quarters that the open market purchases made from time to time before the first compulsory repatriation pushed up the prices against us and therefore made the scheme unduly expensive. This criticism is not valid because the bulk of our purchases were made during March to October 1940 when security prices had slumped as a result of the international situation, and the prices paid were close to the minima fixed by the London Stock Exchange. Moreover, we had stopped making purchases for a couple of months before the date of the Vesting Orders. We did not resume them for the undated stock until we could pick up stock at reasonable prices again after the second week of December last. There is no evidence that our purchases were a factor of any recognisable significance in the fluctuations of the market prices from time to time, which were more or less parallel in the United Kingdom and in India.

35. Last year I gave the House a tentative outline of our plan of rupee finance for the first measure of repatriation. As I then explained, there are two stages : first, to acquire the sterling from the Reserve Bank and, secondly, to obtain rupees to pay for that sterling. Owing to the large sterling resources of the Reserve Bank the first operation presented no difficulty, and, as regards the second, I explained that it would obviously be impossible to attempt to borrow this immediately from the market, particularly in view of our defence borrowing requirements, and that in fact there was no need to hurry this process unduly. The procedure should be designed so as to avoid any immediate shock to the rupee security market and to fund these obligations gradually as the market was able to absorb them. To the extent to which these terminable loans were held by Indian investors, as their price was roughly at a parity with the price of similar Indian securities, it was possible to give them direct payment in the form of counterparts and the rupee finance of these of course presented no difficulty. As for the balance amounting to approximately 84 crores, it was taken over either by the Reserve Bank in the form of counterparts, or was met out of our balances, or financed by *ad hoc* treasury bills or ways and means advances from the Bank,

the object being to provide both the Bank and Government with a portfolio which could be sold gradually to meet the market demand.

36. The first step taken in this direction was the cancellation of stock which, in our opinion, was in excess of the absorptive capacity of the market over the next few years and was not required for ensuring the marketability of such of the counterpart stock as was in the hands of the public. As a result some Rs. 47 crores of stock including that taken over from the Reserve Bank was cancelled and a small proportion was converted into existing loans for which there is a fairly sustained demand from the market. The combined result of these operations was an increase of Rs. 92 crores in our rupee debt and of Rs. 3 crores in our rupee interest charges against a reduction in sterling debt by Rs. 135 crores and sterling interest by Rs. 5½ crores. As opportunity occurred during the year by arrangement with the Reserve Bank, *ad hoc* treasury bills taken up by the Bank in connection with the repatriation were gradually cancelled against the transfer of sterling from the Banking Department to the Issue Department. In the result, prior to the announcement of the second scheme of repatriation, the Reserve Bank held only Rs. 2,71 lakhs of *ad hoc* treasury bills. Meanwhile counterparts on Government's account were sold to the public as they required them, and by the end of December last, out of some Rs. 139 crores of rupee counterparts created since repatriation was first undertaken, Rs. 47½ crores had been cancelled, Rs. 51 crores were in the hands of the public, a little over Rs. 31 crores were held by the Reserve Bank and Rs. 9½ crores were held on Government account. As our outstanding of Treasury Bills actually decreased by Rs. 14 crores between the 1st March 1941 (i.e., prior to the repatriation payments) and the end of January 1942, we may conclude that the cash payments on account of the counterparts which were cancelled have ultimately been financed almost entirely from Defence Loan proceeds. We may, therefore, claim that the bulk of the floating debt incurred for the financing of the first instalment of repatriation has already been funded. We may also be reasonably confident that we shall not encounter any unusual difficulty in making satisfactory arrangements for the financing of the second instalment of repatriation due to be carried out in two stages—one in March 1942 and the other in January 1943.

37. In regard to the 3½ per cent. stock, Government have been criticised in some quarters for not extending to it the machinery of compulsory acquisition used in the case of the other stock. This criticism overlooks the fact that although compulsory acquisition can be justified as a contribution to the general war effort, it is still compulsion and cannot be lightly employed. In the case of the 3½ per cent. stock, which has been standing so near to par and which is redeemable on a year's notice, we could urge no sufficiently valid reason for His Majesty's Government to use their special war time powers to acquire it for us, even though the acquisition would have meant some acceleration of the release of sterling for investment in a more permanent form in British Defence Loans.

38. I pointed out last year that the real gain to the country from repatriation lies in the liquidation of external obligations which might prove an embarrassment in future and their replacement by internal debt. The method of finance employed, involving as it does payment to holders out of short-term obligations to be replaced gradually by funded loans, results in a certain temporary revenue gain. That, however, is only incidental, and if I mention a figure, I intend it to be a matter of only secondary interest to the House. We calculate that on the figures already given, the net saving to the revenue budget under interest would be of the order of Rs. 90 lakhs. In addition, to the extent to which the Reserve Bank is for the time being holding higher interest bearing rupee counterparts in its Issue Department instead of short-term sterling investment of lower yield, its profits will increase, and as ultimately the Bank's surplus profits are transferred to Government, Government gains thereby. I make no attempt to calculate precisely the size of this addition to Government revenue, but content myself with stating that it should be approximately of the order of Rs. 50 lakhs.

39. A question is sometimes asked as to the effect of these large transactions on the Bank's sterling reserves. In point of fact, by the 1st August 1941, the sterling reserve in the Issue Department had already been restored to the figure at the close of the previous year ending 30th June 1940, in spite of large payments on account of repatriation. Immediately before the announcement of the second scheme, in spite of a very large increase in

note liabilities, the Reserve Bank held gold and sterling securities accounting for 77½ per cent. of the note liabilities, and at the end of January, it was in a position to find all the sterling necessary for the 2½ per cent. and 3 per cent. undated stock and yet retain a cover in gold and sterling securities well above 40 per cent. Indeed in this respect the Bank might almost be said to possess an embarrassing plenitude.

