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DEPARTMENT OF OVERSEAS TRADE

Conditions and Prospects of
United Kingdom Trade
IN
INDIA

1933-1934

REPORT

D 1

SIR THOMAS M. AINSCOUGH, C.B.E.

H.M. Senior Trade Commissioner in India and Ceylon

(The previous Report covered the year 1932-33)



LONDON

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COVERING DESPATCH

To the Right Honourable Walter Runciman, M.P.,
President of the Board of Trade.

Simla.

11th September, 1934.

SIR,

I have the honour to forward for your information a Report on the Conditions and Prospects of United Kingdom Trade in India during the Indian fiscal year 1933-34 revised to the 31st August, 1934.

The slight improvement in the United Kingdom share of India's import trade, which was recorded last year, has continued and gathered strength. Although total imports suffered a further severe contraction, the main burden of the reduction was borne by foreign countries and the United Kingdom percentage again rose, from 36.8 to 41.2. It is significant that the improvement has been in the miscellaneous trades and not in the three staple items of cotton textiles, machinery and iron and steel, which still fail to reflect any revival. This must in some measure be due to the effects of the Ottawa preferences. The beneficial results of the preferential duties would have been still more marked but for the intensified competition from Japan at prices which made competition impossible.

The period under review has been an eventful one as it has witnessed the passing of the Indian Textile and Iron and Steel Protection Acts embodying substantial and valuable differential duties in favour of the United Kingdom. Moreover, the visits of the delegations from the United Kingdom Textile and Iron and Steel Industries and the conclusion of the Clare Lees-Mody Pact have, it is hoped, permanently established the policy of industrial co-operation between the two countries; such a policy is calculated to have such far-reaching effects not only in the economic sphere but also in the political arena by removing the sources of economic rivalry and ill-feeling and by promoting a spirit of community of interest between the two peoples. Similarly, the signing of the Indo-Japanese Treaty has placed the commercial relations of the two countries on a sounder footing and will, it is anticipated, also confer certain advantages on United Kingdom trade. All these matters are treated at length in the pages which follow.

Once again I have pleasure in acknowledging my indebtedness to the officials of the Commerce, Industries and Finance Departments of the Government of India for their unfailing support and assistance during a difficult year. Special thanks are due to the Director-General of Commercial Intelligence and Statistics and his staff, who have prepared many of the tables embodied in the report, to the Chief Controller and staff of the Indian Stores Department and, above all, to the Collectors of Customs for their valuable help and co-operation which have always been so willingly rendered.

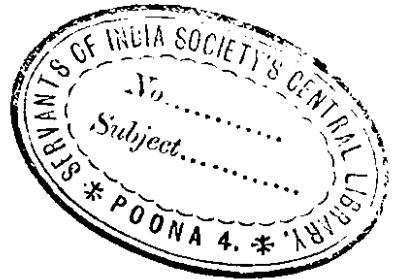
I have the honour to be,

Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,

H.M. Senior Trade Commissioner in India.



PREFATORY TABLES

NOTE.—The author desires to express his indebtedness to the Director-General of Commercial Intelligence and Statistics for the particulars given in these tables.

I.—TRADE DISTRIBUTION: PRINCIPAL ARTICLES.

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL ARTICLES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (in percentages).

(Sea borne: exclusive of treasure and of imports on Government account.)

	1909-14 Average.	1914-19 Average.	1931-32.	1932-33.	1933-34
Cotton manufactures	36	35	15	20	15
Iron and Steel	7	6	5	4	5
Machinery	4	4	9	8	11
Sugar	9	10	5	3	2
Hardware	2	2	2	2	3
Mineral Oil	3	3	7	5	5
Silk	3	2	2	2	2
Other articles	36	38	55	56	57

EXPORTS (in percentages).

(Sea borne: exclusive of treasure and of exports on Government account.)

	1909-14 Average.	1914-19 Average.	1931-32.	1932-33.	1933-34.
Jute, raw and manufactures ...	19	25	21	24	22
Cotton, raw and manufactures	15	16	18	18	21
Food grains	21	17	13	12	8
Seeds	11	6	9	9	9
Tea	6	8	12	13	13
Hides and skins	7	8	2	2	3
Other articles	21	20	25	22	24

II.—TRADE DISTRIBUTION: PRINCIPAL COUNTRIES.

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL COUNTRIES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

IMPORTS (in percentages).

(Sea borne: exclusive of treasure and of imports on Government account.)

	1909-14 Average.	1914-19 Average.	1931-32.	1932-33.	1933-34.
United Kingdom	63	56	36	37	41
Other parts of the British Empire.	7	9	9	8	9
U.S.A.	3	7	10	9	6
Japan	2	10	11	16	14
Java	6	8	4	3	2
Germany	6	1	8	8	8
Other Foreign Countries ...	13	9	22	19	20

NOTE.—Imports from Germany during the quinquennium 1914-19, consisted mostly of receipts in the early part of the official year 1914-15, and the residue of cargoes of prize vessels imported during the war period.

EXPORTS* (in percentages).

(Sea borne: exclusive of treasure and of exports on Government account.)

	1909-14 Average.	1914-19 Average.	1931-32.	1932-33.	1933-34.
United Kingdom	25	31	28	28	32
Other parts of the British Empire.	16	21	17	17	15
U.S.A.	8	12	9	7	10
Japan	8	11	9	10	9
France	7	4	5	6	5
Germany	10	1	6	6	6
Other Foreign Countries ...	26	20	26	26	23

NOTE.—Exports to Germany during the quinquennium, 1914-19, were confined to the early part of the official year 1914-15.

* Including re-exports.

COMMERCIAL SUMMARY

Area.—

	<i>Sq. miles.</i>
British India	1,096,171
Native States	712,508
Total	1,808,679

Population-Census of 1931.—

British India	271,526,933
Native States	81,310,845
Total	352,837,778

Language for Commercial usage.—English.

Monetary unit(s).—

3 pies = 1 pice.	
4 pice = 1 anna.	
16 annas = 1 rupee.	
1 lakh = Rs.1,00,000	} e.g., Rs.1,45,67,200 = 1 crore, 45 lakhs, 67,200 rupees.
1 crore = 100 lakhs	

Rate of Exchange (pre-war and current average quotations).—

	<i>s. d.</i>
Pre-war	1 4
Current, June, 1934	1 6

Index Numbers—July, 1914—100.

Wholesale prices, Bombay—June, 1934 = 96.

Retail prices (food), Bombay—June, 1934 = 108.

Cost of living (working class), Bombay—June, 1934 = 95.

Principal weights and measures (other than ordinary metric or British) with British equivalents.

Weights and measures in India vary not only from district to district, but also for different commodities within the same district and, although the railways have given a lead to the adoption of a uniform system, the country is so vast that the differences are likely to persist for many years to come. The principal units in all the scales of weights are the maund, seer and the tola, and the standard weights for each of these are 82.28 lbs., 2.057 lbs. and 180 grains troy. The tola is the same weight as the rupee. In addition to these weights, there is the viss of 3.60 lbs. or 140 tolas and the candy of 500 to 840 lbs. It is not necessary for the purposes of this volume to detail any variations of the weight of the maund, except those which enter into the export trade. It will be sufficient to say that, in any particular city, there are probably as many different maunds as there are articles to weigh. The only varieties which need be considered in connection with the foreign trade are the Bengal or railway maund already specified, the factory maund of 74 lbs. 10 ozs. 11 drs., the Bombay maund of 28 lbs. and the Madras maund of 25 lbs. In October, 1913, the Government of India appointed a Committee to inquire into the whole question, and their majority report, which was presented in the following year, recommended the extension of the railway system based on the 180 grains tola, while the minority report advocated the adoption of the metric system. The views

of the Provincial Governments on these reports were obtained and the Government of India, in their Resolution dated the 3rd January, 1922, declared themselves in favour of the ultimate adoption in India, excluding Burma, of a uniform system of weights based on the scale now in use on the Railways. It has been decided that no new measures prescribing all-India measures of weight or capacity should be introduced at present but that the Local Governments should take such executive action as they can to educate public opinion in favour of the standard maund and seer.

In the table below an attempt has been made to present within a small compass the principal weights and measures employed in the Indian export trade.

Principal weights and measures in use in the export trade.

<i>Name of Unit. General.</i>	<i>British Imperial Value.</i>
Tola	180 grains troy.
Seer (Standard or Railway or Indian) ...	2·057 lbs.
Seer (Factory)	1 lb. 13·5 oz.
Viss	3·60 lbs.
Maund (Standard or 40 seers Railway or Indian)	82 lbs. 4 oz. 9 drs.
Maund (Factory)	74 lbs. 10 oz. 11 drs.

NOTE.—For local variations consult "Handbook of Commercial Information for India" by C. W. E. Cotton, C.I.E., I.C.S., 2nd Edition, 1924.

Total Imports—1st April, 1933 to 31st March, 1934.

	<i>Rs.</i>
Merchandise	1,15,38,26,026
Government Stores	1,94,75,278
Treasure	1,96,15,215
Total	1,19,29,16,519

Principal Imports—Cotton manufactures, machinery, oils, iron and steel, raw cotton.

	<i>Rs.</i>
Imports of merchandise from United Kingdom ...	47,58,52,443
Imports of merchandise from Japan	16,35,64,089
Imports of merchandise from Germany	8,89,37,092
Imports of merchandise from U.S.A.	7,16,54,057

Total exports—(Indian merchandise). 1st April, 1933 to 31st March, 1934.
Rs.1,46,31,73,091.

Principal Exports—Jute and jute manufactures, cotton and cotton manufactures, tea, seeds and food grains.

	<i>Rs.</i>
Export of Indian merchandise to United Kingdom ...	46,57,58,272
Export of Indian merchandise to U.S.A.	13,93,43,488
Export of Indian merchandise to Japan	12,61,20,059
Export of Indian merchandise to Germany	9,47,83,260
Export of Indian merchandise to France	6,89,56,936

Railway mileage:—

Route mileage opened for traffic on 31st March, 1933 ...	43,119
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Report on the Conditions and Prospects of United Kingdom Trade in India,

1933—34

CHAPTER I

GENERAL REVIEW OF THE PERIOD.

The year 1933-34, so far as internal conditions in India were concerned, would have been a favourable one but for the continued effect of those world-wide forces which maintained commodity prices at a very low level, restricted the markets for India's produce and continued to depress the purchasing power of the people. Even so, taking the year as a whole, there were signs of some slight recovery, which would have been greater but for the factors referred to above, over which India has no control.

The monsoon was, on the whole, a favourable one and the rainfall was generally well-distributed over the country except in some parts of the United Provinces and Central India. The Director-General of Commercial Intelligence reviews the agricultural situation by stating that the rice crop of 1932-33, though it fell short of the plentiful harvest of the preceding year, was quite good, being almost equal to the average of the preceding five years and the prospects of the new crop (1933-34) appear to be good, the outturn in Burma being expected to exceed that of the preceding year by 5%. The wheat crop harvested in 1933 was also satisfactory, the total production having exceeded the previous year's yield by 5%. A very good yield was also obtained for the sugarcane crop of 1932-33, exceeding the previous year's yield, already a record figure, by 17%. Before the earthquake in Bihar, the prospects of the new crop (1933-34) were reported to be still better and it was anticipated that the preceding year's yield would be exceeded by about 8%. The extent however of the damage caused by the earthquake is not yet known in detail and the above anticipations will almost certainly require modification. The production of tea in the year 1932 was also a record, amounting to 434 million lbs. while production for 1933 is expected to be in the neighbourhood of 375 million lbs. as a result of the recent restriction scheme. Jute production, under restricted cultivation, amounted to 79 lakhs of bales in 1933; this is 12% better than the previous year's yield, but does not come up to the average production of the five years ending 1931. The cotton crop of 1932-33 was not unsatisfactory being 13% greater than the low production of 1931-32. The prospects of the new cotton crop (1933-34) are reported to be better than in 1932-33. The present condition of the oilseeds crops of 1933-34 is reported to be from "fair to good," as was the case at the same date in the preceding season.

The Hon. the Finance Member, in his budget speech in February, 1934, summarised the position in the following terms:—

“Speaking quite generally one may say that, on the whole, agricultural conditions have been favourable and crop yields satisfactory. Recently, there has come upon one part of India a special disaster, in the earthquake in Bihar, but although this has had local consequences of a terrible nature, it will not appreciably affect the economic position of India as a whole. In the agricultural season which is now current or just completed there have been marked increases in the production of India's main money crops—jute, cotton, oilseeds and sugarcane—and, so far as export crops are concerned, the increased quantities seem to be finding a market. In all these respects, therefore, conditions have been such as warrant normal prosperity and the only trouble has been the low level of prices. Here there is at least a sign of improvement in that the disparity between the prices of primary agricultural products and of manufactured goods has during 1933 got definitely smaller, while, since the beginning of 1934, there has been a tendency towards rising prices and improved demand, notably in cotton. One therefore feels justified on all this evidence in entertaining some expectation of slightly better times next year. In confirmation of this there is on the whole a more optimistic feeling in the main business centres than was the case last year, while the recent steady increase in the goods traffic receipts on the railways and the improvement in our export trade figures are encouraging signs.”

In previous reports in this series I have stressed the effects of the disastrous fall in the prices of primary commodities on India's general economic position and particularly on the purchasing power of her people. *It is encouraging to note that this fall has at last been checked and the Calcutta wholesale price index figure for all commodities rose by one point from 88 at the end of December, 1932, to 89 at the corresponding date in 1933.* The following table gives the index numbers of the principal export commodities as calculated by the Director-General of Commercial Intelligence and Statistics:—

	Basis 100 at end of July, 1914.				Percentage decline on the basis of Sept., 1929.			
	Sept. 1929.	Dec. 1931.	Dec. 1932.	Dec. 1933.	Dec. 1931.	Dec. 1932.	Sept. 1933.	Dec. 1933.
Rice	124	74	56	74	40	55	44	40
Wheat	135	86	89	73	36	34	43	46
Tea	129	68	57	130	47	56	19	*
Oilseeds	175	80	78	76	54	55	58	56
Cotton, raw	146	97	89	68	34	39	44	53
Cotton, manufactures	161	121	112	114	25	30	30	29
Jute, raw	90	58	38	38	36	58	58	58
Jute, manufactures ...	122	87	70	75	29	43	39	39
Hides and Skins	109	61	59	62	44	46	48	43
Metals	130	110	104	101	15	20	22	22
Sugar	164	147	139	124	10	15	16	24
All Commodities	143	98	88	89	31	38	38	38

* Increase of about 1%.

The remarkable increase in the index number for tea is the result of the International Agreement for Restriction. The rise was most noticeable from June, 1933, when the price basis for teas sold for export was much higher than those for internal consumption.

The next table shows the fluctuations in the index numbers for imported articles side by side with those for the principal exports. Prior to 1932, the decline in the export price level had been much greater than that in the import price level. The reversal of the process was due, in 1932-33, to very heavy imports of Japanese goods at phenomenally low prices. The movement continued in the year under review, during which there has been a rise of 5·8% in the figure for exported articles and a decline of 2·6% for imported items.

	<i>Exported Articles.</i>	<i>Imported Articles.</i>
1929—		
September	133	150
1931—		
December	81	124
1932—		
December	69	115
1933—		
January	70	115
February	69	111
March	65	110
April	66	111
May	71	111
June	75	113
July	78	113
August	74	114
September	72	114
October	71	114
November	72	111
December	73	112
Fall in December, 1932, as compared with September, 1929	48%	23%
Fall in September, 1933, as compared with September, 1929	46%	24%
Fall in December, 1933, as compared with September, 1929	45%	25%
Rise (+) or Fall (–) in December, 1933, as com- pared with December, 1932	+5·8%	–2·6%

The Indian cultivator has improved his position both by the 5·8% rise in the prices of the goods he exports and by the 2·6% fall in the prices of the goods he imports. When one takes into account, however, the fact that no less than 22½% of his income is spent in fixed

charges such as rent, rates of all kinds, interest to bania, etc., the prices which he receives for his crops allow nothing for the purchase of even the barest necessities of existence other than food, which he usually grows for his own consumption. We have the authority of the Finance Member for stating that there have been many alleviating factors which have resulted in the avoidance, so far, of any urgent crisis. The various Provincial Governments have made substantial remissions in land revenue and water rates. Landlords have not pressed for their full rents. India's ancient moneylending system has proved elastic and, generally speaking, demands for repayment of debts have not been pressed. As a result, the great mass of agriculturists have had enough to eat and a sufficient margin in cash not only to pay taxes at the reduced level but also to maintain at a fairly reasonable level their purchases of necessities.

In the report for 1932-33, reference was made to the remarkable staying power of the Indian consumer, based on figures cited by Sir George Schuster which showed that the quantitative consumption of the main necessities of the masses, viz., salt, kerosene and cotton piecegoods was in all cases higher for 1932 than for the average of the ten years 1920-30, which were years of post-war prosperity. The corresponding figures for 1933 show that consumption is still maintained at a high level though there is a slight decrease from 1932. Taking the figures of local production plus imports as representing approximately the level of consumption, the figures of consumption by quantities in 1933 work out at 11% higher than the 1920-30 average in the case of cotton piecegoods, 4% lower in the case of salt and 8% lower in the case of kerosene.

During the year ended the 31st March, 1934, the value of India's imports decreased, as compared with the corresponding period of 1933, by Rs.17 crores or 13% and amounted to Rs.115 crores. The total exports, including re-exports, rose by Rs.14 crores or 10% to Rs.150 crores. Exports of Indian merchandise showed an increase of Rs.14 crores or 10% and the re-exports also showed an increase of Rs.20 lakhs or 6%. The grand total of imports, exports and re-exports amounted to Rs.265 crores as against Rs.268 crores, a decline of Rs.3 crores or 1%.

India's Export Trade 1933-34.—The expansion of Rs.14 crores from the record low level of 1932-33 is attributable partly to the slight rise in the price level and particularly to the striking advance in the price of tea, but also to the shipment of increased quantities of the principal items, mainly to the United Kingdom.

The following table shows the quantities and values of the exports of the five principal commodities as compared with the preceding year :—

Article.	Unit.	1932-33.		1933-34.	
		Quantity.	Rs. (lakhs).	Quantity.	Rs. (lakhs).
Jute (raw and manu- factured).	tons	1,243,000	31,44	1,420,000	32,31
Cotton (raw)	"	368,000	20,37	489,000	26,59
Tea	lbs.	378,837,000	17,15	317,844,000	19,85
Rice	tons	1,887,000	14,46	1,744,000	10,57
Oilseeds	"	732,000	11,31	1,124,000	13,66

Exports to the United Kingdom rose from Rs.37 crores to Rs.46½ crores, an advance of no less than Rs.9½ crores or 25%. Expressed as a percentage of India's total exports, the United Kingdom share rose from 27·9 to 31·8. Within the brief space of five years, the United Kingdom percentage of India's exports has risen from 20·9 in 1928-29 to 31·8 last year, an advance of 12 points. This remarkable result is due, firstly, to the fact that India's entry into that great market remains untrammelled by quotas, exchange restrictions and the countless other barriers raised by many countries with the object of reducing their imports and, secondly, to the benefits accruing from the preferences enjoyed by India as a result of the Ottawa Trade Agreement. In Chapter III will be found a careful assessment of the results of the first year's working of the Ottawa Agreement. It is appropriate here, however, to lay stress on the great advantage which India has enjoyed by securing free entry into the greatest consuming market in the world—in fact the only large open market which, at the present time, not only does not place obstacles or levy duties on India's exports, but encourages the development of her trade and co-operates wholeheartedly with Indian exporters in the extension of it. The value to India of the British connection will be the more readily appreciated if one studies conditions on the Continent of Europe. Mr. S. N. Gupta, I.C.S., the Indian Trade Commissioner at Hamburg, whose territory includes the whole of Northern Europe, describes conditions within his area in 1932-33 in the following terms:—

“ During the year under review there has been a definite intensification of barriers to international trade in nearly every European country. The administration of the exchange control system has been made much stricter in countries in which it was already in force; other countries have adopted modifications of the system for the further protection of their weakened currencies. The position has now been reached in most countries that not only is new business out of the question but only essential imports are permitted entry, and even in the case of essential imports quantities are so rationed that bare requirements are just covered. The import quota system has gained popularity in nearly every country. The list of commodities and manufactures to which the quota is applied has in most cases more than doubled in length. Countries which had hitherto confined the quota system to manufactured goods

and agricultural commodities in competition with their own produce have now extended it so as to cover products which can in no sense be adjudged competitive. The import licence system goes hand-in-hand with the import quota and exchange control systems and is intended to reinforce the latter; it is to be found in combination with one or the other of these systems in several countries. The account of trade barriers is, however, not complete without mention of the fact that during the year a number of customs duties have been increased in most Continental countries. The safeguarding of the national economy has been the basic motive of the erection of these barriers against international trade, yet at the same time every measure that has the diminution of trade for its object tends to deepen and prolong the depression and thereby necessitates further measures, and so the vicious circle goes on."

It is not surprising that Indian exporters were only too glad to cultivate the United Kingdom market, which welcomed their products, in striking contrast with the treatment they received elsewhere. The result is shown in the following table, which includes a few of the most important items exported to the United Kingdom in 1932-33 and 1933-34 :—

	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Tea	14,78	17,58
Cotton (raw)	1,61	3,37
Skins (tanned)	2,76	2,91
Jute (raw)	2,24	2,55
Hides (tanned)	1,60	2,38
Linseed	16	1,81
Oilseed cake and meal	72	80
Goatskins (raw)	50	77
Woollen carpets and rugs	45	56
Paraffin wax	37	55
Rice (cleaned)	33	52
Tobacco (unmanufactured)	36	47
Coir manufactures	14	23
Steel bars	—	17

The strenuous efforts which are being made by the Lancashire Indian Cotton Committee, with the active co-operation of all sections of the Lancashire cotton industry, to encourage the use of Indian cotton are referred to elsewhere. It will suffice here to mention that in 1932-33 Indian cotton represented 4% of Lancashire's total consumption from all sources whereas, in 1933-34, the figure had doubled at 8%. It is not too much to expect that, within three or four years, Lancashire will be consuming a minimum of 500,000 bales of Indian cotton per annum.

Exports to the U.S.A. rose from Rs.10 to Rs.14 crores, those to Germany from Rs.8½ to Rs.9½ crores, Italy from Rs.5 to Rs.6 crores and Belgium from Rs.4 to Rs.4½ crores. On the other hand, shipments to Japan fell from Rs.14 to Rs.12½ crores (largely due to reduced takings of raw cotton as a result of the boycott), Holland from Rs.4 to Rs.3½ crores, France from Rs.8 to Rs.7 crores and South America from Rs.3½ to Rs.3¼ crores.

India's Import Trade 1933-34.—The rise of 5% which occurred in 1932-33 has not been sustained, and the total imports in 1933-34 fell by Rs.17 crores or 13% to Rs.115 crores, the lowest figure recorded during the present depression and less than half the volume of 1929-30.

In my last report I called attention to the fact that since September, 1931, the exports of gold bullion and coin, a large proportion of which represented the savings of the people, enabled the Indian consumer to substitute, at a good profit for himself, barren gold and ornaments for tenderable currency and so to maintain, in spite of diminished purchasing power, his consumption of certain standard necessities to a marked extent. This release of purchasing power synchronised with the flooding of the market with Japanese goods which, owing to a variety of reasons but principally the depreciation of the Yen exchange, were offered at prices sufficiently low to tempt even the diminished purchasing power of the bazaars. The shipments of gold continued during the year under review and reached the considerable total of Rs.57 crores—only Rs.8½ crores less than in 1932-33. In the meantime, however, stringent fiscal measures were taken to protect Indian industries against this invasion of cheap foreign imports. The duties on cotton piece-goods of non-British origin were raised by notification in June, 1933, to 75%, while the Indian Tariff Amendment Act imposed, from December, 1933, heavy minimum specific duties on a wide range of non-British goods including certain items of hosiery, paints, soap, earthenware and porcelain, boots and shoes, umbrellas, chemicals and glassware. The high protective duties on such items as sugar, iron and steel, paper, etc., had the effect of severely restricting the import trade in these items. It must be remembered that, in times of intense depression, the tendency of the local industry to improve its position at the expense of imports becomes accentuated. Thus, the share of the available Indian iron and steel market secured by the Tata Iron and Steel Co. Ltd. rose from 30% in 1927-28 to 72% in 1932-33. Moreover, the emergency surcharges on the revenue duties, which were imposed in 1931 to meet the urgent revenue requirements of the Government of India, have had a protective effect that was never intended, and a large number of small miscellaneous industries have been created during the past two years, the production of which has displaced a corresponding volume of imports.

The result of these factors has been, in the case of Japan, a fall in the total imports from Rs.20½ to Rs.16½ crores, including a decline of no less than Rs.3½ crores of cotton piecegoods and Rs.1½ crores of artificial silk fabrics. In the case of Germany, total imports fell from Rs.10½ to Rs.9 crores mainly due to displacement by Japan in the cheap bazaar trades such as hardware, glassware, earthenware, etc., and partly on account of competition from the United Kingdom assisted by the Ottawa Preferences. Arrivals

from the U.S.A. slumped heavily from Rs.11 to Rs.7 crores largely owing to a reduction in the takings of raw cotton amounting to over Rs.3 crores. Imports from Java (mainly sugar) fell further from Rs.3½ to Rs.2¼ crores; those from Belgium fell from Rs.3½ to Rs.2½ crores due to the contraction in steel imports. Italy also suffered from the high import duties on textiles, the total imports receding from Rs.4 to Rs.3 lakhs.

It is satisfactory to record that the imports from the United Kingdom were remarkably well maintained in face of a combination of adverse factors. The actual decline was from Rs.48¾ to Rs.47½ crores notwithstanding a fall of nearly Rs.3½ crores in the imports of United Kingdom cotton piecegoods, while the percentage share of total imports rose from 37 to over 41. This improvement in the United Kingdom position may, to some extent, be attributed to the beneficial effects of the Ottawa Preferences over a wide range of miscellaneous but highly competitive trades. The results of the preferential duties are discussed in detail in Chapter III.

The decline in India's imports in five years from Rs.253 crores to Rs.115 crores due, firstly, to reduced purchasing power resulting from the catastrophic fall in the prices of primary commodities and, secondly, to the policy of protection and high import duties, has had most serious repercussions on the revenue position. It must be remembered that no less than two-thirds of the central revenues of the Government of India have, in the past, been drawn from Customs duties on imports. As imports declined with corresponding shrinkage of revenue, fresh duties and surcharges were added to the revenue tariff to make good the deficiency. These, in turn, caused a further fall in imports until, in many cases, the law of diminishing returns began to operate. Moreover, the high tariff level resulted in the creation of new industries, which displaced imported goods and brought about a further restriction of imports and of Customs revenue. The budget of 1933-4 estimated revenue from Customs of Rs.51 crores; that of 1934-5 anticipates revenue from this source of not more than Rs.44½ crores. The import duty on sugar, which in 1930-31 produced over Rs.10 crores, is reduced in the 1934-5 estimates to Rs.2 crores and will be reduced still further as the production of Indian factories in 1935 is likely to equal the present level of consumption of white sugar. The recent high level of tobacco duties has brought about the transfer of the manufacture of cigarettes from the United Kingdom to Indian factories with corresponding loss of revenue. The protective duties on cotton textiles, iron and steel, paper and cement are reducing the imports of those items (and, *pari-passu*, the Customs revenue on them) to a fraction of their former volume.

A further inevitable result of the policy of economic nationalism and self-sufficiency which has hitherto received too little attention from Indian politicians is that—as Sir George Schuster expressed

it—" if we produce what other countries used to sell to us, their purchasing power for our exports will diminish unless we can raise the general standard of living in India and provide an increased market capable not only of absorbing the products of Indian industries, but also of continuing the use of imported commodities."

The revenue difficulty resulting from the shrinkage of imports is being met by the imposition of excises, for example in the cases of sugar, matches and iron and steel. The more serious long-range problem of India's future position in international trade if she pursues the present policy of rapid industrialisation and exclusion of imports, can only be solved by planned economy. On pages 53 to 60 I have outlined the schemes which are being considered since the late Finance Member called attention to the subject in his budget speech. Some of these will, doubtless, be rejected and many of them will be modified in the light of experience. The important point is that it is now widely realised that such a problem exists, that it presses for solution and that it must be attacked with vigour and experience. The Hon. the Finance Member brings to these questions a fresh mind and wide experience of financial and economic conditions in Europe. India presents great scope for his abilities at this turning point in her economic life.

The Outlook in the Import Trade.—Summarising the general factors, which govern the course of India's import trade, it should be noted that the rise in exports in 1933-34 is being continued during the current fiscal year. Crop prospects are generally favourable and the monsoon forecast issued in June estimates that the total amount of monsoon rainfall from June to September will not be below 95% of the average throughout the country, thus providing grounds for expectation that the rains will be abundant and that the produce export season of 1934-35 will be favourable provided only that there is no further serious dislocation in world prices and markets. Shipments of gold also continue on a larger scale than in 1933-34, thus helping to balance the international account and releasing purchasing power to be spent on imported goods. Railway receipts and returns of wagon loadings are notably in excess of the figures for last year. The increase in cheque clearances denotes a return of greater confidence, particularly in the share market. The political sky is clearer than it has been for many years and the racial feelings which were the aftermath of the boycott campaign not only have subsided but have been replaced by a growing recognition of the value of the British connection. The realisation of the favourable results to India of the Ottawa Trade Agreements and the visits to India of delegations from the United Kingdom cotton and steel industries have materially contributed to this better feeling, which finds its outstanding manifestation in the Clare Lees-Mody pact between the cotton industries of the two countries. This first essay in industrial co-operation will, it is hoped, shortly be followed by a

similar rapprochement between the British and Indian iron and steel industries. The industrialists in both countries are at last realising that the interests of all parties can best be served by substituting a progressive spirit of co-operation and mutual understanding for the old attitude of suspicion and distrust. The stimulus which this movement may be expected to exercise on the import trade is incalculable. As the late Finance Member stated in his budget speech "there is on the whole, a more optimistic feeling in the main business centres than was the case last year."

On the other hand, there are many obstacles in the path of a material increase in the volume of imports. In the first place, there will be a considerable time-lag before any improvement in India's export trade releases an appreciable amount of additional spending power to be invested in imported goods. The agricultural consumer, during the past five years of stress, must have increased materially the burden of his indebtedness to the Bania. Many arrears will have to be liquidated before he can largely increase the volume or improve the quality of his purchases of imported goods, many of which he has now come to regard as semi-luxuries. The agricultural and industrial depression still hangs like a heavy cloud over the country and such improvement as may take place will be relative only and probably very slow. Secondly, the combination of high protective duties on certain articles and the emergency level of revenue duties on the remainder will continue to have a severely restrictive effect on imports. We have already considered the serious effect which these fiscal handicaps have had on the national revenues. These duties are having a protective effect which was not intended and are stimulating a large number of nascent local industries, many of them economically unsuited to the conditions of the country, but which will strongly oppose the removal of the surcharges when the time comes for the Finance Member to redeem the pledge given that they shall be removed so soon as the financial situation permits. As Sir George Schuster recently stated :—

"There is no doubt that in the last two years, partly aided by the high level of our revenue duties, there has been a general and marked development of minor industries in India. The Indian Stores Department, which is constantly encouraging this development, can give interesting illustrations of this. They report that marked developments are now taking place in Indian industries manufacturing a wide range of articles such as electric lamps and all kinds of electrical appliances, rubber tyres, water-softening plant, cooking stoves, asbestos cement products, paints and enamels—to mention only a few instances, while in recent years there have been well-known developments in the Indian manufacture of railway rolling stock, bridge work and heavy structures, in the case of which India is now able to manufacture all her requirements. Apart from these actual developments many new projects for the establishment of important factories are now under consideration."

Some idea of the limitation of the Indian market as an outlet for overseas exporters may be derived from a study of the production

figures of a few of the major protected industries. In 1933/34, at a time when industries in other countries were only working at a fraction of their capacity and, in many cases, were operating without profit and barely earning adequate depreciation allowances, the Indian cotton mills maintained their production of cloth at 2,945,000 yards, only 225 million yards below the record output of 1932/33; the Tata Iron and Steel Co.'s production of finished steel rose from 441,594 to 550,696 tons, the Company worked almost to capacity and earned a gross profit of Rs.286 lakhs (£2,145,000); the Tinplate Company of India, Ltd., were working practically to capacity with an output of fully 45,000 tons and were rapidly redeeming their debentures; the output of the paper mills rose from 40,217 to 43,658 tons and the production of Indian cement advanced from 592,531 to 642,944 tons. The competition of Indian industries, stimulated by the protective and revenue duties, the "swadeshi" movement, which is one of the most potent manifestations of economic nationalism, and the preferences accorded by Indian Government Departments when making purchases of stores, cannot fail to restrict the Indian market for imported goods.

In the near future, at least, United Kingdom industries will have to rely on the combined effects of preferential duties and industrial co-operation to enable them to secure, at the expense of other overseas competitors, a greater share of a limited market. The benefits of the preferential duties may be expected to increase as purchasing power revives. The advantages to be derived from complementary agreements between industries in India and the United Kingdom, operating within the framework of the Indian tariff, should be equally marked. Such industrial co-operation would not only regulate and improve Indian market conditions for both parties without detriment to the consumer but would ensure that the United Kingdom industry concerned would enjoy an increased share of the market's requirements surplus to Indian production. Further benefits would be obtained from the co-operation of the United Kingdom organisations, with their technical experience and knowledge of world-wide conditions, and Indian industries, with their knowledge of local conditions, in research work with the object of stimulating the consumption of their products by creating fresh outlets and uses for them and by joint effort to develop backward sections of the market and promote entirely new consumptive demand.

General Position of British Trade in India.—The following table, compiled by the Indian Statistical Department, clearly shows the percentage shares of the United Kingdom, the British Empire as a whole, and the principal foreign countries in the trade of India during the fiscal year 1933/34, as compared with the previous year and the average of the last five complete pre-war years, 1909/10 to 1913/14 :—

	IMPORTS.			EXPORTS, INCLUDING RE-EXPORTS.			TOTAL TRADE.		
	Pre-war average.	1932-33.	1933-34.	Pre-war average.	1932-33.	1933-34.	Pre-war average.	1932-33.	1933-34.
	Share %	Share %	Share %	Share %	Share %	Share %	Share %	Share %	Share %
United Kingdom	63	37	41	25	28	32	40	32	36
British Possessions	7	8	9	16	17	15	12	13	12
TOTAL BRITISH EMPIRE ...	70	45	50	41	45	47	52	45	48
TOTAL FOREIGN COUNTRIES	30	55	50	59	55	53	48	55	52
PRINCIPAL COUNTRIES.									
<i>British Empire—</i>									
United Kingdom	62·8	36·8	41·3	25·1	28·0	31·6	40·0	32·3	36·0
Ceylon	0·5	1·3	1·1	3·7	5·0	4·2	2·4	3·2	2·8
Straits Settlements	2·1	2·1	2·3	3·4	2·7	2·3	2·9	2·4	2·3
Australia	0·7	0·8	0·9	1·4	2·9	2·0	1·1	1·8	1·5
Hongkong	0·7	0·4	0·4	4·1	1·1	0·8	2·7	0·7	0·6
Other British Possessions	2·9	3·4	4·0	3·4	5·7	5·6	3·2	4·8	4·8
TOTAL BRITISH EMPIRE ...	69·7	44·8	50·0	41·1	45·4	46·5	52·3	45·2	48·0
<i>Foreign Countries—</i>									
Japan	2·5	15·4	14·2	7·5	10·4	8·7	5·5	12·9	11·0
United States	3·1	8·5	6·2	7·5	7·4	9·6	5·8	7·9	8·1
Java	6·4	2·8	2·1	1·3	0·5	0·3	3·3	1·7	1·1
France	1·5	1·5	1·3	6·6	6·0	4·7	4·6	3·8	3·2
Italy	1·0	3·0	2·5	3·2	3·5	3·8	2·3	3·2	3·2
China (exclusive of Hongkong and Macao).	1·1	2·2	1·9	3·9	2·7	4·0	2·8	2·4	2·5
Belgium	1·9	2·6	2·3	5·3	3·0	2·9	3·9	2·8	2·6
Germany	6·4	7·8	7·7	9·8	6·5	6·4	8·5	7·1	6·9
Other Foreign Countries	6·4	11·4	11·8	13·8	14·6	13·1	11·0	13·0	13·4
TOTAL FOREIGN COUNTRIES	30·3	55·2	50·0	58·9	54·6	53·5	47·7	54·8	52·0
TOTAL	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0

In my last report I recorded the view that the nadir of United Kingdom-India trading relations had definitely been passed and that future years would show a slow but steady movement in the upward direction. This forecast has been fulfilled during the past year. Notwithstanding a reduction of the total imports by over Rs.17 crores, the imports from the United Kingdom fell by Rs.1.2 crores only and her share of the total import trade rose from 36.8 to 41.2%. This relatively satisfactory figure, which compares with the low-water mark of 35.5% in 1931/32, was attained in spite of a reduction of Rs.3½ crores in the imports of United Kingdom piecegoods and an appreciable decline in the percentage under the head of machinery, the second most important United Kingdom contribution. Two clear deductions can be made, first, that imports from the United Kingdom scarcely suffered from the heavy reduction in the total trade, the burden of which was borne by other foreign countries and, second, that the improvement in her relative position has been in the wide variety of miscellaneous trades other than the two main items of cotton textiles and machinery—which, of themselves, accounted for over 36% of her total shipments.

In the export trade also, it will be remarked with satisfaction that the United Kingdom percentage of India's exports rose from 27.5 in 1931/32 to 27.9 in 1932/33 and to 31.8 in the period under review. The benefits to India of free entry into the United Kingdom market are indisputable and are of inestimable value at the present time when intercourse with most Continental markets is hedged round by irksome restrictions. A study of Chapter III further discloses the fact that, for a variety of reasons largely attributable to the present abnormal state of trade, India has benefited from the Ottawa Trade Agreement to a greater extent than has the United Kingdom. The following figures, read in conjunction with the previous table, bring out this point fairly clearly :—

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%
Exports to India from the U.K. expressed as a percentage of the total exports of the U.K.	10.7	9.3	8.3	9.3	9.1
Exports to the U.K. from India expressed as a percentage of the total imports of the U.K.	5.1	4.9	4.3	4.6	5.5

As the Director-General of Commercial Intelligence states in his illuminating review of the working of the Agreement during the year 1933/34, the following facts emerge :—

1. With the exception of 1932/33 and 1933/34, the imports of United Kingdom goods into India have formed progressively a less important part of India's total imports, whether from all countries or from British Empire countries alone. In other words, the United Kingdom has failed to maintain her 1928/29 position in the Indian market and her sales to the rest of the world have not slumped so heavily.

2. On the other hand, exports from India to the United Kingdom have become a larger part of total Indian exports and, at the same time, the same goods have formed a smaller part, except in 1933/34, of the total imports into the United Kingdom. In other words, the United Kingdom, as a market for Indian goods, proved to be of much greater importance without having deteriorated as a buyer from other countries.

The Director-General summarises by stating that although after the Ottawa Trade Agreement the United Kingdom has improved her position in the Indian market, there is still a good deal of leeway for her to make up. On the other hand, she proved to be an increasingly important market for Indian goods.

In Appendix IV will be found statements showing the values of the principal articles imported from the United Kingdom, Japan, the U.S.A., Germany, Belgium and Italy, over a series of years including the pre-war period. These show the nature of the competition which is being encountered and its varying intensity in the post-war period.

Foreign Competition.—The following table shows the aggregate imports and the percentage of the total trade obtained by our leading competitors. It will be observed that in each case both actual and relative declines are recorded :—

	Values of Imports.		Share of Total Imports.	
	1932-33.	1933-34.	1932-33.	1933-34.
	Rs. (lakhs)	Rs. (lakhs)	%	%
Japan	20 47	16.35	15.4	14.2
U.S.A.	11,25	7,16	8.5	6.2
Germany	10,38	8,89	7.8	7.7
Belgium	3,41	2,66	2.6	2.3
Italy	3,94	2,91	3.0	2.5

Japanese Competition.—After the remarkable increase of Japanese imports by 50% in 1932-33, the year of the fall in the yen exchange, the reduction by 20% from Rs.20 to Rs.16 crores last year came as an anti-climax. It must be attributed in the main to the increased import duties on foreign piecegoods imposed by the Government of India with the specific object of protecting certain Indian industries against Japanese competition, which threatened them with extinction. In June 1933 the Government of India, by notification under Section 3 (5) of the Indian Tariff Act raised the duties on piecegoods of non-British origin from 50 to 75% and these duties remained in force until, in accordance with the terms of the Indo-Japanese Agreement, they were lowered to 50% in January 1934. This checked to some extent the influx of such great quantities of Japanese cotton piecegoods. From the 23rd December 1933, by virtue of the Indian Tariff (Amendment) Act,

minimum specific duties were imposed on a number of articles of non-British origin which included boots and shoes, certain chemicals, cotton and woollen hosiery, woollen fabrics, paints, soap, certain items of electrical and domestic porcelain and earthenware, certain items of glassware, hardened fish and whale oil, cast iron pipes and umbrellas. These duties were pitched at rates which were intended to restore Japanese prices to the level existing before the depreciation of the yen and there is little doubt that they have checked to some extent the import from Japan of these items although Japanese prices have not been increased to the extent that was anticipated.

A study of the values of the principal articles imported from Japan which are given in Appendix IV, Table B, discloses the fact that, whereas in 1932-33 75% of Japan's shipments were within the textile group, the figure for 1933-34 had fallen to 63%. The following table shows the reduction in the imports of some of the principal items :—

	1932/33. Rs. (lakhs).	1933/34. Rs. (lakhs).
Cotton piecegoods	7,85	4,43
Artificial Silk	2,71	1,56
Cotton Yarn	1,61	96
Brass, bronze and other alloys	41	32
Earthenware and porcelain	31	26
Glass bangles	22	13
Paper	16	12

The restrictive effect of the higher duties is clearly evidenced.

On the other hand, noteworthy increases took place in the following articles :—

	1932/33. Rs. (lakhs).	1933/34. Rs. (lakhs).
Woollen manufactures	14	33
Apparel	25	30
Chemicals	13	23
Copper	7	9
Cotton Hosiery	61	72
Haberdashery and Millinery	18	17
Instruments and Apparatus	23	30
Iron and Steel	14	27
Machinery	4	8
Rubber Manufactures	13	18
Toys and games requisites	23	34
Miscellaneous glassware	20	23
Hardware	30	34

It will be noted that Japanese competition is becoming acute in a constantly widening range of items. The Japanese onslaught on the woollen trade is of very recent growth, but in spite of the specific minimum duty of 18 annas per lb., shipments are increasing from month to month and Japanese cloths are rapidly displacing

Provision is made in Article 7 for the limited transfer under certain conditions from one category to another provided that the total quota shall not thereby be increased and that the amount transferred from a bordered greys or bleached goods category shall not exceed 20% of the amount of such category and the amount transferred from any other category shall not exceed 10% of the amount of such category.

Inasmuch as Japanese cotton piecegoods shipments in 1932-33 totalled 580 million yards, the quota provides for a reduction of roundly 200 million yards per annum. It is reasonable to assume that, with a rapidly increasing population, Indian consumption is more likely to increase than to decline. The effect of the treaty, therefore, will be to provide an additional 200 million yards to be shared by the Indian and Lancashire mills.

Competition by the U.S.A.—The effects of an adverse rate of exchange, coupled with the general reduction in imports, caused a contraction in the imports from the U.S.A. from Rs.15 crores in 1930-31 to Rs.13 crores in 1931-32, Rs.11 crores in 1932-33 and Rs.7 crores in the year under review. The fall in the external value of the dollar to the old par rate in May-June-July, 1933, and its subsequent further decline to 5.46 to the pound in November, 1933, gave a stimulus to U.S.A. exports in the latter half of the fiscal year which is reflected in the import returns during recent months. Now that the dollar has for some time been comparatively stable round about \$5.05 to the pound, this competition is becoming keener. Up to the end of 1933, the position was complicated by several factors, notably :—

(a) the necessity on the part of importers and distributors to work-off and to average stock of goods and also exchange contracts purchased at the old exchange rates;

(b) international or local price agreements which concealed the effect of the exchange;

(c) the import of goods from the United Kingdom branch factories of U.S.A. manufacturers. This practice has become general since the adoption by India of Imperial Preference;

(d) the speculative purchases of certain dealers, notably in the provision trade, which represented an exchange gamble rather than legitimate trading operations; and

(e) the desire of distributors of U.S.A. goods to recover past losses in the form of sacrifices of commission, allowances and advertising grants (which had been necessary to keep their goods on the market during 1931/32 and 1932/33) and to secure full margins of profit before reducing rupee prices.

This temporary phase, however, has now passed and the last few months have witnessed a revival of U.S.A. competition, notably in respect of motor vehicles, tyres, machinery, hardware and tools, instruments and apparatus and chemicals.

The heavy fall in arrivals from the U.S.A. during 1933-34 is mainly attributable to reductions in the imports of raw cotton from Rs.384 to Rs.64 lakhs, mineral oils from Rs.131 to Rs.118 lakhs, rubber goods of all kinds from Rs.52 to Rs.21 lakhs, cotton piecegoods from Rs.33 to Rs.17 lakhs, tobacco from Rs.57 to Rs.27 lakhs and toilet requisites from Rs.18 to Rs.13 lakhs. On the other hand, arrivals of motor vehicles rose from Rs.89 to Rs.97 lakhs and U.S.A. cars are rapidly regaining much of the field lost between 1931 and 1933. Shipments of machinery remained practically unchanged at Rs.80 lakhs. Imports of hardware rose from Rs.16 to Rs.23 lakhs, instruments and appliances from Rs.53 to Rs.57 lakhs and belting from Rs.8 to Rs.9 lakhs. While it is true that the fall in the external value of the dollar has been effectual in reducing the prices of U.S.A. goods expressed in rupees, this advantage has been partly offset by the increase in production costs resulting from the National Recovery Programme. There is no doubt, however, that U.S.A. competition will be more severe during the current year and United Kingdom manufacturers should spare no effort to consolidate the ground gained during 1931-1933.

German Competition.—Germany has suffered severely from the competition of Japanese goods, which are invading all the bazaar trades that were formerly the preserve of the Hamburg shipping merchant. She has also been affected to a much lesser extent by keener competition from United Kingdom goods aided by the preferential duties. Thus, her trade in hardware declined from Rs.108 to Rs.86 lakhs, yellow metal sheets from Rs.72 to Rs.47 lakhs, iron and steel from Rs.42 to Rs.37 lakhs, chemicals from Rs.40 to Rs.34 lakhs, instruments and appliances from Rs.65 to Rs.56 lakhs, rubber manufactures from Rs.15 to Rs.9 lakhs and woollen goods from Rs.24 to Rs.16 lakhs. The effects of the differential duties on textiles of non-British origin have reduced imports from Germany in almost every item. On the other hand, arrivals of machinery rose from Rs.98 to Rs.132 lakhs due to the boom in sugar machinery, while imports of German dyestuffs remained constant at Rs.136 lakhs as a result of a firmly entrenched position and price agreements. Notwithstanding Germany's adherence to the gold standard, the desperate efforts of German exporters to retain their overseas markets prompt them to quote rates for export which cannot possibly be related to the true costs of production, and with which United Kingdom shipping merchants, even with the advantages of the depreciation in sterling and the preferential duties, find it difficult to compete.

Belgian Competition.—The reduction in imports from Belgium is accounted for by a drop in her shipments of iron and steel from

104,000 to 72,000 tons and from Rs.123 to Rs.84 lakhs in value. The reduction was most marked in the case of galvanised sheets, now subject to special preferential duties which are gradually ousting the Belgian product. Imports of precious stones also fell from Rs.69 to Rs.55 lakhs and glassware (mainly window glass) from Rs.15 to Rs.11 lakhs. Arrivals of Belgian machinery rose from Rs.39 to Rs.43 lakhs as a result of contracts for sugar plant. It is always difficult to assess the true value of Belgian trade as considerable quantities of German, Dutch and French merchandise are shipped from Antwerp and appear in the returns as being of Belgian origin.

Italian Competition.—Italian shipments during the year fell from Rs.394 to Rs.291 lakhs due mainly to the considerable increase in the import duties on all foreign textiles which was intended to check Japanese imports but which, owing to the need for maintaining most-favoured-nation treatment, had to be applied to the goods of all non-British countries. Imports from Italy of cotton piecegoods fell from Rs.22 to Rs.2 lakhs, woollen manufactures from Rs.75 to Rs.61 lakhs, artificial silk yarn from Rs.48 to Rs.37 lakhs, silk manufactures from Rs.24 to Rs.6 lakhs and cotton and artificial silk mixtures from Rs.22 to Rs.16 lakhs. The reduction in the general level of the duties on cotton piecegoods to 50% and the further reduction in the case of such Italian specialities as sateens, velvets and velveteens to 35% will, it is hoped, reduce the burden on the Italian shipper. Apart from textiles, Italian trade was fairly well-maintained during the year. Imports of chemicals (mainly sulphur) rose from Rs.15 to Rs.15½ lakhs, fruits and vegetables from Rs.19 to Rs.20 lakhs and machinery from Rs.7 to Rs.13 lakhs. Considerable quantities of German, Austrian, Hungarian and Czechoslovak goods are, however, shipped by Italian steamers from Genoa and Venice, some of which appear in the returns as being of Italian origin.