40. *Treasury Bills.*—In the Budget we assumed a net decrease of Rs. 11½ crores in the value of Treasury Bill outstandings. Actually by the end of January 1942 the outstandings had been reduced from Rs. 69 crores to Rs. 45½ crores, that is, by Rs. 23½ crores. This improvement was due mainly to better Defence Loan receipts and sales of stock held by Government. Also, although the Reserve Bank have not found it necessary this year to take from us the rupee coin for which we had anticipated a credit of Rs. 5 crores, we have actually realised Rs. 10 crores from the sale of silver in India. Incidentally, the Bank will in the normal course have to take a further Rs. 5 crores of rupee coin from Government next April under Section 36 (2) of the Reserve Bank of India Act and we are accordingly assuming a credit of this amount next year.

We shall, however, have to find large sums to cover the repayment of the 2½ per cent. and the 3 per cent. undated sterling loans next month and we propose to meet this by creating additional treasury bills to the extent of Rs. 39 crores, the balance of the amount required being found either by the issue of stock to the Bank or from our own balances, supplemented if necessary by temporary ways and means advances.

41. *Post Office Cash Certificates and Savings Banks.*—The net discharge of Cash Certificates this year is not likely to vary appreciably from our original estimate of Rs. 6 crores ; but, against the credit of Rs. 2 crores assumed in the budget, Savings Bank transactions are likely to result in a net outgo of Rs. 7 crores. Until recently there was a steady decrease in withdrawals but with the extension of hostilities in the Far East there has been a setback. The position will, it is hoped, improve before long and for next year we are estimating the net encashment of Cash Certificates at Rs. 5 crores and the net withdrawals of Savings Bank deposits at Rs. 2 crores.

Report for the year 1941.

Section VI.

RULES AND REGULATIONS.

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
7th August, 1939.*

1. The Association shall be called the Bombay Millowners' Association. Name.
2. The Office of the Association will be situate in Bombay.
3. The objects of the Association are :— Objects of the Association.
 - (a) To encourage friendly feeling and unanimity amongst Millowners and users of steam, water and/or electric power on all subjects connected with their common good.
 - (b) To secure good relations between members of the Association.
 - (c) To promote and protect the trade, commerce and manufactures of India in general and of the cotton trade in particular.
 - (d) To consider questions connected with the trade, commerce and manufactures of its members.
 - (e) To collect and circulate statistics and to collect, classify and circulate information relating to the trade, commerce and manufactures of its members.
 - (f) To take all steps which may be necessary for promoting, supporting or opposing legislative and other measures affecting the trade, commerce or manufactures of its members.
 - (g) To make representations to Local, Central and Imperial authorities on any matter connected with the trade, commerce and manufactures of its members.
 - (h) To arbitrate in the settlement of disputes arising out of transactions in piece-goods and yarn between parties willing or agreeing to submit to arbitration in accordance with the arbitration rules of the Association.
 - (i) To advance and promote commercial and technical education connected with the trade and commerce of its members.
 - (j) To undertake special inquiries and initiate or support any action for securing the redress of legitimate grievances connected with the trade or commerce of its members.
 - (k) To take any action which may be conducive to the extension of the trade and commerce of its members or incidental to the attainment of this object.
 - (l) To subscribe, to become a member of and co-operate with any other Association whether incorporated or not whose objects are altogether or in part similar to those of this Association and to procure from or communicate to any such Association such information as may be likely to forward the objects of this Association.
 - (m) To establish or aid in the establishment of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee money for charitable or benevolent purposes at the discretion of the Association.
 - (n) To regulate conditions of employment in the industry conducted or carried on by its members.
 - (o) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible
for membership.

4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the
term "member."

5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of
members.

6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuracy, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuracy, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuracy, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuracy or otherwise as the case may be.

12. If the name of any person shall be notified as a person empowered to act and vote, on behalf of a member by virtue of being the holder of a power to sign per procuracy the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned. Mode of electing members.

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall, for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall, from time to time, think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership sub-
scription.

33. Every member who shall after the date on which these rules shall come into force be elected a member of the Association shall pay on election an entrance fee of Rs. 100.

34. Every member who shall after the date on which these rules shall come into force be elected a member of the Association after the 1st January but before the 1st October in any year shall in addition to the entrance fee pay such proportion of the annual subscription for that year as shall be attributable to the period between the date of election and the 31st December of that year. Every member similarly elected after the 30th September in any year shall pay in addition to the entrance fee one-quarter of the annual subscription for that year.

35. Each member of the Association shall pay the annual subscription to the Association which may from time to time be determined by the Committee. Provided that the resolution of the Committee determining such annual subscription shall be passed by a majority of not less than two-thirds of the members of the Committee present at a special meeting called for the purpose of determining such subscription.

36. Annual subscriptions shall be payable in advance on the 1st January in each year in respect of the period from the 1st January to the 31st December in that year, and a member shall not be entitled to exercise any of the privileges of membership if his subscription is more than two calendar months in arrear.

37. The Committee of the Association shall, in the case of mills which remain entirely closed for one calendar year or more for causes not due to a strike or a lock-out, be empowered to remit the ordinary membership subscription, and to substitute therefor a subscription of Rs. 100 only for each calendar year during which the mills remain entirely closed.

38. A member who shall fail to pay his subscription for a period of three calendar months after it has become payable shall, *ipso facto*, cease to be a member of the Association and his name shall forthwith be removed from the said Register. Provided that the Committee may, for good cause shown for such non-payment of the subscription as to which the decision of the Committee shall be final and binding upon the member in default, and upon payment of the subscription in arrear, revoke the cancellation of membership and order the name of such member to be reinstated in the said Register. Subscriptions in arrear shall be treated as a debt due to and recoverable by the Association.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership. Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register. Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned. The Committee, its constitution and mode of election.

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting papers for

- (a) the election of a Chairman of the Committee,
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association who he desires should be appointed such Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of a Deputy Chairman, write on a voting paper relative to the election of a Deputy Chairman the name of the person representing a member of the Association who he desires should be appointed such Deputy Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of the eighteen ordinary members of the Committee, write on a voting paper relative to the election of the ordinary members of the Committee, the names of the eighteen persons representing members of the Association who he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the
Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time. Minutes Book of the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meetings of Members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

The date when
the rules come into
force and the mode
of altering the
rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 24th March 1942.

1. Throughout all these rules the following words shall bear and include the following Interpretation meanings :—

- (a) 'The Association' means the Millowners' Association, Bombay.
- (b) 'Member' means a member of the Millowners' Association, Bombay.
- (c) 'The Secretary' means the Secretary of the Millowners' Association, Bombay.
- (d) 'The Managing Committee' means the Managing Committee of the Millowners' Association, Bombay.
- (e) 'Trade mark' includes 'ticket' and 'stamp.'
- (f) 'Colourable imitation' includes a trade mark, which is likely to become known by or to acquire the same name as that by which another trade mark is already known or which such other trade mark has already acquired.

2. For the purposes of these rules a registrable trade mark must consist of a distinctive mark device or design not being a name, signature or word or words (invented or otherwise) either alone or in combination with one or more of the following :—

- (a) The name of a Company, individual or firm represented in a special or particular manner.
- (b) An invented word or invented words.
- (c) A word or words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or surname.

Provided—

- (1) that any trade mark registered in the Permanent Register of the Association prior to the 31st March 1924 shall be registrable as a trade mark under this rule;
- (2) that no trade mark shall be accepted for registration which contains or consists of any scandalous design, or any matter the use of which would by reason of its being calculated to deceive or otherwise be disentitled to protection in a Court of Justice, or would be contrary to law or morality ;
- (3) that no trade mark shall be accepted for registration which contains or consists of a representation of the Royal Arms (or Arms so closely resembling the Royal Arms as to be calculated to deceive), or of a photograph or photographs of any member or members of the Royal Family.

3. All goods to which these rules apply shall be divided into the following classes :—

Class 1.—Cotton yarns and threads being either grey or bleached.

Class 2.—Cotton yarns and threads being coloured either in whole or in part.

Class 3.—Cotton piecegoods of all kinds.

Registers.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same.

5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

7. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member.

9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register.

10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register.

11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods. Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

- (a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register; or
- (b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

20. If any member being the owner of a trade mark which has been registered in the Permanent Register desires to use the mark so registered in a form which differs from that in which it was originally registered such member shall send to the Secretary an application to enter such altered mark in the Permanent Register as an associated mark, and with such application shall send to the Secretary such number of copies of the altered mark as the Managing Committee of the Association may prescribe. The Secretary shall thereupon enter the altered mark in the Suspense Register as an associated mark. Copies of the altered mark shall then be sent by the Secretary to all other members of the Association. If an objection to the entry of such mark as an associated mark in the Permanent Register on the ground that the mark has been so materially altered that it has become an imitation colourable or otherwise of another mark already registered in the Permanent Register by the objecting member, is received within fourteen days, the objection shall be referred to the Trade Marks Sub-Committee. Unless in the unanimous opinion of the members present at the meeting of the Trade Marks Sub-Committee met to decide this matter in dispute the trade mark so altered is not an imitation colourable or otherwise of the mark already registered in the Permanent Register by the objecting member, the objection shall be referred to arbitration in the manner provided by these rules for the determination of the disputes mentioned in Rule 23.

N.B.—For the purposes of this rule, at least one-half of the total number of members of the Trade Marks Sub-Committee shall be present at a meeting of the Sub-Committee and constitute a quorum.

Liberty to refuse to refer to arbitration in certain cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in

writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any

- (a) application to register a trade mark,
- (b) application to remove a trade mark from the Suspense Register,
- (c) application to remove a trade mark from the Permanent Register,
- (d) applications to record in the Permanent Register as "associated marks" variations of trade marks already in the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules.

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

(a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;
or

(b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed ;
or

(c) a matter in dispute shall stand referred to an umpire but such umpire shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

34A. No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
- or
- (b) any objection to a trade mark being entered in the Permanent Register,

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notification is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register.

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register. 44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register. 45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

**“ SUPPLEMENTARY ” PROVISIONS FOR DEALING WITH DISPUTES
IN CONNEXION WITH DEALERS’ TRADE MARKS CIRCULATED
UNDER RULE 7 OF THE ASSOCIATION’S RULES FOR THE
REGISTRATION OF TRADE MARKS.**

1.—These Rules shall be called “ The Supplementary Provisions relating to Dealers’ Trade Marks.”

2.—These provisions shall unless rescinded be in force up to March 31st, 1940,* and might be renewed or extended and confirmed before that date by a resolution duly passed at a General Meeting of all members of the Association.

3.—These rules shall take effect as and from the date following this resolution.

4.—These provisions shall only apply to disputes arising from dealers’ trade marks circulated on or after the date of commencement of these provisions.

If these provisions are not extended, renewed or confirmed before March 31st, 1940, they shall continue to apply till all disputes relating to dealers’ trade marks circulated on or before March 31st, 1940, have been disposed of.

5.—Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member and which such member intends to apply to any produce of the mill or mills, factory or factories owned by such member (hereinafter called “ a dealer’s trade mark ”) as the Managing Committee may from time to time prescribe in that behalf regard being had to the total number of members accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

6.—Any member may object to any such dealer’s trade mark on the ground that such dealer’s trade mark is an imitation, colourable or otherwise, of a trade mark which has already on the application of such objecting member been entered in the permanent register for use on goods of a class or classes similar to the class or classes of goods to which such dealer’s trade mark is intended to be applied and that such trade mark so already entered has habitually been applied by such objecting member to such class or classes of goods.