The Balance of Trade.—The Controller of the Currency, in his informative report for 1933-34, upon which I have freely drawn for the ensuing comments, gives the following statement which compares India's visible balance of accounts during the year with the figures for the two preceding years and the averages of the ten pre-war years ending 1913-14 and the ten years after the war ending 1930-31. The detailed figures work up to a *plus* or *minus* balance (*plus* representing net export and *minus* representing net import) for each of the three main heads of classification, namely—

- (1) private imports and exports of merchandise,
- (2) private imports and exports of treasure, and
- (3) remittances through Government leading up to a *plus* or *minus* total for the transactions as a whole :—

	Average of 10 pre-war years ending 1913-14.	Average of 10 years ending 1930-31.	1931-32.	1932-33.	1933-34.
		(In Lakhs of Rupees.)			
Exports of Indian merchandise (private).	+1,94,67	+3,12,09	+1,55,56*	+1,33,22*	+1,48,77*
Re-exports of Foreign merchandise (private).		+ 10,39	+ 4,66	+ 3,22	+ 3,43*
Imports of Foreign merchandise (private) (b).	-1,22,93	-2,25,39	-1,28,48*	-1,36,41	-1,19,20*
Balance of Trade in Merchandise (Private).	+ 71,74	+ 97,09	+ 32,74	+ 3	+ 33,00
Gold (private) (a) ...	- 20,87	- 26,20	+ 57,98	+ 65,52	+ 57,05
Silver (private) (a) ...	- 7,67	- 15,90	- 2,59	- 73	- 1
Currency notes (private) (a).	—	- 27	+ 26	+ 13	+ 19
Balance of Transactions in Treasure (Private) (a).	- 28,54	- 42,37	+ 55,65	+ 64,92	+ 57,23
Total Visible Balance of Trade.	+ 43,20	+ 54,72	+ 88,39	+ 64,95	+ 90,23
Council bills and telegraphic transfers paid in India, purchases of sterling from banks and firms in India and payments for sterling taken over in London from local bodies.	- 38,47	- 26,73	- 53,04	- 48,18	- 59,97
Sterling transfers on London sold in India.	+ 1,22	+ 97	+ 18,98	—	—
Transfers of Government Securities.	- 71	- 1	+ 6	- 13	- 11
Interest drafts on India in respect of Government of India securities.	—	- 36	- 32	- 32	- 36
Balance of Remittances of Funds.	- 37,96	- 26,13	- 34,32	- 48,63	- 60,44
Total Visible Balance of Accounts.	+ 5,24	+ 28,59	+ 54,07	+ 16,32	+ 29,79

(a) Excludes transactions which do not enter into the balance of trade.

(b) Exclusive of the value of railway materials imported direct by State Railways working under company management.

* Includes figures for the Kathiawar Ports.

It will be observed that the trade figures for the Kathiawar ports have been added this year. In view of the fact that the net imports through these ports totalled Rs.3,34 lakhs in 1932-33 and Rs.1,71 lakhs in 1933-34, it is necessary to take these figures into account in arriving at the correct balance of trade.

The increase in the total visible balance of trade from Rs.64,95 lakhs to Rs.90,23 lakhs is the more satisfactory inasmuch as it is the combined result of an increase of $15\frac{1}{2}$ crores in the exports of Indian merchandise and re-exports of foreign merchandise and a fall of $8\frac{1}{2}$ crores in the exports of gold. Unfortunately, it was contributed to by a decline of 17 crores in the imports of foreign merchandise with corresponding loss in Customs revenue. The following articles chiefly contributed to the improvement under exports :—oilseeds Rs.2,35 lakhs; hides and skins (raw and tanned) Rs.2,55 lakhs; tea Rs.2,69 lakhs; cotton (raw and waste) Rs.6,28 lakhs; gums, resins and lac Rs.1,23 lakhs and jute Rs.1,20 lakhs. These items were partly set-off by a reduction under grain, pulse and flour of Rs.4,32 lakhs. The reduction under imports is mainly accounted for by a fall in yarns and textile fabrics of Rs.10,61 lakhs, raw cotton Rs.3,70 lakhs, sugar Rs.1,51 lakhs and oils Rs.1,19 lakhs partly counterbalanced by an improvement in the case of machinery of Rs.2,21 lakhs.

It is eminently satisfactory that the trade balance in merchandise in favour of India rose from Rs.3 lakhs to Rs.33 crores, i.e., to 34% of the average of the ten post-war years and 46% of the average of the ten pre-war years. This balance, plus the net export of Rs.57,23 lakhs of treasure, resulted in the total favourable balance of Rs.90,23 lakhs (Rs.90 $\frac{1}{2}$ crores) which is available to meet India's essential obligations in London. As Sir George Schuster pointed out at the Ottawa Conference :—

“The Government of India, in order to meet its essential obligations has to find about £30 million sterling annually, that is to say Rs. 40 crores while, on the average, a further margin of 10 crores (£7 $\frac{1}{2}$ million) at least is required to meet other items in the adjustment of payments on private accounts. Therefore, apart from movements of capital or the country's requirements for the purchase of precious metals, India in order to maintain an even position requires a favourable trade balance of at least Rs. 50 crores (£37 $\frac{1}{2}$ million) annually.”

It is to be hoped that, with expanding exports of merchandise, this balance of Rs.50 crores will next year be obtained on merchandise alone without taking into account the balance of gold exports—a temporary phenomenon. The amount remitted by Government increased from Rs.48,18 lakhs to Rs.59,97 lakhs. The net balance of remittance of funds amounted to Rs.60,44 lakhs and the total visible balance of accounts was Rs.29,79 lakhs, an increase of 82% over that of the previous year. If account is taken (a) of the net payment in India of United Kingdom Postal Orders and of Foreign Money Orders of countries which settle their accounts through London amounting to Rs.11 lakhs, and (b) of Government transfers on account of 'Iraq and Mauritius amounting to

Rs.86 lakhs, the total balance of accounts reaches the sum of Rs.28,82 lakhs.

Exports of Gold.—The net export of gold during the year was 6,695,000 ounces valued at Rs.57,05 lakhs against 8,354,000 ounces valued at Rs. 65,52 lakhs in the previous year. The price of gold in terms of sterling fluctuated between £5 12s. 9d. in May, 1933, and £7 in February, 1934—a record price for the metal. As the Controller states :—

“ Altogether about 23,435,867 ounces have been exported in the last three years that is to say approximately 47% of the gold imported since 1920-21. As stated in last year's report, if allowance is made for the very large imports of gold prior to 1920-21, it is obvious that only a small fraction of India's total gold holding has been realised so far. There is evidence that a very large proportion of the gold whether newly mined or exported from India, which came to the London market for disposal during the year, is held outside the reserves of Central Banks and a large part of it is believed to be held in London on Continental account.”

Silver.—The three outstanding events of the year connected with silver, so far as India is concerned, were (a) the London Economic Conference agreement entered into in July, 1933, by the delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the U.S.A., Mexico and Peru as principal producers of silver, (b) the acceptance by the U.S.A. of ten million dollars in silver as part payment of the United Kingdom War Debt instalment due on June 15th, 1933, and (c) the proposal of the Government of India to lower the duty on silver from 7½ annas per ounce to 5 annas per ounce with effect from the 1st March, 1934. The terms of the silver agreement were as follows :—

(i) (a) The Government of India shall not sell more than 140 million fine ounces of silver during the four years commencing 1st January, 1934, on an average of 35 million fine ounces per year. If in any year the sale falls short of 35 million fine ounces, the balance shall be carried forward, subject to a maximum disposal in any one year of 50 million fine ounces.

(b) Any silver sold by the Government of India to any Government for the purpose of payment of War Debt to the U.S.A. Government shall be excluded from the scope of this agreement, provided that the total sales under (a) and (b) shall not exceed 175 million fine ounces.

(ii) H.M. Governments in Australia and Canada, the Governments of the U.S.A., Mexico and Peru shall not sell any silver and shall also in the aggregate purchase or otherwise arrange for withdrawing from the market 35 million fine ounces of silver from the mine production of such countries in each calendar year for currency purposes (either for coinage or for currency reserves).

(iii) The Government of China shall not sell any silver resulting from demonetised silver during the four calendar years commencing 1st January, 1934.

(iv) The Government of Spain shall not sell more than 20 million fine ounces during the four years commencing 1st January, 1934 at an average of 5 million fine ounces per year. If the sale in any year falls short of 5 million fine ounces the balance shall be carried forward, subject to a maximum sale in any one year of 7 million fine ounces.

The Controller of the Currency comments on these events as follows :—

"The publication of the Agreement which was subsequently ratified by all the Governments concerned did not have any very important effect on the price of silver mainly because some action of the kind had been anticipated and discounted. The importance of the agreement lies in its being the first overt step in the direction of concerted action towards preventing a further fall in the price of silver owing to governmental action.

The acceptance by the U.S.A. Government of 10,000,000 dollars in silver as a part payment of the War Debt instalment enabled the Government of India to dispose of a substantial quantity of refined silver at a favourable price without in any way affecting the market. The actual amount of fine silver shipped from Bombay on this account amounted to approximately 20 million fine ounces. In introducing his proposal for the reduction in the duty on silver the Finance Member pointed out that for all practical purposes the imports of silver had ceased primarily owing to the lack of purchasing power in the country. On the other hand the high duty was probably encouraging smuggling and attracting silver through gaps which existed in the Land Customs regime. This constituted a serious impediment to legitimate trade. He pointed out further that a reduction in the duty would take into account the general policy of Government, which was to co-operate with the U.S.A. and other countries interested in silver in measures designed to improve its price. It was considered that the lowering of the duty was unlikely to have the effect of disturbing local prices which were substantially under London parity after allowing for the duty.

The fact that Bombay silver prices were practically continuously quoted under parity with London prices was a remarkable feature in the local market and there can be little doubt that it was mainly due to the fact that imported silver which had not paid duty was available in the market.

Various measures to meet this difficulty have been taken during the year by Government, and it is understood that proposals to deal with imports of silver from Persia through Baluchistan where there is no customs barrier were under the consideration of the Government at the close of the year."

The Course of Exchange and Remittances to the Secretary of State.—The highest and lowest quotations for telegraphic transfers on London were $1/6\frac{1}{8}$ in May, 1933, and in January, February and March, 1934, and $1/5\frac{1}{8}$ in November, 1933. The Controller states that :—

"As in previous years, purchases were made by weekly offers for open tender in India and intermediates were purchased throughout the week except on the tender day at a rate ordinarily $\frac{3}{4}$ d. above the highest rate at which tenders were accepted. The total amount of sterling purchased during the year amounted to £45,158,000 at an average rate of 1s. 6·071d. as compared with an average rate of 1s. 6·156d. in the preceding year. The weekly offer to purchase one million sterling by tender was maintained without interruption throughout the year. With the exception of one week in April, one week in September and a period of seven successive weeks from the 17th October to the 29th November, Government were able to effect purchases at $1-6\frac{1}{8}$ each week. As in the previous year the mainstay of the rupee sterling exchange was the substantial export of gold. In addition this year records of a noticeable increase in the balance of trade in merchandise in favour of India and in the absence of remittance cover Banks had to have recourse to Government for their requirements. The weakness of exchange from the middle of October until the end of November coincided with the discussions on the Reserve Bank Bill in the Legislative Assembly and a widespread political campaign coupled with propaganda in favour of the

devaluation of the rupee. Speculators made extensive forward purchases of exchange, and gold exports were held up in view of the possibility of an increase in price. Owing to the general feeling of uncertainty created by these operations Banks were unwilling sellers except at low rates and exchange fell gradually to 1s. 5½d. on the 18th November. This situation righted itself immediately as soon as Government made it clear that they had no intention of accepting any amendments to the Reserve Bank Bill which would have the effect of altering the rupee sterling ratio. Small tenders at 1-6½ were received in the first three weeks of December and by the 28th December exchange was firm, resulting in tenders amounting to £3,775,000 at that rate. During the last three months of the year exchange was very firm and large amounts of sterling were purchased both by tender and as intermediates. Large stocks of gold had accumulated in Bombay in anticipation of currency inflation in the U.S.A. and the devaluation of the dollar in February and the consequent record rise in the price of gold in London led to exceptionally heavy shipments both to New York and London over a period of several weeks. Actually remittance to the extent of £17·6 million was effected between 15th January and 15th March."

Money Market Conditions in India during the Year.—The year opened with the bank rate at 3½% and it remained at that level throughout the year. As the Controller states :—

"This is the first time since the Imperial Bank was formed that no change in the bank rate was made during the whole of the financial year, and this is an indication of the general slackness in the trade demand and the prevailing low level of prices of commodities. Although the bank rate was not changed during the year, the rate for call money fluctuated from time to time, and on one occasion touched 4%. This was in October, 1933, when the failure of a large firm of Managing Agents in Bombay created a feeling of nervousness in the Bombay market and even led to some small runs on local banks. This, however, did not last very long and money rates receded to 1%. Time money rates remained unaffected and were quoted at 1¼% up to three months. Money was in more demand towards the end of the year and in the first three months of 1934. This was largely seasonal but was accentuated by the fact that large quantities of gold were held up in Bombay against advances which tended to reduce the margin available for the finance of other commodities which were beginning to move at that time. The cash balance of the Imperial Bank stood at the high level of 18·62 crores in the last week of December, and after falling to 11·89 crores in the last week of February had increased to over 12 crores by the last day of the financial year. Although at times there was an appearance of stringency in the money market, especially in Calcutta, at no time was there any very strong demand for trade purposes, and on the occasions when tightness appeared to prevail it was usually caused by the locking up of money either in the financing of securities or, as mentioned above, in carrying stocks of gold."

The Public Debt.—The following statement, abstracted from the Currency Report, shows separately loans, treasury bills in the hands of the Public and in the Paper Currency Reserve, ways and means advances from the Imperial Bank of India and other obligations. On the other side of the account are shown the cash, bullion and securities held on treasury account, that is to say, as distinct from the Paper Currency and the Gold Standard Reserves. Those assets are also shown which are represented by definite interest bearing obligations to the Government of India either from provincial Governments and Indian States or the Indian Railways and other Government commercial departments :—

	31st Mar., 1932.	31st Mar., 1933.	31st Mar., 1934.
	(In crores of rupees.)		
<i>In India—</i>			
Loans (a)	422·69	446·89	435·17
Treasury bills in the hands of the public ...	47·53	26·09	33·31
Treasury bills in the Paper Currency Reserve	49·67	35·48	25·93
Ways and means advances	9·50	—	—
Total Loans, etc.	529·39	508·46	494·41
Other Obligations—			
Post Office Savings Banks	38·20	43·40	52·32
Cash certificates	44·58	55·64	63·72
Provident funds, etc.	73·04	76·74	82·14
Depreciation and Reserve Funds	17·65	15·22	15·36
Provincial Balances (b)	4·32	7·02	4·42
Total Other Obligations	177·79	198·02	217·96
Total in India	707·18	706·48	712·37
	(In millions of £.)		
<i>In England—</i>			
Loans (a)	313·60	314·33	320·61
War Contribution	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities.	48·72	47·06	45·35
India bills	—	—	—
Imperial Bank of India Loans	—	—	—
Provident Funds, etc.	·80	·91	1·02
Total in England	379·84	379·02	383·70
	(In crores of rupees.)		
Equivalent at 1s. 6d. to the Rupee	506·45	505·36	511·60
Total Interest-bearing obligations	1,213·63	1,211·84	1,223·97
Interest-yielding assets held against the above obligations—			
(i) Capital advanced to Railways	750·73	756·75	757·20
(ii) Capital advanced to other Commercial Departments.	23·75	21·89	22·55
(iii) Capital advanced to Provinces	163·64	173·04	176·72
(iv) Capital advanced to Indian States and other interest-bearing loans.	20·29	20·92	21·20
Total Interest-yielding assets	958·41	972·60	977·67
Cash, bullion and securities held on Treasury account.	41·42	35·69	44·79
Balance of total interest-bearing obligations not covered by above assets.	213·80	203·55	201·51

(a) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(b) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the Present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

The soundness of India's debt position is clear. It will be seen that India's unproductive debt has been reduced by about Rs.2 crores during the year after allowing for a loss on sales of silver. A study of the table shows that India possesses interest-yielding assets plus cash, bullion and securities held on Treasury account amounting to Rs.1022.46 crores to set against her total interest-bearing obligations of Rs.1223.97 crores, leaving an uncovered balance of only Rs.201.51 crores or 16.4% of the whole. It will be granted that the debt position of India rests on a very firm basis when it is appreciated how large a proportion of the debt is invested in railways and irrigation projects; both being magnificent assets which, when economic conditions improve, will again show increasing returns and provide a growing contribution to the relief of taxation.

The Year's Loans.—The Controller describes the Government of India's public borrowings during the year as follows:—

"**The Rupee Loan.**—The new loan took the form of a 3½ per cent. issue liable to income-tax. The loan is repayable at par not later than the 15th November, 1950, and not earlier than the 15th November, 1947. The loan consisted of two sections, namely, "Cash" and "Conversion". Subscriptions to the "Cash Section" were payable in the form of:—

- (i) cash;
- (ii) treasury bills maturing not later than the 10th May, 1933, accepted at their face value;
- (iii) securities of the 4% conversion loan of 1916-17 and 5% War Loan, 1929-47 accepted at par; 5% Bonds, 1933, and 6% Bonds, 1933-36, accepted at a premium of Annas 12%;

the issue price being reckoned at Rs.96%. Subscriptions to the "Conversion Section" were in the form of the following securities, namely, 4½% Bonds, 1934, 5% Bonds, 1935 and 6½% Treasury Bonds, 1935. For every Rs.100 (nominal value) of any of the above three loans tendered for conversion, the applicant received Rs.100 (nominal value) of the new loan, and in addition a cash bonus of Rs.0.2, Rs.8 and Rs.11.8 respectively according as the conversions were of the 4½, 5 or 6½% loans.

The loan opened for subscriptions on the 28th April, 1933. The loan notification provided that the "Cash" and "Conversion" sections of the loan should not remain open after the 29th April and the 2nd May, 1933, respectively, but that either section would be closed without notice as soon as it appeared that the subscriptions to it had reached a total of Rs.15 crores (nominal) approximately. It was also provided in the notification that if subscriptions to the "Cash" section happened to exceed the above limit, partial allotment would be made and that, in making such allotment, subscriptions in the form of securities of the 4% Conversion Loan of 1916-17 would be accepted in full and preference would then be given first to subscriptions in cash and next to those in the form of Treasury Bills over subscriptions in the other forms. The "Cash" section of the loan was closed within about two hours from opening and applications in the form of securities of the 4% Conversion Loan of 1916-17 and Cash were accepted in full, the applications in other forms being rejected. The "Conversion" Section of the loan was closed on the 2nd May. At the time of announcement of this loan, the securities market was firm and money conditions were very easy. The loan met with a very good reception, and, in the few days intervening between the announcement and the opening of the lists, long term securities registered an appreciable rise, 3½% paper and the

4% Loan, 1960-70, recording an improvement of nearly 1½ points. The new loan was quoted at a premium even before the lists opened, and, as was anticipated, the cash sections of the loan had to be closed in less than a couple of hours. Immediately after the closing of the lists to cash subscriptions it became apparent that a certain amount of market staggings had taken place and that a number of subscribers who had banked on a partial allotment were left with a larger quantity of the new loan than they were prepared to hold. Some of this paper was thrown on the market and these forced sales not only caused the premium to disappear but also led to the new loan being offered at a discount. The resultant nervousness had the effect of slowing up subscriptions to the conversion section which was not closed for some days. At the close of the financial year the price of this loan reached Rs.97-12, i.e., a premium of Rs.1-12 over its issue price.

The total amount of loan issued was 30,82 lakhs, of which 15,60 lakhs were subscribed in the cash section (10,07 lakhs in cash and the balance by tender of 1916-17 loan) and 15,22 lakhs in the conversion section. As a result of the above conversion operations Government have been able to reduce their liabilities for the redemption of loans during the next two years by Rs.15,22 lakhs and, in addition, have converted Rs.5,31 lakhs of the 4% conversion loan of 1916-17, which would otherwise have had to be repaid in cash during the year. The table below shows the balances before and after the conversion operations of the various loans mentioned above:—

Particulars of loan.	Amount outstanding before the issue of the loan.	Amounts converted into the new loan.	Balance outstanding.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
4 % 1916-17 Loan	9,90	5,31	4,59
4½ % Bonds 1934	25,98	12,97	13,01
5 % Bonds 1935	12,83	1,40	11,43
6½ % Bonds 1935	16,95	85	16,10

The loans notified for discharge and the amounts discharged during the year 1933-34 are noted below:—

Particulars of the loan.	Date of discharge.	Amount outstanding after the conversion operation.	Amount discharged during the year.
		Rs. (lakhs).	Rs. (lakhs.)
1. 5 % War Loan 1929-47	15th May 1933	4,13	4,03
2. 4 % Conversion Loan 1916-17.	1st July 1933	4,59	4,54
3. 6 % Bonds 1933-36 ...	15th Aug. 1933	8,96	8,81
4. 5 % Bonds 1933 ...	1st Sept. 1933	4,30	4,22
Total ...		21,98	21,60

Sterling loan.—Flotation: The first loan was a 4% Stock, 1948-53. It was issued in May, 1933, at 97½% for a total amount of £12,000,000.

The stock is repayable at par on the 15th December, 1953, but either the whole of the stock or part thereof is redeemable by drawings or otherwise at par on any half yearly interest date after the 15th December, 1948, with three calendar months' previous notice. There were 6,984 applications for a total amount of £47,140,900 stock. Applications for amounts up to £300 stock received £100 and larger applications received allotments of 25%. The next loan took the form of a 3½% Stock, 1954-59, issued in November, 1933, at 97% for a total amount of £10,000,000. The stock is repayable at par on the 15th December, 1959, but the stock is redeemable in whole or in part at par by drawings or otherwise on any half yearly interest date after the 15th December, 1954. There were 5,474 applications for a total amount of £18,644,300. Applications for amounts up to £200 Stock were allotted in full. £300 and upwards received partial allotment; £1,000 receiving £600 and above £1,000 about 52.23%.

The 6% Bonds, 1933-35 and 1933-34, the outstanding balances of which were £2.6 millions and £10 millions respectively were repaid on the 15th June and 15th December, 1933.

The Government of the Punjab floated a loan in August in the form of 4% Bonds, 1948, amounting to Rs.3½ crores of which 1½ crores were subscribed in cash and the balance by tender of their 6½% Bonds, 1933. The balance of 1933 Bonds left after the conversion was repaid in October.

The Indian Budget.—The Honourable the Finance Member in introducing the budget on the 27th February, 1934, presented the following tables, which summarise the position under each of the main heads of revenue and expenditure :—

Revenue.

	1. Budget, 1933/34.	2. Revised, 1933/34.	3. Budget, 1934/35.	Difference between 3 and 1. Better + Worse -	Difference between 3 and 2. Better + Worse -
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
1. Customs	51.25	46.87	44.62	- 6.63	- 2.25
2. Taxes on Income...	18.06	17.13	17.25	- 81	+ 12
3. Salt	8.75	8.55	8.73	- 2	+ 18
4. Opium	1.20	1.59	95	- 25	- 64
5. Other principal heads.	1.90	1.86	1.82	- 8	- 4
6. Interest	1.82	1.59	1.86	+ 4	+ 27
7. Civil Administra- tion.	83	78	78	- 5	...
8. Currency	1.39	77	88	- 51	+ 11
9. Mint	36	46	39	+ 3	- 7
10. Civil Works	21	24	24	+ 3	...
11. Miscellaneous	57	68	56	- 1	- 12
12. Extraordinary ... ..	...	36	...	...	- 36
Total Revenue ...	86.34	80.88	78.08	- 8.26	- 2.80

Expenditure.

	1.	2.	3.	Difference between 3 and 1. Better + Worse -	Difference between 3 and 2. Better + Worse -
	Budget. 1933/34.	Revised. 1933/34.	Budget. 1934/35.		
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
1. Opium	57	71	42	+ 15	+ 29
2. Other direct demands.	3,61	3,58	3,60	+ 1	- 2
3. Irrigation (net) ...	5	4	6	- 1	- 2
4. Posts and Telegraphs (net).	61	56	18	+ 43	+ 38
5. Interest on ordinary debt (net).	1,16	...	1	+ 1,17	+ 1
6. Interest on other obligations.	9,63	9,66	10,35	- 72	- 69
7. Civil Administration.	9,59	9,58	9,59	...	- 1
8. Currency and Mint	64	61	66	- 2	- 5
9. Civil Works ...	1,94	2,07	2,02	- 8	+ 5
10. Miscellaneous ...	4,12	4,26	4,32	- 20	- 6
11. Defence (net) ...	46,20	44,42	44,38	+ 1,82	+ 4
12. Miscellaneous adjustments.	1,00	1,00	1,01	- 1	- 1
13. Extraordinary ...	9	10	3	+ 6	+ 7
Total expenditure (excluding Provision for Reduction and Avoidance of Debt).	79,21	76,59	76,61	+ 2,60	- 2
Reduction and Avoidance of Debt.	6,88	3,00	3,00	+ 3,88	...
Total Expenditure	86,08	79,59	79,61	+ 6,48	- 2
Total Revenue less Expenditure.	+ 25	+ 1,29	- 1,53	- 1,78	- 2,82

Sir George Schuster added that—

“We expect to close the current year, after providing Rs.3 crores for debt redemption, with a surplus of Rs. 1,29 lakhs which we propose to transfer to a special fund for earthquake relief measures. For next year, basing my comparison on the net figures of revenue and expenditure, our position will be Rs.2,82 lakhs worse, that is to say, Rs.2,80 lakhs worse as regards revenue (which is more than accounted for by the falling-off in sugar import duties, the other differences offsetting each other), and as regards expenditure Rs.2 lakhs worse. In order therefore to provide an even balance for 1934-35, it is necessary to find means of improving the position to the extent of Rs.1,53 lakhs.”

The Finance Member then outlined his proposals for an excise on factory manufactured sugar yielding Rs.1,40 lakhs, additional tobacco duties Rs.30 lakhs, silver duties Rs.4 lakhs, which—less the loss of Rs.5 lakhs on the abolition of the export duty on raw

hides—were expected to produce a net improvement in revenue of Rs.1,69 lakhs, thus covering the deficiency and leaving a small surplus of Rs.16 lakhs.

Modified Import Duties.—From the standpoint of the United Kingdom exporter the alterations of major importance were in respect of tobacco and silver. With effect from the 29th March, 1934, the revised rates of duty on tobacco were :—

Tariff Serial No. 28/37A. Cigarettes.—25% ad valorem and in addition either Rs.8/2/- per thousand or Rs.3/4/- per pound, whichever is higher.

Tariff Serial No. 29/221. Unmanufactured Tobacco.—Standard Rate Rs. 3/4/- per lb. Preferential rate if the produce of a British Colony, Rs.2/12/- per pound.

So far as silver is concerned, with effect from the 28th February, 1934, the duty on silver bullion and coin not otherwise specified and silver sheets and plates which have undergone no process of manufacture subsequent to rolling, assessable under Tariff Serial No. 107A/43BB was reduced from 7½ annas per ounce to 5 annas per ounce.

The Railway Budget.—The Honourable Member for Commerce and Railways reviewing the financial year 1933-34 stated that the receipts, according to the revised estimates, were expected to amount to Rs.88¾ crores while expenditure including depreciation would remain at about the anticipated figure of just over Rs.64 crores, thus bringing the net traffic receipts to Rs.24¾ crores. Interest charges would amount to Rs.32½ crores, the deficiency for the year would aggregate Rs.7¾ crores, including the loss of Rs.2 crores on strategic lines, and this would again be met by a temporary loan from the Depreciation Fund, which would show a balance at the end of the year of Rs.11¾ crores, as against Rs.12 crores at the beginning of the year. The traffic receipts in 1933-34 were over Rs.2 crores or 2½% above those of the previous year, while goods earnings were expected to be nearly Rs.3½ crores or about 6% above earnings in 1932-33. Sir Joseph Bhore added that “the fact that the increase in traffic has been general and has not been confined to any particular commodity is of considerable significance as affording some sign of a general revival of trade.”

The budget for 1934-35 anticipates total receipts from State lines of Rs.91½ crores and total expenditure including depreciation of Rs.64½ crores. With interest charges at Rs.32 crores, the total deficiency will be approximately Rs.5½ crores and a further loan of this amount from the Depreciation Fund will leave that fund in credit to the extent of Rs.11½ crores at the end of the year as compared with Rs.11¾ crores at the beginning of the year. An increase in traffic receipts is anticipated to the extent of Rs.2½ crores, an improvement of 3% on the figures for 1933-34—as the Railway Member stated—“The steady upward trend in our goods earnings this year justifies us, we believe, in the hope that at last

we are fairly on the road to recovery, though it would be rash to anticipate any rapid progress as yet along that road."

Sir Joseph Bhore summarised the position very clearly in the following terms :—

"In presenting the budget estimates for the current year, I ventured to lay some emphasis on what I held to be the undeniable strength and soundness of the financial position of Indian railways notwithstanding the deficits that have been experienced since 1931-32. The results of 1933-34, so far as we know them at present, have, if anything, confirmed me in that view. Taking the period of eleven years beginning from 1924-25 and ending 1934-35, we find that the first six years were a period of prosperity and the following five years have been otherwise. The crescendo of deficits began in 1930-31 with 5 crores, grew to 9½ crores in 1931-32 and reached its height in 1932-33 with a figure of 10½ crores. We hope that that constitutes the peak, for we expect our deficit to be 7½ crores in 1933-34 and about 5½ crores in 1934-35. A naked statement of these deficits is, however, calculated to give an entirely inaccurate impression of the real financial position. I will endeavour to convey what I think is a more correct picture by stating the financial position of the past three years from a somewhat different angle. Taking our commercial lines alone for the present, it will be seen that even in 1932-33, which may be regarded as the worst year during this period, our net revenue from all sources amounted to 23½ crores and during that year we put by to the depreciation reserve a sum of 7½ crores more than we actually required to withdraw for our current expenditure on renewals and replacements. Even in the worst year of this dark period it will thus be seen that our earnings only fell short, by one crore, of the amount, viz., 31½ crores, required to pay the full interest on the Capital at charge. In the following two years, viz., 1933-34 and 1934-35, our estimate of net revenue from all sources is 25½ and 27½ crores respectively. If payments to the depreciation reserve were confined to what was needed to meet our urgent and necessary requirements, our net revenue in each of these two years would be over 32 crores and would exceed the sum necessary for our interest charges on commercial lines by a crore and a half.

Including strategic lines, against our deficits amounting to 13 crores in the two years referred to, must be set the additional appropriations amounting to 12½ crores that we are making to the depreciation account after meeting not only all the normal expenditure on renewals and replacements debit to the fund during these years, but very heavy abnormal expenditure of 1½ crores to repair earthquake damages and the damages to the Hardinge Bridge caused by the vagaries of the Ganges. These figures, I hope, afford ample justification for the opinion I have expressed as to the intrinsic strength of the financial position of the Indian Railways."

Capital Works Programme in 1934-35.—The Railway Member outlined the new capital programme as follows :—

"Some comment is necessary on our programme of works expenditure for 1934-35 which, though less ambitious than the programmes which Railways were accustomed to in the pre-depression days, is still considerably more extensive than those of the last two years. We propose a total expenditure of just over 14 crores, of which we expect to find three quarters of a crore by further reduction in stores balances. Except one small new line of five miles costing 3 lakhs on the South Indian Railway, to which we are committed as part of the arrangements made when the Tanjore District Board Railway

was transferred to Government some years ago, the small expenditure of 11 lakhs provided is merely to complete lines started long ago. There are a few projects, like the Bombay-Sind Connection and the Pollachi-Vananturai line in South India, the prospects of which are under examination, but our examination has not yet reached a stage at which we can arrive at a definite conclusion in regard to their remunerativeness. We have not, therefore, felt justified in asking the Assembly to provide funds for them. We hope to complete our examination in the course of the next few months. If we find that these projects are likely to be remunerative under present conditions of cheap money and low prices of material and desire to start construction during the next working season, we shall take steps to place our proposals before the Standing Finance Committee for Railways and ask the Assembly for the requisite additional grant. As regards open line works, our programme includes 4½ crores for track renewals, and 3½ crores for rolling stock in addition to 1½ crores for works in progress. The amount provided for new works is under 4½ crores. Of this, a sum of about 1½ crores is required for repairs and additions to the protection works of the Hardinge Bridge to which I have already referred and for repairing earthquake damages. As I have mentioned, it is our intention not to charge directly to current revenues any expenditure on these items, but to debit initially to the depreciation fund whatever is not chargeable to capital, and repay this amount from revenue by annual instalments of 15 lakhs. Another item of importance is the remodelling of part of the Jamalpur Workshops on the East Indian Railway where, as a measure of economy and efficiency, it was intended to concentrate heavy repairs to engines. This was originally initiated as a remunerative project, but it has since been rendered imperative by the demolition of some of the existing shops by the recent earthquake."

Rolling Stock Programme for 1935-36.—On the 14th June, 1934, the Standing Finance Committee on Railways sanctioned a programme for additions and renewals introduced by the Financial Commissioner in the following terms:—

“(In Lakhs of Rupees).”

		<i>Capital.</i>	<i>Depreciation Fund.</i>	<i>Total.</i>
Locomotives	...	20.35	44.52	64.87
Boilers	...	2.08	36.39	38.47
Carriages	...	45.78	72.17	117.95
Wagons	...	13.91	39.68	53.59
Total	...	82.12	192.76	274.88

The original programmes submitted by the Agents provided for an expenditure of 178 lakhs on capital account and 388 lakhs on depreciation fund account, making a total of 566 lakhs, including Rs.225 lakhs for 5,240 broad gauge general service wagons which we have for the present not included in the above programme. The sanctioned provision for rolling stock in the current year (1934-35) is Rs.326 lakhs (capital 61 lakhs, depreciation fund 265 lakhs) of which 123 lakhs are for broad gauge general service wagons. These programmes provided mainly for the replacement of locomotives, boilers, carriages and wagons which have outlived their economic lives and on which further repair and maintenance charges are prohibitive. As the Committee are aware, we have, for the past few years, been restricting capital expenditure as far as possible. This was due not merely

to the financial situation but to the fact that owing to the fall in traffic and to the improved arrangements for better utilization of existing stock, most railways could do with much less than their authorized stock and it was not essential to replace stock as soon as it was condemned. The time is however arriving and in some cases has already arrived when renewals and replacements will have to be undertaken on a substantially larger scale.

It is proposed to purchase 43 new broad gauge locomotives on renewal account estimated to cost Rs.32.67 lakhs. (Fourteen of these locomotives are required by the E.I.R., 17 by the N.W.R. and seven by the S.I.R. The programmes include two Diesel electric locomotives costing about 6 lakhs for the North-Western Railway.

It is now proposed to try locomotives of a higher horse power and consequently greater cost than was originally contemplated. They also include 14 XT class broad gauge engines for the East Indian Railway and 15 XT class broad gauge locomotives for the North-Western Railway for running fast shuttle branch line services, which it is expected will be of great assistance in dealing with road motor competition.

Considerable economies in operation and expenditure on new locomotives are confidently expected from the intensive use of locomotive power. Recent progress in this direction has indicated that modifications in the design and detailed fittings of standard engines are essential if pooling is to be successful. Accordingly, two XB class engines are proposed for purchase by the Great Indian Peninsula Railway in the design and construction of which will be incorporated improved fittings specially suitable for extended running with changes of crews. These are being purchased as an experiment and the experience gained with these will be specially useful if it is decided to construct locomotives in India.

It is also proposed to permit the Bombay, Baroda and Central India Railway to purchase a broad gauge Diesel shunting engine for experimental purposes to ascertain what is the best and most economical type of locomotive power, for the railway anticipate that they will be faced with a fairly heavy locomotive renewal programme in future years.

On the metre gauge railways the accepted requirements are as follows:

<i>Railways.</i>	<i>Number.</i>	<i>Cost. Rs. lakhs.</i>
Assam Bengal	6	3.30
Bengal and North Western	12	6.17
Bombay, Baroda and Central India ...	13	11.00
Rohilkund and Kumaon	4	2.37
South Indian	9	2.53
Total	44	25.37

Surplus steam locomotives released from the main electrification of the Great Indian Peninsula Railway are still available on that railway and arrangements are being made to transfer more engines from that railway to the East Indian and North-Western Railways, thus ensuring a better and more economic utilization of existing locomotive power.

As regards coaching stock, the total provision agreed to amounts to Rs.118 lakhs, out of which about 9 lakhs represent expenditure on additions, which is largely made up by the South Indian Railway obtaining additional carriages costing 3 lakhs to meet additional traffic demands resulting from the development of Cochin Harbour, where

the steamer from Colombo and the West will touch, and additional special vehicles required by the Eastern Bengal Railway.

No provision has been made for broad gauge general service wagons in 1935-36. This is still under the consideration of the Railway Board. The expenditure on wagons to which the approval of the committee is now solicited is limited to departmental and special non-pooled types of broad gauge wagons together with metre gauge goods stock. It is proposed to purchase 290 broad gauge wagons, other than pooled stock, at an estimated cost of Rs.20.29 lakhs, and 915 metre gauge wagons at an estimated cost of Rs.33.00 lakhs."

Road Development in India.—The following note on the progress made in co-ordinating road development throughout the country has been courteously supplied by Mr. K. G. Mitchell, C.I.E., M.Inst.C.E., Road Engineer with the Government of India :—

The financial year 1933-34 was the last year of the first probationary quinquennium of the Road Development Account. (By a resolution adopted by both Houses of the Indian Legislature on the 21st April, 1934, the account has now been continued without any specified period, i.e., it is permanent until repealed.) The revenue credited during the year amounted to about Rs.100 lakhs (final audited figures not yet available) or to nearly Rs.510 lakhs during the five years. This report deals with a total of nearly Rs.460 lakhs accrued up to the 30th September, 1933. After deducting 10% for the Reserve, the amount available for distribution to Governors' Provinces, Administered Areas and Indian States was Rs.414 lakhs. Of this Rs.344 lakhs was distributed among the ten Provincial Governments as shown below. The balance represents the share of Minor Administrations, Indian States and a small margin, about Rs.7 lakhs, for the adjustment of possible discrepancies in apportionment.

Province.	Share allotted to end of March, 1934, in respect of revenue up to Sept., 1933.	Expenditure to end of 31st March, 1934.	Amount diverted as loan, (treated as expenditure) for ordinary maintenance or for the completion of works in progress.	Balance on 31st March, 1934.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Madras	61.62	48.22	—	13.40
Bombay	75.10	42.16	16.00	16.94
Bengal	60.21	31.12	—	29.09
United Provinces	25.01	8.19	—	16.82
Punjab	30.32	14.19	14.97	1.16
Burma	41.93	24.57	17.18	0.18
Shan States	3.52	2.76	—	0.76
Bihar and Orissa	15.48	9.39	—	6.09
Central Provinces	13.42	4.75	2.50	6.17
Assam	9.06	1.95	4.42	2.69
N.W.F.P.	8.32	4.36	—	3.96
	343.99	191.66	55.07	97.26

The corresponding expenditure in the ten Governors' Provinces up to March, 1934, was about Rs.192 lakhs. In addition to this, five of the local Governments were also permitted to borrow a sum of about Rs.55 lakhs from the account for the completion of previous development programmes, or for the ordinary maintenance of roads as a temporary interest free loan to be restored when their budgetary position improves. The balance available for expenditure by provincial Governments was about Rs.97 lakhs and this has been carried forward. The position of the reserve for special works, research, intelligence and administration, is as follows:—

	Rs. Lakhs.
A. Credits to end of September, 1933	55.39
B. Debits.	
	<i>Rs. lakhs.</i>
(i) Administration	2.00
(ii) Amount earmarked for grants for experiments and research	5.00
(iii) Grants for special works	41.39
Total	48.39
C. Balance	7.00

The following events of a more general interest happened during the year. A conference of the representatives of local Governments, Railways and other transport interests, was convened to consider the Road-Rail problem and to discuss a policy of co-ordination and correlated development of various forms of transport. This conference was opened in April, 1933, by His Excellency the Viceroy, and as a result of three days discussions adopted eight resolutions. The Government of India then took up the work of examining the recommendations in the various resolutions and subsequently addressed local Governments on the various questions raised.

One of these resolutions recommended the continuance of the Road Account. This account derived from a special tax on petrol* was instituted in 1929 for a period of five years in the first instance, and has proved of considerable value in stimulating development. After full consultation with local Governments a new resolution† was accordingly introduced towards the end of the year in the Central Legislature, which while retaining the essential features of the present arrangement provided *inter alia* for an increase in the reserve to 15% from 10% to enable the Government of India to help the undeveloped provinces with more liberal grants; for the use of the Account when necessary on the maintenance of roads financed from it and on the service of loans raised for road development. It also recognised the pressing need for the improvement of all rural communications for the transport of agricultural produce and provided for expenditure on such roads, the previous intention having been to use the money more for fresh roads.

The Government of India have also had under consideration during this year the question of capital expenditure on road development as a means of adding to the economic equipment of the country as well as contributing in some measure towards improving the prevailing state of depression. This subject was considered at the Provincial Economic Conference in April, 1934. The continuance of the road account on a more permanent basis, and the provision for its utilisation on the

* An extra duty of customs and of excise of not less than 2 annas per gallon.

† A copy of this Resolution, adopted by both the Houses of the Indian Legislature on the 21st April, 1934, is available at the Department of Overseas Trade.

service of loans and possibly on subsequent maintenance and the present low rates for labour and material will, it is hoped, enable local Governments who have been addressed on the subject to move in the matter at an early date.

Another instance in which the Account has proved itself very useful is in the case of Sind. The Government of India were impressed with the fact that the full benefits that should result from the Lloyd (Sukkur) Barrage could not be achieved without adequate facilities for transport in the area irrigated. Accordingly after consulting the Government of Bombay, the Government of India deputed Mr. S. G. Stubbs, O.B.E., a Superintending Engineer of the Punjab to prepare a co-ordinated plan of road and rail development with the help of an officer of the North-Western Railway. The entire cost of this enquiry was borne by the Government of India from their reserve in the Road Account. The Report was not submitted before the end of the year under review.

Indian Joint Stock Companies in 1933-34.—Flotations.—The following table shows the position of registrations over a period of years :—

Year.	Companies registered.		Aggregate Authorised Capital.		Average authorised Capital per Company.
	No.	Index No. (pre-war year=100).	Amount.	Index No. (pre-war year=100).	
			Rs.		Rs.
1913-14 (pre-war)	356	100	66,91,53,000	100	18,79,000
1928-29	726	204	27,38,31,000	41	3,77,000
1929-30	839	236	62,55,18,000	93	7,46,000
1930-31(a)	731	206	21,55,62,000	32	2,95,000
1931-32	768	216	29,97,60,000	45	3,90,000
1932-33	1,247	350	30,99,88,000	46	2,49,000
1933-34	884	248	56,49,91,000	84	6,39,000

(a) Revised.

It will be remarked that the number of companies registered fell from 1,247 to 884 whereas the average authorised capital per company rose from Rs.249,000 to Rs.639,000 on account of the flotation of eight Navigation Companies with an aggregate authorised capital of Rs.24.47 lakhs and two companies coming under the head of docks, harbours, shipping, landing and warehousing with a total capital of Rs.500 lakhs. Increases in the authorised capital were noticeable under the following heads:—navigation (+ Rs.24.47 lakhs); docks, harbours, shipping, landing and warehousing (+ Rs.500 lakhs); Insurance, others (+ Rs.1.12 lakhs) and investment and trust (+ Rs.87 lakhs), while decreases in the authorised capital were noted under sugar (including jaggery) manufacture (- Rs.2.86 lakhs); tobacco (cigars, etc.) (- Rs.2.11 lakhs); Engineering (- Rs.1.02 lakhs) and life, fire and marine insurance (- Rs.90 lakhs). I would again point out that the amount of authorised capital is a very unsafe guide to the actual state of

affairs, as in the majority of Indian concerns the paid-up capital is only a small fraction of the authorised capital. Companies in India go to allotment on very small subscriptions.

Liquidations.—Four hundred and eighteen companies, with an authorised capital of about Rs.59 crores, having ceased work, went into liquidation during the year 1933-34.

Indian Working Class Cost of Living Index—Bombay.—In March, 1934, at the close of the financial year the average level of retail prices for all commodities taken into account in the statistics of a cost of living index number for the working classes in Bombay City, on the basis of July, 1914 = 100, was 94, which was two points lower than in the preceding month. The general index number is 99 points below the high-water mark of 193 reached in October, 1920 and 9 points below the twelve-monthly average for the year 1933. The articles included in the index are cereals, pulses, other articles of food, fuel and lighting, clothing and house rent. The articles have been given the relative importance which each bears to the total all-India aggregate expenditure. No allowance is made for any change in the standard of living since July, 1914.

(All items: percentage increase or decrease compared with July, 1914.)

	1929.	1930.	1931.	1932.	1933.	1934.
	%	%	%	%	%	%
January ...	49	47	17	10	9	-4
February ...	48	44	13	10	6	-4
March ...	49	41	11	11	6	-6
April ...	48	40	11	8	1	-7
May ...	47	39	10	7	0	-6
June ...	47	40	9	7	4	-5
July ...	48	39	8	9	3	
August ...	49	36	8	9	3	
September ...	49	36	8	9	2	
October ...	49	31	8	9	0	
November ...	50	27	8	10	1	
December ...	50	21	9	10	-2	
Approximate yearly average ...	49	37	10	9	3	

Patents and Designs.—In his report for the calendar year 1933, the Controller of Patents and Designs states that the total number of applications for patents filed during the year was 954 as compared with 928 in 1932. Of these, 295 originated in India and the remaining 659 came from abroad. Applications numbering 266 claimed priority under the reciprocal arrangements with the United Kingdom and other parts of His Majesty's Dominions. A noticeable feature of the returns is the increase in the number of

applications made by Indians. The year showed a pronounced increase in the number of applications for the protection of inventions relating to structural steels, most of the inventions originating in India. As the Controller states—

“ This is in striking contrast with the paucity of such applications in the past and it is probable that the proposal to use special alloy steels for the construction of the new Howrah Bridge and the prospect of attracting a fair amount of major bridge building business in India in the near future are to a large extent responsible for opening the eyes of Indian inventors to a wide field in this direction and for giving them the necessary impetus for their investigation. The object of most of the inventions was to produce a steel having a higher tensile strength and yield point and possessing greater resistance to corrosion than British standard structural steel and at the same time being capable of manufacture on a commercial scale at a sufficiently low cost.”

The number of applications dealing with inventions for advertising and displaying apparatus and the art of printing showed a marked increase. Mention should be made of a pioneer invention relating to a process of metal photography. This process is stated to have been demonstrated in Calcutta and has been hailed in the press as an entirely new art which has a great future. Another branch of industry which showed increased activity was that dealing with the making of pipes from cement, particularly by the centrifugal process. Petitions for the prolongation of the term of these pioneer patents relating to this process were filed during the year. The trend of inventions with regard to some of the more important industries is dealt with by the Controller in the following terms :—

“ **Electrical Industry.**—Inventive activity under this head decreased considerably. A large number of applications related to patents directed towards the perfection of apparatus for electrical discharges which could be used as lamps for domestic and other purposes. The ordinary incandescent lamp however continues to hold the field and a fair number of inventions related to it. These were concerned with mountings for filaments, anti-dazzle construction of the bulb itself, and the reclamation of old bulbs whose filaments have burnt out. The number of inventions relating to heating appliances showed a large fall. Inventions dealing with batteries were practically confined to dry cells used in pocket torch lights. One inventor attempted to evolve a metadyne transformer. This device is a direct current transformer for supplying a constant current at a variable voltage when supplied with a variable current at a constant voltage. The number of applications relating to wireless signalling and controlling showed some improvement and related to various aspects of wireless telegraphy such as concentration of radiated energy in one direction, securing freedom from disturbances and ‘ fading effects ’, overcoming ‘ night effects ’ in the reception of radio signals on aeroplanes, filter circuits adapted to give a response over a predetermined band of frequencies and a sharp cut-off on either side of the said band, frequency control devices, and the generation of oscillations so as to obtain greater stability as regards frequency and amplitude. One application related to television, while three applications, originating in India, had for their object improved coupling arrangements for vacuum tubes and more efficient amplification of small currents.

Agriculture.—The number of inventions increased by 20% and were largely concerned with manually operated harvesting appliances. Inventions for lifting water from wells by means of wind or animal power decreased by 50% but there was a striking increase in the number relating to the manufacture of tea. Indian inventors were mostly interested in tea-rolling and cutting machines while foreign applications related to the treatment of the leaf and its cooling and drying by regulating the flow and the condition of the air passing over the tea leaf.

Textile Industries.—The increased activity of recent years shows signs of falling-off. The number of inventions relating to spinning declined by nearly 20%, notably those concerned with the 'Charka' or hand-spinning wheel. Inventors from India and abroad have shown special interest in the formation of balls of silver on retractable arbor sections (spindles) so that when the balls reach a certain desired diameter, they are ejected and the commencement of a fresh ball is initiated automatically. Considerable attention was also devoted to the formation of bobbins from paper and like pulp instead of wood and to impregnating them with water-proofing substances for use in both dry and wet treatment of yarn along with bobbins. Inventions for looms decreased by more than 50%. There was a marked increase in the number of inventions dealing with sewing machines for securing a noiseless motion and for facilitating easy repairs or renewals in case of wear.

Transport.—This heading claims a large number of inventions each year. Applications for patents relating to railway vehicles fell from 18 to 11, mainly due to a fall in the number relating to buffers. The attention of inventors was directed to bogie frames for undercarriages, the objects aimed at being stronger frames with less weight of metal and increased economy and facility in manufacture. A large number of inventions originating in India were devoted to the means of securing rails upon sleepers and to preventing creep. There was a revival of activity in the field of inventions relating to road and motor vehicles. The provision of heat insulating construction for refrigerated vans, luggage carriers, etc., received attention. Steering-wheel mounting, chassis suspension and pedal control arrangements were also concerned. Of three inventions in the sphere of aeronautics, one related to a lifting arrangement for aeroplanes which would render the preliminary gliding unnecessary. The remaining two concerned the launching of air craft of high minimum flying speed. Great interest was shown by Indian inventors in the construction of folding and collapsing boxes for easy transport. One invention had for its object a frame and trestle arrangement for enabling two motor car chassis to be loaded in one wagon.

Engines and Power.—A revival of inventive activity is noticeable in respect of internal combustion engines. A majority of inventions had for their object the development of an atomizer or carburettor which would render possible the use of heavy oil power units. Attempts were also made to improve the efficiency of internal combustion engines by achieving a more homogeneous mixture of fuel and air in the carburettor as well as in the engine cylinder. Sparking plugs, pistons, rotary valves and cooling systems also received attention.

Building Industry.—Inventions deal mostly with floorings and roofings made by the use of hollow pre-cast elements supported on girders or by the application of protective elements on bituminous surfaces. Indian inventors have shown a keen interest in the fabrication of metal tanks for the storage of water, etc., by using interchangeable unit plates and standard bracings.

Health and Sanitation.—The construction of special rotary furnaces for the combustion of town refuse and the like received attention. The number of applications relating to devices for catching and destroying vermin increased by 200%. The art of food preparing and preserving came in for much attention. One Indian application related to the utilisation of non-edible seed cakes, such as those of 'hungay', 'mahua', castor and neem for preparing vegetable proteins.