7.—Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of such dealer’s trade mark and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

8.—If any member shall object to a dealer’s trade mark on the ground set out in Rule 6, then unless the two members can come to an agreement with each other the difference between them shall be determined by arbitration in the manner prescribed by the rules for the determination of questions relating to any application to register the trade mark or to an application to remove a trade mark from the Suspense Register or from the Permanent Register as to which notice of refusal to refer to arbitration has not been given. The sole arbitrator, two arbitrators, umpire or referee as the case may be, shall award either that the member may or may not apply such dealer’s trade mark to any produce of the mill or mills, factory or factories owned by such member, and subject to the provisions of Rule 9 both members shall abide by such award.

* Since extended to March 31st, 1943.

8A.—If, after an objection has been raised, no agreement is reached between the two members concerned and if no arbitration proceedings are commenced by either party within a period of two months from the date on which the objection was first notified to the member at whose instance the dealers' mark was circulated, or within the period as extended by the Trade Marks Sub-Committee, the applicant member shall be deemed to have withdrawn his application for the use of the mark.

9.—Should the objecting member establish in a suit filed in the High Court of Judicature at Bombay in which the objecting member is the Plaintiff and the dealer is the Defendant that the dealer's trade mark is an imitation colourable or otherwise of a mark which has already on the application of such member been entered on the Permanent Register then notwithstanding that an award may have been made permitting a member to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, the other member shall forthwith cease to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by him.

10.—The objecting member shall not make the other member a party to such suit.

11.—If the objecting member files a suit against the dealer before an award shall have been made then the arbitrators shall not make their award.

12.—The provisions of Rules 2 to 7 shall apply also to a dealer's trade mark which it is intended to apply to the produce of a mill for export from India to particular and specified markets only. Rules 8 to 11 shall not apply to such trade marks, but the following rules shall apply in addition to Rules 2 to 7.

13.—Every member shall send to the Secretary, with the copies of the trade mark sent to him under Rule 5, a certificate signed by him or by some person duly authorised to sign the same on behalf of the member that the produce to which the said mark is to be applied will not be sold in India but will be exported from India to particular and specified markets only.

14.—The Secretary shall, when sending copies of the trade mark to members under Rule 5, also send to them copies of the said certificate.

15.—If any member shall object to such dealer's trade mark on the ground set out in Rule 6, the Secretary shall notify the member of such objection but the Association shall not thereafter take any part in the said objection.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

*Adopted at the Special General Meeting of the Members of the Association
held on 10th October 1932.*

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

- Definitions.
- (a) "The Association" means "The Millowners' Association, Bombay."
 - (b) "Member" means a member of the Millowners' Association, Bombay.
 - (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
 - (d) "Number" means and includes :—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely :—

- (a) A combination of numbers and letters ending with a fraction of more than one digit in the numerator and the denominator ;

Unregistra-
ble Numbers.

(b) A combination of numbers and/or letters representing cloth dimensions ;

(c) A combination of letters making a word.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers)

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered ;
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, if satisfied that the number is capable of registration under these Rules, shall cause a search to be made amongst the numbers registered in the Suspense Register and the Exclusive Register for the purpose of ascertaining whether there are on record any numbers for the same goods or description of goods identical with the number applied for or so nearly resembling it as to be calculated to deceive. Search by Secretary.

16. A number shall be deemed to be so nearly resembling a registered number as to be calculated to deceive if it does not differ from the registered number :— What is calculated to deceive.

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator ;

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

- (xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

- (xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to "BALANCED NUMBERS."

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

of (c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application. Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks. Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration. Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register. Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered. Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member. Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.



**“ SUPPLEMENTARY PROVISIONS ” FOR CIRCULATING DEALERS’
TRADE NUMBERS FOR USE ON GOODS EXPORTED FROM INDIA.**

1. These Rules may be called the “ Supplementary Provisions ” for circulation of dealers’ trade numbers for use on goods exported from India.

2. These provisions shall remain in force up to 31st March 1942* and may be renewed or extended and confirmed before that date by resolution duly passed at a General Meeting of all members of the Association.

3. These Rules shall take effect as and from the date following this resolution.

4. The provisions of Rule 13 of the Association’s Rules for the Registration of Trade Numbers, shall not apply to trade numbers which are the property of a dealer (hereinafter referred to as dealers’ trade numbers) dealing with a member and which such member intends to apply to any produce of his mill directly for export from the mill to overseas merchants.

5. An application for the use of a dealer’s trade number shall be made in writing and shall be signed by a Director or Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. The application shall contain a declaration signed by the applicant member or by some person duly authorised to sign the name on behalf of the member that the produce marked with the number applied for will not be marketed in India and that the number will be used only on goods exported directly from the mills to overseas markets specified in the application.

6. The Secretary shall, as soon as may be after the receipt thereof, circulate copies of the application and of the declaration to every member.

7. Any member may object to any such dealer’s trade number on the ground that such dealer’s trade number is an imitation, colourable or otherwise, of a trade number which has already, on the application of such objecting member, been registered as his exclusive property or has already at his instance been circulated as a dealer’s trade number for use in the same markets outside India.

8. Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of the application for the use of such dealer’s trade number and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorised to sign on behalf of the objecting member and shall set forth the grounds of objection.

9. If any member shall object to such dealer’s trade number on either of the grounds set out in Rule 7 above, the Secretary shall notify the member at whose instance the dealer’s number was circulated of such objection, but, the Association shall not thereafter take any part in the said objection.

* Since extended to March 31st, 1943.

RULES FOR THE REGISTRATION OF TRADE NAMES.

1. These Rules shall be called the " Rules for the Registration of Trade Names " and shall come into force on such day as may be fixed by the Committee of the Association in this behalf.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :— Definitions.

- (a) " The Association " means " The Millowners' Association, Bombay."
- (b) " Member " means a member of the Millowners' Association, Bombay.
- (c) " The Secretary " means " The Secretary of the Millowners' Association, Bombay."