As regards designs, 1,224 applications were filed during the year as compared with 1,223 applications in 1932. The number of applications which originated in India was 534 as compared with 412 in 1932. As compared with 1932, there was an increase of nearly 29·8% in the number of the design applications originating in India but the total number of applications remained practically steady. This increase in Indian applications is marked in the case of Bombay, which accounted for 253 applications against only 25 in 1932. Of these, as many as 217 were in respect of designs on textile goods and 28 were in respect of designs on various kinds of metal articles. As compared with 1932, there was an enormous increase in the number of applications for registration of designs in Class 14. Of 220 such applications, 146 were from the United Kingdom and 74 from India in respect of designs on shawls and saris. Textile designs came, as usual, mainly from the Calico Printers' Association, Ltd., who filed 586 applications during the year. 390 designs relating to piecegoods originated in India, 217 from Bombay, 130 from Bengal and 32 from Delhi. Two applications were received from Delhi in respect of embroidery designs."

A fifth edition of the Patent Office Handbook, containing the Indian Patents and Designs Act, 1911 (as amended up to the 1st July, 1930), the Indian Patents and Designs Rules, 1933, the Indian Secret Patent Rules, 1933, and detailed instructions for the guidance of inventors and others was published in the year under review.

Civil Aviation.—I am indebted to Mr. F. Tymms, M.C., Director of Civil Aviation in India, for a comprehensive note on the progress of Civil Aviation in India during 1933-34. The following paragraphs are reproduced from his report :—

REGULAR AIR SERVICES.

Evidence of the growth of interest in aviation in India is provided by the development of regular air services. The first in importance is the extension of the London-Karachi air service across India to Singapore, with joint operation by Imperial Airways, Ltd., and an Indian Company, Indian Trans-Continental Airways, Ltd. This service replaced the Karachi-Delhi air mail service. Following this, Indian National Airways, Ltd., established a weekly service between Calcutta and Rangoon, thus making, with the main trans-India service, a twice weekly service between Calcutta and Rangoon. A daily service was also established by Indian National Airways between Calcutta and Dacca.

The total mileage of air services in operation in India on the 31st December, 1933, was 4,780, compared with 4,260 at the end of 1932. These figures exclude the air route lying outside India, in which an Indian operating company participates, namely, the Rangoon-Singapore section of the Australian route. The total mileage of air services, either operated by Indian companies or in which Indian companies participate, is now, therefore, 5,180 compared with 2,010 at the end of 1932.

A feature of the development which has taken place, which cannot be passed over without notice, is the increase in night flying on the trans-India route. While regular flying through the night is not yet scheduled there is an increasing tendency to schedule early morning departures, involving considerable periods of night flying with the first landing in daylight. Again, while in the past, a delayed service was limited in its capacity to make up time by daylight hours, 1933 has seen a great extension of the practice of flying on well into the night, and on certain occasions all night. This is reflected in better punctuality returns. The trans-India air route is not yet, even in part, organised for night flying, but the provision of a few items of lighting equipment at some of the principal aerodromes has contributed. The increase of night flying has thrown a corresponding extra strain on the wireless, meteorological and aerodrome organisation, a matter of no small moment on a route of 2,500 miles in length.

NEW COMPANY ORGANISATION.

In order to understand the developments which have taken place in air transport services in India during the year 1933, it is necessary to explain the new company organisation, in which arrangements for the operation of the trans-India air service are linked with the development of internal air services.

Indian Trans-Continental Airways Ltd.—The fundamental basis of the organisation lies in the arrangements made with His Majesty's Government in the United Kingdom and Imperial Airways Ltd., for the extension of the main London-Karachi air service across India from Karachi to Singapore, as a link in the England-Australia air service which is being organised. Indian Trans-Continental Airways Ltd., was formed as an Indian company with a capital of Rs.10 lakhs. The company is a private company, in which the shares are held by the Government of India, 24%, Imperial Airways Ltd., 51% and Indian National Airways Ltd., 25%. The agreement covering the operations provides that this company will operate, alternately with Imperial Airways, a weekly air service from Karachi to Singapore, in continuation of the London-Karachi service. The fleet of the two companies is homogeneous and the technical control and management of the two companies is combined. The sphere of operations of Indian Trans-Continental Airways is confined to co-operation with Imperial Airways Ltd. in the main trans-India air service. The company is controlled by a Board of Directors established in India, of whom the majority are Indians. The Directors are nominated as follows:—

By the Government of India	...	...	...	...	...	1
By Indian National Airways Ltd.	...	...	...	...	...	2
By Imperial Airways Ltd.	...	...	...	...	...	4

In addition to the Government Director, the Director of Civil Aviation also attends meetings of the Board as a representative of the Government of India. The period of operation of the agreement terminates on the 31st March, 1939.

Provision has been made for the engagement and training of Indian personnel in all branches of the service operated by Indian Trans-Continental Airways. In actual fact, a number of Indians is employed by both companies in India and elsewhere. Provision has also been made whereby the technical advice of Imperial Airways is available in the establishment of feeder services by Indian National Airways.

Indian National Airways Ltd.—The company has been established to participate as a share-holder in Indian Trans-Continental Airways, and to develop feeder and other internal air services in North India. It is registered in India with an authorised capital of Rs.30 lakhs. The

initial capital has been privately subscribed from sources representing widespread interests in India. The establishment of the company is due to Messrs. Govan Bros. Ltd. of Delhi, who act as Managing Agents. In addition to a number of Indian interests, a technical nucleus for the company is provided by the participation of India Air Survey and Transport Ltd., Dum Dum, Bengal, a company which has had long experience of air survey and other operations in India, and to whose participation the developments in Eastern Bengal and Burma, referred to elsewhere, are due. A further technical nucleus in the company is provided by the participation of Air Work Ltd., of Heston, Middlesex, who act as the agents in England.

Under the arrangements for the establishment of Indian Trans-Continental Airways, Indian National Airways act as the principal agents in India and Burma for both Imperial Airways and Indian Trans-Continental Airways.

The Madras Air Taxi Service.—Another new operating concern established during the year 1933 is due to the initiative of Raja I. V. Krishna Row and Mr. I. V. Bhujanga Row, who operate under the name of the Madras Air Taxi Service, their initial aim being the operation of an air-taxi service and the establishment of the Calcutta-Madras service referred to later in this report.

INDIAN INTERNAL SERVICES.

Karachi-Bombay-Madras Air Mail Service.—While the expected extension of this air service to Colombo did not take place owing to difficulties experienced in the provision of an aerodrome in Ceylon, the success attending the operation of the service between Karachi and Madras exceeded expectations.

The service achieved a regularity of 100% and a punctuality almost equally good during the year 1933. On no occasion did the service fail to make a connection at Karachi with the west-bound Imperial Airways service.

A very great increase in the air mail loads carried on the service took place during the year. The service operated only during a part of the previous year and annual totals cannot therefore be compared, but the increase is illustrated by the figures for the first quarter and the last quarter of the year 1933. The total mail carried in the first quarter of the year was 3,918 lbs. The total mail carried in the fourth quarter was 8,906 lbs., an increase of 127% in nine months. A considerable part of this increase is attributable to the introduction by the Indian Posts and Telegraphs Department of a revised system of surcharges, which is referred to elsewhere. At the same time, a steady and continued increase in the load of mails in the southbound direction, that is mail originating abroad, testifies to the utility and growing popularity of the service. A few passengers and small quantities of freight were carried by the service, but this is an incidental feature and it remained essentially a purely air mail service.

The fleet of aircraft employed on the service at the end of the year consisted of two De Havilland Puss Moths and one De Havilland Fox Moth.

Karachi-Delhi Air Mail Service.—In accordance with the agreement with the Delhi Flying Club, the Karachi-Delhi air service was operated by that club with a De Havilland Gipsy Moth, until the inauguration of the Karachi-Calcutta section of the Australian route on the 7th July. The Delhi Flying Club and their air mail pilot deserve commendation for the regular operation of this service during a period of 18 months.

Calcutta-Rangoon Air Service.—On the 1st December, 1933, Indian National Airways established a weekly air service between Calcutta and Rangoon, intermediate between the services operated by Indian Trans-Continental Airways and Imperial Airways, thus providing a twice weekly service for passengers, mail and freight between Calcutta and Rangoon, as follows:—

	<i>Indian National Airways.</i>	<i>Indian Trans-Continental Airways.</i>
Calcutta-Rangoon	Tuesday.	Sunday.
Rangoon-Calcutta	Friday.	Tuesday.

The service operates via Chittagong, Akyab and Bassein. The time taken on the journey is approximately 9½ hours, which compares with the sea passage of 2½ days (3 days and 2 nights). The Indian Trans-Continental and Imperial Airways Service, it may be noted, while faster between Calcutta and Rangoon, stops only at Akyab. The service was inaugurated with Dragon Moth aeroplanes arranged to carry a crew of two (pilot and wireless operator) and five passengers or a total payload of about 1,200 lbs. As a passenger service, the new service proved to be in considerable demand, though air mail and freight traffic was inconsiderable. During the first month the service carried 42 passengers. Up to the 31st March, 1934, the number of passengers was 133.

Calcutta-Dacca Air Service.—On the 1st December, 1933, Indian National Airways established a daily passenger, mail and freight service between Calcutta and Dacca. This service is of particular interest, as being the first daily air service established in India. The reason for the selection of this particular route lay in the belief of the promoters that the speeding up of communication with the jute districts of Eastern Bengal would prove of value to the public, and that the service would be in considerable demand. The railway system in Eastern Bengal is incomplete, on account of the unbridged Ganges and Brahmaputra rivers. Journeys therefore involve a combination of rail and river transport and, apart from speed, comfort is much impaired thereby. Apart from the important jute growing region around Dacca, the communications of both Chittagong and the tea districts of Assam are impaired by the lack of through rail communication. Should this daily air service prove successful, therefore, further developments in this direction are contemplated.

The service takes approximately 1½ hours in each direction; it is operated in both directions in the morning. The time taken by the rail and steamer journey from Calcutta to Dacca is 16½ hours.

Insufficient experience has been gained to show whether or not the service will be justified. During the first month 105 passengers were carried. Mail loads were regular but insignificant, while there was an interesting and increasing demand for freight space (mainly newspapers) from Calcutta to Dacca.

The service is normally operated by a De Havilland Dragon aeroplane, which, however, is occasionally relieved by a De Havilland Fox Moth, when traffic does not warrant the use of the larger machine.

Calcutta-Madras Air Service.—On the 10th February, 1934, the Madras Air-Taxi Service inaugurated an experimental twice weekly service between Calcutta and Madras, with halts at Puri, Vizagapatam and Bezwada (Gannavaram). It was decided to discontinue the service on the 31st March, 1934.

Projected Developments.—The projected extension of the Tata air service to Ceylon is, as referred to elsewhere, still under negotiation with the Ceylon Government.

Negotiations have been carried on with Indian National Airways, for the establishment of an air mail service between Karachi and Lahore. The conclusion was reached that, in present conditions, a passenger service could not be successfully operated on this route, and the negotiations were directed towards establishing a basis of agreement on which an air mail service could be operated. It proved impossible to bring the service into operation during 1933, but it is hoped that developments in this connection will take place during 1934.

Discussions have taken place with regard to the operation of a daily air service between Calcutta and Bombay.

EXTERNAL AND FOREIGN AIR SERVICES.

Imperial Airways' London-Karachi Service.—No changes of major importance in the operation of the service, route, time table or fleet took place during the year. In December, 1933, simultaneously with the extension of the air service to Singapore, the day of departure from Karachi was postponed from Wednesday to Thursday, with a correspondingly later arrival in London. On the speeding up of the service in April, 1934, the time table reverted to a Wednesday departure.

A considerable improvement in the punctuality of operation of the service was effected, as compared with the previous year. Out of 52 services operated to Karachi 45 arrived punctually, compared with 36 in the preceding year. The punctuality of the British service compares favourably with that of the other services. -

The actual time taken by the service on flights eastbound and westbound between London and Karachi is shown below:—

Eastbound.		Westbound.	
No. of flights.	Day of arrival.	No. of flights.	Day of arrival.
45	7th	44	7th
4	8th	8	8th
2	9th	—	—
1	10th	—	—
52	—	52	—

In last year's report, it was remarked that the time saving as compared with the sea mail service was considerably impaired by the absence, except to south India, of internal air services in India. The establishment of the trans-India service during the year has gone a long way to remove this disability.

There has been an improvement, during the year, in the quantity of mail carried to and from India. The increase amounts to 27% in the inward direction and 29% in the outward direction. This corresponds with a general increase in the use of the British Empire air mail services. The weight of inward mails was 24.6 tons and the weight of outward mails 24.2 tons. It is significant that the loads of mail to and from India are now virtually equal, since the total charge, including postage on an air mail letter from India is still in excess of the corresponding charge from Great Britain.

Karachi-Singapore Service.—The arrangements made for the operation of the air service between Karachi and Singapore are detailed earlier in this section of the report. The first stage of the extension from Karachi to Calcutta was inaugurated on the 7th July, 1933. On the 1st October, the service was extended to Rangoon and on the 18th December from Rangoon on to Singapore. In the westward direction, the first machine departed from Singapore for London on the last day of the year 1933. From the date of the extension to Singapore till the end of the year under review (31st March, 1934), the service was operated to the following schedule:—

Eastward ...	Karachi.	Dep. Friday evening.
	Singapore.	Arr. Tuesday noon.
Westward ...	Singapore.	Dep. Sunday noon.
	Karachi.	Arr. Thursday morning.

From the 15th April, 1934, a speeded up schedule has been introduced, whereby machines leave Karachi on Thursday afternoon and arrive at Singapore on Sunday evening and in the opposite direction, depart from Singapore on Sunday morning and arrive at Karachi on Wednesday morning.

From its inauguration on the 7th July till the end of 1933, the service was operated with nearly 100% regularity, though from a variety of causes the service did not settle down to punctual running for some time.

From the 7th July to 31st December, 7,797 lbs. of mail was carried by the service in the eastward direction and 13,888 lbs. in the westward direction. Expressed in another way, a total transport of 12,870 mail-ton-miles, 160,040 passenger miles and 1,520 freight-ton-miles was effected.

There was a steady improvement of traffic during the six months of operation in 1933 which augurs well for the ultimate success of the service. The improvement is illustrated by the following figures:—

		July.	December.
Average load of mails per flight ...	lbs.	371	569
Total passenger-miles		13,220	52,175
Total freight-ton-miles		183	529

K.L.M. (Royal Dutch Air Lines) and Air France Services.—Again, no major developments in foreign air services to or across India have to be recorded. Both the Dutch service from Amsterdam to Batavia and the French service from Paris to Saigon were operated unchanged throughout the year.

It is not without significance to India that both these companies laid plans during the year for the provision of larger and faster aeroplanes. Both operated experimental fast flights and the K.L.M. introduced a new and speeded up time table. The time tables of the companies at the end of the year provided the following service:—

	Days.
Amsterdam to Karachi	5½
Paris to Karachi	5½

The number of flights carried out by the K.L.M. and Air France services across India during the year 1933 was:—

	Eastbound.	Westbound.	Total.
Dutch	52	53	105
French	52	52	104

It is of interest to note that a reorganisation of the French air transport companies was effected during the year, resulting in a single large company, which is known as Air France. In consequence, the concession to operate across India which was granted to the Air Orient, was transferred to Air France.

The concession, whereby the Dutch and French air services were used for the carriage of air mails from India to certain countries in the east did not result in a large volume of mails being so carried. Since December, 1933, when the British and Indian air service was extended to Singapore, all mails for countries served by that service have been so despatched and are no longer sent by the K.L.M. and Air France services.

IMPORTS AND EXPORTS BY AIR.

The year under review saw a further rise in the number of aircraft which cleared customs at the Indian air ports and the value of imports and exports by air.

The number of aircraft arrivals from abroad increased from 271 in 1932 to 316 and the number of departures for places abroad from 263 to 302.

The value of merchandise imported during the year was Rs.50,60,311 compared with a value of Rs.8,28,786 during 1932. About 60% of the merchandise imported consisted of diamonds. The imports of bullion and currency notes rose from Rs.33,766 in 1932 to Rs.1,77,335 in 1933.

The value of merchandise exported was Rs.44,206 against Rs.15,353 in 1932. The exports of bullion and currency notes dropped from Rs.24,58,563 to Rs.1,02,700.

AIR MAIL SURCHARGES.

The significance of air mail developments in India during the year 1933 cannot be appreciated without a reference to the change in the system of surcharges, which was made effective concurrently with the establishment of the first link in the trans-India service on the 7th July. Prior to that date, there had existed an additional surcharge for the carriage of outward foreign articles on any air service within India to the air port of departure ex India, namely Karachi. As an example, the surcharge on a $\frac{1}{2}$ oz. letter to Great Britain, in addition to postage, was 6 annas from Karachi and 8 annas for carriage from a place on an air service in India. This principle had the effect of seriously limiting the use of Indian air services, and therefore militating against their development, as senders had the option of not paying the extra charge for internal conveyance by air. The general tendency with regard to air mail surcharges is gradually to establish flat rates over wider zones, following, for example, the change which took place some years ago in Europe when, in place of a number of complicated differences in surcharges from Great Britain to Continental countries, a flat rate of 4d. per oz. to any country in Europe was established. While the popular demand for the elimination of air mail surcharges cannot in present conditions be brought about, on account of the comparatively high cost of air transport, the reduction and simplification of air mail surcharges is an end which is being pursued.

On account of a revision of the system of settling air mail accounts with the British Post Office, resulting from the trans-India agreement, it was possible, not only to establish a flat rate of surcharge from any place in India and Burma to a particular destination abroad, but to do so by eliminating the internal air mail surcharge of 2 annas per $\frac{1}{2}$ oz. letter. The air mail surcharge, therefore, became as from 7th July, 1933, 6 annas per $\frac{1}{2}$ oz. letter from India or Burma to Great Britain, as compared with the pre-existing rate of 8 annas.

FLYING CLUBS.

Progress in the flying club movement was sustained. The flying returns show a total of 10,995 hours flown, as against 9,700 in 1932, an increase of three in the number of aeroplanes operated by flying clubs, but on the other hand, a considerable decrease (from 85 to 68) in the number of "ab initio" pilots trained. More flying was done by pilots undergoing advanced training for A1 and B licences, while probably licensed pilot members of the clubs used the aeroplanes more for their own pleasure and business; but, at the same time, part of the increase in flying hours is due to an increase in joy ride and taxi-flights taken by the public. During the year it was necessary to lay down certain general rules for the guidance of the subsidised flying clubs to prevent unfair competition in commercial operations with unsubsidised commercial concerns. The more important developments were the inauguration of a separate U.P. Flying Club and the resurrection of club flying in the Punjab, through the Northern India Flying Club.

MISCELLANEOUS FLYING AND COMMERCIAL ACTIVITIES.

Imports of aircraft and aircraft material.—The total value of the imports of aircraft and aircraft material into India during the year 1933 was Rs.8,18,174, compared with Rs.3,19,064 in 1932, the large increase being due to the import of Atalanta and Dragon aeroplanes for the fleets of Indian Trans-Continental Airways and Indian National Airways.

Air Survey and Photography.—Indian Air Survey and Transport, Ltd., Calcutta, continued their programme of air survey during 1933. Of a total of 268 hours flying compared with 182 hours during 1932, 220 hours were spent in photographic survey work. The area of vertical air survey photography was 2,560 square miles, compared with 877.5 square miles during 1932.

India Air Pageants.—India Air Pageants, Ltd., a company registered in Bombay by Captain C. D. Barnard and Flight Lt. A. H. Dalton, arrived in India in December to give a series of air displays. The company arranged to co-operate with the flying clubs in India. Displays were given at various centres in British India and in the Indian States. The venture has proved successful in that large crowds have been present at the displays and a large number of the public have availed themselves of the opportunity to take flights.

Bihar and Orissa Earthquake.—It is gratifying to record that India Air Pageants, Ltd., who were in Patna at the time, were able to render assistance during the earthquake disaster in Bihar and Orissa. Two members of the company, Messrs. Dalton and Palmer, flew immediately to Muzzaffarpur from Patna. Difficulty was experienced in landing at Muzzaffarpur owing to the damage done to the landing ground. As the town was cut off from outside communication, the pilots were able to allay the general anxiety to some extent, by conveying news from outside and carrying messages to Patna. Several photographs were taken and a fairly accurate account of the damage done was reported to the Government of Bihar and Orissa.

Radio Telegraphy and Telephony.—I am indebted to the Joint General Manager of the Indian Radio and Cable Communications Co., Ltd., for the following interesting note with regard to the development of wireless communications in India during the year :—

" Cable and Wireless Services.—During the year under report, i.e., 1933-34, the main activities of the Indian Radio and Cable Communications Co. Ltd., include the Wireless Beam Telegraph Services between

India and England and between India and Japan and the Cable Services from Bombay and Madras to various parts of the world. The total number of paid words sent and received through the Company's Telegraph Services during the year ended 31st December, 1933, were 22,052,983 as against 24,495,178 during the year ended 31st December, 1932. This drop in traffic was mainly due to continued trade depression and it is anticipated that revival in trade conditions in the near future will reflect an improvement in the traffic figures.

Since the merging of the wireless and cable interests in this country the unification of control has continued to be of great advantage to the telegraph using public as the traffic can now be handled more expeditiously than before.

Beam Service to Japan.—The Beam Telegram Service between India and Japan, which was opened to the public on the 11th January, 1933, has been working very satisfactorily. The total number of paid messages handled over this circuit during the year ended 31st December, 1933, was 125,235. As will be evident, this volume of traffic hardly calls for a 24-hours continuous service.

Beam Telephone Service.—Since the opening of the Beam Telephone Service, the results achieved have been very encouraging, although the service cannot yet claim to have attained the popularity expected. This is considered to be mainly due to the high rate of charge, viz. Rs.80s. for a three-minutes call between India and Great Britain, and the popularity achieved by the half rate calls on Saturdays—which were subsequently introduced—will perhaps bear testimony to the above statement. At present the service is restricted to four hours a day but by arrangement with the Government of India and the British Post Office, the Service can be opened on occasions outside the usual hours by arrangement.

During the period when gold was fluctuating, this Service was considerably used by the Banks and business people dealing in Exchange transactions.

One special feature for which this Telephone Service could be used, viz. utilising this channel for broadcasting United Kingdom programmes through the local stations in India, was referred to in the last year's report. The authorities concerned have so far not taken advantage of this facility in the above direction. However on the 13th December, 1933, by arrangement with the British Post Office and the British Broadcasting Corporation, a varied programme from the Bombay Station of the Broadcasting Service was relayed to the United Kingdom by means of the Beam Telephone channel. The speech of His Excellency Lord Brabourne, Governor of Bombay, who inaugurated this programme, and the other items, were successfully transmitted and could be distinctly heard in all parts of the United Kingdom. The running commentary on a typical Bombay street scene and especially the vivid description of the various street noises was a novel feature of this programme.

The telephone channel has also been made use of for the exchange of Christmas Greetings to all parts of the Empire.

During the year under review, considerable improvements have been effected in the trunk telephone lines in India and it is now possible to have direct telephonic communication from any important centre in India to practically any part of the world. The introduction of the Overseas link has speeded up the internal telephone system in India.

Point to Point Wireless Services.—During the year, short wave wireless transmitters have been installed at various headquarters for the Railway Board, which stations are giving complete satisfaction. Further developments are expected in this direction as the Railway Board have

found this system to be much more economical than the renting of land lines. Such short-wave stations if equipped with telephony also, would do away with the necessity of separate telephone lines between such points.

Wireless Beacons and Direction Finding Stations.—During the year under report, the Bombay Port Trust Authorities have installed a Marconi Wireless Beacon at Kennery Island which is giving every satisfaction, and from hundreds of observations which have been made the Beacon is proving of considerable benefit to shipping. It is anticipated that this first Wireless Beacon on the Indian coast will be the forerunner for several more such stations. Negotiations with regard to the installation of two more Beacons, one at Calcutta and one at Karachi, are proceeding.

Aircraft Services.—With the development of aerial navigation in India, wireless will play a very important part. The Tata Air Service are equipping two of their present machines with Marconi Aircraft apparatus for the use of Wireless Telephony with Madras, Santa-Cruz (Bombay) and Karachi Stations. It is anticipated that with the benefit to aerial navigation, great developments will be made both in installing aeroplanes with wireless equipment and suitably equipping Aerodrome Stations for Direction Finding and Meteorological purposes.

Public Address Equipment.—Consequent on the successful demonstrations carried out by the Company during the last few years, the demand for the use of the Company's Public Address Equipments is steadily increasing for public address functions of all kinds and also for band amplifications. Several complete sets of Public Address Equipments which have been sold to the Indian States are giving every satisfaction.

Future Developments.—The Indian Radio and Cable Communications Co. Ltd. have been requested by various administrations to carry out tests with various countries, particularly Japan, Java, Malaya States, with a view to opening up further Beam Telephone Services. Arrangements are already in hand for carrying out such tests.

Another projected development is the use of the Wireless Beam Telephone Transmitter as a short-wave Broadcasting Transmitter, using an omni-directional aerial. By this means the local programmes from the Bombay Studio of the Broadcasting Service can be broadcasted to all parts of India and the world. Negotiations are proceeding to open this service in the very near future.

Apart from the inter-Continental telegraphic and telephonic services, there is a potential field for the development of Wireless in India. It is admittedly suited for Police outposts. Various Police Authorities are considering wireless proposals such as have been in operation for some time by the Malabar Police and the Burmah Police. The Bombay and Calcutta Police Authorities are also considering the utilisation of wireless for Police purposes on the lines already successfully operated by Scotland Yard.

With the development of commercial aviation in India, it is anticipated that considerable development will take place in the use of wireless for this purpose as it is essential that aerodromes and aeroplanes should be fitted with wireless for meteorological purposes. Negotiations in the matter are proceeding with the Aviation Authorities and the Aviation Companies concerned."

Broadcasting.—The Indian State Broadcasting Service with its two transmitting stations at Bombay and Calcutta continues to make steady progress. The hon. Member for Industries and Labour recently stated in the Assembly that in 1932-33 the total income

from the seven-eighths share of the Customs duties on wireless apparatus was Rs.2,44,000 while the budget estimate for 1933-34 Rs.2,55,000. In 1932-33 the expenditure at the Calcutta Station was Rs.1,03,903 and at the Bombay Station Rs.1,10,555, a total of Rs. 2,14,458. During 1930-31 and 1931-32 the service ran at a loss of Rs.1,65,710 and Rs.1,09,506 respectively, but during 1932-33 there was a profit of Rs.80,649. The accounts for 1933-34 are not yet available but it is expected that they will show a profit. On the 31st December, 1933, there were approximately 10,950 licences in India. Piracy is still rampant but, under the Wireless Telegraphy Act, 1933, inspectors are being appointed in certain areas whose duties would include the detection and prosecution of wireless pirates. Nine-tenths of the revenue from licences is credited to the service. Now that the service is on a self-supporting basis, the Government of India are formulating plans for a third main transmitting station at Delhi but it is doubtful whether this will be in operation before 1935. In addition to the two Government stations, the Madras Municipality is operating successfully a local municipal broadcasting service. The Madras Government are at the present time investigating the possibilities of the application of a similar scheme, on a larger scale, to the Madras Presidency and have secured the services of an expert of the B.B.C. to conduct the enquiry.

One of the most interesting developments of the past year has been the preparation for rural services in the villages of the North-West Frontier Province and the Punjab. In the former province a transmitter, lent by the Marconi Wireless Telegraph Co., Ltd., will be installed in Peshawar and specially designed simple receiving sets will be installed in about twenty villages within a 25 mile radius. There will be a two hours daily programme each morning containing news, commodity prices, advice on hygiene, animal husbandry, agriculture, music, recitations from the Koran, etc. This service will be purely experimental and the cost will be borne by the Local Government. If the experiment is successful, further transmitters will be erected at centres such as Mardan, Nowshera, Kohat, Bannu, Dera Ismail Khan and Abbottabad.

In the Punjab, estimates have been submitted to Government by the Commissioner for Rural Reconstruction for a large scale experiment in rural broadcasting. A transmitter has been offered by the B.B.C. and its erection is proposed at Lahore. Receivers will be installed in selected villages within 20 or 25 miles of the transmitter. A two hours programme on six nights a week is suggested, half to two-thirds of which would be spent on entertainment and the rest on information, instruction, etc. The programme will be in broad Punjabee and will include songs, instrumental music, stories, dialogues, gramophone records together with commodity prices, news, and a limited amount of instruction on matters of importance to villagers. The scheme would be financed solely by

the Local Government but it is hoped that the villagers would be sufficiently interested to offer to pay for the service, preferably by a fee to include maintenance, service, etc. rather than by the purchase of the receivers. It is hoped to merge the experiment into a permanent broadcast system and the ultimate objective, as stated by the Commissioner, would be a transmitting station every 50 miles or so with land wires to central stations.

The potentialities for the extension of these rural services in India are illimitable. The central problem of expense, the difficulty of maintaining suitable programmes adapted to the wants of a largely illiterate body of listeners and the technical and mechanical obstacles in maintaining the receiving sets in remote villages will have to be overcome. On the other hand, the advantages to be gained by the "uplift" of the rural population are incalculable and there seems to be little doubt that these pioneer efforts will be persisted in and will be followed by other Provinces. United Kingdom manufacturers would do well to keep in touch with this movement through the medium of their local branches or agents as, in a few years time, the market for receiving sets is likely to expand considerably.

The Empire short wave service of the B.B.C. has been greatly enjoyed by an increasing number of listeners throughout the year. Receiving conditions throughout India are fairly good during the cold weather but, during the hot weather and the monsoon, static is very troublesome and no successful eliminator has so far been devised. There is said to be considerable day-to-day variation in the strength of signals from short wave stations and the unreliability of any single station is a handicap to the rapid development of short wave listening. On the other hand, the listener on short waves has the choice of a number of stations. There is probably no portion of the Empire where the broadcast of specially selected items of news, speeches, music and informative talks of all kinds is more keenly appreciated. The Empire wireless broadcast has opened up a new vista of amusement and instruction alike to Europeans and educated Indians. It is an Imperial link of the highest importance. No effort should be spared to make it as efficient as possible from the technical aspect and as interesting and instructive as it can be made from the point of view of the programmes transmitted.

The Kathiawar Ports and Cutch.—The rapid growth during the past few years of imports into India through the ports of the maritime States of Kathiawar has created problems which are engaging the serious attention of the Government of India at the present time and which it would be out of place to discuss in this report. These problems fall under four main heads:—

- (1) The diversion of traffic from the port of Bombay and consequent heavy loss to vested interests established there.

(2) The serious loss of Customs revenue to the Government of India inasmuch as certain States, e.g., Bhavnagar, retain the customs revenue for their own use.

(3) The impossibility of ensuring that the present highly complex import tariff is fully enforced in the absence of trained Customs Appraisers with experience of the methods employed in British India of assessing goods under complicated headings such as the textile schedules.

(4) The difficulty of ensuring that there may be no evasion of duties, e.g., by smuggling over the land frontier in the case of Cutch.

In Chapter V, pages 240 to 242, will be found tables illustrating the rapid growth of the trade and its distribution, by countries of origin and by individual States. A statement is also included of the principal groups of commodities imported by this route.

The following are the States concerned, the names of their principal ports being given in brackets :—Cambay (Cambay), Cutch (Mandvi and Kandla), Baroda (Okha), Bhavnagar (Bhavnagar), Jangira (Jafarabad), Jungadh (Verawal and Mangrol), Morvi (Navlakhi), Nawanagar (Bedi Bandar) and Porbandar (Porbandar).

With the exception of Cutch these States levy sea customs duties at rates not less than those in force in British India. In practice, they levy the statutory Indian Customs Tariff. Cutch has its own Customs tariff but importation of dutiable goods from Cutch into British India by land is prohibited. Bona-fide business enquiries with regard to the conditions obtaining in these ports should be addressed to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Reorganisation of Statistics and Scheme for a Census of Production.—Dr. A. L. Bowley, Professor of Statistics, University of London, and Mr. D. H. Robertson, M.A., Lecturer in Economics at the University of Cambridge, were appointed at the end of 1933 “to report on the existing organisation and range of statistical and other information bearing on the economic condition of India with special reference to the gaps which exist at present and the means of filling them. In particular—

“ (a) to make recommendations as to the organisation of a central Statistical Department which, in addition to the collection of statistics can co-ordinate statistical enquiry and information for the whole of India,

(b) to consider the practicability and scope of a census of production,

(c) to consider the materials obtainable for measurement of national income and national wealth,

(d) to make recommendations as to the initiation or continuation of series of index numbers of prices, wages, production, etc.”

They arrived in December, 1933, and spent three months in connection with the Government of India and in touring the principal cities and visiting typical Indian villages. Their report on “A Scheme for an Economic Census of India” was published in April, 1934, and can be consulted at the Department of Overseas Trade.

The cost of the investigations adumbrated in this Scheme is estimated to be roundly Rs.30 lakhs for the period of three years, 1935-1937, during which the necessary machinery would be set up and the investigations brought to a conclusion. The scheme is now being considered by the Government of India in conjunction with their other projects for economic planning.

Economic Planning.

(1) *Statement of the problem by the Hon. the Finance Member in the Budget Speech.*—Sir George Schuster devoted a considerable portion of his Budget Speech to a survey of the economic position of the country and to a consideration of the problems which are likely to affect its ordered development. He stated that there were three main problems to consider :—first, how to deal with the increase in the real burden of the fixed money payments of the agriculturist due to the fall in prices and the accumulation of debt which is resulting therefrom ; secondly, how to increase the internal demand for India's agricultural produce and, thirdly, how to improve the external demand.

As regards the first problem of rural indebtedness, he pointed out that there had been many alleviating factors. Reference has been made, on page 9, to Sir George Schuster's comments upon them. He added :—

“ But the fact that we have survived without disaster so far does not mean that serious problems are not being set up. It is a question of how long the present state of affairs can continue. Undoubtedly in the early stages of the depression savings in cash and other forms were drawn upon and this cannot last for ever. Moreover, the accumulation of arrears of rent and interest may lead to a serious situation. We have throughout watched this situation carefully in close consultation with Provincial Governments and we have now, with the cordial approval of these Governments arranged to have a conference early in April, 1934, at which we can together review the whole situation and consider this problem of indebtedness together with all possible lines of concerted action to improve the general economic situation. The problem of indebtedness is one of immense difficulty and has many reactions and I may say that our present view is that a solution is not likely to be found by any heroic attempts to equip India in the midst of this crisis with some entirely new credit system different to that which has grown up as a result of centuries of experience.”

Dealing with the second problem of how to increase the internal demand for India's produce, the Finance Member referred to the measures which had been taken to stimulate Indian industries but pointed out that if India produced what other countries formerly exported to India, the world's purchasing power for Indian exports would diminish unless it were possible to raise the general standard of living in India and provide an increased market capable not only of absorbing the products of Indian industries but also of continuing the use of imported commodities. In this connection Sir George Schuster cited the recent development of the canning industry in the United Kingdom—a development promoted by the Welsh Tinsplate Manufacturers—which had within a few years not

only created a demand for over 50,000 tons of tinsplate but had brought great benefits to the fruit and vegetable growers and to the fishing industry. He suggested co-operation between Indian and United Kingdom manufacturers working along similar lines in—say, the iron and steel industry and in the development of electrical plant, so that there may be room for both the Indian and the United Kingdom industries to find an increasing market. He then referred to the action which Government might take directly to stimulate internal purchasing power by undertaking expenditure on public works and other projects and stated :—

“ This method is obviously worthy of consideration, but if it is to do good it must be governed by certain essential conditions. It must be directed mainly to purposes which will directly or indirectly increase the economic strength of the country, and it must not be employed beyond what the credit and resources of the country will stand—for such expenditure means raising loans and paying interest upon them. This means that the extent of the possible application of this method is limited, and therefore that it should be applied at the time when it can have the maximum effect. It is like a medicine which will be most effective if it is given to the patient just at the moment when it will help him to turn the corner. It is quite possible that the proper time has come when we may utilise this method with beneficial results. On the one hand there are signs that the weakening processes of increasing economic depression have been checked and that there is a tendency towards recovery which with a slight stimulus might really take a hold on the situation. On the other hand we have so strengthened our credit position that we can look forward to being able to raise money without straining our credit and on easy terms. For all these reasons we have been diligently exploring possibilities. As my Honourable Colleague, Sir Joseph Bore, announced in introducing the Railway Budget, we have this year made quite a substantially increased allotment for works expenditure on the railways, and as a matter of financial policy we have informed the railways that we can now encourage sound projects of capital expenditure. We have also as another step in this direction reopened the Delhi Capital project and have a programme for buildings amounting to about one crore on hand. We are offering generous assistance to Bihar and Orissa for their earthquake rebuilding programme. We have removed the ban on capital expenditure in the Provinces and have pressed them to consider road construction and other development programmes for which we are prepared to offer facilities at the lowest possible rates of interest. The Provincial Governments have naturally shown caution in taking up these ideas for they are having a hard struggle to maintain equilibrium, and do not wish to mortgage their future by heavy loan charges. In any case this is a line of policy in which the main initiative must be taken by the Provincial Governments and it is one which we propose to explore fully with them at the forthcoming conference, to which I have just referred.”

Turning to the third problem of how to improve the external demand for India's produce, the Finance Member, after outlining the main causes for the drying up of internal trade such as increasing economic nationalism supported by tariff barriers and exchange restrictions, classified the possibilities under three heads :—

Firstly, the field of ordinary trade unaffected by special agreements. Competition would become ever fiercer, for even when a

country had a monopoly of a particular article such as jute, there were substitutes to be taken into account. One of the most urgent tasks of the future was to insure the position of India's products in world markets by improving their quality and grading. An initial step had been taken by the Government of India in this direction by securing the services of a first-class marketing expert, who would start by undertaking "ad hoc" enquiries as to certain of the more important crops and who might then advise as to the setting up of a larger and permanent organisation.

Secondly, there was the policy of bilateral agreements which would provide, on broad lines, for an exchange of goods between two countries leaving individual traders to work out the actual operations. An example of this was the recently concluded agreement with Japan which had secured the market for a large part of India's exportable surplus of cotton.

Lastly, there was the possibility for groups of nations by agreement to preserve a favourable regime for mutual trading which would be effective to the extent that their needs were complementary. There was only one important group, viz.—The British Commonwealth of Nations which had made a start on these lines by the Ottawa Agreements and India was fortunate to be a member of it. In a striking passage, which created a most favourable impression on the Assembly, Sir George Schuster wound up his reference to the subject in the following terms:—

"The Ottawa Agreement has already helped us and its beneficial effects are apparent in several cases. I cannot attempt in this speech any detailed examination of those effects, on which the Commerce Department has promised to furnish a full report later in the year. But I may call the attention of the House to certain striking facts such as the increases during 1933 in our exports of linseed and rice and the great value of our exports of tea to the United Kingdom, all of which are largely dependent on our preferences in that market. But perhaps the most impressive illustration of the increasing value of the United Kingdom market to India is to be obtained from the general trade figures. Whereas the value of India's exports to all other countries, expressed as a percentage of their average value for the 10 years 1920 to 1930, amounted in 1932 to 40% and in 1933 to 41%, the same percentage figure for the value of exports to the United Kingdom was 53% in 1932 and increased to 62% in 1933. Or, to illustrate the increase in another form, I may point out that during the 10 years 1920 to 1930 the United Kingdom took 22½% of India's exports, while in 1933 she took over 30%. Obviously therefore the prosperity of the United Kingdom and favourable trade arrangements with her are of immense importance to India.

I believe that the arrangement started by the Ottawa Agreement is capable of much wider extension, and that the members of the British group of nations—India in particular—ought to be constantly engaged in a scientific study of the position, exploring new opportunities for mutual exchange. It would surely be advantageous if all these nations could co-operate in some permanent organisation for the furtherance of this purpose. But if India is to obtain benefit in this way it needs

a broad-minded outlook, for as I have already pointed out no country can hope to sell more to others unless it is ready to buy more from them. The efforts now being made by the Lancashire interests to increase their power to absorb Indian cotton is of welcome significance as a sign of British appreciation of this truth. It seems to me that there are encouraging signs of a growing recognition of the same truth in India. The better relations set up as a result of the recent delegation from Lancashire, and the agreement concluded by the Millowners' Association, under the courageous leadership of my honourable friend Mr. Mody, are likely to prove of incalculable value, while I am one of those who believe that those Indians who represented India at Ottawa, and who supported the agreement in this Assembly have done a lasting good to their country, and especially to the agricultural masses.

Now in working on all the three main lines which I have mentioned it is essential that Government should be able to give scientific study to the problems and have accurate statistical knowledge as to its own position. We have made several changes lately in our organisation in order to facilitate this. We have for some time had an economic sub-committee of Council, and we have recently set up a central bureau for Economic Intelligence and Statistics at Government headquarters which provides the permanent expert organisation for the Economic Sub-Committee. Further developments on these lines will depend on the recommendations to be made by the two economic experts from England—Professor Bowley and Mr. Robertson—who are now examining the position in consultation with three Indian economists.

Great opportunities have been created in India for agricultural and industrial expansion, and that has been proceeding even in recent years. The economic machinery has worked steadily without breakdown even through these years of unexampled difficulty. The worst that can be said is that it has worked at an unduly small margin of profit and that there may be an aftermath of special problems arising out of the changes in the relations between money and goods. What is needed now is carefully directed action to deal with these special problems, combined with planning to take the fullest advantage of India's potentialities of production, and in doing this we must recognise that India cannot thrive alone or independently of the prosperity of other countries. That should be our purpose rather than the construction of entirely new machinery or the imposition of Government control on every sphere of economic activity, and I would again remind Honourable Members that this control and a very drastic restriction of agricultural production is an essential feature of the price-raising methods included in plans like that of the United States. That Government fully recognises the needs which I have stated and is taking action for dealing with them will, I hope, be apparent from what I have said."

(2) *Debate in the Legislative Assembly.*—During the budget debate on the 8th March, 1934, Mr. F. E. James, a prominent member of the European group, initiated on behalf of the unofficial European members a whole-day debate on the general question of economic planning. In the course of a speech, which was well received by all sides of the House, Mr. James submitted four main proposals as follows :—

(1) That there should be a redistribution of portfolios in the Government of India. The first suggestion was that there should be a Member for Commerce and Industry, the beginnings of a Board of Trade. Secondly, that there should be a member in charge of Communications,

Roads, Railways, Civil Aviation, Inland Water Transport, Posts and Telegraphs. Thirdly, that there should be a member for Agriculture and Labour. He believed that a redistribution on these lines would result in better planning, swifter decisions and greater co-ordination of effort. Government machinery should be so adapted as to meet the needs of the moment which were increasingly in the direction of economic and industrial adjustment.

(2) The second proposal related to tariffs, both Customs and Railway and four specific suggestions were made. Firstly, that the Tariff Board should become a permanent body not dependent for its life upon the number of pending enquiries, that its personnel should be strengthened to include recent commercial, industrial and Customs experience among its membership, that in general tariff matters it should be the principal advisory body to Government, that it should be more flexible and that its reports should in future be published with greater rapidity. Also, it should be empowered to collect compulsory information from protected industries so as to be able to watch the effects of the duties—"our general line is that the tariff should neither exploit the consumer nor shelter the inefficient." Secondly, that there should be instituted as early as possible an inquiry into the incidence of tariff rates on non-protected articles. In certain articles both consumption and revenue had declined—a proof of diminishing returns—and some of the duties with their surcharges were becoming a substitute for indiscriminate protection. Thirdly, that there should be a consolidation of the Tariff Schedule. The Tariff Schedule and the Indian Tariff Act had become so complicated by reason of the numerous amendments and adjustments resulting from the surcharges and from recent tariff legislation that it had become almost impossible for a layman to follow them. Fourthly, that there should be a thorough overhaul and scientific reconstruction of the railway tariffs, particularly of the rates on goods traffic and also of the rates on passenger traffic.

(3) The third main proposal advocated the formation of an Economic Advisory Council consisting, not of representatives of communities or special interests, but of representatives of industry, banking, commerce, agriculture, labour, transport and the Tariff Board. The Council should not be unwieldy and its numbers should not exceed 15. It should be assisted by a small permanent staff of experts in economic matters, drawing upon academic and practical experience. Its Chairman or Vice-Chairman might also be a permanent official. Mr. James added—

"Later on it may be necessary to have something more on the lines of the Imperial Council of Agricultural Research which will do for industry what that body is attempting to do for agriculture in connection with co-ordination and research; but for the moment we are content to make the less ambitious proposal in order to get something going and to provide Government with some advisory body which can help them on many of the problems which come before them. We suggest that, although this will mean an increase in expenditure, it should be well worth it and might perhaps save Government from some of those expensive policies which they have followed in the past, whereby, under huge tariffs, they have encouraged the unrestricted growth of industrial and agricultural development and then have come along later on with excise duties to knock these developments on the head."

(4) The final proposal stressed the necessity for overhauling India's commercial treaties and agreements. In entering into new trade agreements, it should be ensured that those agreements should not

be too hard and fast or for too long a period. The short-term agreement, denounceable or variable at short notice was preferred. Such agreements should not, in future, be hampered by the unrestricted most-favoured-nation clause.

In replying to the debate on behalf of the Government of India, the Finance Member doubted whether a mere redistribution of portfolios without an increase in the membership of the Executive Council would meet the difficulty. He stressed the work done by the recently created economic sub-committee of the Executive Council and referred to the difficulty of considering economic questions from an all-India aspect unless the provincial Governments were consulted; hence the number of conferences with representatives of the Provinces. Adverting to the Tariff Board, Sir George Schuster defended the present system and stated that the Indian Tariff Board had been looked upon by the delegates at Ottawa as being a model organisation, upon which, he thought, the recent organisation set up by His Majesty's Government in the United Kingdom had partly been modelled. He had already referred in the budget speech to the early introduction of a Tariff Consolidation Bill, which would remove the anomaly of the difference of form between the tariff schedules which are on sale to the public and the schedules of the Tariff Act. Consideration was being given to a suggestion emanating from the League of Nations that there should be a standard grouping of commodities both in the Tariff Schedules and also in the Trade Returns so that effective comparisons can be made over a series of years and the effects of duties on trade can be gauged with some degree of accuracy.

As regards the suggested Economic Advisory Council, Sir George pointed to the experience of other countries where it had been found that the occasions for using a large Council do not often arise, but that a small permanent secretariat might be of value. This was inevitable as questions of policy were almost always involved and these must be decided by the Government themselves. He admitted that the plans of the Government of India with regard to this matter were not yet fully matured and that they were awaiting the report of Messrs. Bowley and Robertson before a final decision would be made.

Sir Joseph Bhore, the Commerce Member, replied to the suggestion for the revision of commercial treaties with foreign countries by explaining that India's treaties fall generally into three classes. Firstly, the class of treaty in which India is directly a party; secondly, the class of treaty concluded by His Majesty's Government which has been applied to India; and thirdly, the class of treaty concluded by His Majesty's Government which has not been applied to India, but in respect to which the most-favoured-nation treatment can be extended to India on a basis of reciprocity. Sir Joseph intimated that a reasonable line of approach to the problem would be, not to inquire whether a treaty is old in point of

time, but to inquire whether in actual practice the present conditions of trade and commerce necessitate some revision of that treaty. That was the general line of approach which the Government of India had adopted in respect of these treaties. He would deprecate hurried revisions for the sake of revising and bringing up to date old treaties. Conditions to-day in the economic world were most uncertain and it would seem to be the wiser course to adhere to existing engagements unless circumstances made it essential, as they did in the case of Japan, for an immediate revision to be undertaken.

On the subject of railway rates, the Commerce Member stated that the preliminary steps had been taken for a reconsideration of the classification of goods traffic. Referring to the Tariff Board, Sir Joseph pointed out the impossibility of comparing the Indian body with the Tariff Advisory Committee in the United Kingdom. He said that the last word in regard to the Tariff Board had not been said and its composition, constitution and functions were matters on which they kept an open mind. The Government of India agreed that the Tariff Board should contain members with recent commercial experience, but it had been a matter of the utmost difficulty to secure the services of even one individual of sufficient status in the commercial world to become a member of the Tariff Board.

(3) *Action taken by the Government of India on Rural Planning.*—In April, 1934, a conference of representatives of provincial Governments was held at Delhi under the chairmanship of the Finance Member to consider the economic position of India and to concert measures for dealing with the present depression. The immediate steps proposed as a result of the conference were published in a resolution of the Government of India dated the 4th May, and may be summarised as follows :—

(1) Development of marketing. Central and provincial marketing officers would be appointed and marketing surveys would be undertaken in order to increase the cultivator's selling power. Improvement in respect of particular commodities would be under the charge of commodity committees and, in the Provinces, dairying committees are proposed. Special attention would be paid to grade standards.

(2) Co-ordination of agricultural production throughout India. A conference of Directors of Agriculture and Land Revenue Officers will discuss crop planning to be initiated before the winter sowing season.

(3) The appointment of Trade Commissioners abroad to be resumed.

(4) Productive schemes of capital expenditure in the Provinces are to be reported by the Provinces and will be sympathetically considered by the Government of India.

(5) The establishment of a Central Bureau of Industrial Research on the lines of the Imperial Council of Agricultural Research.

(6) The appointment of an expert officer to report on the functions of the Agricultural Credit Department of the Reserve Bank.

The Conference found that legislative measures to relieve rural indebtedness must be primarily provincial as conditions vary so extensively from province to province. Similarly, they decided that the responsibility for policy in establishing land mortgage banks must rest with provincial governments. Nevertheless, the Reserve Bank would assist such projects with advice and co-operate with all agencies handling rural credit. The appointment of an experienced Punjab official to report on the subject should ensure that this section of the Reserve Bank's activities will be inaugurated on sound lines. The commodity committees which are proposed will be modelled on the Indian Central Cotton Committee and a start will be made with oilseeds and tobacco. Similarly, work will be undertaken in connection with animal husbandry and dairy products.

Indian Trade Commissioners are already stationed at London and Hamburg. A further post at Milan will shortly be filled and new posts are contemplated in the U.S.A. and Japan.

Conferences dealing with wheat and crop planning have since been held in Simla and disclosed sharp divisions of opinion among the Provincial representatives, who, naturally, were inclined to lose sight of the all-India interest in pressing their own particular requirements. A valuable beginning of a concentrated attack on the agricultural problem has been made. The interest of local Governments has been stimulated and the future success of the movement will largely depend upon their readiness, where necessary, to sink selfish local interests in the broader interests of India as a whole.

CHAPTER II

MEASURES TAKEN BY THE GOVERNMENT OF INDIA TO PROTECT THE INDIAN TEXTILE AND IRON AND STEEL INDUSTRIES AND THEIR REPERCUSSIONS ON THE RESPECTIVE UNITED KINGDOM EXPORT TRADES.

I.—TEXTILES.

At the time of the Ottawa Conference in 1932 the claim for protection of the Indian Cotton Textile Industry had been remitted to the Indian Tariff Board for investigation. The Board, in its terms of reference, had been requested to report, in the event of the industry's claim for protection being established, in what form protection should be given and to what extent. Further, it was directed to advise, if it was proposed that protection should be given by means of import duties, (a) whether the same rate of protection was required against the competition of goods manufactured in the United Kingdom as against the competition of goods manufactured elsewhere and (b) what rates of duty were recommended in respect of (i) cotton piecegoods, (ii) piecegoods made wholly or partly of artificial silk and (iii) cotton twist and yarn, according as these are manufactured (A) in the United Kingdom and (B) elsewhere.

In view of the fact that the whole question was "sub judice" the delegations at Ottawa felt that it would be premature to arrive at any agreement at that stage. Article XI of the Ottawa Trade Agreement, therefore, provided that:—

"The Government of India will consider, in the light of the findings of the Tariff Board, the protective duties to be imposed on goods of cotton and artificial silk according as they are made in the United Kingdom or elsewhere, and will invite the Legislature to pass legislation by which, where protective duties are not imposed as a result of the recommendations of the Tariff Board upon United Kingdom goods of the kinds specified in Schedule G, the margins of preference shown in that Schedule will be extended to such goods."

Schedule G included a list of goods such as apparel, lace and embroidery, fents, haberdashery and millinery and other types of miscellaneous textiles of cotton, silk or artificial silk or mixtures thereof which were not subject to protective duties and would therefore, according to the principles accepted at Ottawa, be eligible for the 10% preference. As the Indian delegation stated, there was, in principle, no objection to a preference on textile goods which were not subject to protective duties but they felt that it would not be right to commit the Government of India finally until the Tariff Board report had been received and considered. They added—

"To attempt to anticipate the Tariff Board findings as regards particular classes of goods made of cotton or artificial silk would clearly

be wrong, and although no question about the duties on silk goods has been referred to the Board, it was impossible to overlook the fact that the duties on silk and artificial silk were equalised only a year ago, and to alter the duties on silk goods while leaving those on artificial silk goods unchanged would lead to undesirable complications. It was for these reasons that the whole class of goods made from cotton, silk and artificial silk seemed to us to require separate treatment."

In December, 1932, the claims of the Indian sericultural industry to protection were remitted by the Government of India to the Indian Tariff Board who were instructed to make recommendations, after taking into account revenue considerations and the principles of discriminating protection:—

(a) whether, having regard to the nature and extent of the competition of raw silk from foreign countries, the claim of the sericultural industry to protection had been established; and

(b) if the claim were found to be established, in what form protection should be given and to what extent.

In particular, the Board was requested to consider how its recommendations would affect the handloom weaving industry.

The Cotton and Artificial Silk Textile Tariff Board presented their report to the Government of India in November, 1932, and the Silk Tariff Board reported in May, 1933. By the late spring of 1933, therefore, the Government of India had before them the views of their expert advisers on the position with regard to the three textile industries left over at Ottawa. The reports were not, however, published until February, 1934.

Report of the Tariff Board Enquiry into the Cotton Textile Industry.—The conclusions and recommendations of the Board are too long to be given in extenso here. In brief, the Board found that, as compared with 1926-27 when the Indian market for piece-goods was supplied as to 33% by imported goods, 40·6% by Indian mill woven goods and 26·4% by handwoven goods, the estimated corresponding proportions in 1931-32 were—imports 13·7%, Indian mill products 56·6% and handloom production 29·7%. In grey and white dhooties the decline in imports had been made good by Indian mills. In grey longcloth and shirtings the United Kingdom had lost trade to Japan, which country was also making a strong bid for the trade in white shirtings. The Indian mills also were steadily increasing their production of this class of goods while in T. cloths, domestics, sheetings, drills and jeans, the mills were able to hold their own. There had been a decline in the imports of all kinds of coloured goods without any corresponding increase in mill production.

The Board found that to determine the measure of substantive protection required, it was necessary to consider the costs of mills of a reasonable standard of efficiency. They stated that no comparison was possible between different classes of Indian and imported cloth; hence it was impossible to estimate the measure of protection

required by comparing the fair selling price of an Indian article with the duty-free price at which a comparable imported article was sold. The only practicable method, therefore, was to compare the fair selling price estimated for Indian cloth with the price, less duty, actually realised by the Indian mill. Proceeding on this basis, *they estimated that the measure of assistance required might be fixed at 5 annas per lb. for plain grey goods, 5½ annas per lb. for bordered greys, 6 annas per lb. for bleached goods and 6½ annas per lb. for dyed, coloured, woven and printed goods.* The Board recommended that protection should be afforded by means of specific duties based on these four broad classifications. They held that specific duties based solely on weight were not likely to cause any serious disturbance of the relative incidence of taxation except that goods of the coarser counts, in which the need for protection was greater, would be liable to proportionately higher rates of duty. The specific duties should be applied to goods of all counts and kinds of weave. The specific duty, being the estimate of the measure of protection needed, should be a minimum, below which the import duty should not be reduced during the period of protection. Revenue exigencies should be safeguarded by an *ad valorem* duty which might be varied from time to time. The period of protection should be fixed at ten years.

The Board then contended that protective duties should be applied to goods woven from the finer counts, first, because such goods competed indirectly with goods manufactured from Indian cotton and, second, in order to encourage the manufacture of goods from imported long staple cotton. The proposed specific duties represented in practice the average of the rates applicable to United Kingdom and to Japanese goods. *It was impossible to make any estimate of a normal difference in the prices of comparable classes of goods between imports from the United Kingdom and those from Japan.* In the lines in which competition was keenest, United Kingdom goods were often sold at prices closely approximating to those of Japanese goods. The specific duties proposed were based mainly on the difference between the costs of manufacturing goods of medium counts and the prices realised for these goods and it was therefore necessary, in order to safeguard the industry, to apply the duties to all imported goods including those from the United Kingdom.

In cloth of the coarser counts, the Board estimated that internal competition would keep the level of prices considerably below the level of import prices plus duty. In cloth of medium counts—25s to 40s—they considered that the specific duties would at first average 33½% *ad valorem* on United Kingdom goods and considerably more on Japanese goods. They anticipated that within a year or two the prices of these goods would be determined mainly by internal competition, when the level would fall appreciably. In cloth of counts 40s to 50s the specific duties would represent a

general *ad valorem* rate of 25% ; and in cloth of counts above 50s they would not exceed 20%.

Finally, in considering the application of the Ottawa Trade Agreement to their proposals, the Tariff Board stated—

“ We have explained that the *ad valorem* duties under our proposals are intended to serve as revenue and not as protective duties. The purpose of these duties is to safeguard the revenues of the Government in cases where the specific duty may be lower than the revenue duty at the *ad valorem* rate. The level at which the *ad valorem* duties are fixed will therefore depend under our scheme on the budgetary requirements of the Government from year to year and will be subject to such arrangements as may be made by the Government and the Legislature regarding revenue duties. In the terms of reference under which this enquiry is referred to the Board, our attention is drawn to the fact that ‘ the Government of India have decided to discuss at the forthcoming Imperial Conference at Ottawa the question whether Great Britain and India should enter into a trade agreement embodying a preferential tariff regime so designed as to benefit the trade of both countries.’ It is announced that a trade agreement has now been reached between His Majesty’s Government in the United Kingdom and the Government of India and will be placed before the Indian Legislature for approval. Under the terms of the agreement it appears that the principle of preference will be applied so as not to affect the protection intended for Indian industries. If the trade agreement is ratified by the Legislature, its application to the tariff scheme proposed by us will be determined on the basis that the specific duties as protective duties will be outside the scope of the agreement, while the *ad valorem* duties as revenue duties will be subject to such arrangements as may be made by the Government and the Legislature in pursuance of the agreement. This consideration applies equally to the supplementary proposals contained in Chapter X of our report. It will be seen from the tariff schedule in Chapter XI of our report that all the articles included in Schedule G to the Ottawa Trade Agreement will under our proposals be liable only to the revenue duty.”

Report of the Tariff Board on the Indian Sericultural Industry.—
The main recommendations of the Board, from the point of view of the United Kingdom exporter of silk fabrics, are summarised in the following two concluding paragraphs of their report :—

“ The first stage of investigation into the cost of production deals with the cost of cocoon production, the most important item of which is the cost of cultivating mulberry. There is considerable variation in the costs stated to us; but we have come to the conclusion that the present cost is about four annas a pound in Bengal and four and a half annas elsewhere. We have decided to base our recommendation on a price for cocoons of five annas a pound. There are similar variations in the costs of reeling by charkha. We estimate the works cost of producing a pound of raw silk by charkha at Rs.5-12-4, Rs.5-1-4 and Rs.4-10-8 for 1st, 2nd and 3rd quality silk. Adding overheads we arrive at fair selling prices of Rs.6-2-6, 5-4-3 and 4-13-5. There is variation again in works expenditure between one filature and another. We estimate the works cost of producing a pound of silk in a filature of economical size working to full capacity at Rs.6-4-0 and the fair selling price at Rs.6-10-9. To estimate the measure of protection needed we compare (1) the prices of imported filature and re-reeled silks with the price of 1st quality charkha silk and (2) the prices of imported native-reeled silks and filature dupions with those of 2nd and 3rd quality

charkha silks. The average price of imported filature and re-reeled silks is Rs.3-12-0 and the average price of native-reeled and filature dupion is Rs.2-10-7. The difference between Rs.3-12-0 and the price of 1st quality charkha silk (Rs.6-2-6) is Rs.2-6-6; and the difference between Rs.2-10-7 and the average of the prices of 2nd and 3rd quality charkha silk (Rs.5-0-10) is Rs.2-6-3; we recommend a specific duty of Rs.2-6-0 a pound. This will afford enough protection for filatures as well as for charkha silk. We also recommend that the alternative ad valorem rate of duty be raised to 50%. We believe that this rate is adequate and not excessive. We recommend that it apply for a period of five years and that it be applied to all classes of raw silk; we also recommend that the 50% ad valorem duty be applied to cocoons. We suggest that emergency action be taken on our report under the provisions of the Safeguarding of Industries Act, 1933.

We recommend that the ad valorem rate of duty on silk goods be raised to 83%. We also recommend that the ad valorem rate of duty on silk mixtures be raised to 60%. We recommend that all silk yarns, including thrown silk and spun silk, be liable to the duty which we recommend for raw silk. We also recommend that thrown silk and spun silk be entered separately in the trade returns. We recommend that a specific duty of Re.1 a pound be levied on artificial silk yarn. We do not propose to touch the specific duties on artificial silk goods and mixtures but we recommend that their ad valorem rates of duty be raised to the same level as those which we have proposed for silk goods and mixtures. Research should be carried out by provincial and State Governments and their results co-ordinated by a sericultural committee of the Council of Agricultural Research, which should arrange for such financial assistance as may be required and suggest legislative action when necessary. This committee should explore the possibility of improving facilities for sericultural education. Improvements in marketing should be undertaken, and the establishment of conditioning houses should be taken up. Generous financial assistance should be provided. The collection of statistics should be improved. The Government should watch the course of prices and be ready to apply the provisions of the Safeguarding of Industries Act, if need arises. Steps should be taken to include raw silk in the list of Imperial preferences."

The Indo-Japanese Treaty and Protocol.—In Chapter I, pages 16 and 17 will be found an account of the negotiations between the Government of India and a Japanese Official delegation, led by H.E. Mr. Setsuzo Sawada, which resulted in the initialling in April, 1934, of the new treaty, the provisions of which will be found in Appendix I. This treaty, which provided for the reduction of the duties on Japanese cotton piecegoods to 50% and the restriction of their volume by a quota, settled the fiscal conditions governing Japanese competition until the 31st March, 1937, and, therefore, to that extent, circumscribed the tariff action which could be taken against the United Kingdom product and neutralised the recommendations of the Tariff Board.

Visit to India of the British Cotton and Artificial Silk Industries' Delegation.—Meanwhile, in the early summer of 1933, Mr. H. P. Mody, the Chairman of the Millowners' Association, Bombay, was in England in connection with the deliberations of the Reserve Bank Committee. He found that recent activities of the Indian millowners had created feelings of suspicion and resentment in

Lancashire. He found, moreover, that the stage had been set for discussions in London between the Japanese and United Kingdom textile industrialists affecting the future of the Indian market. He came into touch with the responsible leaders of the Lancashire industry, conveyed to them that any attempt on their part to settle the problems of the Indian market except in consultation with the Indian mill industry would be strongly resented and suggested that representatives of the United Kingdom and Indian industries might, with mutual advantage, discuss not only the question of Japanese competition but other outstanding matters of common interest. As a result of a series of conferences in Manchester and London, it was decided that an influential Lancashire delegation should visit India and a telegraphic request was sent to all the bodies representative of the Indian Cotton Industry that they should send representatives to confer with the delegation on arrival in Bombay. It was known that the Japanese official delegation to India would be accompanied by a number of prominent Japanese industrialists and, finally, it was arranged that a tripartite conference of industrialists should be held in India in September, 1933.

The United Kingdom delegation from the United Kingdom had Sir William Clare Lees as Chairman and its members were Messrs. Angus Campbell, S. S. Hammersley, M.P., R. Houghton, Frank Longworth, E. Raymond Streat, H. L. Aspden and Maurice Spilman. The delegation arrived in Bombay on the 14th September, 1933, and its discussions with the Indian millowners commenced on the 17th September. The problems confronting the delegation are very clearly summarised in the following statement drawn from their report:—

“ The Indian Government were on the point of receiving a diplomatic Mission from the Japanese Government. The object in view was to endeavour to negotiate a new basis for Indo-Japanese trade relations to replace the trade arrangement dated 1904 of which the Government of India had given six months' notice of cancellation expiring on 10th October. The Japanese Government had already made it clear that one of the principal objectives of their diplomatic Mission would be to secure a reduction of the duty on their cotton piece goods entering the Indian market. The Indian Government had raised the duty to the level of 75% ad valorem in the previous June and since differential duties against Japan alone were contrary to the Treaty which was still in force this rate of duty had been made applicable to all goods of foreign origin in spite of the fact that it was imposed as a consequence of Japanese competition.

It had been freely suggested in authoritative quarters that the Indian and Japanese Governments would discuss a proposal to institute a quantitative limitation of Japanese cotton piece goods imports into the Indian market as one of the possible methods of regulating commercial relations between the two countries so far as the cotton trade was concerned. Cotton spinners in Japan had announced their intention to boycott Indian raw cotton, and the cotton growing interests of India, not unnaturally, had voiced their anxieties on this score and their wish to include amongst the matters to be considered the question of Japanese purchases of Indian cotton.

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It was clear that any arrangements which might be come to as between the Indian and Japanese Governments could not fail to exercise a profound influence upon the prospects of the British cotton and artificial silk trades in the Indian market and the responsibility was entrusted to us of making representations in the interests of British trade.

In the second place, a situation of very considerable uncertainty existed in connection with the Indian tariff treatment of British cotton and artificial silk goods quite apart from the question of Japanese competition. For two years past British manufacturers and traders had been concerned lest the Government of India should institute further fundamental changes in this connection. In the spring of 1932, the Government of India had asked their Tariff Board to consider and report what duties were desirable upon cotton and artificial silk goods entering India "according as they were made in the United Kingdom or elsewhere." In July, 1932, at the Ottawa Conference, the Indian and British Governments entered into a trade agreement in which each country granted certain preferences to the other. The Indian Government felt unable to enter into any precise engagement as to the treatment of British cotton and artificial silk goods at a moment when the question was under review and only undertook to consider the duties in the light of the findings of their Tariff Board. The Tariff Board reported at the end of November, but in the meantime new circumstances had arisen in the shape of a widespread development of Japanese competition, a prospective adverse balance in the internal budgetary position of India and a world position of great uncertainty in relation to various national currencies. Presumably on this account the Government of India did not proceed with the Tariff Board Report, but in April, 1933, gave six months' notice for the termination of the Indo-Japanese trade arrangement and followed that action in June by increasing the duty on cotton piece goods of foreign origin from 50% to 75%. Fundamental decisions on the treatment of British cotton goods were therefore left in abeyance.

In connection with artificial silk goods the position was that the urgent needs of revenue had prompted the Government of India in 1932 to impose heavy duties alike on foreign and United Kingdom manufactures without waiting for the Tariff Board Report and without reference to the possible application of the principle of a preferential margin for United Kingdom products. It was patent that an agreed clarification of this highly confused situation was very much to be desired in the interests of British trade and the Mission was charged with the duty of using its best endeavours to bring about a satisfactory arrangement.

In the third place, the principal organisations in the Lancashire cotton trade had combined in addressing a telegraphic request to all the bodies representative of the Indian cotton industry that they should appoint representatives to enter into conference with us on our arrival in Bombay. Although not perhaps explicitly so stated the inference to be drawn from this suggestion was that on the British side there was a desire to explore the possibilities of agreement between the Indian cotton industry on the one hand and the British cotton and artificial silk industries on the other hand as to a basis for settlement of all the matters mentioned above. In view of the past relations between the Lancashire cotton industry and the Indian cotton industry, which had not been free from mutual doubt and suspicion, the appointment of our Mission was not unjustifiably interpreted in the public press in both countries as a gesture by Lancashire in the direction of good will and co-operation.

In the fourth place, and finally, although no express mention of the matter was made in any of the letters and telegrams exchanged, it was impossible to overlook the important bearing our visit might have upon Indo-British political relations, more particularly in connection with the British Government's proposals for constitutional reforms in India. The future position in India of British trade and traders was a matter which was being anxiously considered in many quarters in England with special reference to the possible consequences of the proposals for a new constitution in India. Our visit in search of amicable and voluntary arrangements of a character satisfactory to British interests could not fail in these circumstances to be regarded in political quarters in both countries as an event of far-reaching significance. This factor undoubtedly added to the complexity of the situation with which we had to contend, but at the same time it lent special importance to our representations and contributed in that way to the attentive reception which was extended to us in every direction."

The Delegation's Negotiations with Indian Millowners.—As a result of weeks of difficult negotiation an agreement was signed in Bombay on the 28th October, 1933, on the actual day of the Delegation's departure for England. This document, which is generally known as the "Lees-Mody Pact", will, it is confidently hoped, inaugurate a new era of co-operation between the cotton industries of the two countries. It is produced "in extenso" in Appendix II. Although, at first sight, its provisions may not appear to be very far-reaching, it is a document of the very first importance as it marks a significant change in the attitude of the Indian millowners towards Lancashire. Moreover, it embodies the following important concessions:—

(1) It acknowledges for the first time the fact that, in present conditions, the Indian industry requires a higher level of protection against foreign countries than against the United Kingdom, thereby accepting the principle of differential duties on United Kingdom goods.

(2) It clearly lays down that when the revenue position of the Government of India makes it possible to remove the last revenue surcharge of 5%, the Indian interests concerned will not oppose the removal of this surcharge on imports from the United Kingdom.

(3) It promises Indian support for tariff concessions on United Kingdom cotton yarns and artificial silk goods.

(4) It establishes the principle of dealing in future with common problems affecting the two industries by direct discussion.

In addition, and most important effect of all, it superseded the report of the Tariff Board, the recommendations of which, if adopted, would have been most damaging to Lancashire interests.

As the Delegation stated in their report—

"Quite apart from material improvements in the situation which may be expected to flow from the making of such an agreement, it offers real hope of bringing about a change in the atmosphere of Indo-British relations on the basis of which much more may be achieved in the future. If inter-Imperial economic reciprocity as a policy is to be developed to the fullest extent, it must go beyond mere tariff bargains between Governments. From genuine industrial co-operation supplemented by tariff arrangements in which the domestic industry concurs, much may grow in the direction of co-ordinated policies. Our

agreement in Bombay may not appear to carry us very far into this territory, but it is a beginning and when it is contrasted with the background of past relations between the parties and with the difficulty of making similar agreements in other countries within the Empire, it acquires increased significance."

The Delegation's Conferences with Japanese Industrialists.—Contacts were established with the Japanese textile industrial delegation, who were in Simla in order to advise the Japanese Official Mission. Separate meetings were held between the Japanese Industrialists and the Indian Millowners at which it is understood that the two parties contented themselves with an exchange of their respective points of view after which they adjourned with the intention each to bear the other's opinions in mind and to continue to advance their interests in the form of advice tendered to their respective Governments. The Delegation from the United Kingdom then held several meetings with the Japanese, but found that the latter had received instructions from their organisations in Japan to confine themselves strictly to questions affecting the cotton piecegoods trade in the Indian market. It soon became obvious that any form of tripartite conversations was not possible nor were the Japanese delegates prepared to go any further than the position taken up by the Japanese Official Mission. Consequently, after a frank exchange of the Lancashire and Japanese points of view, the conversations developed into a discussion of general principles which, it was hoped, might help forward a solution by common consent not only in India but also in the Anglo-Japanese conversations which were to follow in London. After much discussion the following resolution was adopted as summarising the position reached in the Conference:—

"This Conference of Japanese and British representatives, so far as they are respectively authorised to deal with the matter, are unanimously in favour of adjusting the problem of competition by measures of common consent. It is the urgent desire of all parties to the Conference to contribute to the maintenance of the best possible relations among the countries concerned, and it is hoped that when the present world depression in trade gives way to improved conditions it may be possible for them to make progress in healthy and amicable competition."

The Delegation's Representations to the Government of India.—Perhaps the most important work undertaken by the Delegation from the United Kingdom was the presentation to the senior officials of the Government of India of the United Kingdom case in respect of textiles. Opportunities were freely given to the Delegation by the Hon. the Commerce Member and his colleagues and advisers to bring to their notice any considerations affecting the problems under discussion. On the 16th October, 1933, the Delegation formally presented its carefully prepared written case to the Government of India and, at a formal meeting with the Hon. Members of Council for Commerce and Railways, Industries and Labour, and Education, Health and Lands, who were accompanied by their

advisers, Sir William Clare Lees was afforded the opportunity of explaining and amplifying the case. It was obviously not possible for the Government of India to express their views at a time when their policy with regard to the protection of the Indian industry had not been enunciated and when they were actually in the midst of negotiations with the Japanese Government. On one vital point, however, the Government of India did make a response. In a letter addressed by the Hon. the Commerce Member to the Leader of the Delegation (which is given "in extenso" in Appendix III), Sir Joseph Bhole stated:—

"Although a full reply to your case is for the time being impracticable, it is possible to give you an assurance on one point. You have mentioned in the course of your representations that the industries which you represent greatly regret the indeterminate character of the provisions relating to their manufactures in the Trade Agreement which was concluded at Ottawa although you recognise that the circumstances at the time of the Ottawa Conference did in fact make it difficult if not impossible for the Government of India to negotiate a more precise understanding. I can give the assurance that the Government of India will enter into discussions with His Majesty's Government in Great Britain on this point as soon as the negotiations now proceeding with the Japanese Government are concluded. The Government of India recognise the natural wish of an export trade of such great importance to Great Britain to be included within the scope of the Trade Agreement which now exists between the two countries."

Negotiations are at the moment (September, 1934), in progress between His Majesty's Government in the United Kingdom and the Government of India, as a result of which it is hoped that the position of the United Kingdom textile industry and also of other United Kingdom industries, of which the products come under the protective items of the Indian Tariff, may be regularised and brought within the scope of the Ottawa Agreement. This supplementary agreement to the Ottawa Agreement will probably be placed before the Indian Legislature for ratification during the Spring Session of 1935.

Position of the Government of India in the Spring of 1934.—The position confronting the Government of India when they came to frame protective legislation to take the place of the existing Act of 1930 was an anomalous one. Since the Tariff Board had reported in the autumn of 1932, the bearings of the problem had been completely changed, first, by the initialling of the new Japanese 'Treaty' and, second, by the conclusion of the agreement between the Delegation from the United Kingdom and the Millowners' Association, Bombay. These two documents superseded the report of the Board and rendered its recommendations inapplicable. As the Commerce Member stated, the Tariff Board had concentrated its attention on the effects of competition from the one quarter from which it was most intense and severe, namely, Japan. The Indo-Japanese Agreement, however, not only set a limit, by the fixation

of a quota, to the inroads of Japanese competition but it was hoped that the fixation of the quota would result in a substantial reduction of Japanese price cutting. Now that the extent of the Indian market for Japanese piecegoods had been fixed, the inducement to reduce prices in order to increase sales had been removed and it was to be assumed that the Japanese would calculate their prices at a level which would enable them to work up to the full quota and that their interests would then lie in making up for the limitation of sales by securing as large a margin of profit as possible. With the elimination or rather regulation of Japanese competition, the only remaining important competitor in the Indian market was the United Kingdom. The Tariff Board had admitted that the duties necessary to protect the Indian industry against Lancashire were lower than the duties which were necessary against Japan. The Indo-Japanese Agreement and the Lees-Mody pact were accepted once they provided the necessary framework for the fixation of the new rates. As the Commerce Member stated in his speech in the Assembly on the 13th March, 1934 :—*

“ Beginning with the duties on United Kingdom goods embodied in the agreement between the Millowners’ Association, Bombay, and Lancashire, and imposing thereupon our agreement with Japan, we can start with a complete scheme of cotton textile duties which in our view may be held fairly to meet the requirements of the industry for the present—at any rate until we are in a position, as the result of actual experience, to decide whether any modification of those duties is called for.”

The Indian Tariff (Textile Protection) Amendment Act, 1934.—

The new Act was passed in April, 1934, and extended the period of protection to the Indian industry until the 31st March, 1939. The tariff rates on British cotton piecegoods will remain in force for two years in accordance with the terms of the Lees-Mody pact. As Sir Joseph Bore stated—

“ The present rate of 25% ad valorem or 4½ annas per pound on plain, grey goods and 25% ad valorem on other goods will, during this period, continue until the second surcharge comes off as a general measure. If and when this happens, the duty will be reduced to 20% ad valorem or 3½ annas per pound on plain, grey goods and 20% ad valorem on other goods. On the expiry of the two years covered by the agreement, the duties on British goods for the remaining period of protection will have to be decided on a review of the conditions then existing and in the light of such experience as may have been gained. I have referred to the second surcharge coming off as a general measure. I mean by that the removal of the surcharge on a reasonably large proportion of, not necessarily all, the items now subject to it. The duties on Japanese goods imposed in accordance with the recent agreement will normally continue for the period of that agreement. Thereafter the Government of India will have to satisfy themselves, on a review of the existing conditions, what rates are, in the interests of the industry, essential. In short, what the Government of India

* The official report of this speech is available for examination at the Department of Overseas Trade.

undertake to do is to give adequate protection to the industry for a period of five years."

In the case of cotton yarns the Government of India imposed, in the case of counts 50s and below, a specific duty of $1\frac{1}{4}$ annas per lb. or 5% ad valorem whichever is higher in the case of United Kingdom goods and $1\frac{1}{8}$ annas per lb. or $6\frac{1}{4}$ % ad valorem, whichever is higher, in the case of foreign yarns. As regards counts of yarn above 50s, a rate of 5% ad valorem is levied on United Kingdom goods and $6\frac{1}{4}$ % ad valorem on others.

Fabrics containing more than 90% of artificial silk are assessed at 30% or $2\frac{1}{2}$ annas per square yard whichever is higher if of British manufacture and 50% or 4 annas per square yard, whichever is higher, if not of British manufacture. Although artificial silk is not an indigenous product it competes severely with cotton textiles and with silk fabrics and therefore it was considered necessary to protect the Indian cotton and silk industries to the extent noted above.

As regards artificial silk yarn, a standard rate of duty of 25% or 3 annas per lb. whichever is higher, is imposed on all goods irrespective of origin.

An entirely new scheme of classification of mixture fabrics is embodied in the schedule to the Act. All fabrics containing more than 90% of any textile material are now dutiable at the rate applicable to a fabric entirely composed of that material. As a corollary, when any textile material forms not more than 10% of the fabric, that material is ignored for the purposes of classification. This leaves a series of mixed fabrics which contain more than 10% and not more than 90% of silk, artificial silk, wool or cotton. These are treated as follows:—

(a) **Mixtures containing Silk.**—Serial No. 120h of the Indian tariff provides that fabrics not otherwise specified containing more than 10% and not more than 90% silk shall be rated as follows:—

(i) containing more than 50% of silk or artificial silk or of both, 50% ad valorem plus Rs.2 per pound.

(ii) containing not more than 50% of silk or artificial silk or of both;

(a) containing more than 10% artificial silk, 50% ad valorem or Rs.1-8 per pound, whichever is higher;

(b) containing no artificial silk or not more than 10% artificial silk, 50% ad valorem.

(b) **Mixtures containing Artificial Silk.**—Serial No. 120i of the Tariff provides that fabrics not otherwise specified, containing not more than 10% silk but more than 10% and not more than 90% artificial silk are assessable at the following rates:—

(i) If containing 50% or more cotton—

(a) of British manufacture, 30% ad valorem or 2 annas per square yard, whichever is higher;

(b) not of British manufacture, 50% ad valorem or $3\frac{1}{4}$ annas per square yard, whichever is higher.

(ii) If containing no cotton or less than 50% cotton—

(a) of British manufacture, 30% ad valorem or 2½ annas per square yard, whichever is higher;

(b) not of British manufacture, 50% ad valorem or 4 annas per square yard, whichever is higher;

(c) **Mixtures containing Wool.**—Tariff Serial No. 122A (iv) provides that fabrics, not otherwise specified, containing not more than 10% silk or 10% artificial silk but containing more than 10% but not more than 90% wool shall be assessed at 35% standard and 25% preferential rate of duty.

(d) **Mixtures containing considerable quantities of Cotton.**—Tariff Serial No. 120J provides that fabrics not otherwise specified containing not more than 10% silk or 10% artificial silk or 10% wool but containing more than 50% cotton and not more than 90% cotton shall be rated as follows:—

(a) of British manufacture, 25%.

(b) not of British manufacture, 50%.

(e) **Miscellaneous Mixtures** containing not more than 10% silk or 10% artificial silk or 10% wool or 50% cotton are assessed under Tariff Serial No. 123 at 25% standard duty without preference.

With regard to pure silk, the Government of India agreed with the Tariff Board that the Indian sericultural industry needed safeguarding rather than protection and therefore imposed on raw silk an ad valorem duty of 25% plus 14 annas per lb. Similarly, silk yarn, including thrown silk warps but excluding sewing thread and yarn spun from silk waste or noils, is assessable at 25% plus 14 annas per lb., while silk yarn (spun from waste or noils) and silk sewing thread are rated at 25% ad valorem only. Silk fabrics not otherwise specified containing more than 90% of silk, including such fabrics embroidered with artificial silk are assessed under Tariff Serial No. 120G as follows:—

(i) Pongee—50% ad valorem plus Rs.1 per lb.

(ii) Fuji, Boseki and corded (excluding white cord)—50% ad valorem plus Rs.1-8-0 per lb.

(iii) Other Sorts—50% ad valorem plus Rs.2 per lb.

Raw silk, silk yarns and silk fabrics are not subject either to differential or preferential duties. The United Kingdom interest in this trade is very small, imports being drawn mainly from Japan and China.

The obligation to impose preferential duties of 10% on the miscellaneous textile items specified in Schedule G referred to in Article XI of the Ottawa Agreement has been implemented. Thus, apparel, hosiery, haberdashery, millinery, drapery, hats, caps, bonnets and hatters' ware, not otherwise specified, are now rated under Tariff Serial No. 121A (i) at 35% standard and 25% preferential. Fents, not exceeding 4 yards in length being bona fide remnants of piecegoods or other fabrics now come under Serial No. 121A (2) at 35% standard and 25% preferential. Made-up textiles such as handkerchiefs, shirts, shawls, towels, table and bed

covers and cloths, dusters, etc., etc., are assessable, under Serial No. 120L, at the ad valorem rates of duty applicable to the fabric of which the article is wholly or mainly made. Socks and stockings made wholly or mainly from silk or artificial silk come under Serial No. 121A (4) at 50% standard and 40% preferential. A new tariff item No. 121A (3) has been allotted to ribbons of all kinds, which are assessable at 50% standard and 40% preferential.

As the Commerce Member stated—

“ We have implemented this obligation which arises from the fact that we have, so to speak, already received payment in advance through the preferences that have been given to us by the United Kingdom. In respect of certain articles which we have protected, as, for instance, silk cloth, we have given no preference. In respect of others which we are protecting, we have imposed differential rates of duties on British goods in accordance with the agreement come to between the Millowners' Association, Bombay, and Lancashire. No one, I am sure, in this House, would object to our levying these rates unless they adversely affected the interests of the Indian industry. On that point, I think that the concurrence of the Millowners Association of Bombay should carry an assurance to all who are assailed by honest doubts. Sir, no one, I hope, in this House will refuse to give a concession to Lancashire simply because it happens to be Lancashire. *The interests of this country must undoubtedly come first, but subject to that basic and essential condition, I would ask this House to endorse and endorse emphatically a policy of friendliness towards Lancashire and through Lancashire to the United Kingdom as an earnest of that co-operation which is essential if the coming Constitution is to function satisfactorily.*”

Probable Repercussions on the United Kingdom Export Trade.—

The first advantage of the new Act is that it settles all the uncertainties and fears of the past few years, which have prevented dealers from operating freely and have caused forward business in Lancashire goods to be a speculative venture. United Kingdom shippers of cotton piecegoods now enjoy a definite 25% fiscal advantage vis-à-vis foreign countries which may be increased to 30% if the financial position of the Government of India permits the removal of the last revenue surcharge in the 1935-36 budget next March. At the moment, this advantage is neutralised in the case of Japan by the low level of Japanese prices, but it should be remembered that the imposition of the Japanese quota frees an additional 200 million yards of cloth consumption to be provided by the Indian mills and Lancashire and of this it is perhaps not too much to expect that Lancashire will secure roundly one-half. Moreover, although Japanese exporters will endeavour to supply their full quota of 400 million yards and have, in fact, qualified for it by their purchases of Indian raw cotton during the current year, it is probable that they will endeavour to make good the restriction in yardage by securing full value for their shipments. There is every incentive for them, therefore, to improve their margins and to cease indulging in drastic price-cutting. This result, in itself, will recreate confidence among dealers, who, during

the past few years, have been afraid to purchase United Kingdom textiles owing to the fear of the market being flooded by Japanese shipments at lower rates. The new duties should also result in the United Kingdom's permanently securing a certain amount of trade which was formerly enjoyed by the Continent.

The Indo-Japanese Treaty and the Bombay-Lancashire Agreement, by rendering inapplicable the proposals of the Tariff Board, have prevented a further serious blow to our textile trade. The Tariff Board recommended fairly high specific rates on goods from all sources, which would have fallen particularly heavily on United Kingdom fabrics. The new Act, by retaining the system of ad valorem duties and by making provision for substantial differential margins between the duties on United Kingdom and foreign imports respectively, has provided a more equitable basis of fiscal treatment from the United Kingdom exporter's standpoint.

Finally, it is no exaggeration to state that the visit of the Delegation from the United Kingdom inaugurated a new era of friendly co-operation between the industries of the two countries and, it is hoped, banished the feelings of mistrust and suspicion which had poisoned relations between the two industries for nearly half a century. The Delegation, by their tact, friendliness and *savoir-faire*, created a most favourable impression, not only on the Indian Millowners with whom they were in negotiation but on everyone with whom they came in contact. For the first time the Lancashire case was presented, with studied moderation and fairness, to the interested parties in the Indian industry and to the Government of India and there is no doubt that it made a deep and lasting impression. A spirit of goodwill and co-operation is the only sound basis on which permanently satisfactory trade relations can be built. The provision of constitutional safeguards is of less importance than that the United Kingdom exporter should enjoy the confidence and goodwill of his clients in the market. Consequently, the visit of the Delegation had a far-reaching political effect. Lancashire has suffered during the past twenty years the loss of four-fifths of her Indian trade. The bulk of this phenomenal reduction from 3,000 million yards pre-war to 600 million yards in 1933-34 will be permanent, but the new Ottawa spirit of co-operation between the two industries and between the two Governments is the only sound basis for such recovery in the position of the United Kingdom as will be possible when the purchasing power of the market revives.

II.—IRON AND STEEL.

As in the case of cotton textiles, the fiscal position of United Kingdom iron and steel in the Indian market has been left by the delegations at the Ottawa Conference for later consideration in 1934 after the Tariff Board enquiry of 1933 had been made. In my

last report, I referred to the 10% preferential duties which had been granted at Ottawa on the unprotected items such as wrought tubes and pipes, hoops and strips, Sheffield products, etc. I also outlined the special agreement which was concluded in respect of galvanised sheets. The position was clearly stated by the Indian delegation to the Ottawa Conference in the following terms:—

“ So far as the unprotected classes of iron and steel were concerned, we had no difficulty in agreeing to a preference so long as the conditions of the Agreement were sufficiently flexible to permit of the addition from time to time of new classes of steel to the protected list. But when the protected classes of steel came under consideration, the difficulties were at once seen to be of the gravest kind. Some classes of iron and steel, such as rails and galvanised sheets, are subject to uniform duties irrespective of origin, and others, such as bars, black sheet and structural sections, are subject to differential duties, a lower rate of duty being imposed on steel made in the United Kingdom and a higher rate on steel made elsewhere. In neither case were we prepared to interfere with the rates of duty fixed after full investigation by the Tariff Board. To concede a preference by reducing these rates to a lower figure in favour of British steel would impair the protection intended by the Legislature to be afforded to the Indian industry, and to raise the duties on foreign steel to a higher point than was required in India's own interest would have been a grave departure from the fundamental principle of the policy of Discriminating Protection. It would have meant that though, when an Indian industry was in question, the consumer ought not to be taxed beyond the extent necessary to give the protection needed, this could be done without objection when a British industry desired to be safeguarded against foreign competition. It is true that the protective duties on iron and steel have been increased by the surcharge of 25% imposed by the Finance (Supplementary and Extending) Act, 1931, and it might have seemed that a way out could be found by ceasing to levy the surcharge on British steel. But apart from the fact that the revenue arising from the surcharge was urgently needed to meet a financial emergency of the gravest kind, a temporary surcharge voted by the Legislature for a period of eighteen months only could not form the basis for a preference in a Trade Agreement. It would have meant that the surcharge must be retained on steel made elsewhere than in the United Kingdom, after it had ceased to be needed for revenue purposes. *Our considered view was that the rates of duty fixed after full investigation by the Tariff Board must be left to their operation, for the statutory period, and could only be revised in connection with the Board's enquiry in 1933.*”

The Indian Iron and Steel Tariff Board of 1933-1934.—In a resolution published on the 26th August, 1933, the Government of India appointed a Tariff Board comprising Dr. John Matthai, C.I.E., as President and Messrs. G. Wiles, C.S.I., C.I.E., and G. A. Natesan as Members with Mr. C. G. Atha as technical adviser with the following terms of reference:—

“ The protection afforded to certain manufacturers of iron and steel by the Steel Industry (Protection) Act, 1927, as subsequently amended, will determine on the 31st day of March, 1934. Clause 3 of that Act provides that the Governor-General in Council shall, not later than the 31st day of March, 1934, cause to be made by

such persons as he may appoint in this behalf, an enquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry in British India and as to the manner in which any protection found necessary should be conferred. The Government of India have decided that the prescribed Statutory Enquiry should be undertaken by the Tariff Board and the following terms of reference have been framed for its guidance:—

(a) The Board is requested to re-examine the measures of protection now enjoyed by the steel industry under the Steel Industry (Protection) Act of 1927, as subsequently amended, the Wire and Wire Nail Industry (Protection) Act of 1932, and the Indian Tariff (Ottawa Trade Agreement) Amended Act of 1932 and to report in respect of each protected article whether it is still necessary to continue protection and, if so, whether the existing measure of protection should be increased or diminished or whether the manner in which protection is conferred should be altered.

(b) In dealing with the wire and wire nail industry the Board will bear in mind the considerations set forth in paragraphs 3, 4 and 5 of its 1931 Report on the Wire and Wire Nail Industry and will consider whether the first of the conditions prescribed by the Indian Fiscal Commission in paragraph 97 of its Report is now satisfied.

(c) In making its recommendations the Tariff Board will take all relevant considerations into account including that stated in part (b) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923.

(d) The Board will also be at liberty to examine the claims for protection of industries making iron and steel products which do not come within the scope of the present Acts and to report whether having regard to the principles laid down in paragraph 97 of the Report of the Indian Fiscal Commission such claims should be admitted, and, if so the nature and extent of the protection that should be given."

The Board received representations from the rolled steel industry represented by the Tata Iron and Steel Company, Ltd., from the Tinplate Company of India, Ltd., the Bengal Iron Co., Ltd., the Mysore Iron Works and other Iron Foundries and from firms interested in the following industries:—iron pipes, steel pipes, wire and wire nails, steel fabrication and re-rolling of steel. Representations were also received from the National Federation of United Kingdom Iron and Steel Manufacturers, the Sheet Makers Conference of the United Kingdom, the Welsh Tinplate Manufacturers and from many Indian Chambers of Commerce. During the period November, 1933, to January, 1934, the Board took oral evidence in Calcutta and Bombay from most of those who submitted representations. The Board signed their report on the 19th April, 1934, and at once submitted it to the Government of India.

The United Kingdom Steel Delegation.—In the meantime a small but influential and thoroughly representative delegation comprising Mr. I. F. L. Elliot, representing the United Kingdom heavy steel industry and Mr. J. H. Pearce, representing the Sheet Makers' Conference, assisted by Mr. Baird of the headquarters staff of the

National Federation of Iron and Steel Manufacturers, arrived in India in November, 1933, with the object of amplifying by oral evidence the views of the United Kingdom industry which had already been presented to the Board in the form of memoranda. This delegation was able to render very valuable assistance to the Board not only by explaining the standpoint of the United Kingdom Steel Industry but also by providing particulars and statistics of United Kingdom steel practice. They also established cordial relations with the Tata Iron and Steel Company, the Tinplate Company of India, the firms of fabricating engineers and the principal distributors of steel in the Indian market and so paved the way for a general rapprochement between the United Kingdom and Indian industries.

In their evidence to the Tariff Board, these representatives laid stress on three main objectives (a) the free entry of iron and steel products of United Kingdom manufacture, (b) the levy of adequate differential duties to afford the Indian and United Kingdom industries protection against the unfair competition of a dumping character which is now being met from the Continent and may in future be encountered from Japan, and (c) provision for the prompt application of offsetting duties to meet abnormal reductions in the price level of competing countries which would be likely to upset the scheme of protection. The delegation submitted that, having regard to the progress made by the Indian iron and steel industry since 1926, the industry does not now require protection against imports of United Kingdom iron and steel, which have to bear high freight and land charges. They contended that the granting of free entry to United Kingdom steel would ultimately, by reason of lower cost to the consumer, result in increased demand which would benefit both Indian and United Kingdom producers. It is only by the consumers being able to purchase at such economic prices that consumption and, therefore, production can expand. As regards the need for protection against the foreign producers, they pointed out that the prices of United Kingdom iron and steel products had remained practically unchanged since the last Tariff Board in 1926, while those of Continental suppliers, due to their uneconomic competition, showed a very serious decline. The competition of Belgian and other Continental exporters was uneconomic inasmuch as, in the majority of cases, the Continental makers were supplying material at prices which bore no relation to the actual cost of production. The continuance of such competition, they contended, must operate to the detriment of the Indian consumers by lowering the competitive power of both Indian and United Kingdom producers in the Indian market. If and when such competitive power was weakened or ultimately destroyed, prices would rise to any level which might be dictated by the International Steel Cartel. The delegation strongly urged that the existing measures for dealing with dumping should be applied promptly when necessity arose. The broad policy of the United

Kingdom Federation as regards the Indian market was summarised in the following terms:—

“ The Federation desire to assure the Board that, while their objective is naturally to improve the position for the United Kingdom industry in the Indian market, they fully recognise that the position of the Indian industry, having due regard to the interests of the consumer, must be reasonably safeguarded. They are of the opinion that the consuming power of India in iron and steel could be materially developed by an active policy of co-operation between United Kingdom and Indian producers. Also, that such development of the Indian market—since iron and steel products are for the most part capital goods—would have the effect of assisting materially the economic progress of India in other directions. The United Kingdom industry is prepared to take the requisite steps to ensure the maintenance of an effective organisation, provided it is assured of co-operation on the part of the Indian producers and the benevolent interest of the Government of India in its development. Recognising that, as the consuming power of India develops, it is likely that the productive power of the Indian iron and steel industries will legitimately increase, the basis of the co-operative policy which they envisage is to secure at any moment to the Indian consumer the most efficient service at the minimum economic price.”

Report of the Tariff Board on the Indian Iron and Steel Industry.—Rolled Steel.—Briefly, the Board found that in spite of the serious falling-off in the demand for steel products, the Tata Iron and Steel Co. had made substantial progress, maintaining its output and greatly reducing its costs of production. The share of the available Indian market obtained by the Tata Company rose from 30% in 1927-28 to 72% in 1932-33. The realisations of the Company had fallen short of anticipations for several reasons, notably, (a) the fall in prices, (b) increased freight charges to more distant markets, (c) failure of anticipated demand from railways and engineering firms, (d) the strike and (e) the “ lag ” between realised prices and import prices plus duty. In view of the fact that the profit earned by the Company during the seven years period had amounted to an average of about 2¼% per annum and that, in addition, the Company had been able to set aside Rs.400 lakhs to the depreciation fund, of which Rs.302 lakhs were spent on capital improvements or renewal of plant, the Board could not accept the contention of the Company that the scheme of protection had failed. The Board found that protection had also been responsible for the growth of a re-rolling industry which they recommended should be encouraged. The Ottawa Agreement had been successful and beneficial as regards pig iron. The Ottawa Agreement in respect of galvanised sheets had now served its purpose and its renewal in its present form was impracticable.

After examining in detail present and future works costs, the capital charges of the Company and the method of valuation of fixed assets, the Board confirmed the valuation of the property at Rs.12½ crores and the percentage of depreciation at 6¼%. They reduced the interest to be allowed on working capital from 7 to 6%

on the cost of six months' production. They continued to allow 8% on the valuation of the fixed assets as manufacturer's profit. They then proceeded to deal with the amount of protection required. Having added to the costs of production the overhead and capital charges, they determined the fair selling price f.o.r. Tatanagar. To this price they added allowances for freight disadvantage, selling expenses and the lag between import and realised prices and thus arrived at a fair selling price which is comparable with the landed prices of imported goods. *They proposed to continue the present scheme of differential duties which had proved easy to work and had not given rise to any complaint.* The following table gives the duties recommended alongside the existing specific duties and those recommended by the Board in 1926 :—

	Duties recommended by the Tariff Board of 1926.	Existing specific duties.	Present recommended duties.
	<i>Rs. per ton.</i>	<i>Rs. per ton.</i>	<i>Rs. per ton.</i>
Rails	13	16½	Nil.
Fishplates	6	7½	Nil.
Structurals.			
(1) United Kingdom (tested) ...	19	23½	Nil.
(2) Continental (untested) ...	30	37½	43
Bars.			
(1) United Kingdom (tested) ...	20	32½	10
(2) Continental (untested) ...	37	46½	39
Plates.			
(1) United Kingdom (tested) ...	29	25	Nil.
(2) Continental (untested) ...	36	45	25
Black Sheets.			
(1) United Kingdom (tested) ...	35	43½	11
(2) Continental (untested) ...	59	73½	32
Galvanised Sheets.			
(1) United Kingdom (tested) ...	38	53	10
(2) Continental (untested) ...	38	83	40
Sleepers	10	12½	Nil.

The Board recommended that the protective duties shall be specific and not ad valorem. They stated that the duties recommended on United Kingdom galvanised sheets were partly of a preferential character. Consequently, in return, they considered that India might claim the continuance of the preferential treatment now accorded to Indian pig iron in the United Kingdom. *They proposed to include in the scheme of protection a provision for offsetting duties under which the Government would have authority to raise or lower the duties as occasion arises on account of changes in import prices or the manufacturing and transportation costs of the Indian industry.* The Board recommended that the scheme of

protection should continue in force until 31st March, 1941. With the exception of fabricated steel imported from the United Kingdom, they held that this recommendation should cover all iron and steel products included in the scheme of protection. *They suggested that the revenue duties should be removed on tested structurals, tested plates and also billets for re-rolling in order to assist the subsidiary industries using these as their raw material.* So far as the technical equipment and efficiency of the Tata Company's plant were concerned, the Board contended that after the displacement of the openhearth furnaces by more modern plant and the completion of the proposed capital improvements the Works would bear comparison with any works of similar age and capacity elsewhere.

Fabricated Steel.—The protective duty recommended by the Board consisted, they stated, of two parts, one intended to compensate for the increased cost of steel due to the protective duty on steel, the other to afford substantive protection. Since no protective duties were recommended on tested structurals and plates, no compensating duty was required on British fabricated steel. A duty of Rs.40 per ton was recommended on imports from other countries. The Board found that the capacity of the Indian fabricating industry was in excess of consumption, imports were negligible and substantive protection was obviously unnecessary. The future of the industry would depend on the extent to which it was possible to stimulate demand. The reduction in costs consequent on the lower duties on rolled steel would assist. Stress also was laid on the desirability of pushing on with schemes of capital development, particularly in the railways. The Board recommended the reorganisation of the Indian fabricating industry on the lines of specialisation and standardisation.

The Board referred specially to what they termed unfair competition from integrated firms in the United Kingdom, particularly in bridgework. They estimated that the duty required to meet this competition was Rs.40 per ton equal to the compensating duty on imports from countries other than the United Kingdom. They recommended, therefore, that a duty of Rs.40 per ton should be levied, in the first instance on imports of fabricated steel from all countries but added :—

“ The duty on fabricated steel imported from the United Kingdom is intended to protect the Indian industry against unfair competition and not as a measure of substantive protection. Its duration will therefore be temporary and restricted to the period during which such competition prevails. We still believe that the matter is one which admits of settlement by agreement. If as a result of further steps in that direction it is found that the grounds which now exist for apprehending unfair competition from the United Kingdom have disappeared, it will be open to Government to reduce the duty to the revenue level.”