3. For the purposes of these Rules a registrable trade name shall be :

Registrable
Trade Names.

- (a) An invented word or words printed or written in English characters ; or
- (b) An English Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used; or
- (c) An Indian vernacular Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used.

PROVIDED that such vernacular word or words shall only be used in the vernacular or vernaculars from which it/they is/are taken and shall be recorded in the Trade Names Registers of the Association (phonetic spelling) in English characters.

4. Notwithstanding anything contained in the foregoing Rules, the following types of words shall not be registrable :— Unregistrable
Trade Names.

- (a) Personal Names.
- (b) Geographical Names.
- (c) Mis-spelt Words.
- (d) Names of Gods and Goddesses.
- (e) Names of mythological persons.
- (f) Word or words describing scenes from scriptures, or mythology of any religion whatsoever.
- (g) Word or words likely to offend religious susceptibilities.
- (h) Indecent or obscene word or words.
- (i) Trade names known to be current on imported goods.
- (j) Recognized textile terms, for example, African Domestics, Alhambra Quiltings, etc.
- (k) Word or words already registered with the Association as the name of a trade mark.

(l) Monograms.

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

Application. 5. These Rules shall be applicable only to cotton mill members of the Association.

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

Agreement as to user of names in Suspense Register.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name.

Effect of an entry in the Suspense Register or Exclusive Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name.

Exclusive Register (New Trade Names).

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used.

Use of a new Trade Name.

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules.

Form of application for Registration.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

Search by Secretary.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules. Temporary Certificates.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 *days*, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized. Certificate of Registration.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 *days* from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application. Notice of Rejection to be given to Applicant.

19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association. APPEALS.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

**“ SUPPLEMENTARY PROVISIONS ” FOR CIRCULATING DEALERS’
TRADE NAMES FOR USE ON GOODS EXPORTED FROM INDIA.**

1. These Rules may be called the “ Supplementary Provisions ” for circulation of dealers’ Trade Names for use on goods exported from India.
2. These provisions shall remain in force up to 31st March 1942* and may be renewed or extended and confirmed before that date by resolution duly passed at a General Meeting of all members of the Association.
3. These Rules shall take effect as and from the date following this resolution.
4. The provisions of Rule 12 of the Association’s Rules for the Registration of Trade Names, shall not apply to trade names which are the property of a dealer (hereinafter referred to as dealers’ trade names) dealing with a member and which such member intends to apply to any produce of his mill directly for export from the mill to overseas merchants.
5. An application for the use of a dealer’s trade name shall be made in writing and shall be signed by a Director or Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. The application shall contain a declaration signed by the applicant member or by some person duly authorised to sign the name on behalf of the member that the produce marked with the name applied for will not be marketed in India and that the name will be used only on goods exported directly from the mills to overseas markets specified in the application.
6. The Secretary shall, as soon as may be after the receipt thereof, circulate copies of the application and of the declaration to every member.
7. Any member may object to any such dealer’s trade name on the ground that such dealer’s trade name is an imitation, colourable or otherwise, of a trade name which has already, on the application of such objecting member, been registered as his exclusive property or has already at his instance been circulated as a dealer’s trade name for use in the same markets outside India.
8. Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of the application for the use of such dealer’s trade name and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorised to sign on behalf of the objecting member and shall set forth the grounds of objection.
9. If any member shall object to such dealer’s trade name on either of the grounds set out in Rule 7 above, the Secretary shall notify the member at whose instance the dealer’s name was circulated of such objection, but the Association shall not thereafter take any part in the said objection.

* Since extended to March 31st, 1943.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

(Revised and adopted down to the 1st July 1940.)

PREAMBLE.—Whereas it is desirable that disputes and differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn which it is desired to submit to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by competent practical authorities on Indian piecegoods; and with that end in view the following Rules have been framed for the conduct of such arbitrations.

1. In these rules unless the context otherwise requires.

“The Association” means The Millowners' Association, Bombay.

“The Committee” means the Committee for the time being of the Association,

“Member” means a member of the Association.

“The Secretary” means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These Rules shall apply to any dispute or differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn entered into between members and merchants and between the selling agents of members and merchants, and between any other parties which specifically provide for arbitration in accordance with these Rules.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitrators' or Umpires' panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent.

(c) No person shall be appointed to act as arbitrator under these rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association.

(d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 100, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested.

8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute.

and may, in such a case with the consent of all the parties, by endorsement on the reference paper, extend the time for making an award by a period not exceeding one English calendar month.

17. The arbitrators shall proceed with the reference and make an award *ex-parte* in the absence of any party who shall after due notice refuse or neglect to attend without having satisfied the arbitrators that good and sufficient reason exists for such neglect or refusal.

18. No party to a reference shall, without the express permission of the arbitrators be entitled to appear by counsel, attorney, advocate or pleader, or insist on or require the arbitrators to hear or examine witnesses or receive oral or documentary evidence other than what is deemed necessary by the arbitrators.

19. The arbitrators may, before making an award, and at the joint expense of the parties to the reference, consult counsel or solicitors to be selected by them on any question of law, evidence, practice or procedure arising in the course of the reference. In such cases the time for making an award may, with the consent of all the parties, be extended for a period not exceeding 28 days.

20. The arbitrators when called upon to do so by either party may, if they think fit to do so, make an interim award.

21. If the arbitrators fail to make an interim award or to agree upon an interim award within seven days after they shall have been called upon to do so, the Secretary shall forthwith call upon the umpire to enter upon the reference to the extent of the matters in respect of which the arbitrators were called upon to make an interim award and to make an interim award within seven days of the matter being referred to him and the umpire shall within such time make an interim award.

22. The arbitrators shall, notwithstanding that the umpire shall have made an interim award have power to make an award upon the matters in dispute still outstanding between the parties.