As regards the projected new Howrah Bridge, the Board were satisfied that suitable high tensile steel could be made in India. They recognised the handicap suffered by the Indian bridge builders owing to the necessity of purchasing the special plant for fabrication and erection—plant already possessed by the leading United Kingdom bridge builders. They state:—

“ At the same time, we consider it to be a matter of the utmost importance that when a large public undertaking of this description is under consideration, every effort should be made to utilise to the fullest extent the material resources and manufacturing capacity available in India. Two conditions however must be recognised, first, that apart from the duties on fabricated steel, there should be no increase in the cost of the undertaking on account of the order being placed in India except to the extent admitted ordinarily under the purchase rules of Government and, secondly, that the standard of quality and workmanship considered essential for the undertaking should be fully maintained.”

In the case of steel towers for the transmission of electricity, the Board considered that no increase over the present revenue duty was necessary. Similarly, on other special classes of fabricated steel, viz. : pressed steel tanks, structural parts of cranes, canal gates and regulators and sugar machinery, they found that, beyond the protection these items would receive, if any, as fabricated steel, no protection was necessary other than the reduction proposed in the duties on tested steel. They endorsed the present policy of the Railway Board to place all orders for wagons and underframes in India up to the capacity of the Indian manufacturers. Protective duties, however, were recommended in the case of the following types of railway material :—

	United Kingdom.			Non-United Kingdom.		
	Per Cwt.			Per Cwt.		
	Rs.	As.	P.	Rs.	As.	P.
Commercial bolts and nuts			Nil.	1	9	0
Rivets			Nil.	1	14	0
Fishbolts and nuts			Nil.	4	5	0
Dogspikes, gibs, cotters, and keys ...	0	7	0	2	15	0

Tinplate.—The Tariff Board, after reviewing the progress made by the Tinplate Company of India Ltd. expressed the opinion that no industry had made better use of its opportunities. The fall in the price of tinplate had been accompanied by a drop in the price of raw materials. The gross surplus of realisations above costs amounted during the last seven years of protection, to nearly Rs.95 lakhs as compared with Rs.91½ lakhs estimated by the Board in 1926. A capital reconstruction of the Company took place in 1927-29 which reduced the liabilities by Rs.105 lakhs. Debenture debt is being rapidly paid off and should be extinguished within four years. The Board suggested, however, that in future more of the surplus should be set aside for expenditure on the works. On a review of the costs of the industry and of import

prices, the Board recommended a duty of Rs.38 per ton on tinplate imported from the United Kingdom and Rs.59 per ton on that imported from other countries.

Wire and Wire Nails.—The Board stated that the works of the Indian Steel and Wire Products Company at Tatanagar will have a maximum capacity of 45,000 tons per annum. They will produce 12,000 tons of wire and nails and 30,000 tons of small bars and sections. The normal consumption of wire and wire nails in India they found to be 28,000 tons a year and of small bars and sections about 70,000 tons. There was, therefore, a sufficient market for the industry. They assumed that the Tata Company would supply billets to the industry at Rs.64 per ton and estimated the fair selling price on this basis.

The Board recommended for wire rod, small bars and sections the same duties they had fixed for bars of the classes already protected, viz. : Rs.10 on imports from the United Kingdom and Rs.39 on imports from other countries. They recommended the same duty on both wire and wire nails, viz. : Rs.25 per ton on imports from the United Kingdom and Rs.60 on those from other countries. The severest competition in wire products was being experienced from Japan. The Board proposed that dumping prices lower than those they had assumed in determining the duty should be dealt with by the operation of the provision for off-setting duties. The protective duties on wire and wire nails should be confined to those classes which are already protected. Wire used for fencing would continue to be exempt from the protective duty. They were unable to recommend protection of the manufacture of screws.

Iron and Iron Products.—The Board examined the application from the Bengal Iron Company and the Mysore Iron Works for protection of cast iron pipes. They found that the combined capacity of the two works, viz. : 75,000 tons, was 25,000 tons more than the estimated normal Indian consumption. Protection was required not for development but against the abnormal competition of Japan. They found that no duty was required on cast iron pipes from the United Kingdom but they recommended a duty of Rs.57-8-0 per ton on imports from other countries. They rejected the claim that a protective duty should be imposed on steel pipes and asbestos pipes.

As regards foundry pig iron, the Board suggested that arrangements should be made to supply foundry iron to Indian foundries that require good quality iron at prices not higher than those charged to the associated companies and not exceeding export prices by more than Rs.10 per ton. They also recommended that the manufacturers of pig iron should supply iron to foundries that wish to compete in the export market for cast iron products at

a price not exceeding the export price. They thought it premature, however, to consider the grant of a bounty on such exports.

The Iron and Steel Duties Act, 1934.—The Government of India, after carefully examining the recommendations of the Tariff Board outlined above, decided to adopt them practically in their entirety and, in July, 1934, introduced a bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India and to impose an excise duty for revenue purposes upon certain steel.*

The Bill, as introduced in the Assembly, contained all the principal recommendations of the Board including the precise differential duties already specified, the removal of even revenue duties from British structurals and plates and the removal of all duties other than the revenue duties on blooms, billets and slabs which constitute the raw material of the re-rolling industry. As the recommendations of the Board involved a very considerable reduction in the level of import duties which would result in an actual loss of revenue of Rs.25 to Rs.30 lakhs per annum, it was found necessary to impose an excise duty of Rs.4 per ton on the production of steel ingots and to impose a countervailing customs duty equivalent to the excise duty on steel ingots, such countervailing duty to be additional to the protective duties recommended by the Board and alternative to the ad valorem revenue duties on articles in respect of which protection had not been granted.

The Commerce Member, after stressing that the Board's recommendations should be accepted as a whole, announced to the House that His Majesty's Government in return for the benefits United Kingdom trade would derive from the differential duties had agreed to continue the free entry of Indian pig iron into the United Kingdom. He called attention to the powers to impose offsetting duties to prevent the scheme of protection being defeated by unforeseen contingencies and to the power to lower duties if unforeseen contingencies made the present level of duties unnecessarily high. Such a contingency would arise in respect of the suggestion made by the Board in connection with fabricated steel, the product of the United Kingdom. He then proceeded to deal with two matters, which formed the subject of special comment by the Tariff Board, namely, the supply of billets to the re-rolling industry and the supply of tin bar to the Tinplate Company. Sir Joseph Bore said :—

“ The importance of the rerolling industry to the country has been stressed by the Tariff Board and the Tariff Board has found that some,

* The official report of the speech of the Hon. the Commerce Member in moving that the Bill be referred to a Select Committee, and a copy of the speech of the Hon. the Finance Member dealing with the revenue aspects of the Bill and particularly the excise duty are available at the Department of Overseas Trade.

at any rate, of the complaints of the monopolistic attitude of Tatas towards subsidiary companies are not without foundation. We propose to levy a revenue duty on billets for rerolling with, however, a proviso. The Board has found that normally the fair price for imported billets is Rs.64 a ton at port without duty. If Tatas are able to sell their billets at this price they would be making a very good profit indeed. If, therefore, the Government are satisfied that Tatas are refusing without good reason to sell billets to the rerolling industry, or if they are demanding a price which is higher than Rs.64 plus, of course, the excise duty, or if they are unable to meet the demand, then the Government will reduce the revenue duty to the extent that may be necessary to enable the rerolling mills to obtain their billets at the price which I have mentioned, namely, Rs.64 plus the excise duty.

There remains the question of the tinplate industry. The Tariff Board found that the fair selling price of Tatas' tin-bar is the same as the price of semis at port, namely, Rs.64 per ton without duty. Under the agreement, however, which subsists between the Tata Iron & Steel Company and the Tinplate Company, the latter have to pay a price of Rs.83 a ton for their tin-bar until the end of 1936 and, after then, it will drop to Rs.74 a ton over the whole period of protection. This is excessive having regard to the estimated fair selling price of Tatas' tin-bar and entails an unnecessarily high protection for tinplate. If the average price of tin-bar to the Tinplate Company could be reduced to Rs.64 a ton, it would be possible, the Board points out, to reduce the duty on tinplate by something like Rs.13·3 a ton. The Tariff Board therefore suggest that the agreement between the two Companies should be revised so as to allow for the purchase of tin-bar at the fairer rate of Rs.64 a ton. We endorse that suggestion, though, of course, the excise duty would have to be added on to Rs.64. I would point out that if, by the end of March, 1935, Tatas have not been able to modify their arrangements with the Tinplate Company more in accordance with the fair selling price of their tin-bar, Government will have to consider what steps they should take to prevent an excessive profit being made upon this item and the users of tinplate being unnecessarily penalised."

The Bill in Select Committee.—Opposition in the Assembly crystallised on the proposal to remove the revenue duty of 10% on British structurals and plates which was strongly opposed by even the unofficial European group. Opinions were also expressed that if the duties on galvanised sheets were imposed at the uniform standard rate of Rs.40 per ton, there would be no loss of revenue and consequently no necessity for an excise duty. To this argument, Sir James Grigg, the new Finance Member replied that the considerable cheapening of sheets was, in Government's view, one of the most valuable features of the report as it would be of such service to the agricultural community. The reduction would amount to roundly Rs.2 on each sheet of the size ordinarily used by the agriculturist. He also pointed out that it was proposed to remove the revenue duty on British structurals and plates solely in the interests of the fabricating industry and with the object of stimulating the consumption of tested steel in India which was so largely used in capital works. The yield of 10% duty would next year be well below Rs.2 lakhs, a figure which provided no solution of the revenue problem.

After much discussion the Select Committee commended the Bill to the House subject to the following modifications :—

- (a) the imposition of an alternative revenue duty of 10% on British tested structurals and plates,
- (b) the postponement of the operation of the new duties imposed by the Bill until 1st November, 1934, and
- (c) the increase of the countervailing duty on tinplates and tinned sheets from $1\frac{1}{2}$ to $1\frac{3}{4}$ times the excise duty on steel ingots in view of the wastage of steel incurred in manufacture.

The Bill eventually passed the Assembly on the 27th August, 1934, without a division.

The Position of the United Kingdom Steel Exporter.—We have seen that the representatives of the United Kingdom Steel Industry, in their evidence to the Tariff Board, set out to secure three main objectives :—

- (1) the free entry if possible of British steel, failing which low revenue duties only,
- (2) adequate differential margins between the duties imposed on British and non-British steel, and
- (3) provision for the prompt imposition of offsetting duties should prices of foreign steel fall below anticipated levels.

All three objectives have been attained in the new Act. Considering first the new duties on British steel, we find that the following rates will, from the 1st November, 1934, be imposed on the main protected items :—

<i>Structurals</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) or 10% ad valorem, whichever is higher.
<i>Plates</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) or 10% ad valorem, whichever is higher.
<i>Bar and Rod</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) plus Rs.10 per ton or 10% ad valorem, whichever is higher.
<i>Black Sheets</i>	... ..	$1\frac{3}{4}$ times the excise duty (i.e. Rs.5.33 per ton) plus Rs.11 per ton or 10% ad valorem, whichever is higher.
<i>Galvanised Sheets</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) plus Rs.10 per ton or 10% ad valorem, whichever is higher.
<i>Tinplates</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.6 per ton) plus Rs.38 per ton.
<i>Rails (30 lbs. and over) and fishplates therefor.</i>		$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) or 10% ad valorem, whichever is higher.
<i>Rails (under 30 lbs.) and fishplates therefor.</i>		$1\frac{3}{4}$ times the excise duty (i.e. Rs.5.33 per ton) plus Rs.10 per ton or 10% ad valorem, whichever is higher.
<i>Steel Sleepers and sleeper bars.</i>		$1\frac{1}{2}$ times the excise duty (i.e. Rs.5.33 per ton) or 10% ad valorem, whichever is higher.
<i>Bolts and Nuts</i>	... ..	$1\frac{1}{2}$ times the excise duty (i.e. Rs.6 per ton) or 10% ad valorem, whichever is higher.

<i>Rivets</i>	1½ times the excise duty (i.e. Rs.6 per ton) or 10% ad valorem, whichever is higher.
<i>Wire (other than barbed or stranded wire, wire-ropes or wire netting; and iron or steel wire nails).</i>	1½ times the excise duty (i.e. Rs.6 per ton) plus Rs.25 per ton.
<i>Blooms, billets and slabs</i>	The excise duty (Rs.4 per ton) or 10% ad valorem, whichever is higher.

The following table gives in column 1 the percentage *ad valorem* incidence based on the landed prices of imported material, exclusive of duty, which are given on page 54 of the Tariff Board Report. In column 2 will be found the alternative revenue duty, where this is leviable, and in column 3 we arrive at the percentage duty which will actually be levied on the basis of the landed prices without duty taken by the Tariff Board:—

Description.	Countervailing duty with or without protective additions = %	Alternative revenue duty = %	Percentage actually leviable.
Blooms, billets and slabs ...	6.25	10	10
Structurals	4.71	10	10
Plates	4.67	10	10
Bar and Rod	16.00	10	16
Rails (30 lbs. and over) ...	4.71	10	10
Sleepers	6.20	10	10
Black sheets	13.72	10	13.72
Galvanised sheets	9.58	10	10
Tinplates	16.17	—	16.17

Only in the case of bar and rod, black sheets and tinplates do the duties exceed the very moderate level of 10% *ad valorem*, while we have seen that, in the case of tinplates, if the cost of tin-bar to the Indian Tinplate Company is reduced to Rs.64 per ton, a reduction of Rs.13.3 per ton in the import duty on tinplate would be possible.

Turning to the differential margins between the duties imposed respectively on British and non-British steel, it is practically impossible to assess the precise difference as the duties on British steel are, in almost every case, on an *ad valorem* basis which varies with fluctuating prices whereas those on foreign steel are almost all specific duties. The duties on foreign steel recommended by the Tariff Board are as follows:—

	<i>Per ton.</i>
	<i>Rs.</i>
Structurals	43
Bars	39
Plates	25
Black Sheets	32
Galvanised Sheets	40

These margins will be reduced in most cases by the whole or part of the 10% *ad valorem* duty on British steel. It is estimated that a very considerable proportion of the trade formerly supplied by the Continent will be diverted to works in the United Kingdom.

The third objective, viz., offsetting duties, is adequately met by Clause 2 of the Act which provides that if the Governor-General in Council is satisfied, after such enquiry as he thinks necessary, that any duty imposed on any article by Part VII of the second schedule has become ineffective or excessive for the purpose of securing the protection intended to be afforded by such duty to a similar article manufactured in India, he may, by notification in the Gazette of India, increase or reduce such duty to such extent as he thinks necessary either generally or in respect of such article when imported from or manufactured in any country or countries specified in the notification, provided that the duty leviable on any such article shall in no case be less than the duty leviable on a like article of British manufacture.

The Government of India gave a further assurance to the Select Committee that they will use their powers under the Indian Tariff Act in accordance with the following principle expressed on page 36 of the report of the Indian Delegation to the Imperial Economic Conference, Ottawa, 1932 :—

“ We regard it as indispensable that, as soon as the Government of India are satisfied that the price (i.e. of imported articles) has been cut, the additional duty should be imposed promptly without the delay inevitably occasioned by a Tariff Board enquiry. The amount of the additional duty need not be limited to the amount of the price reduction, but should be of such an amount as to make clear the intention of the Government of India to make the agreement effective.”

A further objective sought by the United Kingdom Steel Industry was the conclusion of an agreement of mutual co-operation between the two industries, by the terms of which, while providing for the full output of the Tata Company and the possible further development of the steel industry in India and of secondary industries using iron and steel products, the United Kingdom producers should secure the greatest possible share of India's requirements surplus to Indian production. The United Kingdom steel delegation, after making tentative approaches to the Indian industry, soon realised that progress was impossible until the tariff framework, within which it was possible to operate, had been definitely settled for a period of years. The Tariff Board referred to the subject in their report in the following terms :—

“ The National Federation of Iron and Steel Manufacturers of the United Kingdom have suggested the desirability of making arrangements for co-operation in the Indian market between the Steel industries in the two countries. While the Federation recognise that the Indian industry should have the first claim on the Indian market to the extent of the whole of its output, they propose that the balance of the Indian market for both tested and untested steel should be supplied by the steel industry in the United Kingdom at prices corresponding to the fair selling prices fixed for the Indian industry. Obviously the working of an arrangement of this character will depend very much on the detailed provisions embodied in it and on the amount of good will and co-operation between the parties to the agreement. Pending the

decision of the Government of India regarding the continuance of protection, neither the British nor the Indian industry is naturally in a position to state the exact terms on which such an arrangement could be made. To some provisions suggested by the Indian industry the Tata Iron & Steel Company has already raised objections. It seems to us, therefore, of little practical advantage at this stage to discuss in detail the tentative suggestions submitted by the National Federation in this connection.

That in the present unsettled conditions of world trade the interests of national industries can be safeguarded more effectively by trade agreements than by Tariff adjustments is generally admitted. The stability of British steel prices in India during the past few years as compared with Continental prices strengthens the suggestion that there is greater certainty of stability of prices being maintained by agreement with the steel industry in the United Kingdom than with that of other countries. How far the interests of the Indian industry and of the Indian consumer can be safeguarded under an agreement is however a question which would require careful consideration. It is obvious that any agreement should provide for the progressive development of the Indian industry either by the expansion of the present works or by the erection of other works including re-rolling mills. To make the necessary provision for this in a workable manner in the agreement may present greater difficulties than is imagined. It is possible that price arrangements between two industries to the exclusion of others may lead to an increase in prices to the detriment of the consumer, since it often happens that agreed prices in such cases are regarded as minimum prices by the manufacturers. The provision for flexible duties in the Steel Protection Act is the only safeguard against such an increase in prices, but prompt application of such duties is essential if they are to be effective."

The fiscal limitations, within which co-operation between the two industries is possible, are now laid down for a period of seven years. The need for safeguarding the interests of the consumer, on which the Tariff Board properly laid stress, is provided for by the differential duties and by Clause 2 of the Act which deals with the prompt application of offsetting duties. The way is therefore clear for a rapprochement between the two industries. It would be difficult to find within the Empire two industries which provide such favourable scope for co-operation. United Kingdom steel production is now organised within the fold of the British Iron and Steel Federation whose executive can speak with one voice for practically the whole industry in the United Kingdom. Indian steel production is at present concentrated in one firm—the Tata Iron and Steel Company, Ltd. The leaders are in touch and the governing principles for complementary agreements have already been tentatively outlined by the United Kingdom representatives who now await a responsive move from the Indian side. It is to be hoped that, on the firm foundations which have now been laid, the leaders of these two great industries may be able to guide the development of the Indian market in their mutual interests in a spirit of co-operation rather than of competition, securing to the Indian consumer the most efficient service at the minimum economic price, thereby increasing the iron and steel consumption of India, expediting the construction of her essential capital projects and contributing substantially to the economic welfare of the two countries.

CHAPTER III

ANALYSIS OF THE WORKING OF THE OTTAWA TRADE AGREEMENT, PARTICULARLY FROM THE STAND-POINT OF THE UNITED KINGDOM EXPORTER, TO THE END OF THE FISCAL YEAR 1933-34.

For most of the statistics and facts which are presented in this Chapter, I have freely drawn upon the special report compiled by the Director-General of Commercial Intelligence and Statistics for the information of the Committee of the Indian Legislature, appointed to consider the working of the scheme of preferences.

1.—PREFERENCES ACCORDED BY THE UNITED KINGDOM TO INDIA.

Before dealing with the principal object of this analysis, namely, an examination of the advantages secured by United Kingdom exporters to the Indian market as a result of the Ottawa preferences, it will be of interest to include a brief survey of the benefits derived by Indian traders from the substantial preferences accorded to them in the United Kingdom market. There are many factors which make an examination of these benefits one of considerable difficulty. Apart from the overriding difficulty of isolating the effects of the preferences from the effects of other factors, the following disturbing elements have to be taken into account. Firstly, the effects of major movements in the trade cycle. Thus, during the last four years of unprecedented world depression, any tendency of a preference to stimulate trade may easily be counteracted by abnormal factors, resulting from the depression, which operate in the opposite direction. It is consequently difficult to measure the effects of one particular factor, such as preference, on the trade in and production of any single commodity. Secondly, there are certain factors which have a particular bearing on international trade, e.g., tariff policies of consuming countries which, by restrictions of all kinds resulting from the application of the doctrines of economic nationalism, result in a serious artificial contraction of the usual channels of trade. Thirdly, exchange fluctuations and monetary disturbances tend to obscure the effects of preferences either by exaggerating their benefit or counteracting their operation. Fourthly, vital changes in demand and supply are of paramount importance in the case of an agricultural country such as India. A bumper crop or a crop failure in one of the principal

producing countries would produce changes in market conditions infinitely greater than those resulting from the relatively weak factor of preference.

In addition to these general considerations, there are many limitations of statistical data peculiar to Indian trade which preclude the presentation of an absolutely accurate analysis. Thus, a large proportion of Indian exports are shipped "for orders" at some particular port, e.g., Port Said or Marseilles, the final destination being intimated to Indian Collectors of Customs at a much later date. Variations occur in the practice of recording statistics in India and in the United Kingdom. Transit and re-export trade confuse the issue. Articles called by the same name do not connote the same thing in the trade returns of the various countries.

Subject to these considerations, however, a study of the statistics shows that, in almost every instance, and particularly in the case of tea, linseed, rice, pig iron and semi-manufactured steel, the preferences granted by the United Kingdom have been of material value to the Indian export trade. Even where increased trade has not resulted, as in the case of wheat, this result has been due to the operation of special factors. It will be convenient to summarise the conclusions reached by the Director-General of Commercial Intelligence in the case of the principal items:—

Wheat.—Owing to the fact that India has not, at the moment, an exportable surplus of wheat and internal prices are above world parity, exports of wheat from India were of no importance and the preference has not had any significance. This was anticipated by the Indian Delegation at Ottawa, who were anxious to secure the preference against the time when the Sukkur Barrage and other irrigation schemes might be expected to result in a substantial increase in the exportable surplus.

Rice.—Although exports to the United Kingdom have increased materially, there has been such an over-supply of rice in the world that it would not be reasonable to expect any increase in acreage in Burma as a result of the preference. Shipments to the United Kingdom rose from 41,000 tons to 90,000 tons, but it should be remembered that there are a large number of consignments "for orders" which are credited to the United Kingdom in the first instance but are later transferred to other countries.

Vegetable Oils.—The total trade and the trade with the United Kingdom have shown substantial increases in the last two years since preference became operative.

Linseed.—The short crops in the Argentine and the U.S.A. enormously increased the demand for Indian linseed in the world's markets and particularly in the United Kingdom. While the preference continues, the United Kingdom market will remain a sheltered market for Indian linseed. The 10% preference has

certainly benefited India during the year 1933-34 and may be expected to do so in 1934-35 in view of a further short crop in the Argentine. Exports to the United Kingdom rose from 14,000 tons in 1932-33 to 175,000 tons in 1933-34. The increase in the exports to the United Kingdom was much greater, both actually and as a percentage, than in the case of other countries.

Tea.—The effects of preference have been completely obscured by the Tea Export Restriction Scheme. Preference has not affected the distribution of the trade in the United Kingdom. The reduction in the total imports was proportionately distributed over all the suppliers. Owing to the artificial rise in prices, India was able to sell in the United Kingdom a proportionately equal amount of tea at better prices. This result must have been made possible, to a certain extent, by the preference she received from the United Kingdom.

Hides and Skins.—In tanned hides, India's share increased both absolutely and relatively. It is clear that preference helped India to increase her trade with the United Kingdom at the cost of foreign competitors. Similarly, in the case of tanned skins preference has been of material assistance. In the trade in undressed leather, the preference has also been beneficial.

Jute Manufactures.—It is possible that, but for the preference, the total trade might have fallen off and so the preference may have had some insurance value.

Teak.—As India supplies such a large proportion of United Kingdom imports, the preference is of value in enabling her to maintain this market.

Woollen Carpets and Rugs.—The exports have benefited greatly as a result of the preference. The share of the United Kingdom rose from 3,537 lbs. in 1931-32 to 4,283 lbs. in 1932-33 and 6,710 lbs. in 1933-34. The total percentage share of the trade with countries enjoying preference rose from 80 in 1932-33 to 85 in 1933-34.

Tobacco.—As regards cigars, the immense value of the preference has to be emphasised inasmuch as India would have been unable to retain what market she has in the United Kingdom but for this preference. In unmanufactured tobacco, the trade has increased, both absolutely and relatively, and this must largely be credited to preference. In manufactured tobacco, the preference appears to have been helpful only to a slight extent.

Castor Seed.—The preference has enabled India to capture the United Kingdom market from her competitors and has been of very definite advantage to her.

Magnesite.—The preference would appear to have been distinctly helpful. India's share of the United Kingdom market rose from 1,100 tons in 1932 to 1,400 tons in 1933. These shipments consist entirely of magnesite dead burnt and lightly calcined.

Sandalwood Oil.—The United Kingdom share increased both absolutely and relatively. As the volume of exports to other countries remained practically unchanged this involved no diversion of trade and the preference would appear to have been definitely of assistance to India.

Granite Setts and Kerbs.—The preference has undoubtedly opened up a new line of trade. United Kingdom imports from India in 1932 amounted to 2,100 tons and in 1933 to 11,400 tons. This increase appears to have been effected by an expansion of the consumptive demand.

Lead.—Preference has enabled India to capture an increased share of the United Kingdom market from other countries. In 1932 India shipped 44,000 tons or 17% of the total trade. In 1933 her share amounted to 55,000 tons or 19·5% of the total trade.

Lac.—Exports to the United Kingdom have more than trebled in quantity while the percentage share is nearly doubled. This great increase must, in large measure, be credited to the preference which Indian natural lac received over the synthetic substitutes.

Raw Cotton.—As a result of the energetic measures taken by Lancashire to encourage the increased use of Indian cotton, Indian shipments have more than doubled from 24,000 tons in 1932 to 49,000 tons in 1933. In the former year India supplied 4% of the United Kingdom total imports and in 1933 no less than 8%.

Pig Iron.—India is at present the predominant supplier of pig iron to the United Kingdom and has been able to capture the market from foreign countries. This must be largely due to the preference she received. In 1932 the United Kingdom drew 61·8% of her imports from India whereas in 1933 India accounted for no less than 86·6%

Sheet Bars.—The exports to the United Kingdom were 9,000 tons in 1931-32, 16,000 tons in 1932-33 and 41,000 tons in 1933-34. Indian exports of sheet bars have obviously profited greatly from the Agreement.

Magnesium Chloride.—In the United Kingdom trade returns statistics of imports of magnesium chloride are not separately recorded. It is not possible, therefore, to arrive at any definite conclusion. It is significant, however, that the imposition of the new duty on non-Empire chloride has coincided with the increase

in the cum-duty London price of German magnesium chloride by £1 to £6 10s. per ton since November, 1932.

Paraffin Wax.—The position is obscure and, in view of transit trade, it is difficult to draw any accurate conclusion from the United Kingdom import figures. On the whole it appears that exports of paraffin wax to the United Kingdom have increased to some extent though they have not reached the level of earlier years. This is probably due however to the lower production of this item in the last three years.

Coir Mats and Mattings.—India's share in the United Kingdom trade rose from 5·3 million yards in 1931 to 6·8 million yards in 1932 and 8·4 million yards in 1933. The percentage share also rose from 98 to 99. Thus, preference has helped India to increase her trade and practically to eliminate whatever competition there was from other countries.

Oilseed Cakes and Meal.—India's share in the United Kingdom market rose from 101,000 tons or nearly 24% of the total imports in 1932 to 159,000 tons or nearly 41%. Thus, preference has enabled India to capture the United Kingdom market from her competitors to a large extent.

Hemp.—India's share of the United Kingdom market rose from 3,400 tons in 1932 to 4,000 tons in 1933. The percentage share also showed a very small increase. The preference seems to have conferred a slight advantage on India.

Groundnuts.—India's share of the United Kingdom market was 58,000 tons or 60% in 1932 and 70,000 tons or 53% in 1933. Thus, while the preference has conferred an advantage, other Empire countries have benefited to a greater extent than India.

SUMMARY OF BENEFITS SECURED BY INDIAN TRADE.

In Appendix A to this chapter, page 114, will be found an interesting table, compiled by the Director-General of Commercial Intelligence and Statistics, which purports to show, item by item, the advantage to India on landed cost in the United Kingdom. This is arrived at by multiplying the total declared values (f.o.b.) of India's exports to the United Kingdom in 1933-34 by the rate of preference. As the rate of preference, however, is granted by His Majesty's Government on the c.i.f. values in the United Kingdom, this method of computation underestimates the preferential advantage received by India. It is pointed out, however, that this defect is not important because specific preferences have been granted on tea, tobacco and rice which are the three most important items and between them account for an advantage of Rs.597 lakhs out of a total of Rs.802 lakhs.

Apart from the above three items of tea, tobacco and rice, the most important advantages, according to this very approximate method of calculation, were secured by:—

	<i>Rs. (lakhs).</i>
Jute Manufactures	32
Tanned Skins	29
Tanned Hides	24
Linseed	20
Lead	13
Woollen Carpets and Rugs	11
Coir Mats and Mattings	9
Oilseed Cake and Meal	8
Raw Goat Skins	7½
Paraffin Wax	5½
Teak and other hard woods	4
Bran and pollard, rice meal and dust	4
Groundnuts	3½
Castor Seed	2
Pulses	1½
Castor Oil	1½
Coir Yarn	1½

The table shows a total advantage to India of Rs.802 lakhs—say £6,015,000.

II.—PREFERENCES ACCORDED BY INDIA TO THE UNITED KINGDOM.

We have seen in the examination of the effect of the preferences on India's exports, the difficulty of isolating the direct results of Imperial preferences from those of the numerous other factors operating at the same time. It is even more difficult, in the case of the import trade, to disentangle the preferential issue from the web of confusing influences in which it is enmeshed. In the first place it is necessary to stress the following depressing factors on imports from the United Kingdom:—

(1) Severe curtailment of India's purchasing power as a result of the catastrophic fall in agricultural prices. Moreover, prices of Indian produce and exports fell to lower levels than those of imported goods.

(2) India is a price market and cheapness is the deciding factor in determining the purchases of India's population. Imports from the United Kingdom are generally of higher quality and consequently more expensive than the low-grade and cheap imports from Japan and the Continent. As a result, imports from the United Kingdom in times of depression such as the present suffer more than the cheap imports from other countries. The Director-General considers that "this disadvantage to the United Kingdom would have been much greater had it not been for the preference which enabled the United Kingdom to compete on more favourable terms with the cheap imports from other countries".

Other abnormal factors, which tend to obscure the effects of the preferences are:—

(a) The departure by the United Kingdom from the gold standard in 1931, which improved the competitive power of United Kingdom goods vis-a-vis the products of gold standard countries. This resulted in a slight improvement in 1932-33 and part of 1931-32. This advantage,

however, was partly neutralised by the depreciation in the U.S.A. dollar in 1933 and consequent revival of competition.

(b) The depreciation of the Japanese exchange and its serious effect on imports from all countries, but particularly on those from the United Kingdom.

(c) The restrictive result of the enhanced revenue duties and emergency surcharges in 1931. By increasing the cost of importing goods from overseas, these duties gave fortuitous protection to many Indian industries and have been responsible for a considerable advance in indigenous production which will have an increasingly restrictive effect on imports from all countries, but particularly from the United Kingdom.

(d) The severe political boycott of goods of United Kingdom origin in 1930 and part of 1931 had reduced imports from that source to an entirely abnormal level, which did not reflect the true economic position. Consequently, a material improvement in the United Kingdom position was inevitable after the boycott and political feeling subsided in 1931.

Most of the disturbing factors noted above tended to depress imports from the United Kingdom. Against these must be set the preferential duty of 10%. As the Director-General states—“if the preferential duty enabled the United Kingdom to maintain her position or even moderated the fall so that the imports from her did not suffer to the same extent as imports from other countries, then it may be concluded that the United Kingdom profited from the preferences granted to her.”

We shall now briefly examine the individual items listed in Schedules F and G of the Ottawa Agreement as enjoying a preferential margin of 10% except in the case of motor vehicles, parts and accessories (excluding rubber tyres) on which 7½% is granted. More detailed information with regard to the position of these items will be found in Chapter V.

Apparel.—Three items, viz., apparel (including drapery, uniforms and accoutrements); caps, bonnets and hatters ware and second-hand clothing enjoy a preference of 10%. The total trade rose from Rs.66 lakhs in 1932/33 to Rs.69 lakhs in the year under review. The United Kingdom share, however, fell from 33 to 29% on account of the increasing imports of Japanese goods at prices far below the United Kingdom level.

Arms and Ammunition.—In the case of cartridge cases the total trade fell from Rs.15 to Rs.11 lakhs on account of reduced purchasing power. The United Kingdom contribution also fell from Rs.13½ to Rs.10 lakhs but the percentage advanced from 90 to 91. In this case the preference enabled us to retain our share of a greatly diminished trade. As regards firearms, total imports fell from Rs.11¾ to Rs.10 lakhs, United Kingdom imports from Rs.9½ to Rs.7½ lakhs and the percentage from 80 to 74. The whole brunt of the reduced trade has therefore been borne by the United Kingdom.

Asbestos Manufactures.—In the case of packings, the total trade fell from Rs.2.68 to Rs.2.25 lakhs and the United Kingdom share from Rs.2.13 to Rs.2.03 lakhs. On the other hand the

percentage share rose from 79 to 90. As regards other asbestos manufactures, the total trade rose from Rs.10.94 to Rs.13.71 lakhs, United Kingdom imports from Rs.7.33 to Rs.9.19 lakhs and the percentage remained constant at 67. We have more than held our own against Germany and Belgium.

Boots and Shoes (all leather).—The total trade fell from Rs. 14.22 to Rs.12.16 lakhs, the United Kingdom share from Rs.5.33 to Rs.5.26 lakhs but the percentage rose from 37 to 43. The aggregate trade has fallen to one-half the level of the average of the three years ended 1929/30 owing to the substitution of Japanese rubber-soled footwear and the competition of indigenous factories. The United Kingdom slightly increased her proportion of a diminishing trade.

Brushes.—Total imports fell from Rs.12.54 to Rs.10.97 lakhs, Arrivals from the United Kingdom, however, rose from Rs.3.92 to Rs.4.72 lakhs and the percentage share advanced from 31 to 43. The United Kingdom have been able to encroach upon the trade in foreign toilet and industrial brushware.

Building and Engineering Materials.—The total imports under the classes subject to preferential treatment fell from Rs.50 to Rs.42 lakhs. United Kingdom shipments fell from Rs.24 to Rs.21 lakhs while the percentage rose from 48 to 50. The reduction in United Kingdom shipments was almost wholly in cement where the United Kingdom was able to improve her position *vis-à-vis* other overseas suppliers from 41 to 48, though she could do little against the competition of Indian works.

Buttons (metal).—The total trade rose slightly from Rs.9.47 to Rs.9.54 lakhs, the United Kingdom contribution however rose from Rs.60,000 to Rs.1.05 lakh and the percentage share from 6 to 11. Continental competition has been effectively met.

Chemicals and Chemical Preparations.—The total imports of chemicals remained fairly steady and declined from Rs.271 to Rs.270 lakhs. On the other hand, United Kingdom shipments rose from Rs.140 to Rs.149 lakhs and the percentage proportion from 52 to 55. Preferences are not granted on the whole range, but it should be noted that the improvement mainly results from increased imports of sodium carbonate and caustic soda, both of which enjoy preference. In the former, the United Kingdom share rose from 77 to 79% and in the latter from 81 to 84%. Among other preferential items, the share of the United Kingdom—both actual and relative—in the imports of ammonia and salts thereof; disinfectants (other than naphthalene); bichromate of soda and cyanide of sodium increased while in potassium bichromate there was a decrease. A reference to Appendix B will show that the United Kingdom enjoyed a total advantage of Rs.15 lakhs on the preferential items of chemicals and there is no doubt that this advantage will be consolidated and extended as trade improves. The

leading United Kingdom group has taken full advantage of its widespread and efficient organisation to expand its trade and it is noteworthy that the benefit of the preferential rate has been passed on to the consumer, thus stimulating an increased turnover and redounding to the advantage of Indian industries and poor consumers.

Cordage and Rope of vegetable fibre.—The aggregate trade under this head, which excludes cordage and rope of jute and cotton, advanced from Rs.5·83 to Rs.5·91 lakhs. Arrivals from the United Kingdom rose from Rs.2 to Rs.2·49 lakhs and the percentage from 34 to 42. In this case also United Kingdom goods displaced those of foreign competitors.

Cork Manufactures.—The share of the United Kingdom was reduced from 39 to 10% in the year 1932/33 as a result of a large increase in the imports from the Philippine Islands. During 1933/34 there was a further increase in the absolute share of the Philippines but, notwithstanding this, the contribution of the United Kingdom more than doubled, the percentage share rising from 10 to 13. British supplies at 1,000 cwt. valued at Rs.½ lakh are still insignificant compared with total imports returned at 8,000 cwt. valued at Rs.5 lakhs. It must be remembered, however, that the raw material has to be imported into the United Kingdom.

Cutlery other than Pruning Knives.—Aggregate imports rose slightly from Rs.23 to Rs.24 lakhs, United Kingdom shipments from Rs.5·3 to Rs.6·4 lakhs and the percentage from 23 to 27. On the other hand, German trade declined from Rs.14½ lakhs or 6% to Rs.13¾ lakhs or 57%.

Drugs and Medicines.—The preferences are limited to proprietary and patent medicines and "other sorts" (excluding aloes, asafoetida, camphor, cocaine, morphia, opium, sarsaparilla and storax). As regards proprietary and patent medicines, the total trade fell from Rs.38 to Rs.31 lakhs but the share of the United Kingdom rose from Rs.15 to Rs.16½ lakhs and the percentage from 40 to 53. The share of France fell from 16 to 6%, U.S.A. from 14 to 12% and that of Germany remained steady at 19%. In other kinds of drugs also the share of the United Kingdom showed an increase.

Earthenware and Porcelain.—The preference extends to all types other than pipes of earthenware and sanitary ware. Excluding these items, total imports of earthenware fell from Rs.14½ lakhs to Rs.12¾ lakhs whereas the United Kingdom share rose from 47 to 51%, that of Japan fell from 34 to 29% and Germany's percentage (including consignments from Holland and Belgium which are of German origin) rose slightly from 10 to 11. The improvement in the United Kingdom position is noteworthy. So far as the trifling imports of electrical porcelain are concerned, the United

Kingdom supplied 24%, Germany 36% and Japan 40%. Other kinds of porcelain comprising cheap tableware and common crockery were drawn from the United Kingdom (4% as compared with 3% in 1932-33) and Japan (91% as compared with 92% in 1932-33). The relatively small preference is of little value in bridging such a wide disparity between United Kingdom and Japanese prices.

Furniture and Cabinetware.—Preferences are accorded to all items except mouldings. Total imports remained stationary at Rs.13 lakhs. United Kingdom imports, however, rose from Rs.6 to Rs.9 lakhs and the percentage share from 47 to 65. The improvement in United Kingdom trade was due entirely to larger imports of furniture, other than wooden furniture and bedsteads. The increase in the United Kingdom share was both absolute and relative.

Glue.—The total trade advanced from 17,000 to 20,000 cwt. while United Kingdom shipments remained stationary at a little over 4,000 cwt. and the percentage fell from 25 to 22. United Kingdom trade had already fallen from an average of Rs.2 lakhs in the three years ended 1929-30 to Rs.1 lakh in 1932-33. The figure for 1933-34 is Rs.96,000, which shows that the downward movement has been checked.

Hardware (excluding Cutlery and Electroplated Ware).—Preference is accorded on all items under this comprehensive heading with the exception of agricultural implements, buckets of tinned or galvanised iron and glass lamps. The aggregate trade fell from Rs.292 to Rs.281 lakhs. On the other hand, imports from the United Kingdom rose from Rs.85 to Rs.92 lakhs and the United Kingdom percentage from 29 to 33. Prior to 1932-33 the United Kingdom share remained fairly constant around 36%, but in 1932-33, owing to increased competition from Germany and Japan, that share had fallen to 29%. Analysing the schedule we find that in builders' hardware, the United Kingdom share remained virtually unchanged at 18%. In domestic hardware the United Kingdom share rose from 25 to 30%. In enamelled ironware, the United Kingdom percentage, in face of severe Japanese competition, remained unchanged at 6. The British contribution of gas mantles rose from 9 to 14%, but Germany still contributes 75%. In the "omnibus" item of implements and tools (other than agricultural implements and machine tools) the United Kingdom percentage fell from 52 to 49 due to increased competition from the U.S.A. and Germany. The United Kingdom only contributes 1% of the trade in metal lamps, in which Japanese competition has reduced the German percentage from 90 to 69. The trade in safes was trifling and was supplied by the United Kingdom, which also supplied 16% of the stoves (unchanged) while Sweden contributed 72% as compared with 64% in 1932-33.

Instruments, Apparatus and Appliances.—The aggregate trade expanded from Rs.385 to Rs.402 lakhs, the United Kingdom contribution from Rs.194 to Rs.206 lakhs and her percentage share from 50 to 51. In electrical instruments and apparatus the increase in the United Kingdom share was most marked and rose from 52 to 57%. In raw cinematograph films her share advanced from 18 to 20%. In photographic apparatus, however, the percentage fell from 44 to 43 corresponding with a decrease in the total imports from Rs.31 to Rs.29 lakhs. As regards musical instruments, the United Kingdom share in pianos, etc., rose from 46 to 55% but that in talking machines fell from 65 to 57%. In wireless apparatus, imports of which remained steady at Rs.10 lakhs, the United Kingdom share fell from 81 to 56%, owing to the fact that arrivals during the year were mainly domestic equipment, in which there is keen competition from Holland and the U.S.A.

Leather.—The items subject to preference are tanned or dressed skins, unwrought leather, leather cloth and other manufactures of leather (excluding pickers, roller-skins, saddlery and harness and bags and trunks). Total imports fell from Rs.36 to Rs.34.28 lakhs. Arrivals from the United Kingdom dropped from Rs.13 to Rs.12½ lakhs but the percentage share remained constant at 36.

Liquors—Ale and Beer.—The preference takes the form of specific duties. The total trade declined from Rs.72 to Rs.65 lakhs United Kingdom imports from Rs.45 to Rs.41 lakhs but the percentage share remained steady at 63. The decline in the actual imports was due to a falling-off by 20% in the arrivals of ale and beer in bulk.

Perfumed Spirit.—Imports from all sources increased from 5,000 to 7,000 gallons. United Kingdom consignments also rose from 2,500 to 3,000 gallons, but the percentage share declined from 51 to 43. The fall in the relative share is due to a revival in competition from France and Germany, whence the imports had been abnormally low in the previous year.

Spirit present in Drugs, medicines or chemicals.—Preference is granted on imports from the United Kingdom at the following rates :—

- (a) If entered in such a manner as to indicate that the strength is not to be tested Rs.4 per Imperial gallon.
- (b) If not so entered, Rs.3 per Imperial gallon of the strength of London proof.

No separate figures under the first heading are recorded in the trade returns. In the second class, total imports measured in terms of spirit contents, rose from 102,000 to 111,000 gallons, supplies from the United Kingdom rose from 39,000 to 49,000 gallons and the percentage share from 38 to 44.

Machinery and Millwork.—The only items which enjoy preference are sewing and knitting machines and parts, and typewriters and parts. The total trade in the former rose from 39,100 complete machines to 54,900 complete machines. United Kingdom shipments likewise advanced from 27,800 to 39,800 machines and the percentage share from 71 to 72. In typewriters, arrivals from the United Kingdom rose from 241 to 732 but the latter figure makes a poor comparison with a total import of 6,578 machines, of which 5,499 machines were obtained from the U.S.A.

Non-ferrous Metals—Aluminium, wrought.—The aggregate trade increased from Rs.22 to Rs.32½ lakhs, United Kingdom shipments from Rs.9½ to Rs.17½ lakhs and the percentage share from 43 to 54.

Brass, bronze and similar Alloys, wrought.—Although the total trade declined from Rs.179 to Rs.138 lakhs, United Kingdom consignments only fell from Rs.55 to Rs.53 lakhs, whereas the United Kingdom share rose from 31 to 38%. The imports consisted mainly of yellow-metal sheets of which the United Kingdom percentage rose from 31 to 37 in marked contrast to the decline in German shipments.

Copper, wrought.—Here again, the imports mainly consist of copper sheets. The total trade, including sheets and rods, fell heavily from Rs.112 to Rs.83 lakhs but United Kingdom shipments rose from Rs.28 to Rs.38 lakhs and the percentage share from 25 to 46.

German Silver (including Nickel Silver).—The total trade remained fairly steady at 17,000 cwt., but values fell slightly from Rs.12·76 to Rs.12 lakhs. Arrivals from the United Kingdom, however, rose from Rs.2·4 to Rs.2·6 lakhs and the percentage figure from 19 to 22.

Lead, wrought (excluding sheets for tea-chests).—This heading includes pipes and tubes and other manufactures of lead. The total trade improved from Rs.3·4 to Rs.5 lakhs. Arrivals from the United Kingdom likewise advanced from Rs.2·6 to Rs.4·13 lakhs and the percentage share from 77 to 83.

Zinc, wrought.—Total imports rose from Rs.4·87 to Rs.6·12 lakhs, United Kingdom shipments from Rs.1 to Rs.1¼ lakhs and the United Kingdom percentage share from 18 to 21.

Oils—(a) Lubricating Oils (other than batching oils).—The aggregate trade increased from 8·5 to 10·8 million gallons in quantity but values declined from Rs.110 to Rs.102 lakhs. Imports from the United Kingdom rose from 1·6 to 2·3 million gallons and from Rs.21 to Rs.26 lakhs, the percentage share advancing from 19 to 22 on the basis of quantity and from 19 to 25 on the basis of value.

(b) Of paints, solutions and compositions, dangerous, flashing below 76° F.—Total imports rose by 122% from 36,000 to 80,000 gallons. Imports from the United Kingdom advanced by 174% from 11,000 to 30,000 gallons, the United Kingdom percentage of the trade rising from 30 to 37½.

(c) Under *essential oils*, imports of synthetic oils from all sources rose from 7,000 gallons, valued at Rs.3 lakhs to 11,000 gallons valued at Rs.4 lakhs. Imports from the United Kingdom remained stationary at about 1,500 gallons, the percentage share consequently declining from 23 to 13. Measured by values, however, the United Kingdom percentage rose from 5 to 8. The natural essential oils liable to preferential treatment constituted a relatively minor item of trade.

(d) *Vegetable non-essential oils (other than coconut, linseed and groundnut oils, which are not eligible for preference)*.—Imports from the United Kingdom rose by 62% from 16,000 to 26,000 gallons whereas imports from other sources increased only by 10% from 156,000 to 172,000 gallons.

(e) As regards *fish oil*, the total imports diminished from 1,064,000 gallons to 859,000 gallons. Imports from the United Kingdom were reduced concomitantly from 163,000 to 98,000 gallons, but the United Kingdom percentage fell from 15 to 11, this reduction being attributable to increasing competition from Japan and Norway.

Oil Cloth and Floor Cloth.—The total imports receded from 944,000 to 855,000 square yards, but the imports from the United Kingdom rose from 414,000 to 434,000 square yards and her percentage share from 44 to 51.

Packing—Engine and Boiler—of all kinds (excluding Asbestos).—Total imports increased from Rs.2.5 to Rs.2.9 lakhs, the United Kingdom contribution from Rs.2.2 to Rs.2.6 lakhs and her percentage from 90 to 93.

Paints and Colours.—The only exceptions to the 10% preference are barytes, graphite, reduced dry red lead and white lead, reduced dry zinc white and moist zinc white. The imports of those classes which are subject to preference—and they represent the bulk of the trade—rose from Rs.57.63 to Rs.57.71 lakhs. The United Kingdom contribution rose from Rs.35.88 to Rs.39.23 lakhs and her share from 62 to 68%. Notwithstanding severe German competition over a wide range but notably in Paris blue, lithophone dry and coloured dry, and increasing Japanese shipments of dry red lead and white lead, United Kingdom exporters helped to improve their position by means of energetic representation.

Paper.—The main headings subject to preferential duties are packing paper, other kinds of paper (except note and letter paper and envelopes and old newspapers in bags and bales) and paper manufactures. Printing paper (except newsprint) and writing paper being subject to protective duties are not eligible, nor is newsprint. As regards packing paper, imports from all countries fell from Rs. 45.35 to Rs.31.82 lakhs, arrivals from the United Kingdom from Rs.3.5 to Rs.2.8 lakhs, but the United Kingdom percentage rose slightly from 8 to 9. The United Kingdom interest

in this trade is a limited one since most of the supplies are drawn from Scandinavia, which enjoys plentiful resources of cheap wood pulp within easy reach of the mills. The total imports of "other kinds of paper" rose from 94,000 cwt. to 97,000 cwt., the United Kingdom supplies from 13,000 cwt. to 21,000 cwt. and the percentage from 14 to 22. Similarly, as regards paper manufactures, the total trade rose from 25,000 to 31,000 cwt., United Kingdom shipments from 7,000 to 12,000 cwt. and her percentage from 28 to 39. No statistics are available for chrome, marble, flint, poster and stereo-printing papers, which are also eligible for preference.

Pasteboard, Millboard and Cardboard of all kinds (other than strawboard).—Total imports remained fairly constant at 113,000 cwt. The United Kingdom, however, increased her share from 15,000 cwt. to 25,000 cwt., i.e., from 14 to 22%. Germany, Sweden and Norway are the principal suppliers. In manufactures of pasteboard, millboard and cardboard, the United Kingdom enjoys a much more favourable position. Total imports rose from 7,135 cwt. to 9,840 cwt. and the United Kingdom percentage from 54 to 68.

Provisions.—A preferential duty of 10% is granted on canned or bottled fruits, tinned or canned fish, canned and bottled provisions (other than vegetable products), cocoa and chocolate, confectionery and milk condensed or preserved including milk cream. The aggregate trade in these classes fell sharply from Rs.135 to Rs.120 lakhs, but United Kingdom consignments actually advanced from Rs.57·8 to Rs. 58·3 lakhs and the percentage share from 43 to 49. In the average of the three years ended 1929-30 the United Kingdom only supplied 38%, so that it is clear that the preference has enabled United Kingdom exporters materially to improve their relative position in a quasi-luxury trade which has suffered severely from the decline in purchasing power.