23. The arbitrators shall make an award in writing in the form prescribed by the Association or notify their disagreement to the Secretary as early as possible and in any case within 28 days from the date of the first hearing of the reference or within the period of any permitted extension of time.

24. If the arbitrators fail to make an award or to agree upon their award (not being an interim award under Rule 20 hereof) within the prescribed period or any permitted extension thereof, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference.

25. The arbitrators shall furnish the umpire with a brief statement of the facts of the case and their reasons for such failure to make an award or to agree upon their award or interim award as the case may be.

26. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

27. If an arbitrator duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator shall be appointed in accordance with the foregoing rules.

If an umpire duly appointed neglects or refuses to act or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new umpire.

28. Parties to the reference shall do all acts necessary to enable the arbitrators or umpire to make a just and expeditious award, and shall not wilfully do or omit to do, or cause to be done or be omitted to be done, any act to delay or prevent the arbitrators or umpire in

or from making an award. If either party shall be guilty of any such act or omission which delays the proceedings in any manner, the arbitrators or the umpire shall direct him to pay to the other party such costs as they or he may deem reasonable and may proceed with the hearing of the reference.

29. When a dispute stands referred to an umpire, he may proceed to adjudicate in the matter on the basis of the statement furnished to him by the arbitrators as provided by Rule 25 and shall make his award thereon within 14 days of his first entering on the reference or within the period of any permitted extension of time.

30. The arbitrators or umpire shall by their or his award determine exactly what they or he shall think fit to be done by either of the said parties, respecting the matters referred and shall direct to and by whom and in what manner and in what proportion the total costs of the reference and the award, including the fees payable to the arbitrators and umpire and the Association shall be paid.

31. All references in these rules to an award shall unless repugnant to the meaning or context include references to an interim award.

32. All awards under these rules shall be made in the forms prescribed therefor bearing stamps of the value laid down under the Indian Stamp Act or any other law for the time being in force and shall be lodged with the Secretary who shall send copies thereof to the parties.

33. Every award made under or in pursuance of these rules shall be final and binding on the parties to the reference and on their respective representatives notwithstanding death or legal disability occurring to any party, before or after the making of the award, and so that death or legal disability shall not operate as a revocation of the award.

34. Whenever an award directs that a certain act or thing shall be done by one party to the reference and such party fails to comply with the award, the party in whose favour the award was made may make an application for a further award determining the amount of damages or compensation payable by reason of such failure, and the Committee on receipt of such application shall proceed to appoint a sole arbitrator or two arbitrators and an umpire who may or may not be the same person or persons who made the first award. The arbitration on the said application shall then proceed in accordance with these rules and the award thereon may be filed separately or together with the original award.

35. Neither party to a dispute which has been submitted to arbitration under these rules shall bring or prosecute any suit or proceeding on any ground whatsoever against the arbitrators or the umpire, or the Secretary.

36. In respect of arbitrations conducted under these rules the following fees shall be paid by the parties to the reference or by those claiming under them, namely:—

- (a) To a sole arbitrator a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (b) To each of two arbitrators a fee at the rate of Rs. 15 per hour or part thereof, subject to a maximum of Rs. 60 for each arbitrator.
- (c) To an umpire a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (d) To the Association in every case a fee of Rs. 10.

37. If the parties to a reference shall take the reference out of the cognizance of the arbitrators or umpire, after the commencement of proceedings and before the publication of the award, they shall nevertheless be liable to pay fees to the arbitrators, umpire and Association at the rates specified in Rule 36 hereof:

Provided that if the reference is so taken out of the cognizance of the arbitrators or umpire before the commencement of proceedings, the amount deposited under Rule 7(e) shall, with the exception of the fees payable to the Association, be refunded to the party or parties as the case may be.

38. A bill showing the amount due in respect of fees, stamp duties, etc., to the arbitrators, umpire and Association by each party to the dispute shall accompany any copy of the award sent in accordance with Rule 32, and shall be paid within seven days of the receipt thereof.

39. In addition to the fees mentioned in Rule 36, the parties to the dispute shall pay as and when demanded by the Secretary and as set out in the award, all other fees or charges incurred during the arbitration in accordance with Rule 19.

40. All notices required by these rules to be given shall be given in writing in the form prescribed by the Association and shall be sufficiently given if left at the last known place of abode or business of the party to whom the notice is addressed, or if sent by post prepaid addressed to him by name at such place of abode or business and not returned through the post as undelivered before the completion of the award and shall if sent by post be considered to have been given at the time at which the letter would, in the ordinary course, be delivered.

41. The provisions of the Arbitration Act, 1940, or any modification or amendment thereof, or any other relevant Act for the time being in force, in so far as they are not inconsistent with these rules, shall apply to all arbitrations conducted by the Association.

42. These rules shall come into force on the First day of July 1940, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods and Yarn.

STANDARD CONTRACT.

No. _____ Bombay, _____

We, the undersigned (hereinafter called "the Buyers"), hereby agree to purchase from _____

(hereinafter called "the Company"), the undermentioned goods upon the following terms and conditions, that is to say:—

Quality No.	Description.	Seasonal or non-seasonal.	Dimensions.			No. of Bales. Pieces in each Bale. Total pieces.	Total lbs.	Rate ex-mills.			Per lb./piece/yard.	Quality as.	Discount.	Brokerage.	Sahi.	Border.	Headings.	Designs.	Assortment of designs in each Bale.	Tickets or Stamps.	
			In.	yds.	lbs.			Rs.	a.	p.											

Delivery of the said goods shall be taken by the Buyers as follows:—

(Please turn over.)

THE TERMS AND CONDITIONS OF THE STANDARD
CONTRACT FORM.

1. The quality of the goods shall, except in the case of a sale by sample, accord with the recognized standard quality cloth manufactured by the Company.

In the case of a sale by sample the buyers shall be deemed to have approved the sample furnished by the Company, unless the buyers shall within 4 days after the receipt of the sample intimate in writing to the contrary to the Company.