Rubber Manufactures.—The aggregate trade declined from Rs.198 to Rs.187½ lakhs. The United Kingdom share by contrast rose from Rs.80 to Rs.116 lakhs and the percentage share from 40 to 62. Arrivals from the United Kingdom at Rs.116 lakhs are actually much in excess of the 1927-28, 1928-29 and 1929-30 average of Rs.99 lakhs. This improvement is very largely due to the exchange advantage enjoyed vis-à-vis the U.S.A. since the abandonment of the gold standard in 1931. Many U.S.A. and other foreign competitors supply the Indian market from their branch works in the United Kingdom. Rubber tyres of all kinds constitute the bulk of this classification, but the United Kingdom share of mechanical rubber goods and miscellaneous goods for industrial and domestic use has also materially improved.

Smokers' Requisites.—The aggregate trade, after falling heavily from Rs.7·4 lakhs in the triennium ended 1929-30 to Rs.2·25 lakhs in 1932-33, recovered to Rs.4·19 lakhs in 1933-34. The United

Kingdom shipments rose from Rs.58,000 to Rs.125,000 and the percentage from 26 to 30.

Toilet Soap.—The total trade rose from 44,000 to 52,000 cwt. and the values from Rs.31 to Rs.32 lakhs. While the United Kingdom's quantitative share remained unchanged at 35,000 cwt. and the percentage fell from 80 to 67, the values declined from Rs.25 to Rs.24 lakhs and the percentage from 80 to 74. Normally, the principal competition encountered is from the U.S.A. followed by Germany, France and Austria. In 1933-34, however, 10,000 cwt. valued at Rs.3 lakhs of Japanese toilet soap at exceptionally low prices depressed the market. To counteract this and protect the indigenous industry, an alternative minimum specific duty of Rs.20 per cwt. was levied on all foreign soaps in December, 1933. The United Kingdom has not been able to maintain her relative position on account of this influx of Japanese soaps at prices which are far below her price range, but she has fared better in competing with the U.S.A. and the Continent.

Stationery (excluding Paper).—(a) *Pencils (excluding slate pencils).*—Owing to the competition of the indigenous industry this trade has receded of recent years, the aggregate imports falling from Rs.8 to Rs.7 lakhs. The United Kingdom contribution, however, rose from Rs.41,000 to Rs.59,000 and the percentage from 5 to 8. Japanese shipments accounted for 59% of the total quantities and 22% of the total values in 1933-34. A 10% preference is of little value in face of low Japanese prices.

(b) *Other Sorts.*—In general stationery there is a valuable trade, which declined from Rs.64 to Rs.59 lakhs. On the other hand, arrivals from the United Kingdom rose from Rs.32½ lakhs to Rs.35 lakhs and the percentage share from 50 to 59.

Haberdashery and Millinery.—The total trade declined from Rs.57 to Rs.45 lakhs, a figure less than half the average of the triennium ended 1929-30. Imports from the United Kingdom also fell from Rs.14 to Rs.12 lakhs but the percentage share rose from 24½ to 26¾.

Woollen Manufactures.—With the single exception of blankets and rugs (other than floor rugs) all woollen and worsted yarn and manufactures are eligible for preferential duties. The most important item is woollen piecegoods, the imports of which fell from Rs.161 to Rs.130 lakhs. The United Kingdom shipments, however, rose from Rs.52½ to Rs.57½ lakhs and the percentage from 33 to 44. Yorkshire suppliers have been able to displace much Continental competition. On the other hand, Japanese competition is increasing in intensity from month to month and the preference is of no avail against the Japanese scale of prices. The only practical solution would be a measure to protect the Indian woollen industry which would contain provision for differential duties on British goods by equating British and Japanese prices to the Indian industry's fair selling prices. It

is anticipated that the Indian Tariff Board will conduct an investigation this autumn.

In the case of worsted yarn for weaving, total imports fell from Rs.15 to Rs.12 lakhs. United Kingdom arrivals, however, advanced from Rs.2 to Rs.3 lakhs and the percentage from 14 to 24. As regards knitting wool, the total trade declined from Rs.18 to Rs.13 lakhs, but United Kingdom shipments increased from Rs.6 to Rs.7½ lakhs and the percentage from 34 to 54.

Toilet Requisites.—This quasi-luxury trade has been well maintained in view of the depression and reflects the adoption of modern standards of living by the wealthier classes in India. In the triennium ended 1929-30, the aggregate imports were Rs.66 lakhs. They fell to Rs.58 lakhs in 1932-33 and to Rs.56½ lakhs in 1933-34. The United Kingdom share fell "pari passu" from Rs.26 lakhs to Rs.21 lakhs, but recovered to over Rs.22 lakhs in 1933-34, during which year the percentage rose from 36 to 39 and is now the same as in the triennium ended 1929-30—a tribute to the value of the preference.

Toys and Requisites for Games and Sports.—The total trade recovered from Rs.47 to Rs.53 lakhs. The United Kingdom share likewise rose from Rs.10½ to Rs.11½ lakhs while the percentage remained constant at 22. In toys, the United Kingdom percentage fell from 12 to 10% in view of the influx of Japanese toys at prices with which even the German shippers cannot compete. Japan now enjoys 81% of the toy trade. As regards playing cards, the United Kingdom percentage rose from 20 to 22 at the expense of Belgium. Other requisites for games and sports also showed an improvement in the United Kingdom percentage share from 70 to 71.

Umbrellas.—This is becoming predominantly a Japanese trade. Total imports rose from Rs.2½ to Rs.4¼ lakhs, while the United Kingdom share only advanced from Rs.65,000 to Rs.66,000 and the percentage figure fell from 25 to 16. Japan is ousting all competitors and the existing measure of preference is of no avail. The recent imposition of an alternative specified minimum duty of 8 annas each on foreign umbrellas will, it is hoped, equalise competitive conditions.

Umbrella Fittings.—The total imports fell from Rs.25 to Rs.22½ lakhs and arrivals from the United Kingdom from Rs.3 to Rs.2.89 lakhs. The United Kingdom share rose from 12 to 13%. Here again, Japanese prices neutralise the preferential advantage.

Motor Cars.—So far as numbers are concerned, the total imports rose from 6,201 to 9,759 cars, the United Kingdom contribution from 3,958 to 5,348 cars but the percentage fell from 64 to 55. As regards values, the imports advanced from Rs.129 to Rs.177 lakhs, the United Kingdom share from Rs.80 to Rs.106 lakhs but the United Kingdom percentage fell from 62 to 60. Since

the suspension of the gold standard in September, 1931, the exchange advantage vis-à-vis the U.S.A. resulted in an improvement in the United Kingdom position as regards numbers from 30% in 1931-32 to 64% in 1932-33. The fall in the exchange value of the dollar during 1933, however, resulted in the re-entry in large numbers of U.S.A. and Canadian cars into the market and the United Kingdom percentage correspondingly fell from 64 to 55. The preferential margin in the case of motor vehicles is only 7½% and this is not sufficient to equalise prices of United Kingdom and U.S.A. cars. United Kingdom manufacturers are, however, improving their sales and service organisations and will probably be able to retain much of the ground they have gained during the years 1931-32 and 1932-33.

Motor Omnibuses, Trucks, etc.—The trade in commercial motor vehicles followed generally the same trend as that of motor cars. Imports rose in numbers from 2,676 to 5,496; whilst United Kingdom shipments rose in number from 517 to 528 they fell, in percentage from 19 to 10. As regards values, total imports rose from Rs.41 to Rs.66 lakhs, the United Kingdom share from Rs.10 to Rs.12½ lakhs but the percentage receded from 24 to 19. The preference of 7½% is of some advantage against the few Continental suppliers but is not sufficient to check the imports of U.S.A. and Canadian trucks backed by an efficient and widespread organisation. Of greater value is the manufacture in a branch works in the United Kingdom of at least one prominent vehicle of the U.S.A. type.

Cycles (other than motor cycles) and parts thereof and accessories.—This trade offers an outstanding example of the value of the preference. So far as complete cycles are concerned, the total trade rose from Rs.20 to Rs.25 lakhs, United Kingdom shipments from Rs.18½ to Rs.23 lakhs and the percentage from 91 to 92. Imports of parts of cycles and accessories rose from Rs.60 to Rs.63½ lakhs, the United Kingdom contribution from Rs.33½ to Rs.39½ lakhs and the percentage from 56 to 62. Imports of astoundingly cheap Japanese machines, and particularly parts, brought the quantitative United Kingdom percentage of complete machines imported entire or in sections from 99 in the triennium ended 1929-30 to 77 in 1932-33. It is most satisfactory to note that the figure has now improved to 81. Although the 10% preference is not sufficient to bridge the gulf between the two scales of prices, the United Kingdom machines are so popular and renowned for their durability that consumers are prepared to pay a higher price for quality provided that the difference is not beyond their reach. The preference enables the United Kingdom machine to be cheaper when life and quality are considered.

Carriages and Carts not mechanically propelled (excluding railway carriages, trucks, etc.).—This is a small trade which rose quantitatively from 1,796 to 1,926 but fell in value from Rs.2½

to Rs.1½ lakhs. The United Kingdom share rose from 292 to 417 in number but fell in value from Rs.85,000 to Rs.47,000. The competition is mainly from Germany and Japan.

Parts of carriages and carts, excluding Rubber Tyres.—The total imports rose from Rs.2 to Rs.3 lakhs, the United Kingdom shipments from Rs.1½ to just over Rs.1½ lakhs but the British percentage fell from 65 to 61.

SUMMARY OF THE BENEFITS SECURED BY UNITED KINGDOM TRADE.

In Appendix B to this Chapter, page 118, will be found a table, similar to that already referred to in the section dealing with India's exports, which may give some indication of the advantage of the preferences to the United Kingdom on landed cost in India. Here, also, the result is reached by multiplying the declared value of the imports into India from the United Kingdom in 1933-34 by the margin of preference. Obviously, any such method can only give the crudest idea of the value of the preference. It will be noted that the total advantage to the United Kingdom is shown as being Rs.551 lakhs or £4,132,500. Of this total, no less than Rs. 337 lakhs (£2,527,500) is derived from differential duties, which were imposed prior to the Ottawa Agreement and in order to protect the Indian consumer from the effects of the policy of discriminating protection. The total advantage to the United Kingdom which may be directly attributed to the preferences conceded by the Ottawa Trade Agreement amounts to Rs.214½ lakhs or £1,608,750. This total compares with the figure of Rs.802 lakhs or £6,015,000 which, according to the same method of computation, is the total advantage accruing to India from the preferences granted by the United Kingdom. A study of Appendix B shows that the principal advantages, according to this rather crude method of calculation, were secured by:—

	<i>Rs. (lakhs).</i>
Cotton Piecegoods (differential duties)	308
Iron and Steel (differential duties)	29
Instruments, Apparatus and Appliances	21
Chemicals	15
Rubber Manufactures (mainly tyres)	11½
Hardware	9
Motor Cars	8
Ale and Beer	6½
Cycles and parts and accessories	6
Woollen manufactures	6
Provisions and oilman's stores	6
Wrought brass, bronze and similar alloys	5
Paints	4
Wrought copper	4
Stationery, etc.	3½
Lubricating oils	3
Parts of motor vehicles and accessories	2½
Toilet Requisites	2
Wrought Aluminium	2
Miscellaneous Paper manufactures	2
Drugs and Medicines	1½

The Director-General summarises the relative position of the two countries as regards advantages obtained by stating that *although after the Ottawa Trade Agreement the United Kingdom has improved her position in the Indian market, there is still a good deal of leeway for her to make up. On the other hand, she proved to be an increasingly important market for Indian goods.*

III.—EFFECT OF THE PREFERENTIAL DUTIES.

(a) **On Prices to the Consumer.**—The Collectors of Customs have collected, through the agency of their appraising staff, price quotations ruling in December, 1932, and December, 1933, in the wholesale markets at the ports. These prices were collected for competing preferential and non-preferential classes of articles under most of the headings. They were then consolidated and examined by the Department of Commercial Intelligence and Statistics and are included in the Director-General's report on the working of the Ottawa Agreement. As much of this information is not available in any other publication, exporters to India are recommended to purchase the report, which can be obtained from the Office of the High Commissioner for India, India House, Aldwych, W.C. In an interesting introductory note, the Director-General outlines the limitations under which the examination into price changes has been carried out. The principal of these are :—

(1) The quality of the article for which the price is taken in the two periods may not be the same. The articles on which preference has been granted are manufactured articles in which standardisation and grading cannot easily be carried out. In these circumstances, the quality of the article, though called by the same name, has not necessarily been identical.

(2) The difficulty of isolating the effect of one factor—viz. : Preference—from the numerous other factors affecting the course of prices, e.g., the results of the depression. The articles concerned do not enter largely into any wholesale index number. Most of them are specialised manufactured articles for which the demand is particular and selective. It has been impossible to separate the effects due to changes in the rates of duty on these articles from the effects due to general trade conditions.

(3) Tariff changes, quotas, prohibitions, etc., and quick exchange fluctuations upset price levels far more than a comparatively small factor such as the introduction of a 10 per cent. preference in the rate of duty. Since the United Kingdom went off the gold standard in 1931 and India followed suit, the normal exchange values of the rupee in terms of currencies of the gold countries have all been changed. Moreover, the exchanges of many other countries have undergone serious fluctuations, e.g., the depreciation of the Yen and the fluctuations of the Dollar.

(4) The effects of "rings", "cartels" and price agreements between the manufacturers either of one country or of several countries. In two or three instances it has been found that prices in India have been fixed by international "rings" in such a way as to neutralise to some extent the effect on price which might have been expected from preference.

Conclusions reached.—The Director-General summarises the results of the investigation as follows:—

“ The limitations under which the examination has had to be carried out have been briefly stated above. These limitations make any hasty conclusion a hazardous task; but in spite of this uncertainty certain ‘*prima facie*’ conclusions seem to follow from the available data. The principal conclusion which seems to emerge in the light of the data is that prices of both preferential and non-preferential goods have gone down in most cases. The exceptions to the general tendency are due to some modifying factor, such the presence of ‘*rings*’ and ‘*agreements*’ or the presence of a specialised demand or of a monopoly supply. For example, in the case of articles in which there is a ‘*ring*’ of suppliers or an understanding between the suppliers not to compete unduly, the price of the article may remain at the same level, in spite of the general falling in prices. The absence of competition makes this possible. Similarly, in the case of articles for which the demand is specialised the producer can pass on the additional duty to the consumer without sustaining any loss himself, as in such cases the demand is not likely to be affected by a small rise in price. Thirdly, where the supplier has a monopoly of a particular article then he can afford to increase his prices without inviting competition. Except in such cases, i.e., except in case of defective competition, the prices of preferential and non-preferential articles have tended to fall. This was exactly what Government anticipated at the time of the debate on the Ottawa Agreement.

In the case of the United Kingdom and the Colonies the preference was generally granted by reducing to some extent the duty on imports coming from those sources. As a result of this advantage the United Kingdom and the Colonies could afford to reduce their prices to some extent in order to capture the market from their competitors. That this has been so can be seen from the fact that prices in most cases of imports from the United Kingdom have shown considerable decreases. No doubt a part of this may have been due to a general falling tendency in prices of similar articles, but it cannot be denied that apart from this the decrease was certainly due to the reduction in the duty in favour of the United Kingdom and the Colonies. On the other hand, the duty on many of the other foreign countries was increased to some extent. One might expect that, other things being equal, this should lead to a rise in prices, but the effects have been otherwise. The reasons for this lie chiefly in the present state of the world markets. With economic conditions such as they are at present most of the markets are weak, as demand is generally feeble for most articles, and supply outstrips the demand. Further, tariffs and quotas are having a strangling effect on international trade to such a degree that whatever trade remains is subject to severe competition. Every country therefore is trying its hardest, even sometimes at considerable sacrifice, to retain the existing markets. Non-preferential producers and importers can compete with preferential suppliers, firstly by reducing their margin of profit. If there is sufficient margin of profit it has generally been reduced in order to overcome the additional duty. Secondly, the foreign manufacturer tries to maintain his position by reducing his profit on articles in which he was competing with the preferential items and recouping himself by raising prices where the competition from preferential articles was not so keen. Importers themselves in India have followed this practice in some cases. For example, in the case of fruit juices, the importers reduced the price of non-preferential fruit juices in order to maintain competition with fruit juices coming from preferential sources and recouped themselves by increasing the price in the case of certain fruit juices where there was no competition. A

similar procedure has been followed in the case of ale and beer. These examples show clearly how the importers have tried to adjust themselves to the changes in duty. But apart from this there is another factor which must be taken into consideration in examining the ability of the foreign producer to reduce his prices in competition with those of the United Kingdom articles. In the present economic world with its high tariffs the manufacturer is assured of his home market. From that market he hopes to make considerable profit as the competition from foreign sources is negligible. After meeting the demand of his home market whatever remains is more or less in the nature of surplus to him, and this surplus he can afford to sell even at a considerable sacrifice and in some cases actually at prices in the foreign market below those in the home market. This has probably been one of the principal factors which have enabled the foreign manufacturers to compete with the United Kingdom. Lastly, the price reduction may have been affected by imperceptibly reducing the quality of the supplies. The general consumer is not very quick to notice changes in quality and as long as the price is not affected he goes on buying the same particular make of article. Some of the Collectors of Customs have definitely stated that some prices have been reduced at the cost of quality. These various factors have helped the foreign producer to reduce his prices in spite of the increase in duty against him. *But by whatever method the end was achieved the fact remains that the prices of both preferential and non-preferential items have fallen in most cases and the consumer therefore has profited to some extent as a result of the scheme of preferences.*"

(b) On Customs Revenue and Trend of Trade.—A Special Committee was appointed by the Indian Legislative Assembly to examine and report on the working of the scheme of mutual preferences between India and the United Kingdom arising from the Ottawa Trade Agreement; this Committee sat towards the close of the August 1934 Session of the Legislature and examined with care the departmental report which is analysed at length in this chapter. This evidence was supplemented by further explanatory statements supplied by the Government of India. The Committee's report was laid on the table of the House on the 31st August, the last day of the Session, and consequently no debate on its findings was possible. A corresponding Committee of the Council of State presented its report after the Session had closed. This report will therefore remain secret until it is laid on the table of the Council of State in February next.

In an interesting appendix to the Assembly Committee Report, compiled by the Central Board of Revenue, an appreciation is given of the effects of the Ottawa preferences on Indian customs revenue. This shows that the total revenue from import duties in the year 1933-34 was Rs.626 lakhs less than the total import revenue of the previous year 1932-33. This result was contributed to by the three groups of tariff headings as follows :—

- (1) Tariff headings entirely affected by the Ottawa Trade Agreement: *net gain* Rs.5·10 lakhs or 1½%.
- (2) Tariff headings partially affected by the Agreement: *net loss* Rs.68·24 lakhs or ~5%.

(3) Tariff headings entirely unaffected: *net loss* Rs.563·70 lakhs or -23%.

It is clear that the Ottawa Agreement had virtually no effect on the reduction in Customs revenue, the greater part of which occurred under the protected heads of sugar, cotton piecegoods and iron and steel, these three items alone accounting for Rs.430 lakhs of the decrease.

The general conclusions of the Assembly Committee, subject to minutes of dissent on the part of three members, and also subject to the practical difficulties in formulating any precise estimate of the effect of the preferences and of resulting price movements in such an abnormal state of world trade, were:—

(a) The export trade in articles which enjoy preferences on importation into the United Kingdom forms, at the same time, the most important and the most stable part of our total export trade.

(b) The United Kingdom has proved a steadier market for both preferential and non-preferential commodities than have foreign countries in general.

(c) Since the initiation of the preferential scheme the general downward trend of the United Kingdom's import into India has been checked and an upward trend is now shown.

(d) The general tendency of the mutual trade between India and the United Kingdom has been, of recent years, towards an equality of exchanges which has practically been established in the first year of the preferences.

(e) The majority of the preferences enjoyed by India in respect of her more important exports have been of definite value to her export trade.

(f) The preferences given by India have similarly been of definite assistance to the United Kingdom and, where they have not led to an increased trade, they have at least tended to counteract factors operating in the opposite direction.

(g) The mutual preferences between India and the non-self-governing Colonies have had little effect on trade exchanges.

(h) The preferences given by India have not adversely affected the Indian consumer or the Indian revenues.

(i) The import preferences have not proved detrimental to any Indian industry.

(j) On the whole the Trade Agreement has been for the mutual benefit of the contracting parties.

IV.—ADVANTAGES OF THE OTTAWA TRADE AGREEMENT TO THE UNITED KINGDOM EXPORTER.

A close study of the detailed examination of the several items which has been made in this chapter clearly shows that, in almost every instance, the introduction of preferences has been followed by a relative improvement in the competitive position of the United Kingdom, though the improvement is no doubt partly due to other

causes. United Kingdom exporters have displaced their Continental and U.S.A. competitors in very many lines. I confidently expect that, as the depression lifts and the volume of the import trade increases, this movement will gather pace and the value of the additional trade will steadily mount. The results last year would have been much more striking had it not been for the onset of Japanese competition, which had a dual effect. In the first place, Japanese exporters secured a certain amount of trade formerly enjoyed by the United Kingdom and, secondly, they succeeded in capturing a much greater volume of trade from Continental exporters, much of which would otherwise have been diverted to suppliers in the United Kingdom. The disparity between the respective price levels of the United Kingdom and Japan is too great to be bridged by a 10% preference. It is only in those cases where substantial differential duties have been imposed in order to protect indigenous industries that Japanese and United Kingdom prices are even approximately equated. The additional alternative minimum specific duties imposed on a limited range of foreign imports under the provisions of the Indian Tariff (Amendment) Act, 1934, have checked, to some extent, the flood of Japanese imports in those items, but it is to be expected that Japanese competition will increase in intensity and will cover a constantly widening range of goods.

There is no doubt that the Ottawa Trade Agreement has inaugurated a new era of closer and more profitable trading relationships between the United Kingdom and India. But, as I have repeatedly stated, *while the initial steps have been taken by representatives of the two Governments, the success of the movement must depend upon the extent to which the fiscal advantages are followed up by energetic action on the part of the United Kingdom and Indian manufacturers and merchants.* The present time, when trade is at its nadir and it would seem that we are on the eve of a gradual recovery, is a peculiarly favourable one for United Kingdom exporters to take stock of their position in the Indian market and make their plans for improved local selling and distributing organisations, taking into account the rapidly changing conditions in the country which demand more modern and improved methods than have often been employed in the past. Adequate representation on the spot is essential. The days when the United Kingdom manufacturer could rely entirely upon the receipt of orders in the United Kingdom without further effort on his part have gone for ever. In the numerous cases where he operates his own branch distributing organisation in India, he will, doubtless, strengthen and extend it to cover a wider field. In those instances where he is represented in India by agents, he should confer with them as to the further steps which should be taken to ensure that his goods are adequately stocked, advertised, canvassed and sold. He must realise that the average merchant

in India cannot afford adequately to distribute goods throughout his area on a bare agency commission unless he is supported by travelling and advertising allowances and, preferably, in the case of goods of a technical nature, by the addition to his staff of a specialist from the works. Unless the manufacturer is prepared to take active interest in the further distribution of the goods after they have been shipped and constantly to keep in sympathetic touch with the activities of his agent, he cannot rely upon the distribution of his products in the most efficient manner. Similarly, in those cases where a cold-weather traveller is employed, the manufacturer should endeavour to ensure that the ground is adequately covered and that he is giving his representative adequate support as regards samples, descriptive literature, advertising material and allowances. In very few cases is it possible to conduct a satisfactory business by correspondence alone without some form of local representation. India is a highly specialised and intricate market with many pitfalls for the unwary. It consequently requires more sales planning and specialised local representation than most markets. It is suggested, therefore, that exporters who may be entering the market without previous experience should consult the Department of Overseas Trade who will be glad to advise with regard to conditions obtaining in India and suitable forms of representation.

Just as the past 10 years have witnessed almost a revolution in political thought and institutions in India, so have economic conditions and methods of transacting business shown a remarkable change in keeping with the world's progress. The market now demands as efficient and widespread technical, publicity, sales and service systems as any Western country. When one considers that the difficulties peculiar to the country, e.g., its enormous area and comparative slowness of transport, the risks attending the grant of credit, the paucity of statistics and the difficulty of securing accurate information relating to internal trade, etc., still remain, it will be realised that considerable forethought and expert advice is required in devising a marketing scheme which will meet present day Indian conditions. The Ottawa Agreement has prepared the way for a great advance in United Kingdom-Indian trading relations. It now rests with individual United Kingdom and Indian exporters to take the fullest advantage of the opportunities offered for the mutual benefit of the two countries.

APPENDIX A TO CHAPTER III.

EXPORTS FROM INDIA TO THE UNITED KINGDOM.

(a) PREFERENTIAL DUTIES—SCHEDULED.

(NOTE 1.—In calculating the advantage on landed cost in the case of exports from India to the United Kingdom the declared values (f.o.b.) of the various exports from India to the United Kingdom have been taken. As the preference is however granted in the United Kingdom on the c.i.f. values in the United Kingdom, the advantage from the preference is somewhat underestimated by the method followed. This method has been adopted because the United Kingdom detailed accounts are for the calendar year and not for the fiscal. The defect, however, is not important because specific preferences have been granted on tea, tobacco and rice, which are the three most important items and between them account for an advantage of Rs. 597 lakhs out of a total of Rs. 802 lakhs).

NOTE 2.—The advantage is calculated on the export figures as recorded in the Indian Accounts, with the corrections so far received. There is, however, a certain amount regarding which final information has not yet been received and the figures are therefore provisional.

Articles. (1)	Exports during			Rate of Preference. (5)	Advantage on landed cost in the United Kingdom. (6)	Remarks. (7)
	1931-32. (2)	1932-33. (3)	1933-34. (4)			
SCHEDULE A.						
Wheat in grain Tons (000)	16,8	—	—	2s. per qr.	—	
	Rs. (000)	10,08	—		—	
Rice, cleaned Tons (000)	29·6	41·5	89·7	1d. per lb.	1,11,63	
	Rs. (000)	27,43	33,59				51,98
Castor oil Gal. (000)	685	767	753	15%	1,53	
	Rs. (000)	10,94	12,17				10,17
Linseed oil Gal. (000)	—	—	—	£3 10s. per ton	—	
	Rs. (000)	—	—			
Coconut oil Gal. (000)	11	12	12	15%	3	
	Rs. (000)	18	17				17
Groundnut oil Gal. (000)	280	664	507	15%	94	
	Rs. (000)	3,73	10,44				6,25

25733	Mustard or rape oil	...	Gal. (000)	4	34	16	15%	3
		...	Rs. (000)	12	53	23		
	Sesamum oil	...	Gal. (000)	—	—	—	15%	—
		...	Rs. (000)	—	—	—	—	—
	Magnesium chloride	...	Cwt. (000)	—	—	12.9	1s. per cwt.	22
		...	Rs. (000)	—	—	39	plus 33 $\frac{1}{3}$ %	
		...					ad val.	
	Linseed	...	Tons (000)	14.1	14.3	175.2	10%	19,99
		...	Rs. (000)	16,47	16,55	1,99,92		
	Total	...	Rs. (000)	68,95	73,45	2,69,11	—	1,34,37
	SCHEDULE B.							
	Coffee	...	Cwt. (000)	44.1	51.9	53.0	9s. 4d. per cwt.	3,30
		...	Rs. (000)	27,95	33,91	31,40		
	SCHEDULE C.							
	Tea	...	Lbs. (000)	291,199	330,661	276,459	2d. per lb.	3,07,18
		...	Rs. (000)	16,92,84	14,78,45	17,58,16		
	Coir yarn...	...	Cwt. (000)	—	—	128	10%	1,41
		...	Rs. (000)	—	—	14,09		
	Coir mats and mattings	...	Rs. (000)	—	—	44,19	20%	8,84
	Cotton yarns	...	Lbs. (000)	151	198	440	10%	13
		...	Rs. (000)	46	65	135		
	Cotton manufactures (excluding yarn)	...	Rs. (000)	16,76	29,47	13,69	20% *	2,74
	Leather, undressed-hides-tanned, other than sole leather.	...	Rs. (000)	2,08,24	1,59,29	2,38,34	10%	23,83
	Leather, undressed-skins tanned	...	Rs. (000)	2,76,79	2,76,99	2,91,78	10%	29,18
	Jute manufactures	...	Rs. (000)	1,86,40	1,74,61	1,60,22	20% *	32,04
	Oilseed cake and meal	...	Tons (000)	1.04	1.06	1.50	10%	8,21
		...	Rs. (000)	72,51	72,44	82,15		
	Paraffin wax	...	Tons (000)	17	8	13	10%	5,47
		...	Rs. (000)	76,11	36,68	54,70		
	Spices	...	Cwt. (000)	19	31	18	10%	74
		...	Rs. (000)	7,46	10,10	7,43		
13	Teak and other hard woods whether hewn or	...	Rs. (000)	34,26	28,37	39,88	10%	3,99
5	sawn, in so far as now subject to duty.							

*General rate.

APPENDIX A—*contd.*

Articles. (1)	Exports during			Rate of Preference. (5)	Advantage on landed cost in the United Kingdom. (6)	Remarks. (7)
	1931-32. (2)	1932-33. (3)	1933-34. (4)			
Woolen carpets and rugs Lbs. (000) Rs. (000)	3,537 40,62	4,283 44,62	6,710 56,49	20%*	Rs. (000) 11,30	* A general 20% ad val. rate has been adopted as the quantity is not recorded in sq. yds. in Indian accounts.
Bran and pollard } Tons (000)	181	178	211	10%	3,70	
Rice meal and dust } Rs. (000)	48,15	53,98	37,00			
Tobacco, unmanufactured Lbs. (000)	10,626	9,046	13,299	2s. per lb. (average).	1,77,32	
Tobacco, manufactured Lbs. (000)	24	30	38	4s. per lb. (average).	1,01	
Castor seed Tons (000)	24	25	19	10%	2,16	
Magnesite Cwt. (000)	—	—	48	10%	28	
Sandalwood oil Lbs. (000)	—	—	284			
	41	27	47	10%	62	
	7,01	3,53	622			

26783	Granite setts and kerbs	Tons (000)	—	—	10	15%	46
		Rs. (000)	—	—	3,05		
	Groundnuts	Tons (000)	83	36	30	10%	3,52
		Rs. (000)	1,21,33	62,70	35,22		
	Lead	Cwt. (000)	791	979	1,112	10%	12,98
		Rs. (000)	1,05,19	1,18,99	1,29,78		
	Total	Rs. (000)	29,68,43	26,23,22	30,45,61	—	6,37,11
	Total of Schedule A		68,95	73,45	2,69,11	—	1,34,37
	„ Schedule B		27,95	33,91	31,40	—	3,30
	„ Schedule C		29,68,43	26,23,22	30,45,61	—	6,37,11
	Total of scheduled articles		30,65,33	27,30,58	33,46,12	—	7,74,78

(b) PREFERENTIAL DUTIES—UNSCHEMULD.

<i>Unscheduled Articles.</i>							
Barley	Tons (000)	21.7	12.6	—	10%	—	
	Rs. (000)	13,02	8,01	1			
Pulses	Tons (000)	16.9	33.0	21.3	10%	1,70	
	Rs. (000)	12,05	25,88	17,04			
Miscellaneous foodgrains (i.e., grains excluding wheat, rice, maize, barley and pulses).	Tons (000)	1	1	—	10%	1	
	Rs. (000)	78	47	14			
Manures	Tons (000)	6.5	9.8	15.2	10%	83	
	Rs. (000)	3,44	5,82	8,26			
Goat skins, raw	No. (000)	3,542	4,683	6,821	10%	7,71	
	Rs. (000)	43,74	49,66	77,09			
Others	Rs. (000)	1,58,70	1,52,65	1,67,74	10%	16,78	
Total of unscheduled articles	Rs. (000)	2,31,73	2,42,39	2,70,28	—	27,03	
GRAND TOTAL	Rs. (000)	32,97,06	29,72,97	36,16,40	—	8,01,81	

APPENDIX B TO CHAPTER III.
IMPORTS INTO INDIA FROM THE UNITED KINGDOM.
(a) PREFERENTIAL DUTIES—SCHEDULED.

Serial Nos. in Schedule F to the Agreement.	Article.	Imports during			Margin of preference.	Advantage on landed cost in India.	
		1931-32.	1932-33.	1933-34.			
1-3 ...	Apparel Arms, ammunition—	Rs. (000)	22,13	21,48	20,06	10%	Rs. (000). 2,01
4-5 ...	Cartridge cases, filled and empty	No. (000)	26,046	17,885	14,222		
		Rs. (000)	17,25	13,47	9,85	10%	98
6 ...	Firearms	No. (000)	26	14	8		
		Rs. (000)	18,95	9,44	7,30	10%	73
7 ...	Asbestos manufactures	Rs. (000)	11,16	9,46	11,22	10%	1,12
8 ...	Boots and shoes of leather	Prs. (000)	109	107	101		
		Rs. (000)	5,93	5,33	5,26	10%	53
9-11 ...	Brushes	Doz. (000)	51	77	95		
		Rs. (000)	3,04	3,92	4,72	10%	47
13 ...	Building materials— Cement, Portland	Tons (000)	45	33	31	Rs. 4-8-0 per ton.	1,39
		Rs. (000)	24,11	15,87	12,96		
12 & 14-16	Others	Rs. (000)	8,57	7,75	7,95	10%	79
17 ...	Buttons, metal	Rs. (000)	64	60	1,05	10%	10
18-30 ...	Chemicals and chemical preparations (excluding chemical manures and medicines).	Rs. (000)	1,41,00*	1,40,00*	1,49,00*	10%	14,90
31-32 ...	Cocoa and chocolate and confectionery... ..		Included in Provisions and Oilmans' Stores (vide items Nos. 127-130).				
33 ...	Cordage and rope of vegetable fibre	Cwt. (000)	5.9	4.5	6.5		
		Rs. (000)	2,88	2,00	2,49	10%	25
34 ...	Cork manufactures	Rs. (000)	81	31	58	10%	6

35	...	Cutlery (other than pruning knives)	...	Rs. (000)	4,80	5,30	6,41	10%	64
36-37	...	Drugs and medicines	...	Rs. (000)	22,08	15,12	16,35	10%	1,63
38-40	...	Earthenware and porcelain	...	Rs. (000)	14,30	12,26	12,24	10%	1,22
41-43	...	Furniture and cabinetware	...	Rs. (000)	8,15	6,20	8,65	10%	86
44	...	Glue...	...	Cwt. (000)	5.8	4.3	4.4		
				Rs. (000)	1,26	1,01	96	10%	10
45-54	...	Hardware (excluding cutlery and electro-plated ware).		Rs. (000)	91,00	85,00	92,00	10%	9,20
55-75	...	Instruments, apparatus and appliances and parts thereof.		Rs. (000)	1,83,00	1,94,00	2,06,00	10% (mainly).	20,60
76-79	...	Leather	...	Rs. (000)	12,89	13,15	12,50	10%	1,25
		Liquors—							
80-81	...	Ale and beer	...	Gal. (000)	2,347	2,322	2,072	5as. per Imp. Gal. approx.	6,47
				Rs. (000)	44,16	45,50	41,47	Rs. 3-8-0 per Gal. (avg.).	1,71
82	...	Spirit present in drugs, etc.	...	Gal. (000)	46	39	49	Rs. 7-8-0 per Gal.	22
				Rs. (000)	14,06	13,08	15,43		
83	...	Spirit, perfumed	...	Gal. (000)	2.5	2.6	3		
				Rs. (000)	2,26	2,53	3,36		
84	...	Machinery and millwork	...					Not available.	
		Metals and ores—							
85-7	...	Aluminium, wrought	...	Cwt. (000)	10	10	21		
				Rs. (000)	7,50	9,41	17,43	10%	1,74
88-93	...	Brass, bronze and similar alloys, wrought	...	Cwt. (000)	82	1,70	1,71		
				Rs. (000)	32,95	54,82	52,99	10%	5,30
94-98	...	Copper, wrought	...	Cwt. (000)	64	72	113		
				Rs. (000)	27,46	27,99	38,04	10%	3,80
99	...	German silver	...	Cwt. (000)	2.2	3.3	3.9		
				Rs. (000)	1,55	2,42	2,60	10%	26
100	...	Iron and steel, all sorts, etc.	...					Not available.	
101-2	...	Lead, wrought	...	Cwt. (000)	14	15	20		
				Rs. (000)	2,35	2,61	4,13	10%	41
103	...	Zinc, wrought	...	Cwt. (000)	4.2	3.7	5		
				Rs. (000)	90	90	1,26	10%	13

* Represent imports of all classes, the complete share of the preferential items not being available.

APPENDIX B—contd.

Serial Nos. in Schedule F to the Agreement.	Article.	Imports during			Margin of preference.	Advantage on landed cost in India.
		1931-32.	1932-33.	1933-34.		
	Oils—					Rs. (000).
104 ...	Fish oil Gal. (000)	103	163	99		
	Rs. (000)	134	179	101	10%	10
105 ...	Essential—synthetic Gal. (000)	0·07	1·5	1·5		
	Rs. (000)	2	13	36	10%	4
106 ...	Natural essential oils—“ Others ” Gal. (000)	3·5	4·2	6·4		
	Rs. (000)	126	98	156	10%	16
107 ...	Lubricating (mineral) other than batching ... Gal. (000)	1,515	1,639	2,349	2as. per Imp.	
	Rs. (000)	26,71	20,90	25,55	Gal.	294
108 ...	Mineral paints, solutions, compositions, etc.... Gal. (000)	5	11	30		
	Rs. (000)	46	104	227	10%	23
109 ...	Vegetable non-essential oils “ Others ” ... Gal. (000)	36	16	26		
	Rs. (000)	43	23	36	10%	4
110 ...	Oil-cloth and floor-cloth Sq.yd.(000)	237	414	434		
	Rs. (000)	229	364	365	10%	36
111 ...	Packing—engine and boiler—of all kinds (ex- cluding asbestos). Rs. (000)	218	225	265	10%	26
	Paints and painters' materials—					
112-17 ...	Paints and colours Cwt. (000)	133	131	149		
	Rs. (000)	34,40	35,88	39,23	10%	392
118 ...	Painters' materials, other than turpentine, varnish, etc. Rs. (000)	382	389	486	10%	49
	Paper and pasteboard—					
119 ...	Packing paper Cwt. (000)	20	19	14		
	Rs. (000)	448	355	281	10%	28
123-24 ...	Other sorts of paper and paper manufactures Cwt. (000)	19	19	33		
	Rs. (000)	11,55	11,60	18,61	10%	186

125-126	...	Pasteboard, millboard and cardboards (other than strawboard) and manufactures thereof	Cwt. (000)	16	19	31			
			Rs. (000)	367	446	665	10%		66
127-130	...	Provisions and oilman's stores including confectionery and cocoa and chocolate (Nos. 31 and 32).	Cwt. (000)	99	111	110			
			Rs. (000)	63,34	57,82	58,33	10%		583
131-137	...	Rubber manufactures	Rs. (000)	69,34	80,16	1,16,23	10%		11,62
138	...	Smokers' requisites	Rs. (000)	73	58	125	10%		12
139	...	Soap, toilet...	Cwt. (000)	24	35	35			
			Rs. (000)	21,37	24,67	23,78	10%		238
140-1	...	Stationery, pencils, etc.	Rs. (000)	35,30	32,44	35,17	10%		3,52
142-3	...	Haberdashery and millinery	Rs. (000)	13	14	12	10%		1
		Wool—							
144-5	...	Worsted yarn for weaving and knitting wool	lb. (000)	3,51	5,04	7,21			
			Rs. (000)	5,36	8,34	10,20	10%		1,02
146-50	...	Woolen manufactures	Yds. (000)	1,312	2,799	3,181			
			Rs. (000)	24,78	52,48	57,44	10%		5,74
151	...	Toilet requisites, etc.	Rs. (000)	18,13	20,73	22,15	10%		2,21
152-4	...	Toys and requisites for games and sports	Rs. (000)	10,65	10,46	11,62	10%		1,16
155	...	Umbrellas and umbrella fittings	Rs. (000)	5,99	3,68	3,55	10%		35
		Vehicles—							
156	...	Carriages and carts not mechanically propelled.	No. (000)	199	292	417			
			Rs. (000)	22	85	47	10%		5
157	...	Parts of carriages and carts	Rs. (000)	1,85	1,21	1,76	10%		18
158	...	Cycles (other than motor cycles)	No. (000)	47	54	72			
			Rs. (000)	16,98	18,53	23,18	10%		232
159	...	Parts of cycles and accessories	Rs. (000)	26,35	33,43	39,49	10%		3,95
160	...	Motor cars	No. (000)	2.2	4.0	5.3			
			Rs. (000)	50,36	80,06	1,06,15	7½%		7,96
161-2	...	Motor omnibuses, including chassis	No. (000)	435	517	528			
			Rs. (000)	14,43	9,85	12,35	7½%		92
163	...	Parts of mechanically propelled vehicles and accessories.	Rs. (000)	22,48	22,50	32,66	7½%		2,45
		Total	Rs. (000)	12,07,54	12,69,20	14,29,73			2,14,55

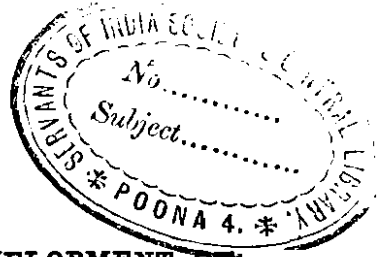
APPENDIX B—*contd.*
(b) DIFFERENTIAL DUTIES.

Statutory No.	Article.	Imports during			Margin of preference.	Advantage on landed cost in India.
		1931-32.	1932-33.	1933-34.		
	IRON AND STEEL.					Rs. (000)
142	Coal Tubs Tons Rs. (000)	208 86	139 56	132 44	Rs. 18/12 per ton	2
143	Iron, Angle and Channel— (a) fabricated Tons Rs. (000)	52 12	2 1	25 5	Rs. 18/12 „	—
	(b) not fabricated Tons Rs. (000)	57 8	92 12	386 47	Rs. 13/12 „	5
144	Iron Common Bar... .. Tons Rs. (000)	30 5	4 1	20 4	Rs. 13/12 „	—
146	Iron or Steel, Pipes and Tubes— (b) not galvanised— (i) not under $\frac{1}{8}$ inch thick Tons Rs. (000)	18 10	2 1	497 1,56	Rs. 18/12 „	9
	(ii) under $\frac{1}{8}$ inch thick Tons Rs. (000)	— —	— —	— —	Rs. 32/8 „	—
147	Iron or Steel, plates or sheets— (a) fabricated Tons Rs. (000)	132 35	58 22	102 6	Rs. 18/12 „	2
	(b) not fabricated Tons Rs. (000)	4,294 5,45	4,037 4,96	5,665 7,02	Rs. 20 „	1,13

148	...	Iron or Steel Sheets—							
		(a) fabricated—							
		(ii) All other sorts	Tons	5	32	300	Rs. 32/8	..	10
			Rs. (000)	3	14	48			
		(b) not fabricated—							
		(ii) all sorts, not otherwise specified ...	Tons	11,973	14,877	14,332	Rs. 30	..	4,30
			Rs. (000)	17,13	19,06	20,04			
148A	...	(a) not fabricated, galvanised—							
		(i) if made from Indian sheet bar ...	Tons	—	—	18,651	Rs. 53	..	9,89
			Rs. (000)	—	—	39,77			
		(ii) if made from sheet bar other than Indian sheet bar.	Tons	—	—	32,233	Rs. 30	..	9,67
			Rs. (000)	—	—	60,51			
150	...	Iron or Steel-Railway Track Material—							
		(A) Rails—							
		(b) under 30 lbs. per yard and fish plates...	Tons	124	76	209	Rs. 13/12	..	3
			Rs. (000)	17	10	26			
		(B) Switches—							
		(ii) for rails under 30 lbs. per yard ...	Tons	—	29	—	Rs. 15	..	—
			Rs. (000)	—	13	—			
		(D) Spikes and tie bars	Tons	11	2	2	Rs. 13/12	..	—
			Rs. (000)	2	—	1			
151	...	Steel, angle and tee—							
		(a) fabricated	Tons	490	70	145	Rs. 18/12	..	3
			Rs. (000)	1,06	21	29			
		(b) not fabricated	Tons	13,554	8,372	8,776	Rs. 13/12	..	1,21
			Rs. (000)	16,63	10,01	10,42			
152	...	Steel, bar and rod	Tons	8,563	7,625	10,060	Rs. 13/12	..	1,38
			Rs. (000)	10,86	9,41	12,12			
153	...	Steel structures	Tons	7,567	3,203	5,740	Rs. 18/12	..	1,08
			Rs. (000)	17,58	7,86	10,84			
		Total of iron and steel	Tons	47,078	38,620	97,275	—		29,00
			Rs. (000)	70,49	52,81	1,64,38			

APPENDIX B—*contd.*
(b) DIFFERENTIAL DUTIES.

Statutory No.	Article.	Imports during			Margin of preference.	Advantage on landed cost in India.
		1931-32.	1932-33.	1933-34.		
						Rs. (000)
	COTTON PIECEGOODS.					
	(a) Plain Grey Yds. (000)	28,908	32,065	27,084	2-3/8 as per lb. for June to Dec., 1933, and 7/8 as for other months.	5,55
	Rs. (000)	41,35	44,75	36,03		
	(b) Others Yds. (000)	3,48,089	5,54,341	3,87,668	50% ad. val. for June to Dec., 1933, and 25% for other months.	3,02,07
	Rs. (000)	7,41,56	11,45,62	8,22,02		
	Total of cotton piecegoods Yds. (000)	376,997	586,406	414,752	—	—
	Rs. (000)	7,82,91	11,90,37	8,58,05		3,07,62
	Total of iron and steel and cotton goods Rs. (000)	8,53,40	12,43,18	10,22,43	—	3,36,62
	GRAND TOTAL Rs. (000)	20,80,94	25,12,38	24,52,16	—	5,51,17



CHAPTER IV

AN ACCOUNT OF THE FURTHER DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES IN INDIA BY THE INDIAN STORES DEPARTMENT, THE RAILWAY ADMINISTRATIONS AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA.

The Indian Stores Department in 1933-34.—I am indebted to Sir James Pitkeathly, Kt., C.M.G., C.I.E., etc., etc., Chief Controller of Stores, for the following information, which has been abstracted from his administration report for the year. This and preceding reports may be seen at the Department of Overseas Trade and should be read by all firms interested in the supply of stores to the Government of India. The Chief Controller reviews the progress made during the year in the following terms :—

“ The Reports of the Indian Stores Department for the years 1931-32 and 1932-33 recorded a contraction in every branch of the activities of the Department due to the vigorous curtailment of the grants of the spending Departments. Measured by the value of stores purchased and inspected the turnover of those years was further reduced by the unprecedented low level in commodity prices. It is gratifying to note that during the year 1933-34 there was a considerable improvement in every direction. The figures of the previous year have been surpassed in every branch of the Department and the net working results, financially, show an improvement even on the working of the year 1931-32. The number of orders placed during the year increased from 44,045 to 49,767, and their value from Rs.3,30,90,903 to 3,59,94,135. The value of stores inspected during the year increased from Rs.3,54,07,609 to Rs.4,46,65,505; and the tonnage of stores charged on weight from 156,203 to 254,833. The number of tests and analyses carried out at the laboratories of the Government Test House, Alipore, and the Metallurgical Inspectorate, Jamshedpur, amounted to 15,499 as compared with 11,512 during the preceding year.

The operation of the Rupee Tender System.—The rules regulating the present policy of the Government of India in respect of purchase of stores, popularly known as the Rupee Tender Rules, were formally introduced with effect from the 1st January, 1931. The Governments of Madras, Bombay, Assam and the Central Provinces adopted similar rules during the same financial year (1930-31). The Government of Bihar and Orissa followed in 1931-32 and the Government of Bengal in 1932-33. The Government of Burma introduced rules based on the Rupee Tender system during the year to which the report relates. The Government of the North West Frontier Province adopted the Central Government Rules on its constitution in 1932-33. It now remains for the Governments of the Punjab and the United Provinces to follow suit.

The rules published by the various local Governments are followed in effecting purchases on their behalf. The transactions on behalf of Company Railways, Indian States and quasi-public bodies are regulated by the rules issued by the Central Government.

The Rupee Tender Rules express a definite preference for stores which are produced in India in the form of raw materials or are manufactured in India from raw materials produced in India, and also for articles wholly or partially manufactured in India from imported materials. They also extend a preference (but not in price) to articles of foreign manufacture stocked in India over those which have to be specially imported. As the period of operation of the new rules has coincided with a period of acute financial depression and low level of prices, no rapid advance is visible in the volume of business which has passed through the Indian Stores Department. The effect of the new rules is, however, strikingly visible in the figures of turnover of the London Stores Department. Although the volume of business transacted in the Indian Stores Department during 1932-33 was the lowest recorded since 1926-27, the value of purchases effected in London in 1932-33 was well below the value of purchases made by the Stores Department in India—the former representing 26.8 and the latter 73.2 of the total purchases made by the two Departments.

Indents on the Director General, India Store Department, London, and direct on firms abroad.—Copies of 1,180 indents of the estimated value of Rs.60,01,840 placed by the various provincial Governments and Central Departments on the Director General, India Store Department, London, or direct on firms abroad, were received for examination during the year as against 835 indents of the estimated value of Rs.74,36,880 during the year 1932-33. The increase in the number of indents placed abroad was mainly due to demands for stores and equipment for the Royal Air Force. Under the present arrangement most of the requirements for this Branch of the Defence services have to be obtained to standards prescribed by the Air Ministry and are required to satisfy the tests laid down by the Aeronautical Inspection Department and have to be inspected by that Department before shipment.

Demands of the estimated value of Rs.80,333 were challenged during the year as against Rs.63,573 during the previous year. The increase in the value of demands challenged was due to the scrutiny, for the first time, of indents placed by officers of the Government of Bengal as a consequence of the adoption of the Rupee Tender Rules by that Government from the 1st March, 1933.

Classified list of stores obtained from abroad.—The Department has hitherto issued bi-monthly lists of stores obtained from abroad for the information of the commercial and industrial community. Since the introduction of the Rupee Tender Rules, comparatively few demands are now placed abroad, and these lists have to a large extent lost their value. After consulting representative commercial bodies in the country it has been decided to discontinue the publication of these bi-monthly lists but in order that parties interested may still be in a position to ascertain what stores are being demanded from abroad it has been decided to publish the information half-yearly in the Indian Trade Journal. This arrangement has been introduced with effect from the 1st January, 1934, and the first half-yearly list will appear in the Indian Trade Journal in August, 1934.

Utilisation of the services of the Indian Stores Department by authorities outside India.—As in past years, the services of the Department were utilised by the Resident Engineer, Royal Airship Base, Karachi, for the purchase and inspection of miscellaneous stores and by the Inspector General of Police, Singapore, Straits Settlements, for Police uniforms and accoutrements. The value of orders placed on behalf of these authorities aggregated Rs.9,950. A supply of Diesel oil of

the value of Rs.1,838 was also made to the Colonial Store Keeper, Ceylon.

Tents amounting to Rs.7,511 manufactured at Cawnpore were inspected on behalf of the Palestine Government and cast iron pipes and specials aggregating 214 tons manufactured at Kulti were inspected on behalf of the Water Engineer, Singapore Municipality."

Activities of the Purchase Branch.—The increase in the value of orders placed during the year 1933-34, compared with 1932-33 amounted to Rs.29,03,232 or 8.8%, which is most satisfactory considering that throughout the year under review the necessity for the strictest economy in expenditure still continued so that fewer indents were received for plant and machinery and stores required for new capital works, and indenting Departments continued to cut down their annual requirements of consumable stores to a minimum. Apart from the value of purchases made, the volume of purchase work continued to increase, the number of indents and items dealt with amounting to 44,133 and 88,347 respectively, as compared with 38,720 and 77,288 during the previous year.

Purchases on behalf of the Military Department.—The total purchases made during the year on behalf of the Army amount to Rs.82,48,014 against Rs.90,69,243 in the previous year, a decrease of 8,21,129 or 9%. The value of textile stores purchased for Army indentors increased by Rs.3,60,997, but the purchases of engineering stores declined in value by Rs.11,82,226. The value of stores purchased for the Military Engineer Services declined by Rs.9,29,531. Purchases for the Quarter-Master General's Branch, including Mechanical Transport equipment and stores, declined by Rs.2,08,323. The purchases made by indentors under the Master General of Ordinance increased by Rs.2,77,876. The purchases made on behalf of the Royal Indian Marine and the Royal Air Force showed small increases.

Purchases on behalf of the Civil Departments of the Central Government.—The value of purchases made on behalf of the Central Government decreased by Rs.10,62,912 or 26% as compared with the previous year. Practically the whole of the decrease was due to the falling away of demands from indentors under the Commerce Department. In 1932-33 demands amounting to Rs.10,19,421 were received from these indentors against demands amounting to Rs.1,34,141 only during the year under review. The decline was mainly due to the approaching completion of the Vizagapatam Harbour project for which large purchases of plant and equipment were made in 1932-33.

Purchases on behalf of Railway Administrations.—As a result of meetings with the Railway Department (Railway Board) which were continued during the year, the following items were added to

the list of requirements of State Railway Administrations, the purchase and inspection of which will in future be undertaken by the Indian Stores Department :—

1. All permanent-way bolts and nuts including fish bolts and nuts;
2. Steel springs, laminated, helical and volute and steel spring material;
3. Buffers and buffer parts;
4. Carriage body metallic fittings;
5. Rubber buffing and drawsprings;
6. Carriage rubber fittings;
7. Glassware, all kinds;
8. Hand tools;
9. Bolts and nuts of all kind and sizes;
10. Nails;
11. Rivets of all kinds and sizes.

The Railway Department entrust to the Indian Stores Department an ever increasing volume of purchase and inspection work; it is largely due to this increased business from Railways that the purchase returns of the Department have been so well maintained during the period of Depression and financial stringency. The value of purchases made for Railway Administrations as a whole during the year amounted to Rs.1,76,05,708 against Rs.1,52,77,478 purchased during the previous year. An analysis of the increase shows that purchases on behalf of State Railways accounted for an extra turnover amounting to Rs.24,08,156 while purchases for Company Railways declined by Rs.88,526.

Purchases on behalf of Major Local Governments.—The value of purchases made on behalf of major Local Governments amounted to Rs.59,39,207 against Rs.42,30,220 during 1932-33, an increase of Rs.17,08,987. This notable increase is mostly due to increased purchases made on behalf of the Punjab Government which amounted to Rs.33,33,816 against Rs.16,06,699 in 1932-33, or an increase of Rs.17,27,117. The value of the demands received from the Governments of Madras, Burma and Bihar and Orissa increased by Rs.68,520 but on the other hand demands from the Governments of Bengal, Bombay and the United Provinces decreased by Rs.3,16,145.

Details of Important Purchases.—The more important purchases made during the year are shown below :—

Textiles and Leather Stores.

	<i>Amount.</i> <i>Rs.</i>
Drills, khaki coloured—bleached and grey	11,43,000
Cotton waste	6,18,000
Pugree, cloths, khaki, coloured, white, muslin, calico, etc. ...	6,02,000
Blankets, woollen	5,41,000
Flannel	5,28,000
Jackets, cardigan, jerseys, woollen, banians, etc.	4,08,000
Serges	3,30,000
Socks and stockings	3,10,000

	<i>Amount.</i>
	<i>Rs.</i>
Yarn, cotton and woollen	2,72,000
Putties, cotton and woollen	2,71,000
Cloth, drab mixtures, waterproof and greatcoat cloth	2,23,000
Nets and netting, mosquito	2,02,000
Rugs, horse	1,88,000
Tents and tent components	1,64,000
Sheets, barrack and hospital	1,63,000
Flannelette	1,54,000
Canvas, flax, cotton, jute, hemp, etc.	1,33,000
Wool cotton, absorbent	1,10,000
Durries, cotton	1,08,000
Dhotie cloth, dosuti cloth and long cloth	95,000
Bags, postal, jute, flax, leather, etc.	92,000
Twill, cotton	88,000
Boots and shoes	81,000
Paulins, flax, jute and canvas	73,000
Duck, cotton and flax	72,000
Leather cloth, binding furniture, linoleum, etc.	94,000
Thread, sewing and twine	76,000
Ropes, head and heel, and ropes picketting	67,000
Cordages, manilla, hawser	65,000
Blanketting cloth	64,000
Drawers, cotton and woollen	63,000
Garments, uniform	61,000
Capes and coats, waterproof	58,000
Hats, felt	57,000
Tape and webbing	54,000
Hessians and gunnies	52,000

Engineering and Allied Stores.

	<i>Amount.</i>
	<i>Rs.</i>
Road dressing materials	18,89,000
Paints, enamels and varnishes, including dry pigments ...	17,55,000
Oil, kerosene	15,96,000
Mild steel sections and sheets	14,65,000
Cement	13,35,000
Oil, lubricating (cylinder, ordinary and superheat and miscellaneous)	12,94,000
Oil, fuel	10,96,000
Oil, axle	9,44,000
Distribution and transmission line material	9,04,000
Lamps, electric, of types (including train-lighting and automobile)	8,09,000
Steel axles, tyres and wheels for railway carriages and wagons and locomotives and tenders	7,56,000
Train lighting equipment, including dynamos, batteries, cells, belting and spares	7,20,000
Locomotives, Diesel electric	6,62,000
Pipes and specials, cast iron	4,71,000
Fans, electric, ceiling, table and carriage	4,56,000
Transformers, switchgear and switchboard	3,75,000
Pumping plant and equipment	3,75,000
Cables, electric	3,62,000
Vacuum brake fittings	3,43,000
Motor vehicles and spares	3,50,000
Wires, galvanised, steel and iron	3,41,000

	<i>Amount.</i> <i>Rs.</i>
Primary and secondary cells and spares (other than train lighting cells)	3,41,000
Barges, transverse, loading, wagon	3,27,000
Pipes, mild steel and fittings	3,28,000
Pig iron	2,91,000
Wire, copper	2,76,000
Sheets, steel, piling	2,90,000
Tyres and tubes, motor	2,51,000
Oil, castor	2,35,000
Linseed oils, raw and double boiled	2,35,000
Tubes, boiler, smoke and flue and spares for locomotives ...	2,34,000
Pipes and fittings	1,97,000
Workshop machinery and tools	1,95,000
Oxygen gas	1,86,000
Petrol	1,74,000
Miscellaneous plant and spare parts of machinery	1,54,000
Turpentine, genuine and substitute	1,42,000
Rail brakes and electrical equipment for operating pump-yard point	1,40,000
Electric generating plant	1,37,000
Sheets, galvanised iron, corrugated	1,34,000
Meters, electric	1,18,000
Firebricks and fireclay	1,11,000
Tanks, steel and staging	1,09,000
Roofing materials for railway carriages	1,03,000
Asbestos cement sheets and accessories	97,000
Greases	93,000
Coal, and coke	93,000
Creosote	90,000
Road rollers and spares	89,000
Oil, gas making	86,000
Meters, water and spares	83,000
Sheets, iron	82,000
Calcium carbide	75,000
Charpoys, iron pipe	69,000
Valves, sluice	68,000
Electrodes	66,000
Gear wheels for railway rolling stock	63,000
Tools, track	59,000
Timber	57,000
Electrical fittings	59,000
Fish bolts and nuts	53,000
Fencing wire and gates	51,000

Encouragement of Indian Industries and Local Purchases.—

United Kingdom contractors will realise from the following summary of the work carried out by the Indian Stores Department during the year what a powerful stimulus it applies to local industries :—

“ Efforts were continued during the year to assist manufacturers in India to improve the quality of their products by means of technical advice and suggestions in the course of purchase, inspection and testing materials, and every endeavour was made to substitute supplies of indigenous manufacture, wherever possible, without sacrifice of economy and efficiency. A few typical concrete cases are cited in the following paragraphs to show the range and nature of the assistance given :—

The Textile Industry.—The following textile products received special attention during the year:—

(1) *Duck cotton, for nose bags.*—The Army used to obtain duck cotton for nose bags from abroad. In 1928 this Department took up the question of exploring possibilities of obtaining duck cotton of indigenous manufacture. It transpired that only one mill in Bombay Presidency could manufacture duck of acceptable quality though not up to the specification in all respects. A trial order was placed with them on the condition that the defects already pointed out should be rectified. The supply offered by the firm was accepted by the Army although certain defects were still found in supplies.

Later on the Army Inspectorate asked for the lowest quotations for duck cotton of Indian manufacture to consider it in connection with substitutes for imported material. Firms likely to be interested in this material were addressed. One firm in Cawnpore who some time back showed their willingness to consider the question of installing sufficient looms to enable them to manufacture duck submitted a sample which was reported to contain certain imperfections such as black specks (cotton leaf), occasional coloured yarn, etc. The Army Inspector anticipated that these defects would disappear with experience. The locally produced material was sealed in supersession of imported cotton duck and the specification modified to suit Indian manufacture.

Against indents received from the Army, orders were placed with the Cawnpore firm. The supplies though not up to the specification in several minor respects which normally would probably warrant rejection were, however, accepted as a special case to encourage indigenous production. It was found against subsequent demands that material up to the specification was not manufactured by the mills at Cawnpore and in Bombay Presidency and the Army Inspector had reported adversely on their tender samples. As the result of taking up the matter with the Army authorities it was agreed that in view of the fact that both these mills had equipped themselves with special looms for manufacture of Army duck and had already made supplies to the Army in part, orders should be placed with them. It was impressed on the firms that specified improvements over their tender samples should be made in bulk supplies.

The mill in the Bombay Presidency have distinctly improved their supplies and their material complies with the specification with the exception of scouring loss which is 4.62% against 2.5% permitted.

The manufacture of duck cotton fully up to the specification has been established in India, substantially below the price of imported material.

(2) *Canvas waterproof for anti-gas haversacks.*—In 1929 an inquiry was made of this Department by the Army whether a suitable Indian material could be found to substitute canvas flax costing one shilling per yard used for respirator anti-gas harness No. 4 Mk. I.

A sample of cotton canvas at Rs. 1—1—0 per yard manufactured by a Madras firm was furnished to the Army Inspectorate for test. Further investigations were dropped as drill cotton khaki already in service was adopted for use in lieu of imported flax canvas.

Indigenous cotton canvas referred to above, was, however, considered by the Army authorities for haversacks but they stated that the firm were unable to turn out the monthly quantity required and the increase in cost was also against the use of this canvas. The firm offered to meet the requirements and quoted As. 13 per yard for orders of big quantities. It was decided that this canvas when waterproofed could be accepted as a suitable alternative for making anti-gas haversacks. A specification based on the indigenous sample was drawn up by the Army Inspectorate.

To explore the possibilities of obtaining similar material from other

sources in the country, enquiries were made from other likely manufacturers. A sample submitted by a waterproofing firm in Calcutta was the only sample considered suitable excepting shade which was required to match that of khaki service drill. Fresh samples submitted were not considered suitable and the firm stated that further improvement in the shade was not possible if this standard of proofing was retained.

Against indents received from the Army, orders were placed in the first instance with the Madras firm for unproofed material at annas 9 pies 9 per yard and with a waterproofing firm for proofing only at annas 4 pies 6 per yard. Later on the Madras firm were asked whether they could supply this canvas in the proofed state. The sample submitted by them was reported to be satisfactory both as regards proofing and shade and the price quoted for the material was annas ten pies three per yard. An order was subsequently placed with them.

The action taken by this Department in conjunction with the Army Inspectorate has resulted in the price for suitable Indian made material being reduced from the figure of Rs.1-5-0 per yard for proofed material to annas ten pies three per yard, a drop of more than 50%.

(3) *Felt sheets, white.*—Felt sheets, white, $\frac{1}{8}$ " thick for the use of the Army in India had hitherto been imported. With a view to divert demands, if possible, manufacturers in India were asked to submit samples to the Army Inspectorate at Cawnpore, for test, if they were in a position to undertake manufacture of felt to the army specification.

In consequence two firms succeeded in producing samples of felt which were considered by the Army Inspector as suitable substitutes for the imported material.

(4) *Thread, sewing.*—Prior to 1924, all requirements of cotton thread were met from imported supplies. Since then an Indian mill has supplied sewing threads of various counts and shades to several indenting officers against contracts entered into by this department. This is the only Indian concern interested in the manufacture of sewing threads. It has been able to compete generally with well-known imported makes on even terms. In only a very few instances has a small preference been given to aid this indigenous industry.

A complaint was received in 1932 that the sewing thread of khaki drill garments had rapidly faded and become white. Khaki threads of well known imported makes and of Indian make were subjected to tests. The results showed that indigenous supplies were alone acceptable.

Recently further tests were necessary and these have shown that the Indian mill was the only source from which khaki sewing threads of acceptable shade were obtainable. The strength also of these threads was up to the best imported brands.

(5) *Great coat cloth.*—Several indentors were using an imported drab mixture cloth for great coats. A Bombay firm were persuaded to take up manufacture of a suitable substitute for this cloth. The sample submitted in their first attempt was found unsuitable. The defects were intimated for their guidance and in consequence, at their subsequent attempt, they were able to manufacture material which was considered to compare very favourably with the imported supplies.

Indenting officers who had obtained previously imported cloth were addressed in the matter and informed that the Indian cloth was stronger and cheaper than imported material. Several indenting officers have accepted the indigenous cloth and placed their indents on this Department.

The Engineering Industry.—Every possible encouragement and assistance was given during the year to the engineering industries by the Department. A few notable instances are given below:—

(1) *Castings.*—As stated in last year's report, inspection of the entire output of castings at the works of two firms in Bombay continued to be carried out during the year under review. Another firm in Bombay also asked for similar inspection and this was arranged. Advice was given by this Department's inspecting officers at Bombay as difficulties arose to ensure good castings being turned out.

(2) *Gauges, enamelled iron.*—An officer of the Public Works Department of a local Government who had hitherto been using imported gauges, iron enamelled, blue ground, white figured, 4½" wide, with numeral plates, enquired of this Department whether arrangements could be made to supply these gauges of Indian make. A drawing acceptable to the indenting officer was prepared and enquiries instituted from the trade. A manufacturing concern furnished acceptable samples which were at rates on the level of prices previously paid by the indenting officer for imported articles. An order valued at Rs.2,300 approximately was placed on his account.

(3) *Handcuffs, adjustable.*—An indent for handcuffs, adjustable, was placed by the Inspector-General of Police of a local Government on the Director-General, India Store Department, London. This Department obtained a standard sample used by the indenting officer and supplied a counter sample of Indian make. The general finish and workmanship of that sample was in no way inferior to imported handcuffs and the price was favourable. It was approved by the officer concerned and he agreed to purchase his future requirements from Indian sources.

The Police Department of another local Government were also obtaining their requirements of handcuffs, adjustable from abroad. It was suggested that an indent be placed on this Department for 12 pairs of Indian made handcuffs for trial purposes as handcuffs of suitable quality were manufactured at Aligarh. The supply made proved satisfactory. In consequence the indenting officer agreed to purchase his future requirements in India. An order for 600 pairs was subsequently placed on his behalf.

(4) *Paint remover.*—A Railway administration had hitherto been using imported material. Arrangements were made to carry out comparative tests on Indian made and imported paint removers at the Government Test House, Alipore. The sample submitted by one manufacturing concern proved to be superior to others in effectiveness. As the price also was competitive, the Railway concerned was advised to use this material and this has been agreed to.

(5) *Link clips.*—Samples of link clips together with quotations were invited from importers as well as from a manufacturing concern in Bombay, with a view to divert supplies to Indian manufacturers, if possible. The locally made samples were found on inspection to be deficient in certain respects. The defects were communicated to the firm to assist them in improving the quality of manufactures. The firm has made several improvements. These show that there is a reasonable prospect that suitable clips will be made by this firm.

A firm in Calcutta, whose chief activities have been the making of metal parts for umbrellas approached this Department. Their factory was inspected and as they appeared well equipped it was suggested that they should undertake the manufacture of link clips. The matter was taken up successfully and satisfactory samples were produced at competitive prices. A contract for a year has been entered into with the firm by the Calcutta Purchase Circle.

(6) *Porcelain insulators*.—The manufacture of porcelain insulators of all varieties suitable for electrical purposes was commenced by a factory in an Indian State in Southern India. The factory was anxious to secure orders from this Department for insulators, and submitted a few samples for inspection and requested advice and suggestions for improvements considered necessary, before their products could be accepted by this Department for Government requirements. Visual examination of samples was carried out and detailed criticism thereof indicating the directions in which improvement was deemed essential was communicated to the factory. The factory has been subsequently placed on the list of approved contractors maintained by this Department.

(7) *Intervehicle coupler*.—In 1931 it was reported that intervehicle couplers for railways manufactured by a firm in Bombay were not found suitable by certain State Railways and imported supplies were being demanded in consequence. With a view to assist this indigenous industry and to divert future demands to this country, if possible, samples were obtained from the firm for trial on certain railways. The defects found as a result of such trials were communicated to the manufacturers for eradication. They have now evolved a new design of coupler which has been accepted and approved by the Railway Board for use on State Railways.

Among other articles to which special attention was devoted during the year for the purpose of developing their manufacture in India or their utilisation in preference to imported articles the following may be mentioned:—

Bedsteads, steelyard scales, gravity cocks, handcuffs of various types, safes, locks, clasp knives, cooking ranges, hurricane lanterns, phowrahs, daos, peevies, brushes, whitelead, glassware, soaps, crockery, disinfectants, lenses for night road signs, red oxide, stannic chloride, enamelware, earthenware troughing, buttons, badges, etc.

Exhibition of Indian Manufactures.—During the year under review the following additional exhibits of articles wholly or partially made in India were received from manufacturing concerns in India.

Cement, chemical balances, sanitary fittings (salt and white glazed), pig iron, crockery and chinaware, magnesium chloride and steel furniture.

This collection of exhibits of articles of Indian manufacture at present comprises:—

Cast iron and stone ware pipes, fire extinguishers, insulators, castings, scientific instruments, pumps, railway materials, electric cables, electric fans (table and ceiling), tube well strainer, models of a sugarcane mill, a tank and a steel transmission tower, a cooking range, chemical balances, sanitary fittings (salt and white glazed), pig iron, water fittings, rolled steel sections, agricultural implements, wire and wire nails, steel cupboards, a safe, a steel rack, oils, paints, varnishes, chemicals, acids, disinfectants, magnesium chloride, cement, rosin, turpentine, aluminiumware, glassware, enamelware, crockery, floor tiles, fire bricks, pottery goods, chinaware, door and window fittings, locks, badges, polishes, metal and silver, soaps, leather goods, ropes and cordage, sewing threads, surgical dressings, textile fabrics, etc."

Important Purchases of Articles of Indian Manufacture.—The Department continued its efforts to substitute, wherever possible, and without

sacrifice of efficiency or economy, articles of indigenous manufacture for the imported products. The following is a list of the more important contracts placed during the year for products which were wholly or partially produced or manufactured in India:—

Textile materials.

	<i>Amount.</i> <i>Rs.</i>
Drill, khaki, coloured	11,51,000
Cotton waste	6,18,000
Pugree cloths, khaki, coloured, white, etc.	5,96,000
Blankets, woollen	5,77,000
Jackets, cardigan, jerseys, woollen	4,08,000
Socks and stockings	3,10,000
Serges	2,78,000
Yarn, cotton and woollen	2,67,000
Rugs, horse	1,88,000
Tents and tent components	1,64,000
Sheets, barrack and hospitals	1,63,000
Flannelette	1,54,000
Wool, cotton, absorbent	1,10,000
Durries, cotton	1,08,000
Dhotie cloth, dosuti and long cloth	95,000
Bags, postal, leather, jute, flax, etc.	92,000
Twill, cotton	88,000
Boots and shoes	81,000
Duck, cotton	72,000
Ropes, Head and heel	67,000
Twine, jute, hemp, etc.	67,000
Blanketting cloth	64,000
Coats and capes, waterproof	56,000
Tape and webbing	54,000
Cordages, manilla, Hawser	52,000
Hessians and gunnies	52,000
Thread, sewing	44,000
Great coats and overcoats	39,000
Cloth jaconet, madapollam, dungry, etc.	38,000
Garments, uniform	38,000
Putties, cotton and woollen	37,000
Paulins, flax, jute and canvas	32,000
Kullas and lungies	32,000
Gauze absorbent	31,000
Dusters, handkerchiefs, cloths, table, tea, tray, etc.	31,000
Great coat cloth	30,000
Accoutrements, Police, bags, ration, etc.	26,000
Towels and towelling	25,000
Covers and nets, tanks, mule	22,000
Buntings and flags	20,000
Wool, sheep, yarn, packing, worsted, etc.	20,000
Felt	19,000
Silicia cloth, cloth cotton and corduroy	18,000
Covers, water bottle	18,000
Bandage cloth	17,000
Carpets, cloth, woollen, etc.	17,000
Flannel	16,000
Cases, slip, pillow, mattresses, etc.	14,000
Shirts, shorts, blouses, etc.	14,000
Cordages, cotton	13,000
Canvas, jute	13,000

Engineering and allied stores.

	<i>Amount.</i>
	<i>Rs.</i>
Road dressing materials	15,86,000
Oil, kerosene	14,77,000
Cement	13,27,000
Paints, including dry pigments	11,85,000
Mild steel sections and sheets	9,87,000
Oil, axle, all weather	6,93,000
Pipes and specials, cast iron	4,36,000
Transverse loading wagon barges and plate type shore connecting girder	3,27,000
Pig iron	2,86,000
Oil, castor	2,35,000
Oil, linseed, raw and double-boiled	2,35,000
Oxygen gas	1,82,000
Enamels and varnishes	1,77,000
Conductors, copper	1,71,000
Petrol	1,64,000
Cables, electric	1,54,000
Turpentine, genuine and substitute	1,42,000
Firebricks and fireclay	1,01,000
Tanks, steel	94,000
Creosote	90,000
Vacuum brake fittings	72,000
Charpoys, iron pipe	69,000
Fans, electric	69,000
Coal	64,000
Insulators, porcelain	64,000
Timber	64,000
Oils, lubricating, and greases	62,000
Soaps, soft and hard	47,000
Bituminous solution	39,000
Oil, suitable for gas making	36,000
Tools, tracks	35,000
Locks	31,000
Oil, mineral, cleaning	30,000
Acids	30,000
Fishbolts and nuts	29,000
Disinfecting fluid	25,000
Cells, electric and accessories	21,000
Cords, flexible	21,000
Dissolved acetylene gas	21,000
Coal tar for painting purposes and tar crude	21,000
Equaliser beams	17,000
Cooking ranges	17,000
Sulphate of alumina	14,000
Sulphate of copper	12,000
Graphite	11,000
Spirit, denatured, methylated	11,000
Water fittings	11,000
Point rodding	11,000
Cylinders and piston rods	10,000

Purchases of Railway Materials.—The most recently published report on Indian Railways for 1932-33 states that the value of stores purchased by Class I Railways (excluding H.E.H. the Nizam's State and Jodhpur Railways which are mainly the property of Indian States) shows a large decrease from Rs.15.99 crores in 1931-32 to Rs.11.04 crores in 1932-33. The principal

decreases were under rolling stock (Rs.196 lakhs), permanent way (Rs.161 lakhs), tools and stores (Rs.70 lakhs) and other material (Rs.29 lakhs). Of the total decrease of Rs.4.95 crores, Rs.2.43 crores were accounted for under "imported materials" and Rs.2.52 crores were under "indigenous materials," the decrease under the latter head being mainly under permanent way (Rs.148 lakhs), tools and stores (Rs.35 lakhs), other materials (Rs.31 lakhs) and rolling stock (Rs.28 lakhs).

The following table records the amounts spent under each main heading :—

Heading.	Value of Imported Materials.			Value of indigenous materials.	Total purchases 1932-33.	Total purchases 1931-32.
	Purchased direct.	Purchased through Agents in India.	Total imported materials.			
	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.
Rolling stock ...	0.47	0.57	1.04	0.29	1.33	3.29
Tools and stores	0.13	1.42	1.55	1.49	3.04	3.74
Permanent way...	0.03	0.12	0.15	1.92	2.07	3.68
Electric plant ...	0.14	0.47	0.61	0.01	0.62	0.87
Building and station materials and fencing.	0.01	0.10	0.11	0.07	0.18	0.29
Bridge work ...	—	0.07	0.07	0.06	0.13	0.15
W o r k s h o p machinery.	0.07	0.18	0.25	—	0.25	0.26
Engineer's plant	0.03	0.10	0.13	0.01	0.14	0.14
Other materials*	—	0.30	0.30	2.98	3.28	3.57
Total	0.88	3.33	4.21	6.83	11.04	15.99

* Other materials consist of coal and coke, stone, bricks, lime and ballast, etc.

Purchase of Stores by Railways through the Indian Stores Department.—The total value of stores purchased by railways through the agency of the Indian Stores Department during the year under review amounted to Rs.152.77 lakhs of which Rs.13.43 lakhs represented the value of textiles and Rs.139.34 lakhs that of engineering, hardware and miscellaneous stores. The list of items, the purchase of which by State-managed Railways through the agency of the Indian Stores Department is obligatory, was reviewed and a number of items of railway stores (e.g., lifts, pumping plant, water columns, tanks, telegraph and telephone apparatus, steel poles, etc.) were added to the list.

The value of stores purchased through the Indian Stores Department has increased from Rs.126.14 lakhs in the previous year to Rs.152.77 lakhs during the year under review despite a fall in market prices. A comparison of the total value of stores purchased by railways during recent years with the value of purchases made

by them through the Indian Stores Department during the same period will also show that there has been a considerable increase in the percentage of such purchases.

During the year 1932-33 orders amounting to approximately 34,714 tons of rails and 1,650 tons of fishplates were placed with the Tata Iron and Steel Company Ltd. In this tonnage is included an order for 11,143 tons of 115 lbs. section rails for the East Indian Railway.

The capital expenditure programme for the current year will be found in Chapter I on page 31 while the rolling stock programme for 1935-36 will be found in page 32.

Purchase of Army Requirements.—The position remains unchanged since the introduction of the rupee tender system on January 1st, 1931. The bulk of the imported stores contracted for in India are purchased by the Director of Contracts at Army Headquarters, Simla, who acts for all branches of the Army in India. Lethal weapons, munitions of war, technical apparatus and equipment and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief, in India are, by virtue of Rule 8 of the revised Stores Rules, obtained by indent on the India Store Department, London, unless they are available in India in accordance with the prescribed drawing, pattern, specification or design. The Indian Stores Department in India purchase the Army textiles, motor transport vehicles, and also the engineering requirements of the Engineer-in-Chief's branch of Army Headquarters. The remainder of the heterogeneous mass of stores required by a modern army is purchased by the Director of Contracts. The wide variety of the items in which he is interested is shown in the following list of the fifty-two main groups :—

1. Acids and Chemicals (including artificial manure); 2. Ammunition and Explosives; 3. Batteries and Cells (primary and secondary); 4. Boilers; 5. Brushware; 6. Crockery; 7. Cutlery and Plate; 8. Dairy Requisites; 9. Electric Cables and Wires; 10. Electrical Stores, miscellaneous; 11. Engines, internal combustion; 12. Engines, steam; 13. Foodstuffs; 14. Footwear; 15. Glassware; 16. Haberdashery; 17. Hardware and Ironmongery; 18. Headwear; 19. Hollow ware, aluminium; 20. Hollow ware, enamel; 21. Hollow ware, iron; 22. Instruments, musical; 23. Instruments, optical, scientific and surveying; 24. Iron and Steel (and their alloys); 25. Leather and Products; 26. Machinery, Agricultural and Dairy; 27. Machinery, miscellaneous; 28. Machinery, workshop; 29. Metals, non-ferrous (ingot and sections); 30. Mill Stores; 31. Miscellaneous Stores; 32. Oil and Colourmen's Stores; 33. Oils (mineral and vegetable) and Lubricants; 34. Packing materials; 35. Paints, Enamels, and Varnishes; 36. Photographic stores; 37. Road Dressing Materials; 38. Rubber Goods; 39. Ship Chandlers' Stores; 40. Soap; 41. Stationery and Drawing Office and General Office Requisites; 42. Tanning materials; 43. Telegraph, telephone and wireless stores; 44. Textiles; 45. Timber; 46. Tinware; 47. Tools; 48. Vehicles

and Accessories; 49. Weighing Appliances; 50. Wickerwork; 51. Wire (steel and iron) and Products; and 52. Woodware."

In view of the imperative need for absolute reliability in Army equipment, the greatest stress is laid by the Director of Contracts upon sound quality. Purchases are made at the keenest possible prices, but the Army Department cannot afford to take risks by reducing quality, either in order to effect economies or to encourage local industries.

The Deputy Director-General (Stores) of the Indian Medical Service purchases, through his medical stores depots at Calcutta, Bombay, Madras, Lahore and Rangoon, considerable quantities of drugs, medicines, dressings and surgical instruments and apparatus. A large proportion of the medical stores required is still bought by home indent on the Director-General of Stores in London. Local purchases of indigenous materials tend to increase. The medical stores depots at Madras and Bombay now manufacture (or rather make-up) a large number of preparations from indigenous raw materials. In Bombay, a local firm manufacture surgical instruments in a factory adjacent to the depot. These instruments are stated to meet the need of many Indian surgeons or hospitals for instruments which, although perhaps not being of the very finest quality and finish as used in Europe or the U.S.A., are sufficiently good for the purpose and are attractive on account of their low price.

Department of Posts and Telegraphs.—The Director-General of Posts and Telegraphs in his Annual Report for 1932-33 summarises the stores transactions of his department during the past two years in the following table :—

	1931-32.	1932-33.
	<i>Rs.</i>	<i>Rs.</i>
Opening balance	61,17,000	64,76,000
Receipts	39,56,000	35,64,000
Issues	35,97,000	41,90,000
Closing balance	64,76,000	58,50,000

The stores used in the telegraph branch of the department consist principally of line material, such as posts, brackets, insulators and wires; and instruments of various types. These are obtained by manufacture in the departmental workshops at Alipore, Calcutta, which are fully equipped shops capable of turning out work of high quality; by purchase through the agency of the Indian Stores Department; or by direct purchase in the case of special apparatus. The principal store depot is at Alipore but important stocks are held at Bombay, Lahore, Madras and Rangoon. Provision is made in these for store requirements for telegraph work done for railways and canals as well as for departmental requirements.

In 1932-33, as the Director-General states, the department continued to pursue the policy of purchasing or manufacturing, in India, the stores required by it and of restricting to the utmost its indents for stores to be supplied from abroad. *The total value of stores received from the United Kingdom during the year was*

Rs.4,000 only as compared with Rs.81,000 in 1931-32, while the value of stores purchased in India decreased from Rs.23,37,000 in 1931-32 to Rs.17,84,000 in 1932-33.

In the telegraph workshops 151,700 instruments, including components, were manufactured and 17,900 were repaired during the year. In the construction branch, 14,000 galvanised tubes for telegraph poles and 800 brackets with fittings for supporting line wires were made. The outturn from the iron foundry weighed 330 tons. The low output from the workshops was due to the reduction of many activities during the period of financial depression.

The Indian Canteen Contractors' Syndicate Ltd.—I have traced, in previous reports, the origin and formation of this quasi-official organisation. The following note, specially contributed by the Managing Director, will be read with interest by United Kingdom purveyors of provisions and canteen stores :—

“The Canteen Contractors' Syndicate Ltd., which is the Indian Contractors' own importing and distributing agency for all canteen supplies for British Army and Royal Air Force Institutes throughout India, show a further substantial increase of turnover for the year ended March, 1934. Sales of imported goods alone to Members again increased by over rupees one lakh. Compared with those of the Indian shopkeeper, the overheads of the Canteen Contractors are disproportionately heavy, necessitating their buying at the lowest prices. Quality and freshness also have to be doubly assured. Hence the creation in 1928 of their own importing agency, with its depots at the four main ports—Karachi, Calcutta, Bombay and Madras.

This organisation, in full operation in peace, can be immediately expanded for the needs of war. To this end the Managing Director is appointed by the Indian Government and comes within the department of the Quartermaster-General in India. Otherwise the Company is Indian both as to Directors and Members; the latter being confined strictly to those Contractors actually fulfilling canteen contracts. Shares cannot be retained, nor are goods continued to be supplied once a contract is surrendered. The Chairman of the Syndicate is the Hon'ble Sir Phiroze Sethna, O.B.E., a prominent Bombay business man.

This year has seen the appointment of the Syndicate's own London Buying and Shipping Agents:—Messrs. L. R. Parker & Co. (1931) Ltd., 109, Fenchurch Street, E.C.3, with terms Cash f.o.b. English ports; and bank, The Mercantile Bank of India Ltd., 15, Gracechurch Street, E.C.3. This development had become imperative owing to the ever widening range of the members' demands, which now include such needs as dairy machinery and privately crested glass and crockery ware. The Syndicate's Billiards Section, with its staff of visiting mechanics, is already an established success. Suppliers throughout show keen competition for the Syndicate's business, appreciating that its supplies are limited for sale only in Regimental Canteens and Messes in India, and that strict watch is kept to see that this condition is observed.

A feature of the past year was the holding of a 'Canteen Contractors' Syndicate Own Week', promoting displays in 120 Institute Grocery Shops of 'C.C.S. Own' and Monopoly-Label Packs reserved by manufacturers specially for this Canteen Trade.

Inquiries may be addressed to the Syndicate's Managing Director, Mr. A. C. Murray, at its Head Office at Oriental Building, McLeod Road, Karachi, India, or to its Buying and Shipping Agents, Messrs. L. R. Parker & Co. (1931) Ltd., mentioned above.”

CHAPTER V.

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR APRIL 1st, 1933, TO MARCH 31st, 1934.

NOTE.—Unless otherwise stated, the statistics in this section are drawn from the publications of the Department of Statistics, Government of India, and relate to imports on private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the labour which would be involved in converting into sterling, the lakh of rupees (Rs.100,000 or £7,500 at 1s. 6d. exchange) has been taken as the usual unit. It is fully realised that this is not, from the point of view of the reader in the United Kingdom, so convenient a unit as the £ sterling.

MANUFACTURED AND MAINLY MANUFACTURED GOODS.

Cotton Textiles—Yarns.—The slight improvement recorded in last year's report was not maintained and the year 1933-34 was one of intense depression with falling prices. These conditions applied equally to Indian mill products and to imports, which contracted from 45 million lbs. valued at Rs.379 lakhs to 32 million lbs. valued at Rs.257 lakhs.

The following table gives the imports of grey yarns arranged according to counts :—

<i>Counts.</i>	1932-33.	1933-34.
	<i>lbs.</i>	<i>lbs.</i>
Nos. 1 to 10	Nil.	8,000
Nos. 11 to 20	692,822	189,858
Nos. 21 to 30	717,397	542,636
Nos. 31 to 40	19,378,837	13,516,471
Above 40's	5,382,496	4,493,182
Two-folds	5,404,646	4,342,200
Total Imports (grey)	31,576,198	23,092,347

China sent a small parcel of 10's. In 11's to 20's, the United Kingdom share fell from 70,000 to 37,000 lbs., and that of Japan from 614,000 to 41,600 lbs. Imports from China, however, rose from 6,000 to 111,000 lbs. Imports of 21's to 30's were drawn from the United Kingdom (412,000 lbs.) and Japan (130,000 lbs.). In the range from 31's to 40's (which are largely 32's and 40's) imports from the United Kingdom fell slightly from 1,410,000 to 1,269,000 lbs., while those from Japan dropped from 6,232,000 to

4,613,000 lbs., and China from 11,736,000 to 7,634,000 lbs. Counts above 40's were almost entirely drawn from the United Kingdom, but arrivals from Japan rose from 82,100 lbs. to 147,620 lbs. Imports of United Kingdom two-fold yarns fell from 835,896 lbs. to 387,105 lbs., those from Japan from 2,852,520 lbs. to 1,362,639 lbs., while arrivals from "other countries" (China) rose from 1,716,230 lbs. to 2,592,456 lbs.

The next table sets forth the details of the imports of bleached yarns :—

<i>Counts.</i>	1932-33.	1933-34.
	<i>lbs.</i>	<i>lbs.</i>
Nos. 1 to 20	3,898	1,018
Nos. 21 to 30	53,254	43,199
Nos. 31 to 40	913,625	360,445
Above 40's	788,335	911,649
Two-folds	2,294,921	1,628,597
Total Imports (bleached)	4,054,033	2,944,908

The United Kingdom supplied the whole of the imported counts of 21's to 40's. In single bleached spinnings above 40's, Lancashire mills provided 839,349 lbs. as compared with 767,765 lbs. in the previous year. Arrivals from Japan totalled 72,300 lbs. Imports of United Kingdom bleached two-folds fell from 1,673,398 lbs. to 1,171,817 lbs., and those from Japan from 619,510 lbs. to 456,200 lbs.

Coloured yarns were imported as follows :—

<i>Counts.</i>	1932-33.	1933-34.
	<i>lbs.</i>	<i>lbs.</i>
Nos. 1 to 20	204,763	126,240
Nos. 21 to 30	295,795	202,538
Nos. 31 to 40	604,462	341,092
Above 40's	227,083	185,676
Two-folds	336,149	254,919
Total Imports (coloured)	1,668,252	1,110,465

The United Kingdom supplied practically all the coloured yarns with the exception of 30,000 lbs. of 31's to 40's from the Continent and 7,900 lbs. of Japanese two-folds.

Imports of mercerised yarns fell from 7,774,029 lbs. to 4,863,812 lbs. Of the total, no less than 4,743,194 lbs. consisted of two-folds, drawn from Japan, with the exception of a trifling 22,291 lbs. from the United Kingdom. The Japanese Spinners have for some years had a virtual monopoly of this trade, but their shipments slumped heavily last year from 7,562,989 lbs. to 4,720,903 lbs.

The sources of supply of yarns of all kinds were as follows :—

Principal Countries of Consignment.	1932-33.		1933-34.	
	lbs.	Rs.(lakhs).	lbs.	Rs.(lakhs).
United Kingdom	13,357,065	1,32	9,952,435	96
Switzerland	65,900	1	13,500	†
Italy	5,444	*	18,090	‡
China (including Hongkong)...	13,325,400	84	10,229,275	65
Japan	18,148,809	1,61	11,683,936	96
Other Countries	200,764	1	157,927	1
Total	45,103,382	3,79	32,055,163	2,58

* Rs. 5,387. † Rs. 14,426. ‡ Rs. 17,280.

Indian Yarn Production.—The imports of cotton yarns are negligible when compared with the large and growing production of the Indian Mills :—

	<i>Imports in lbs.</i> (1,000).	<i>Indian Mills Production in lbs. (1,000).</i>
Annual Average for the 5 years 1909-10 to 1913-14	41,794	646,757
1913-14 (pre-war year)	44,171	682,777
1929-30'	43,882	833,560
1930-31	29,140	867,279
1931-32	31,575	966,373
1932-33	45,103	1,016,418
1933-34	32,055	921,061

The next table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian Mills :—

	1913-14. (pre-war year).		1930-31.		1931-32.		1932-33.		1933-34.	
	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
Cotton twist and yarn :—										
Nos. 1 to 20	1,254	492,693	454	513,739	308	562,057	901	599,452	327	547,431
Nos. 21 to 25	896	123,995	251	166,344	227	185,937	311	177,343	207	139,331
Nos. 26 to 30	3,686	42,999	227	93,345	523	108,068	757	120,169	581	115,496
Nos. 31 to 40	23,657	19,712	14,755	60,747	14,308	71,073	20,908	77,185	14,218	75,810
Above No. 40	7,859	2,699	4,273	27,311	5,252	34,002	6,429	36,594	5,709	37,358
Two-folds (doubles)	—	—	9,170	—	10,938	—	15,766	—	10,969	—
Unspecified descriptions and waste.	(a)6,819	679	10	5,793	19	5,236	31	5,675	44	5,635
TOTAL	44,171	682,777	29,140	867,279	31,575	966,373	45,103	1,016,418	32,055	921,061

(a) Includes white twist and yarn which commenced to be shown separately by counts from April, 1927.

The falling-off by nearly 100,000 lbs. in Indian yarn production largely reflects the unsatisfactory conditions prevailing in the Bombay industry during the year. More than half the reduction is in counts of 1's to 20's and a further 38% in counts from 21's to 35's. It will be noted that 87% of the total Indian mill production is still in counts below 31's (mainly in 20's, 21's, 22's, 24's and 30's). As might be expected from the materially reduced imports of U.S.A. and Egyptian cotton, there has been no great development in the spinning of finer counts during the year; in fact, the production of 31's to 40's fell from 77,185 lbs. to 75,810 lbs., while the output of counts above 40's rose only from 36,594 lbs. to 37,358 lbs. This, however, is likely to be merely a temporary setback to a movement which is rapidly gaining momentum. In 1932-33 no less than 14% of the total production of the Ahmedabad Mills was in counts above 30's and 4% above 40's.

The Bombay Millowners' Association in their Report for 1933 state that:—

" Prices in the yarn market were unsatisfactory, especially in finer yarns and 40's were at one time sold as low as $10\frac{1}{4}$ annas a pound with Chinese and Japanese yarns available even at a quarter anna lower. Nominal quotations for 10's and 20's yarns were at the beginning of the year $5\frac{3}{4}$ and $7\frac{1}{4}$ annas a pound. Prices fell from these levels to 5 annas and $6\frac{1}{4}$ annas a pound with a few stray sales reported as low as 6 annas a pound for 20's. They rose again in May and June to the opening levels, but once again declined until they were quoted at 5 annas and $6\frac{1}{4}$ annas a pound. The year closed with prices in the neighbourhood of $5\frac{1}{4}$ annas and $6\frac{3}{4}$ annas a pound."

Piecegoods.—The following table shows the *quantities* of the three main classes of piecegoods imported during the last pre-war year and during the past five years:—

Year.	Grey (unbleached).	White (bleached).	Coloured, Printed or dyed.
	(All in million yards).		
1913-14	1,534·2	793·3	831·8
1929-30	925·5	473·6	483·5
1930-31	365·0	271·6	245·7
1931-32	249·4	279·7	223·2
1932-33	356·0	412·7	424·8
1933-34	230·1	261·9	268·7

The next statement gives the *values* in the same years :—

Year.	Grey (unbleached).	White (bleached).	Coloured, Printed or Dyed.
	£	£	£
*1913-14	16,966,515	9,523,204	11,907,683
†1929-30	15,694,355	9,956,641	11,359,972
†1930-31	5,150,163	4,653,855	5,113,835
†1931-32	2,943,303	3,994,276	3,789,625
†1932-33	3,804,960	5,494,106	6,255,902
†1933-34	2,293,343	3,549,364	3,940,681

* At exchange of 1s. 4d.

† At exchange of 1s. 6d.

The marked improvement in 1932-33, which was commented on in last year's report, has not been maintained and imports of all classes of piecegoods with the exception of coloured varieties have receded to even lower levels than those of 1931-32. Although Rs.57 crores' worth of gold was exported during the year, much of which represented the savings of the population in the form of coin, ornaments or jewellery, the purchasing power thus released was not invested in imported piecegoods, partly because the further increase in the import duty on foreign piecegoods to 75% in June, 1933, stemmed the fall in prices of Japanese goods and partly because of the substitution of Indian mill goods. Despite slightly improved exports and a more favourable balance of trade, the consuming capacity of the Indian people, both in urban and rural districts, was at its lowest ebb and their purchases were confined to the barest necessities.

The following table gives the declared value per yard, in rupees, annas and pies, of the three main classes of goods over a period of years :—

Cotton Piecegoods.	1913-14.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.
Grey (unbleached)	2 8	3 7	3 0	2 6	2 3	2 2
White (bleached)	2 11	4 6	3 8	3 1	2 11	2 11
Coloured, printed or dyed.	3 5	5 0	4 5	3 8	3 2	3 2

It will be remarked that the level of prices of imported goods are in some classes actually below the rates ruling in 1913-14.

Varieties of Piecegoods Imported.

Grey (unbleached).	1913-14 (pre-war year).	1930-31.	1931-32.	1932-33.	1933-34.
	(All in million yards).				
Dhoties, saris and scarves ...	806.1	171.0	83.6	138.8	90.3
Jaconets, madapollams, mulls, etc.	150.4	19.3	23.7	26.8	22.1
Longcloth and shirtings ...	545.4	166.3	133.8	182.8	112.8
Sheetings	2	4.1	3.7	5.1	2.2
Drills and jeans	21.3	2.4	2.9	1.3	1.6
Other sorts	10.8	1.9	1.7	1.2	1.1
Total	1,534.2	365.0	249.4	356.0	230.1

The reduction has been most marked in grey shirtings and longcloth and this has fallen most heavily upon Japanese qualities, which have felt the incidence of the high import duties. The valuable trade in bordered dhoties showed a decline of 48.3 million yards and this was borne to the extent of 18 million yards by Lancashire and of 30 million yards by Japan. Grey sheetings are now entirely drawn from Japan. In the case of jaconets, madapollams, mulls, etc., the United Kingdom still supplies the whole trade and consequently bore the whole reduction of over 4½ million yards. Japan supplies all the drills and jeans.

White (bleached).	1913-14 (pre-war year).	1930-31.	1931-32.	1932-33.	1933-34.
	(All in million yards).				
Dhooties, saris and scarves...	104.3	15.4	1.9	3.6	6.5
Jaconets, madapollams, mulls, etc.	307.9	135.2	155.2	229.2	137.8
Longcloth and shirtings ...	115.3	71.9	79.8	109.7	75.8
Nainsooks	204.7	25.9	21.5	30.9	17.5
Drills and jeans	5.7	3.8	4.1	4.4	5.3
Checks, spots and stripes ...	16.1	3.7	3.8	7.9	4.4
Twills	8.3	7.7	3.7	11.4	7.0
Other sorts	31.0	8.0	9.7	15.6	7.6
Total	793.3	271.6	279.7	412.7	261.9

Lancashire still supplies virtually the whole of the bleached dhooties, saris and scarves and therefore improved her position to a slight extent. The serious drop of 91½ million yards in jaconets, madapollams, mulls, etc., was largely borne by the United Kingdom. In the case of white mulls, a fall of 90 million yards has been borne by the United Kingdom (83 million yards) and Japan (7 million yards). In white shirtings, etc., the fall of

34 million yards was distributed between the United Kingdom (10 million yards) and Japan (24 million yards). It is noteworthy that, as regards white nainsooks, the United Kingdom share fell by only $\frac{3}{4}$ million yards, whereas that of Japan dropped by 11 million yards. Japan, however, shipped nearly 11 million yards as compared with the United Kingdom $6\frac{1}{2}$ million yards. Drills and jeans, checks, spots and stripes and bleached twills are still mainly retained by Lancashire.

Coloured, printed or dyed.	1913-14 (pre-war year).	1930-31.	1931-32.	1932-33.	1933-34.
(All in million yards).					
Dhooties, saris and scarves...	115.2	19.1	8.7	18.2	18.0
Cambrics, etc.	113.6	20.5	19.7	40.6	34.2
Shirtings	152.6	54.7	62.9	115.6	59.6
Prints and chintz	209.7	33.7	23.0	50.5	23.7
Drills and jeans	30.0	33.3	32.9	71.4	53.7
Checks, spots and stripes ...	19.7	12.5	5.1	12.8	13.0
Twills	31.4	16.0	17.8	22.6	14.9
Other sorts	159.6	55.9	53.1	93.1	51.6
Total	831.8	245.7	223.2	424.8	268.7

Imports of woven coloured goods still suffer from the substitution of printed cottons and artificial silk goods while arrivals of prints have been adversely affected by the competition of remarkably cheap Japanese artificial silk taffetas. Continental competition has now been almost eliminated by the high duties.

Sources of Imports.

(1) Grey Goods.

Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom... ..	111,073,646	1.76	88,200,915	1.35
China	683,430	1	40	—
Japan	243,949,344	3.29	141,553,434	1.70
U.S.A.	259,065	1	258,300	1
Other Countries	54,328	*	100,112	†
Total	356,019,813	5.07	230,112,801	3.06

* Rs. 15,338.

† Rs. 18,123

The total may be subdivided between :—

—	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
Plain grey goods	217,542,762	3.08	139,899,846	1.76
Bordered grey goods	138,477,051	1.99	90,212,955	1.30

It will be noted that the fall in the imports from Japan has been particularly heavy, notably in plain grey goods such as longcloth and shirtings. The United Kingdom shipments of bordered dhooties fell from 79 million yards valued at Rs.131 lakhs to 61 million yards valued at Rs.99 lakhs. Arrivals from Japan were reduced in even greater proportion from 59½ million yards (Rs.68 lakhs) to 29 million yards (Rs.31 lakhs). There seems to be little doubt that the imposition of the heavy duty of 75% on Japanese goods in June, 1933, resulted in a considerable decline in Japanese imports. The severity of the decline in purchasing power will be realised when one remembers that as recently as 1929-30 the United Kingdom shipped 443 million yards of bordered dhooties. Much of this trade has gone for ever owing to the competition of Indian made dhooties, but there is still scope for a considerable improvement in the Lancashire dhooty trade when the Indian consumer has money to spend and can afford to gratify his preference for the finer qualities. An improved demand in the Calcutta market is already (June, 1934) apparent.