2. The Company does not guarantee, except where a particular assortment is specially stipulated, any fixed assortment in the deliveries of goods of various dimensions and patterns and bearing different numbers, and in such cases the buyers shall take delivery of and pay as herein agreed for all bales (not exceeding the contract quantity) from time to time ready for delivery regardless of the assortment.

3. Where the contract is for 100 bales or more, the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 10 per cent. more or less than the contract quantity, and where the contract is for less than 100 bales the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 5 per cent. more or less than the contract quantity, but as regards such limits the buyers shall not be obliged to take up more than 5 bales more or less of each sort, including any loose pieces of each sort.

4. In the case of goods sold at a fixed rate per pound the buyers shall not raise any objection or claim compensation for short weight so long as the average weight per bale in each lot delivered does not vary from the invoice weight by more than 2 per cent. per bale. The Company does not guarantee the weight of any goods sold by the piece.

5. The buyers shall not be entitled to any allowance or compensation for any deficiency in the width of dyed, bleached and/or calendered goods when such deficiency does not exceed one inch.

6. In the case of a sale of ready goods payment therefor shall be made and delivery thereof taken by the buyers within 8 days of sale.

7. In the case of a sale of goods for future delivery, when the period of delivery extends to two months or more and the quantity deliverable per month is not specified, the Company shall supply the goods in approximately equal lots per month, and the buyers shall on the last day of each English calendar month take delivery and pay for in cash against delivery of as many bales, approximating to the quantities specified in the contract, as shall have been made ready during that month, and either at the mill premises or at the godowns of the Company as the Company may direct: Provided that in the case of bales of which delivery is required in Bombay, the Company will ordinarily be willing to give delivery through the Selling Agents of the Company in the market, but giving delivery in the market shall not render the Company liable to a claim by the buyers for late delivery if the bales were ready for delivery at the mill premises or the godowns of the Company on the last day of the aforesaid calendar month.

8. The Company shall as far as possible, but without being under any obligation to do so, notify the buyers of the number and particulars of the bales ready for delivery at the end of each calendar month, and shall also furnish to the buyers if requested by the buyers in writing so to do the number and particulars of the bales ready for delivery from time to time during the month. Any such notification or furnishing of particulars by the Company as aforesaid shall not imply or be deemed to imply an obligation or undertaking on the part of the Company to give any further notification, or to furnish any further particulars, except upon the written request of the buyers, it being the duty of the buyers to ascertain the number and particulars of the bales ready for delivery from time to time and to pay for and take delivery thereof.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods *plus* interest and all charges and if the sum so recovered shall be less than the price of the said goods *plus* interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods *plus* interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract shall, as regards the bales not ready by the specified time, be extended for such time as the

Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchantable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the

allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

Notes :—

1. After the coming into force of the War Risks (Goods) Insurance Ordinance, 1940, it was suggested that a clause on the following lines be inserted in the cloth and yarn contracts of all member mills. This clause affirms the buyer's liability in respect of premia paid by the seller on goods held by him at the risk of the buyer :—

"It is hereby agreed that in case the buyers fail to pay for and take delivery of the goods on the due date, the Company shall be entitled to claim from the buyers, in addition to the cost of the goods and the charges specified in clause 13 any premium paid by the Company in insuring the goods in question under the War Risks (Goods) Insurance Ordinance, 1940. PROVIDED that the buyers' liability under this clause in respect of the War Risks (Goods) Insurance Ordinance shall be limited to the amount of premium paid by the Company in respect of the goods in question. If the Company has not taken a separate policy in regard to the particular goods held by it at the risk and on account of the buyers, then the amount of premium payable by the buyers shall bear the same proportion to the total premium paid by the Company as the value of the goods which the Company holds at the risk and on account of the buyers bears to the total value of the goods insured. Nothing in this clause contained shall affect the provisions of clause 11 hereof or cause the goods to be held from and after the due date of delivery otherwise than for the account of the buyers and at their sole risk."

Member mills were advised that all contracts entered into by them on and after 31st October 1940 should contain the above additional clause which should be initialled by the buyers and the Company.

2. In July 1942, member mills were recommended to insert the following "War Emergency Clause" in their cloth and yarn contracts. This clause seeks to protect the mills in the event of their having to cancel contracts or to ask for postponement of delivery in respect of contracts entered into by them with bazaar dealers if such cancellation or postponement of delivery was necessitated by requisitions placed on the mills by the Department of Supply, the Government of India.

"Notwithstanding anything hereinabove contained or implied if an Order for goods shall be placed with the Company by or on behalf of the Government of India subsequent in date to the contract date, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part within the contract time or times, then the Company shall within seven days of the receipt of such order give written notice (the Company's notice) to the buyer of such decision, and shall in the Company's notice state the extent of its inability to perform and within what substituted time or times the Company will be able to perform the contract. Within seven days of the receipt of the Company's notice the Buyer shall give written notice (the Buyer's notice) to the Company whether the Buyer elects to affirm the contract as varied by such substituted time or times or whether the Buyer elects to cancel the contract to the extent of the inability. If the Buyer affirms the contract as varied then, the contract shall remain in force as varied. If the Buyer cancels the contract, to the extent of the inability, then the contract shall stand cancelled to that extent, and the Buyer shall have no claim for compensation. If the Buyer fails to give the Buyer's notice to the Company within the period aforesaid, the Buyer shall be deemed to have affirmed the contract. If an order for goods shall be placed by or on behalf of the Government of India subsequent in date to any such affirmation, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part as so varied then the like procedure shall be adopted with the like consequences. The Buyer shall be entitled, if he so requires, to inspect any order giving rise to such decision as aforesaid but the Buyer shall not be entitled to raise any question in respect of such decision or in respect of the extent of the inability or in respect of the time or times so substituted."

**RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.**

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex-officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.

10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOMBAY MUNICIPAL CORPORATION.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

(1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :— Section 5.

(i) Elected Councillors —

(a) One hundred and six Councillors elected at ward elections ;

(b) Four Councillors elected as follows :—

One by the Bombay Chamber of Commerce,

One by the Indian Merchants' Chamber and Bureau,

One by the Bombay Millowners' Association,

One by Fellows ;

(c) Four Councillors elected by delegates.

(ii) Three *ex-officio* Councillors, namely :—

The Police Commissioner;

The Executive Engineer, Presidency Division, Public Works
Department, Bombay;

The Chairman of the Board of Trustees of the Port of Bombay.

Section 6. (1) [Repealed by Act XVI of 1895.]

(2) Councillors elected to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

Section 7. (1) All elected Councillors shall retire from office at noon on the first day of April, three years after they take office, which day is in this Act referred to as the day for retirement.

(2) The term of office of an *ex-officio* Councillor shall continue so long as he holds the office by virtue of which he is such Councillor.

Section 8. Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible.

Section 15. A person shall not be qualified to be elected to be a Councillor at an election by a Chamber or Association mentioned in sub-section (1) of Section 5 or at a Fellows' election, unless he is at the time of the election a member of that Chamber or Association or a person entitled to exercise the rights and privileges of membership on behalf and in the name of any firm, company or corporation registered as a member of such Chamber or Association or a Fellow, as the case may be, and unless, in the case of a Fellow, he has resided in the city for six months immediately preceding the date of the election.

Section 22. (1) General Elections of Councillors shall be fixed by the Commissioner, subject to the provisions of Section 23, to take place triennially on such days in the months of January and February as he shall think fit.

(2) [Repealed by Act XVI of 1895.]

(3) Elections to fill casual vacancies shall be fixed by the Commissioner to take place on such days as he shall think fit, as soon as conveniently may be after the occurrence of the vacancies.

Section 23. The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :—

Firstly.—The Ward elections shall be fixed to take place simultaneously for all the Wards.

Secondly.—The day for the election by the Chamber or Association mentioned in sub-section (1) of Section 5 shall be fixed at an interval not exceeding twenty-one days after the day fixed for the Ward elections.

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Section 31. (1) An election of a Councillor by a Chamber or Association mentioned in sub-section (1) of Section 5 shall be made by the members for the time being of the said Chamber or Association, as the case may be, subject to the provisions of Section 15, in accordance with the rules made by the said Chamber or Association in this behalf.

(2) The Secretary to the said Chamber or Association shall make a return in duplicate to the Commissioner setting forth the name in full of every person so elected.

Section 32. (1) The result of every election shall be declared by fixing, as soon as may be after the election, in some conspicuous place in the Chief Municipal Office, a notice certifying the names of the persons, if any, elected, and in the case of a contested election the number of votes recorded for each candidate.

(2) The said notice shall be signed in the case of a Ward election, and in the case of an election by Councillors, by the Commissioner, and in the case of an election by a Chamber or Association mentioned in sub-section (1) of Section 5, by the Secretary of such Chamber or Association, and in the case of a Fellows' election by the Registrar of the University of Bombay.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

LIST SHOWING THE VARIOUS STATISTICAL RETURNS PUBLISHED BY THE ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

	MEMBERS.		NON-MEMBERS.		POSTAGE.	
	Yearly.	Charge per copy.	Yearly.	Charge per copy.	Yearly.	Per copy.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. Yarn and Piecegoods Trade Statistics of Bombay ..	1 copy free, additional copies @ Rs. 2-8-0 each.		24 0 0	2 8 0	Free	Free
2. Yarn and Piecegoods Trade Statistics of British India ..	Do.		24 0 0	2 8 0	Do.	Do.
3. Current Quotations of Local-made Piecegoods and Yarns—Issued fortnightly ..	....	....	6 0 0	0 6 0	0 12 0	0 0 6
4. Rules and Regulations of the Association ..	....	0 8 0	....	1 0 0	....	{ 0-2-0 Inland. 0-4-0 Foreign.
5. Rules for Registration of Trade Marks ..	....	0 8 0	....	1 0 0	....	Do.
6. Rules for Registration of Trade Numbers ..	....	0 8 0	....	1 0 0	....	Do.
7. Rules for Registration of Trade Names ..	....	0 8 0	....	1 0 0	....	Do.
8. Rules for Arbitrations on Indian Piecegoods and Yarn ..	....	0 8 0	....	1 0 0	....	Do.
9. Annual Report of the Association ..	1 copy free and for additional copies each Rs. 12-8-0.		....	{ 12 8 0 for current issues 15 0 0 for back numbers.	....	{ 1-8-0 Inland. 3-0-0 Foreign.
10. Mill Statement showing Cotton Spinning and Weaving Mills working and in course of erection in India on 31st August each year issued yearly.	2 paper and 1 cloth copies free and for additional copies each— Paper .. 3 0 0 Cloth .. 4 0 0		Paper .. 3 0 0 Cloth .. 4 0 0		Free Do.	Free Do.
11. List of Mill Holidays and Pay-days ..	Free		0 4 0 per copy.			
12. Special Warranty Labels: Cloth: large size .. small size .. Yarn: ..	Rs. 2-2-0 per 1000 " 1-3-0 " " 1-3-0 "					} Issued to members only.
13. Standing Orders for Cotton Mill Operatives (English, Marathi and Urdu.)	0 6 0 per copy.		0 8 0 per copy			
14. Standing Orders for Clerks (English, Marathi and Urdu.)	0 6 0		0 8 0 "			
15. Standing Orders for Woollen Mill Operatives (English)...	0 6 0		0 8 0 "			
16. Recommendations on Labour Matters.	0 8 0		0 12 0 "			

Note.—Sale of publications of items 1 and 2 have been temporarily stopped.