(2) *Bleached Goods.*

Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom... ..	281,005,955	5,27	184,150,449	3,69
Netherlands	2,230,920	6	1,453,492	4
Switzerland	6,491,386	25	612,835	2
Japan	120,354,174	1,62	75,177,481	96
Other Countries	2,661,689	12	522,518	2
Total	412,744,124	7,32	261,916,775	4,73

Although the total imports have receded to below the 1931-32 level, it is satisfactory to note that the steady increase of Japanese shipments has received a definite check as a result of the enhanced duties. In white mulls, which are the staple item of the Lancashire trade, United Kingdom shipments fell from 187 million yards (Rs.294 lakhs) to 104½ million yards (Rs.173 lakhs), whereas those of Japan dropped from 24 million yards (Rs.30 lakhs) to 17 million yards (Rs.20 lakhs). White shirtings were drawn from the United Kingdom, 31 million yards (Rs.71 lakhs) and Japan, 43½ million yards (Rs.60 lakhs). Japan shipped 11 million yards (Rs.10 lakhs) of bleached nainsooks and the United Kingdom 6 million yards (Rs.9 lakhs). The remaining items were drawn from the United Kingdom. The fall in arrivals from Switzerland and the Netherlands has been remarkable and is directly attributable to the high duties. It is satisfactory to record that the demand for staple Lancashire qualities of nainsooks, shirtings and mulls has been on an improved scale for next November-December-January shipment

and business has been booked in many qualities which have been off the market for years. There is much leeway to be made up before the United Kingdom shipments of bleached goods attain their 1928-29 level of 525 million yards valued at Rs.14,23 lakhs.

(3) *Coloured, Printed or Dyed Goods.*—The heading is made up as follows :—

Description.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
Printed Goods	236,943,105	3.97	140,246,680	2.33
Dyed Goods	147,732,725	3.37	102,574,282	2.30
Woven coloured Goods ...	40,120,105	1.00	25,890,482	62
Total Imports ...	424,795,935	8.34	268,711,444	5.25

The provenance of the imports was as follows :—

Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom... ..	194,326,118	4.88	142,400,273	3.54
Germany	587,113	5	46,562	*
Netherlands	2,544,398	8	184,644	1
Belgium	232,266	1	35,951	†
Switzerland	3,320,963	14	88,223	1
Italy	7,197,129	19	407,256	1
Straits Settlements ...	238,014	1	894,102	1
Japan	214,225,744	2.92	124,074,370	1.65
Other Countries	2,124,190	6	580,063	2
Total	424,795,935	8.34	268,711,444	5.25

* Rs. 32,605

† Rs. 24,513

The most striking feature of the returns is the almost complete elimination of the Continent owing to the high duties on foreign goods. Italian competition had hitherto been keen in dyed goods, notably dyed twills, Italian cloth and sateens and unspecified descriptions. Holland also formerly competed in printed lungis, woven lungis and sarongs and dyed shirtings. Swiss imports were mainly dyed and embroidered cambrics and muslins. As a result of the new textile tariff, in which the standard rates on sateens, velvets and velveteens and embroidered all-overs are now reduced to 35%, the Continent will probably regain a certain proportion of the lost trade.

The following table shows where the principal reductions occurred in Japanese goods :—

<i>From Japan.</i>	1932-33.	1933-34.
	<i>Yards.</i>	<i>Yards.</i>
Printed drills and jeans	46,579,181	39,173,855
Prints and chintz	18,366,503	6,534,703
Printed flannelettes	9,212,421	1,413,046
Printed shirtings	58,701,178	28,617,746
Dyed drills and jeans	8,107,996	6,225,992
Dyed flannelettes	7,828,910	1,386,299
Dyed shirtings	15,385,596	8,125,493
Dyed twills	4,935,917	3,282,130
Coloured woven drills and jeans	6,161,525	1,880,889
Coloured lungis and sarongs	6,733,736	5,922,602
Coloured shirtings	4,005,002	1,516,098
Coloured velvets and velveteens	2,520,410	2,200,942

(4) *Fents of all descriptions.*—There has been a falling-off from Rs.52 lakhs to Rs.45 lakhs in the past year, which compares with a maximum importation of Rs.94 lakhs' worth in 1927-28. The trade is divided as follows :—

<i>Description.</i>	1932-33.	1933-34.
	<i>Yards.</i>	<i>Yards.</i>
Fents of not more than 9 yds. in length	28,667,511	34,191,576
Others	3,051,279	786,123

The provenance of the imports was as follows :—

<i>Countries of Consignment.</i>	1932-33.		1933-34.	
	<i>Yards.</i>	<i>Rs. (lakhs.)</i>	<i>Yards.</i>	<i>Rs. (lakhs.)</i>
United Kingdom... ..	10,713,179	19	11,080,915	17
Japan	1,205,599	2	8,191,500	12
U.S.A.	19,404,640	30	15,552,890	16
Other Countries	395,372	1	152,394	*
Total	31,718,790	52	34,977,699	45

* Rs. 45,327

It is noteworthy that the yardage is only 2 million yards below the pre-war average of 37 million yards. Prices of both United Kingdom and U.S.A. fents slumped heavily during the year in order to meet the growing competition from Japan. By the terms of the Indian Tariff (Textile Protection) Amendment Act of 1934, fents not exceeding 4 yards in length being "bona fide" remnants of piecegoods or other fabrics are assessed at 35% standard and 25% preferential.

Shares of the Principal Competitors in the Total Quantities of Piecegoods Imported.

Countries of Consignment.	1913-14.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%	%
United Kingdom	97·1	65·0	58·8	49·4	48·7	52·2
Japan	0·3	29·3	36·1	43·8	47·3	43·8
U.S.A.	0·3	1·7	1·0	2·5	1·7	2·0
Netherlands ...	0·8	1·1	1·5	0·9	0·4	0·2
Other Countries...	1·5	2·9	2·6	3·4	1·9	1·8
Total ...	100·0	100·0	100·0	100·0	100·0	100·0

Indian Mill Competition.—The subjoined detailed statement gives the quantities (in pounds and their equivalent in yards) and descriptions of the woven goods produced in Indian Mills during the past three years:—

Twelve Months, April to March.

Description.	1931-32.	1932-33.	* 1933-34.
GREY AND BLEACHED PIECEGOODS—			
Chadars	pounds	21,165,097	21,806,961
	yards	55,726,035	58,627,103
Dhooties	pounds	188,313,977	210,157,183
	yards	964,540,251	1,096,807,246
Drills and jeans ...	pounds	26,241,466	28,281,001
	yards	103,233,003	112,947,058
Cambrics and lawns ...	pounds	5,806,486	9,038,773
	yards	43,322,303	67,375,107
Printers	pounds	4,462,874	2,496,990
	yards	21,959,280	13,657,568
Shirtings and longcloth	pounds	176,257,232	165,152,344
	yards	790,914,032	748,049,755
T-cloth, domestics, and sheetings	pounds	42,505,026	39,583,061
	yards	154,407,630	143,691,596
Tent-cloth	pounds	2,073,519	2,854,127
	yards	4,897,969	6,668,530
Khadi, Dungri or Khaddar	pounds	41,570,813	39,544,668
	yards	119,520,969	115,499,449
Other sorts	pounds	11,619,714	12,876,418
	yards	52,582,993	59,674,092
TOTAL	pounds	520,016,204	531,791,526
	yards	2,311,104,465	2,422,997,504
COLOURED PIECE-GOODS...	pounds	138,621,286	150,723,944
	yards	678,786,696	746,901,445
GREY AND COLOURED GOODS, OTHER THAN PIECE-GOODS	pounds	3,237,696	3,542,296
	dozens	831,344	946,971
HOSIERY	pounds	1,974,815	2,544,339
	dozens	622,659	746,341
MISCELLANEOUS	pounds	5,362,410	4,291,948
COTTON GOODS MIXED WITH SILK OR WOOL	„	3,045,221	2,007,004
GRAND TOTAL ...	pounds	672,257,632	694,901,057
	yards	2,989,891,161	3,169,898,949
	dozens	1,454,003	1,693,312
		495,794,794	2,264,994,899
		137,610,496	680,056,828
		3,391,961	841,758
		2,193,217	667,600
		4,863,953	1,859,114
		645,713,715	2,945,051,727
		1,509,358	

The reduction by nearly 225 million yards to a figure below the 1931-32 output shows that the intensity of the depression and the low consuming capacity of the people affected the consumption even of the cheapest, country-made cloth. The reduction in production was most pronounced in dhooties (118 million yards), coloured piecegoods (67 million yards), khaddar cloth (24 million yards), shirtings and longcloth (22 million yards) and drills and jeans (9 million yards). On the other hand, there were increases under the heads of miscellaneous grey and white piecegoods (11 million yards), printers (5 million yards), cambrics and lawns (10 million yards) and unspecified goods (400,000 lbs.). There is, once again, very little evidence of diversification of production on any extensive scale. The Ahmedabad and up-country mills are producing increasing quantities of the finer cloths made from imported Uganda, Kenya and Egyptian cotton, but the bulk production in India is still of the few standard qualities of grey and coloured woven goods, which, during times of depression such as the present, tend to pile up in unwieldy stocks, which unduly depress market prices.

The Committee of the Bombay Millowners' Association in their Report for 1933 review the year as follows :—

“ The uncertainty of the cotton market was naturally reflected in the yarn and cloth markets, but the main factor which adversely affected both yarn and cloth was the low purchasing power of the masses who have suffered from successive crop failures coupled with low prices. In spite of the fact that a considerable portion of the local textile industry was closed down entirely or worked short time during the year, neither the offtake nor the prices paid for mill products were satisfactory. The industry was again compelled to seek aid from Government as it was impossible to withstand Japanese competition owing to the depreciated value of the yen. Government, however, were slow to move, and it was only in June that they levied additional duties on piecegoods not of British manufacture. In the meantime, Japanese shippers are reported to have sold considerable quantities to Indian importers on the terms that any increase in duty over 50% would be paid by the Japanese shippers. The delay of Government in coming to a decision led to steady deterioration, and the number of looms and spindles idle in Bombay City and Island increased from 6 and 14% respectively, at the end of 1932, to 31 and 37% by the end of May, 1933. In spite of the continued curtailment of production, stocks continued to increase, and reached a total of 163,000 bales of cloth by the end of May. Stocks at Ahmedabad and other centres were also heavy at the time. Consequent on the rise in cotton prices following the passing of the National Industrial Recovery Act by the Senate of the United States of America, speculative demand arose from merchants, and mills' order books showed some improvement, though prices still continued unremunerative, as the rise in cotton prices was considerably greater than the rise in yarn and cloth prices. Owing, however, to the very poor offtake by consuming centres; and also owing to the subsequent fall in cotton prices, this speculative demand dwindled down, and mills found increasing difficulties in effecting sales. 'Diwali,' when sales are normally brisk, showed merchants in a very disheartened mood, and 'Moorat' sales were the lowest for many years past, the estimated sales being only about 20,000 bales of piecegoods. The demand continued to be poor, and by the end of the year a little over a third of the productive machinery of Bombay Mills was lying idle.

"With Broach round Rs.200 in the beginning of the year, calendered, shirtings were quoted at 10 annas a pound. With poor demand, prices continued to decline, and by the end of April sales were made as low as 9½ annas a pound. With the speculative demand that set in in May and June, prices rose again to 10 annas a pound, but cotton had by then risen to Rs.216, and mills were thus worse off by about half an anna per pound than at the beginning of the year. With the decline in demand and offtake, prices fell again and closed at the end of the year round 9 annas a pound with both demand and offtake poor. In the meantime a few forced sales were even reported to have been effected at the very low price of 8½ annas a pound.

"The picture presented above makes it clear that in 1933 the textile industry of the country passed through another year of acute depression. The mills in Bombay which had already been hard hit were hardly able to weather the storm, and mill after mill had to be taken into liquidation. Even in up-country centres, enjoying all the advantages of cheaper cotton, cheaper labour, less local taxation, and nearness to the consuming centres, the industry on the whole did worse than in previous years. The best indication of the slump in the industrial world was a phenomenal rise during the year in the price of Government securities. It is devoutly to be hoped that the industry will not have to face another year like 1933. After all these years of intense depression and sufferings, echoes, however distant, can be heard of a revival of trade. Prosperity may not be near at hand, but there are indications that an improvement in world conditions has set in, and it may reasonably be expected that the textile industry of this country will share in the general revival."

Cloth Consumption in India.—The following table, compiled by the Director-General of Commercial Intelligence, gives a rough estimate of the quantity of mill-made cloth which was available for consumption in India during the year 1933-34 and during the past four years. The Director-General states that owing to the existence of numerous markets and scattered demands, it is not possible in this table to take stocks into consideration.

	1913-14 (pre-war year).	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Indian mill pro- duction.	Million yds. 1,164·3	Million yds. 2,419·0	Million yds. 2,561·1	Million yds. 2,989·9	Million yds. 3,169·9	Million yds. 2,945·0
Imported goods	3,197·1	1,919·3	890·0	775·6	1,225·3	795·7
TOTAL PRODUCTION AND IMPORTS.	4,361·4	4,338·3	3,451·1	3,765·5	4,395·2	3,740·7
Exported, Indian	89·2	133·4	97·7	104·6	66·4	56·4
" Foreign	62·1	22·2	17·4	15·7	21·6	24·8
TOTAL EXPORTS...	151·3	155·6	115·1	120·3	88·0	81·2
BALANCE AVAILABLE.	4,210·1	4,182·7	3,336·0	3,645·2	4,307·2	3,659·5

It will be observed that in 1933-34 the Indian mills produced 80% and imports provided only 20% of the available balance for consumption. Of this 20%, the United Kingdom supplied just over one-half (53%) or approximately 10% of the cloth consumed in the country as compared with over 70% in 1913-14.

Conditions in the Large Import Markets.—I am indebted to a leading Authority in the piecegoods trade for the following summary of conditions in the four large import markets:—

Calcutta.

“The excessive speculative trading in Japanese goods during 1932, with price cutting tactics going on the whole time, coupled with the poor offtake from the local market, resulted in the year ending with large stocks in dealers' hands on which they were losing heavily. 1933 therefore started most inauspiciously and business was very difficult to negotiate.

In June when increased duties on Japanese goods came into force it was expected that dealers would regain some of the heavy losses made on their stocks earlier on. Bazaar prices however responded hardly at all but on the other hand the new duties restricted forward business and the statistical position as far as stocks were concerned improved materially.

On the whole the increased duties were welcomed in the bazaar as dealers felt that they would again be able to turn their attentions to Lancashire goods in which trading has all along remained on a more sound basis and in which buyers feel they have a reasonable chance of making profits, as against continued and almost certain losses in Japanese goods.

These increased duties without doubt, for a brief period, helped business in Lancashire goods but all hopes that a steady trade would once again materialise were soon dashed to the ground and towards the year end business was again entirely dislocated by the prolonged negotiations in Delhi and the uncertainty regarding the duty on Japanese goods. This uncertainty prevailed right up to the year end so that the volume of business put through during that period was most disappointing.

Although during the whole year the offtake was poor it was always in excess of imports with the result that by the end of December stocks in both Lancashire and Japanese goods were definitely light.

One bright feature of the year is that whereas Japanese imports compared to 1932 were considerably reduced those from Lancashire improved slightly.

Although Liverpool cotton fluctuated considerably during this period it finished up at the year end on about the same level as at the start. These fluctuations had unusually little effect on bazaar prices owing to the poor offtake. At the advance buyers were reluctant to increase prices and during a decline they became merely more pessimistic.

Although four months have now elapsed since the quota system was introduced nothing definite is yet known as to how it will work and individual shippers quotas in Japan have only last week been allotted. It is therefore impossible to forecast what its actual effect will be. With light stocks in the market however prospects should be brighter. The Anti-British feeling has now almost entirely disappeared and the question as to whom the future trade will go to will be mainly a matter of price. All the same Lancashire goods at the same level of price would be given preference owing to the fact that dealers when making

purchases of goods from this source can rely on importers to safeguard their interests and not disclose particulars of price. In Japanese and Indian Mill goods immediately sales are made in the bazaar full particulars of such sales are known to everyone and the resultant cut-throat competition almost always means losses to stock holders. It therefore remains to Lancashire to bring her prices into line with others when we feel confident she would gradually again build up a leading position in the Indian trade."

Bombay.

"1933.—The year opened with a quiet market and heavy stocks, mostly of high priced goods brought forward from the previous year. Stocks of Japanese goods were particularly heavy.

During the earlier part of 1933 the news published in the press to the effect that Government intended to place the Anti-Dumping Bill before the Central Legislature renewed the hopes of dealers of an improvement in trade in Lancashire and local piecegoods. Later on rumours were current that duties on Japanese piecegoods would be increased which brought out speculative buyers and prices of standard Japanese cloths appreciated by about 6 per cent. The uncertainty, however, regarding duties generally kept buyers out of the market and they preferred not to commit themselves to forward purchases of any magnitude until the tariff question was definitely settled.

Local goods on account of the accumulation of stocks and restrictions of credits were depressed and some of the Mills had to close down in view of the quiet state of the local market.

During June replacing prices both in Manchester and Japan advanced considerably in sympathy with the rise in the raw article. Additional duties of 25% imposed in that month on non-British goods resulted in a fairly brisk activity in inter-bazaar transactions of Lancashire goods. Bazaar prices in Japanese articles also advanced by 7 to 10%. Sales amounting to 80,000 bales were effected in local goods.

On account of the arrest of Mahatma Gandhi in August the market was again disorganised for a short time. Picketing restarted but Congress activities to dissuade buyers from dealing in foreign cloths had little effect this time as buyers, having become wiser by their past experience, took very little notice of them. During the third week of August heavy rains caused floods in Gujerat and Kathiawar districts which dislocated communications, and trade for these districts was practically at a standstill for about three weeks.

The failure of the Currimbhoj Group in October last disorganised the market for some time and a few dealers had to suspend payment.

The arrival of the Lancashire and Japanese Trade Delegations in India and their prolonged discussions kept the market in an uncertain state. Rumours of reduction in Japanese and Lancashire duties were current in the market, and Japanese goods continued to move well in fair lots for outports.

In December, on account of rumours of lower duties on Japanese piecegoods, dealers were free sellers, and fair quantities changed hands, bazaar prices having declined by about 8%. During this period little attention was paid to Lancashire goods.

The disastrous earthquake in Bihar was another factor which had a depressing effect on our market, as most of the purchases intended for the affected areas were resold in Bombay, often at lower prices.

1934.—The reduction in duties of Japanese cotton piecegoods to 50% coupled with the new Quota System had the effect of generally lowering bazaar prices of all imported goods by about 5%. The rumours

that subsequent to the reduction of duties on Japanese goods, the 5% surcharge on Lancashire goods would be removed in the new Tariff Bill, caused further uncertainty which restricted the free movement of arrivals of piecegoods.

The present tone of the market is steady; stocks in Bombay and up-country markets are moderate and buyers are making small returns on their purchases. The future mainly depends on the trend of cotton prices, but, as Japan is not likely to be in a position to dump large quantities of piecegoods in Indian ports and as the Indian textile industry cannot as yet compete in Lancashire's specialities, the prospects for Lancashire goods are on the whole somewhat brighter.

Madras.

1933.—The continued depression and low prices ruling for raw products during the year were keenly felt in the Presidency and the purchasing power in consequence was low.

Rumours and discussions during 1932 of further protection against non-British goods encouraged dumping by Japanese importers whose goods began to arrive in bulk during the last few months of 1932. A healthy demand early in 1932 resulted in abnormally large imports from Great Britain and the Continent also. The total imports of piecegoods into Madras during 1932 amounted to over 50,000 packages against an average yearly total of under 40,000 packages.

The effect of this overtrading was not seriously felt until January, 1933. Up till then dealers had been able to maintain prices at a remunerative level and the offtake had generally been fair. From then onwards however the Home markets began to decline and continued so until May. Local prices however were quicker on the drop and by May the margin of profit which they had been showing over replacing cost prices had dwindled to nothing and in many cases to a loss below replacing costs.

During May, June and early July prices were steady with a moderate demand for the "Onam" festival. This "Onam" demand was, however, disappointing as compared with previous years. The "Diwali" demand during October-November was also poor and local prices from July to the end of the year were weak and barely maintained the May-June level.

During the whole of 1933 the volume of business done can be considered as a normal year's trading. For the last nine months little if any profit accrued to dealers.

Yarns 1933.—The above conditions apply as much to yarns as to piecegoods with small additions.

The increasing imports into Burma, Ceylon and the Straits of cheap Japanese loonghies hit the local handloom industry badly and curtailed the demand for 40's and 60's yarns. Fine yarns moved fairly well throughout the year and dealers in general made fair trading profits.

January-April, 1934.—During the whole of this period stocks have been light and in January there seemed to be some promise of improved local prices and better demand generally. From February onwards the uncertainty and speculation regarding the probable new rates of duties which would be imposed this year dislocated trade and deterred dealers from entering into contracts of any magnitude. So much was this so, that in March and April dealers would only offer for ready goods in importers godowns at about 5% discount in anticipation of an equivalent reduction in import duty.

For the last three months practically every package of piecegoods and yarns arriving in Madras has been bonded and only sufficient to meet the immediate small demand has been released. The natural

result has been that stocks in the bazaars, both Madras and upcountry, are negligible whereas importers' stocks are heavy, though not seriously so."

Karachi.

"1933-34.—As a result of overtrading in 1932 the beginning of the year under review showed abnormally heavy stocks upon which the dealers were losing heavily. The stocks of Japanese goods at the time were particularly heavy—in fact disproportionate to the business done (this is accounted for by the "dumping" which took place in 1932)—and the losses on these were even heavier than those of Lancashire goods and many buyers both in Karachi and upcountry were forced to suspend payment. The increase in the duty on Japanese cotton piece-goods in June whilst having checked imports to a certain extent did not help holders of ready goods as bazaar prices appreciated only to a small extent.

As a result of the heavy stocks referred to above, dealers were very discouraged and the business done in the succeeding months was only small and for one or two months no business was booked at all. This, of course, helped the liquidation of stocks, but the total imports during 1933 were very much reduced and they only amounted to 108,450 packages (of which 30,529 packages were Japanese) as against 168,339 packages in 1932 (of which Japanese were 52,774 packages).

The reduction in the duty on Japanese cotton piecegoods early this year following the fixing of the quota created a certain amount of nervousness, but dealers soon realised that the percentage of the quota allotted to Whites was sufficiently small not to interfere with their trade in Lancashire Whites which is one of Karachi's staple lines of imports.

The fixation of the quota was followed by rumours that the duty on Lancashire goods would be reduced to 20%, but so far nothing has materialised in this direction. Many rumours are still current as regards Customs duty and the uncertainty which exists is most unfortunate as the rumours tend to restrict the free movement of fresh arrivals owing to dealers bonding their goods, besides which they prejudice the chances of forward business. The quicker Government make up their minds the better for the trade in general.

The present position of the market generally is quite healthy, stocks are light and prospects therefore are encouraging."

General Forecast (June, 1934).—Now that a limit has been set, by the Indo-Japanese Treaty, to the expansion of Japanese supplies and the quota, by categories of goods, has been fixed, and now that the fiscal treatment of both United Kingdom and foreign goods has been settled by the terms of the Indian Tariff (Textile Protection) Amendment Act, 1934, it is to be hoped that the market will settle down to a period of more steady trading free from all the speculations and fears that have been such a handicap during the past year.

Stocks of Lancashire goods are at a very low ebb and dealers are showing indications of a desire to revert to their old suppliers, whose methods of business they understand, and who may be relied upon not to flood the market with goods at lower and lower prices, thereby completely dislocating the price level and rendering the business profitless for the distributor. It is likely that the

distribution of the controlled quantities of Japanese fabrics will, in future, be mainly in the hands of the half-dozen principal Japanese Houses in India and we may see a reversion on the part of the Indian importers in the bazaars to their Manchester friends. During the month of May, 1934, there were distinct signs of some revival in Lancashire goods. Orders were placed in Calcutta for qualities of dhooties and white nainsooks which had been off the market for years and a moderate volume of forward business for November/December/January shipment was transacted. This would have been much greater but for the stiffening of Lancashire quotations as a result of efforts to improve margins.

The stage is set for a moderate revival so soon as Indian purchasing power begins to rise. Although Indian mill competition is cutting into the market in an ever-widening range of fabrics, the Indian mills cannot as yet provide the variety of qualities, designs, colours and styles which consumers like to have if only they can afford to pay for them. In times of intense agricultural and industrial depression such as the past four years, the Indian consumer has been obliged to substitute the cheaper, coarser, less attractive fabric made in India for the finer imported article which he has been in the habit of purchasing. It is not too much to expect that, as the prices of primary commodities rise thereby releasing purchasing power, we shall see a broadening of the demand for Lancashire staples of the finer qualities and for fancy styles. It is doubtful whether the trade will ever attain the volume of the pre-slump year of 1929-30 (roundly 1,500 million yards of United Kingdom goods), but there is no doubt that the present volume of less than 600 million yards is abnormally low. Given a spell of economic prosperity in India with settled political conditions and no attempt to penalise United Kingdom goods by prohibitive import duties, we may easily see United Kingdom shipments rise to one thousand million yards within a very few years.

Raw Cotton.—The following statement, taken from the Indian Trade Journal, compares the estimates of the total out-turn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not, therefore, been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has, as usual, been made for extra factory or local consumption. It should be borne in mind that estimates of "carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.*

* Stocks of cotton in Bombay were 698,000 bales on 31st August, 1932, and 719,000 bales on 31st August, 1933.

	Year Ending 31st August.	
	1933.	1932.
	Thousand bales (400 lbs.)	Thousand bales (400 lbs.)
Exports to United Kingdom	242	125
„ to Continent (Europe, excluding United Kingdom).	862	424
„ to China	169	243
„ to Japan	1,426	757
„ to Other Countries	42	33
Total	2,741	1,582
Home Consumption :—		
Mills†	2,360	2,346
Extra—factory or local‡	750	750
Total	3,110	3,096
Approximate crop	5,851	4,678
Estimated in forecast	4,656	4,007
Excess (+) or deficit (–) neglecting carry-over ...	+1,195	+671

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

Indian Cotton to Lancashire.—The following table proves conclusively that the efforts which have been made by the Lancashire Indian Cotton Committee to promote the greater use of Indian cotton in Lancashire Mills are bearing abundant fruit. The figures show the exports of Indian cotton from Indian ports to the United Kingdom during the first seven months (September to March) of the Cotton Season, 1933-34 :—

	1933-34.	1932-33.
	<i>Bales.</i>	<i>Bales.</i>
From Bombay	50,738	27,795
From Karachi	131,629	63,045
From Calcutta	3,360	3,338
From Kathiawar	1,371	52
From Tuticorin	9,669	260
From Madras	6,776	5,418
Total	203,543	99,908

The next statement shows the stocks of cotton held by Indian Mills on the 1st August, 1933, and the 1st February, 1934 (in bales regardless of weight), and is published by the Bombay Millowners' Association :—

	Bombay City and Island.		All-India.	
	1.8.33.	1.2.34.	1.8.33.	1.2.34.
COTTON MILL STOCKS.				
(In actual bales regardless of weight).—				
(a) American (Linters and waste not included).	26,377	15,373	30,919	19,058
(b) East India	154,698	128,796	891,092	800,755
(c) Egyptian	2,405	2,792	8,685	9,935
(d) Sundries	18,697	12,605	47,295	36,741
Total	202,177	159,566	977,991	866,489

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. (Figures are approximations.)

The subjoined table gives the imports of raw cotton into India during the past two years :—

Countries of Consignment.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	609	5	4	*
Persia	883	4	874	4
Egypt	9,135	78	6,068	53
Kenya Colony	20,694	1,78	24,188	2,02
Tanganyika Territory	943	8	2,589	23
Anglo-Egyptian Sudan	6,447	66	871	7
U.S.A.	45,791	3,84	8,126	64
Other Countries	256	2	131	2
Total	84,758	7,25	42,851	3,55

* Rs. 4,418.

The heavy reduction in the imports of U.S.A. cotton resulted from the considerable margin which existed for most of the year between the price level of U.S.A. and Indian cotton. While the passage of the Farm Relief Bill and the U.S.A. Government's reimposition of the embargo on gold exports coupled with acreage reduction plans and other measures to raise prices, brought about an increase in U.S.A. rates, the threat of, and later, active boycott, of Indian cotton by Japan depressed the market for the Indian

staple with the result that Oomras were quoted at a discount of Rs.25 instead of the usual difference of about Rs.15 despite the fact that the Oomra crop was smaller than usual. The reduction in the imports of U.S.A. cotton via Liverpool is due to direct shipment from the Southern States. Re-exports of raw cotton to all markets did not exceed Rs.6 lakhs in value, so that the heavy imports of Uganda and Kenya cotton were retained for mill consumption.

Cotton Sewing Thread.—The imports were as follows:—

Countries of Origin.	1932-33.		1933-34.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom... ..	1,793,707	49	1,628,630	44½
Other Countries	279,226	7	240,818	6
Total Imports	2,072,933	56	1,869,448	50½

Although there has been a setback during the past year, the trade has been remarkably well maintained during the slump, the aggregate imports for 1929-30 being 2,402,078 lbs. valued at Rs.81 lakhs. Even the 1933-34 figures are far in excess of the pre-war average of 1,598,000 lbs. In 1933-34 the United Kingdom supplied 87%, Holland 8% and Austria 3%. Small quantities were drawn from Belgium and France. Sewing cotton is now assessed to import duty as follows:—

Counts above 50's—

- of British manufacture, 5%.
- of non-British manufacture, 6¼%.

50's and below—

- of British manufacture, 5% or 1½ annas per lb. whichever is higher.
- of non-British manufacture, 6¼% or 1½ annas per lb. whichever is the higher.

There is no direct competition from Indian mills in sewing cotton as such, but a certain amount of yarn, imported in the hank, is then re-wound on reels in Bombay and sold as sewing cotton.

Artificial Silk Yarns.—The improvement recorded in last year's report has not been maintained and the total imports receded from 11 million lbs., valued at Rs.92½ lakhs to 9.8 million lbs. valued at Rs.82 lakhs. This is due to a falling-off in the takings by the Madras handloom weavers of no less than 949,000 lbs. The mill industry in Bombay and Ahmedabad also reduced its consumption by 429,000 lbs. The import duty on artificial silk yarn was raised from the 1st May, 1934, from 18½% to 25% or 3 annas per lb. which-

ever is higher, no preference being granted to the British product. The imports were:—

Countries of Consignment.	1932-33.		1933-34.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom... ..	1,656,450	14	1,589,132	13
Germany	406,343	3	500,726	4
Netherlands	847,160	7	214,170	2
France	360,129	3	514,638	4
Switzerland	67,816	1	37,376	*
Italy	5,608,756	48	4,286,717	38
Japan	1,798,903	14	2,542,319	20
Other Countries	256,536	2	123,841	1
Total	11,002,093	92	9,808,919	82

* Rs. 24,404.

Although Japan only entered the market in 1931-32, she is rapidly displacing Italy and Holland and is competing seriously with United Kingdom yarns. The average value of the Japanese imports was Rs.0.78 per lb. and that of the shipments from the United Kingdom Rs.0.81 per lb.

Piecegoods made entirely of Artificial Silk.—The high import duty of 50% or four annas per square yard, whichever is higher, has had the effect of reducing the imports from Japan to less than half the value and only one-third of the yardage imported in 1932-33. The new protective rates of duty are still 50% or four annas per square yard on all foreign goods and 30% or 2½ annas per square yard on goods of British manufacture. The average declared values per yard was as low as 3 annas 11 pies in 1932-33.

Principal Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom... ..	429,883	4	431,324	3
Germany	4,806	*	40,277	†
Italy	128,027	1	80,610	1
Japan	111,703,459	2.46	39,631,289	1.03
Other Countries	553,106	2	214,128	1
Total	112,819,281	2.53	40,397,628	1.08

* Rs. 7,946.

† Rs. 35,038.

Piecegoods of Cotton and Artificial Silk.—The relatively high duties on all-artificial silk goods has brought about a transference of Japanese trade to mixture cloths, which—during the year under

review—were subject to an import duty of 35% or 2½ annas per square yard, whichever is higher. The figures were:—

Principal Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs.)
United Kingdom... ..	3,147,986	14	2,302,040	11
Germany	318,781	8	81,572	1
Switzerland	987,119	4	157,200	1
Italy	4,377,159	21	3,021,436	14
Austria	626,216	3	10,266	*
Japan	2,797,854	6	8,595,798	21
Other Countries	182,637	1	86,549	1
Total	12,437,752	57	14,254,861	49

* Rs. 6,391

The position of the leading suppliers may be changed in future since, from the 1st May, 1934, the following revised duties on artificial silk and cotton mixtures were brought into force:—

(I) Mixture cloths containing 50% or more cotton:—

(a) of British Manufacture, 30% or 2 annas per square yard, whichever is higher.

(b) not of British Manufacture, 50% or 3½ annas per square yard, whichever is higher.

(II) Mixture cloths containing no cotton or containing less than 50% cotton:—

(a) of British Manufacture, 30% or 2½ annas per square yard, whichever is the higher.

(b) not of British Manufacture, 50% or 4 annas per square yard whichever is higher.

Flax Manufactures.—The main types imported were:—

Description.	1932/33.	1933/34.
	Rs. (lakhs).	Rs. (lakhs).
Twist and yarn	*	†
Canvas	8	8.5
Piecegoods	2.5	2
Sewing Thread	2	2
Other sorts, including bags and sacks ...	4.5	4.5
Total imports	17	17

* Rs.11,552.

† Rs.4,311.

Details of the provenance of the imports are not yet available. In 1932-33 the United Kingdom supplied 95% of the total trade, the balance including Rs.7,357 worth of sewing thread from Austria, Rs.17,000 worth of miscellaneous flax manufactures from Japan and Rs.14,000 worth from Czechoslovakia.

Jute Manufactures.—This heading mainly consists of second-hand gunny bags re-exported from Australia and transhipped via Ceylon. There has been a decline during the year in the total trade. The figures are :—

<i>Countries of Consignment.</i>	1932/33. <i>Rs. (lakhs).</i>	1933/34. <i>Rs. (lakhs).</i>
United Kingdom	2	1·5
Ceylon	9	7·5
Other countries	2	1
Total imports	13	10

In 1932-33 the United Kingdom supplied practically the whole of the Rs.31,459 worth of jute canvas and the Rs.91,000 worth of gunny cloth and over 50% of the Rs.30,604 of rope and twine imported, small quantities of the latter being drawn from Italy. Ceylon provided almost the whole of the gunny bags. Miscellaneous jute fabrics to the value of Rs.2½ lakhs were drawn from the Straits Settlements (Rs.61,000), Japan (Rs.1½ lakhs) and the United Kingdom (Rs.53,000). The entry of the products of the Japanese jute industry is significant and presages increased competition, both with Dundee and Calcutta, in the future.

Silk Manufactures.—After an improvement last year, the total trade receded on account of heavily reduced imports of raw silk and silk yarns, noils and warps. The imports of silk piecegoods and mixtures, however, showed an encouraging improvement as a result of heavier imports from Japan despite the high import duties. The imports of the various types were :—

<i>Description.</i>	1932/33. <i>Rs. (lakhs).</i>	1933/34. <i>Rs. (lakhs).</i>
Raw silk	1,17	72
Silk yarns, noils and warps	88	46
Goods of silk mixed with other materials	43	55
Silk piecegoods	1,81	1,82
Sewing thread	1	1
Total imports of all kinds	4,33	3,58

China again supplied virtually the whole of the raw silk but imports from Japan rose from Rs.4½ to Rs.6½ lakhs. Of the yarns, noils and warps, Japan sent 46%, China 31%, Italy 11% and the United Kingdom 9%. Silk mixtures were drawn from Japan (74%), Germany (5%), the United Kingdom (3%) and unspecified countries provided the remainder. The Japanese increased their hold on the silk piecegoods trade, their share rising from 73 to 80%, whereas that of China dwindled from 25 to 17%, the United Kingdom share being a trifling Rs.68,000 worth. Miscellaneous silk goods were provided by the United States, Japan, China and the United Kingdom.

Woollen Manufactures.—The various types imported were :—

Description.	1932/33.	1933/34.
	Rs. (lakhs).	Rs. (lakhs).
Worsted yarn for weaving	15	12
Knitting wool	18	14
Blankets and rugs (other than floor rugs)	34	40
Braids	*	†
Carpets and floor rugs	4	2
Hosiery	7	9
Piecegoods	1,61	1,30
Shawls	11	9
Total imports of all kinds	2,54	2,21

* Rs.43,390.

† Rs.28,372.

In 1932-33, of the worsted yarn imported, the United Kingdom supplied 14%, the principal competitors being Poland (39%), France (25%) with lesser quantities from Germany and Japan. Japan entered the market for the first time with Rs.82,000 worth. Of the knitting wool, the United Kingdom shipped 34%, Germany 25%, France 16% and Japan 15%. Here again, Japan entered the market for the first time with the substantial quantity of 187,516 lbs. valued at Rs2 $\frac{3}{4}$ lakhs. The Ottawa preference enabled the United Kingdom to secure a larger share of the trade at the expense of the Continent. Blankets and rugs were contributed by Italy (92%), Germany (2 $\frac{1}{2}$ %) and the United Kingdom (2 $\frac{1}{2}$ %). Italy recovered her share after the material reduction last year. Germany supplied over 50% of the braids imported.

Woollen Piecegoods.—The trade suffered a setback in 1933-34, which shows that the greatly enhanced imports in the previous year failed to go into consumption. The subjoined table gives the origin of the imports :—

Principal Countries of Consignment.	1932-33.		1933-34.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs.)
United Kingdom	2,798,737	52	3,181,372	57
Germany	461,902	9	399,137	6
Netherlands	59,122	2	33,942	1
Belgium	504,251	6	530,764	5
France	4,561,869	34	2,742,856	17
Italy	3,806,617	42	2,123,412	23
Japan	1,412,661	8	2,090,419	16
Other Countries	541,602	8	425,014	5
Total	13,946,761	1,61	11,535,916	1,30

The outstanding features of the year are, firstly, the improved position of the United Kingdom due to some extent to the margin of 10% and, secondly, the further remarkable rise in the imports from Japan. Bradford shippers have been able to displace the Continent in many lines. The fall in the share of France and Italy is mainly attributable to the substitution of cheap Japanese cloths. The increase in Japanese shipments has been phenomenal. They have risen from Rs. $\frac{3}{4}$ lakh in 1931-32 to Rs. 8 lakhs in 1932-33 and nearly Rs. 16 lakhs in the year under review. The recent imposition of a minimum specific import duty of 18 annas per lb. on all woollen piecegoods of foreign origin will, it is hoped, offset to some extent the disparity in price level between Japan, the Continent and the United Kingdom.

Woollen Shawls.—The aggregate trade declined by 10%. The figures are:—

Countries of Consignment.	1932-33.		1933-34.	
	Number.	Rs. (lakhs.)	Number.	Rs. (lakhs.)
United Kingdom... ..	10,865	*	8,908	†
Germany	186,382	8	171,456	7
Other Countries	141,044	3	151,251	2
Total Imports	338,291	11	331,615	9

* Rs. 37,402

† Rs. 24,433.

“ Other Countries ” include Italy, France and Japan. Japanese shipments in 1932-33 totalled 58,338 shawls valued at Rs. 58,301.

Carpets and Floor Rugs.—The striking decline in this trade, as a result of the reduced purchasing power as applied to what is regarded as a luxury, continued and the present figures are the lowest to be recorded for more than 20 years:—

Principal Countries of Consignment.	1932-33.		1933-34.	
	Rs. (lakhs).		Rs. (lakhs).	
United Kingdom	2		1.5	
Persia	1		*	
Other Countries	1		1	
Total Imports	4		2.5	

* Rs. 18,241

Cheap Italian printed tapestry rugs have been displaced by better quality productions from France, but the substitution of locally-manufactured “ dhurries ” is gradually killing the import of carpets into India.

Machinery and Millwork.—One of the most encouraging features of the year under review is the increase in the total imports of machinery and millwork from Rs.10½ crores (£7,875,000) to Rs.12¾ crores (£9,562,500). The downward movement from the high-water mark of 1928-29 has definitely been checked. Although the improvement is largely accounted for by an increase in the imports of the one item of sugar machinery by no less than Rs.1·8 crores, it is satisfactory to note that material increases are to be recorded in Prime-Movers, Agricultural Machinery, Machine Tools, Type-writers and Sewing and Knitting machines—all being items which reflect the economic position and purchasing power of the smaller consumer. This tends to show that the severity of the depression among the lesser industrialists is less than it was, a fact confirmed by recent enquiries for equipment of miscellaneous small industries, which are springing up under the stimulus of the high revenue tariff. Although the Indian cotton industry is in a relatively favourable position as compared with its competitors in Europe and the U.S.A. there has been a slight reduction in the arrivals of new plant. Imports of jute machinery are also lower. The demand for tea machinery was at a low ebb, but the success of the restriction scheme is expected to be followed within the near future by renewals of plant by many gardens. The statistics for electrical machinery, which are usually a barometer showing industrial progress; record a further sharp fall from Rs.1½ to Rs.1¼ crores. As I stated in my last report, the completion of deliveries of heavy plant for the hydro-electric projects in the Punjab, Madras and elsewhere, combined with the effects of the financial stringency, which has prevented both the Central and Provincial Governments from embarking upon new capital undertakings, has had a most restrictive effect. There are distinct signs, however, that both the Government of India and the Local Governments are anxious to take advantage of the present favourable interest rates and of the low level of machinery prices, to press on with capital schemes for electrical undertakings. Similarly, the lesser power companies seem to be showing more confidence in the future and a disposition to prepare for expansion when the trade revival sets in.

The following table shows the origin of the imports during the past two years :—

<i>Countries of Consignment</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	7,81	8,73
Germany	98	1,32
Belgium	39	43
Japan	4	8
U.S.A.	81	81
Other Countries	51	1,40
Total Imports	10,54	12,77

The next table shows the relative importance of the three principal suppliers before the war and during the past three years :—

Principal Countries of Consignment.	1913-14.	1931-32.	1932-33.	1933-34.
	%	%	%	%
United Kingdom... ..	90.0	70.2	74.1	68.4
U.S.A.	3.0	11.8	7.7	6.3
Germany	6.0	10.2	9.3	10.3
Other Countries	1.0	7.8	8.9	15.0
	100.0	100.0	100.0	100.0

The fall in the United Kingdom percentage figure to a record low level need not cause too much concern. It is attributable to a reduced demand for such United Kingdom specialities as textile machinery, tea machinery and electrical plant which coincided with exceptionally heavy imports of Dutch, German, French and Belgian sugar machinery. The position of the United Kingdom manufacturing engineer in India is an inherently sound one as it is based upon the suitability to Indian conditions of his design and the general excellence, finish and workmanship of the product. To these factors should be added the excellent service which is given, year in year out, by his branches and technical agents in the country. It is precisely in times of stress such as the present that the firm with an efficient organisation on the spot secures such reduced trade as may be offering. It is hoped that those few remaining firms of importance, who are not yet adequately represented in India, will take prompt steps to remedy this defect in their organisation.

On the other hand, more severe competition from both the Continent and the U.S.A. may be expected in the future. German, Swiss and other Continental firms are following our lead by arranging efficient representation in India and are often able to underquote in the case of low-priced industrial plant suitable for the bazaar trade. The U.S.A. has been severely handicapped on account of the depreciation of the sterling exchange, but the fall of the dollar during the past six months is now placing U.S.A. manufacturers of certain specialities in a more favourable position.

The following brief analyses of the principal types of machinery imported will be of interest :—

Cotton Textile Machinery.

	1931-32.	1932-33.	1933-34.
	Rs. (lakhs.)	Rs. (lakhs.)	Rs. (lakhs.)
Cotton Spinning Machinery	1,10	1,18	1,10
„ Weaving Machinery	69	70	70
„ Bleaching and Dyeing Machinery	3	3	4
„ Printing Machinery	*	2	1
Other sorts	10	15	18
Total Imports	1,92	2,08	2,03

* Rs. 21,475.

The provenance of the above imports was :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,67	1,84	1,65
Germany	13	12	18
United States	4	4	2
Other Countries	8	8	18
Total	1,92	2,08	2,03

The slight setback experienced by United Kingdom textile machinists is probably due to the temporary dislocation caused by the formation of the combine for the manufacture of spinning machinery and the consequential advance in prices synchronising with more severe competition from Germany, Switzerland and Japan. German competition is mainly encountered in dobbies and other loom attachments and specialities, dyeing equipment and miscellaneous mill equipment. The U.S.A. provides patent winders while "other countries" cover miscellaneous items of spinning machinery from Spain, Japan, Italy and Switzerland and weaving machinery from Italy, the Netherlands, France, Belgium, Czechoslovakia and Japan. Offers of Japanese spinning and weaving plant at very low prices have been made during the year but, at the moment, the question of early delivery seems to be handicapping Japanese textile machinists as a result of the activity in their domestic industry.

Woollen Manufacturing Machinery.—The advance in imports, which was noted in last year's report, continued in consequence of further renewals and extensions to the mills at Cawnpore, in the Punjab and at Bombay. The figures were as follows :—

1931-32.	1932-33.	1933-34.
Rs.1,27,142	Rs.2,85,888	Rs.3,27,490

Details of origin are not yet available, but in 1932-33 the United Kingdom supplied practically the whole of the plant, German machinists sending under Rs.40,000 worth.

Electrical Machinery.—The following table gives the main types of electrical plant imported during the last two years :—

	1932-33.	1933-34
	Rs. (lakhs).	Rs. (lakhs).
Control and switchgear	27	24
Generators, alternators and dynamos	19	13
Motors	24	26
Transformers	19	12
Turbo-generating sets	5	2
Others	62	50
Total	1,56	1,27

Imports are now roundly 50% of the normal, but there are indications that the continuous decline, which has taken place during the last five years, will shortly be checked. Two or three moderate-sized hydro-electric schemes are likely soon to materialise. The extension of existing power plants to the smaller towns and the provision of new projects cannot long be deferred. A revival in the demand for plant is contingent upon the restoration of India's agricultural position and the revival of her industries. When this revival takes place, we shall probably witness a considerable demand for transmission lines, small industrial motors, etc., in the Punjab, United Provinces and Madras, where bulk power is available at a reasonable rate.

The provenance of the imports was as follows :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,50	1,21	86
Germany	15	10	11
U.S.A.	36	16	17
Other Countries	15	9	13
Total	2,16	1,56	1,27

It is not surprising that the United Kingdom should have suffered most severely, her percentage falling from 77 to 67. The U.S.A. maintained its position largely due to the fulfilment of contracts for undertakings in which U.S.A. capital is invested. German competition, being largely in industrial motors and miscellaneous plant purchased by the Indian bazaars, was also not so materially affected. "Other Countries" in 1932-33 included Sweden (Rs.3 lakhs), Belgium (Rs.1 lakh), Switzerland (Rs.88,000) and Italy (Rs.77,000). As I have repeatedly stated, the local organisations of United Kingdom firms should be able—with their unrivalled experience and connections—to take the fullest advantage of the industrial revival when it comes.

Boilers.—The imports were as follows :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	47	41	59
Germany	7	1	2
Other Countries	2	3	5
Total	56	45	66

The severity of the present depression will be realised from the fact that, during the first five post-war years, the average importation of boilers exceeded £1,000,000 per annum. The improvement

during the past year is largely due to the equipment of sugar factories and it is satisfactory to record that the United Kingdom share is still about 90%. Moreover, certain foreign boilers, notably some of those from Holland, are manufactured under royalty to United Kingdom designs.

Prime Movers (other than Electrical).—The total imports were classified as follows :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
<i>Locomotives.</i>		
Oil Engines	2	*
Oil Engines (parts of)	†	1
Steam Engines	2	1
Steam Engines (parts of)	5	3
Railway Locomotive Engines and Tenders and parts	32	43
<i>Other than Locomotives.</i>		
Gas Engines	1	‡
Gas Engines (parts of)	1	1
Oil Engines	36	40
Oil Engines (parts of)	12	13
Steam Engines	4	11
Steam Engines (parts of)	4	4
Others	1	4
Total Imports of Prime Movers	1,00	1,21

* Rs. 49,760.

† Rs. 37,849.

‡ Rs. 40,607.

The slight improvement in the Indian industrial position is evidenced by the check to the downward trend of imports from the annual average of Rs.200 lakhs per annum in 1919-1923. While it is true that nearly half of the recovery is accounted for by increased shipments of railway locomotives, the advance of Rs.6 lakhs in the case of oil engines and Rs.7 lakhs in the case of steam engines is a good criterion of the improved position of the small industrialist. The provision of cheap electrical energy in bulk from the hydro-electric stations in the Punjab, United Provinces and Madras will probably lead to the substitution of electric motors for oil engine units throughout wide areas. There is, however, such scope for the application of power to Indian agriculture that the demand for prime movers utilising crude oil and steam is not likely to be permanently reduced. Details of the provenance of prime movers are not yet available, but United Kingdom manufacturers have, in the past, supplied fully 80% of the trade.

Agricultural Machinery.—There has been an encouraging expansion during the past year, which tends to show that the combined efforts of the Agricultural Departments and the Co-operative Credit Societies, reinforced by private activities such as those of the development department of the Burma-Shell Oil

Storage and Distributing Company of India Ltd., are slowly bearing fruit. The subjoined table reveals the position :—

	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.
Agricultural Tractors and parts ...	3,13,358	3,78,559	4,99,812
Ploughs and parts	83,561	54,159	1,80,791
Others	1,18,487	2,65,799	3,33,326
Total Imports	5,15,406	6,98,517	10,13,929

Details of origin are not yet available, but in 1932-33 the U.S.A. supplied 75% of the tractors, the United Kingdom contributing 9%. Of the ploughs and parts thereof, the United Kingdom and the U.S.A. each contributed half. Miscellaneous types of agricultural machinery were drawn from the United Kingdom (70%), the U.S.A. (4%), and Germany (22%).

Mining Machinery.—A further heavy fall from Rs.38 to Rs.32 lakhs is to be recorded in the imports of mining machinery. Notwithstanding greater activity in the gold, iron, manganese and non-ferrous mining industries, the severe depression which pervades the Indian coal industry precluded any large importations of colliery plant, which is largely provided by the United Kingdom.

<i>Countries of Consignment.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	26	21
Belgium	1	*
U.S.A.	11	10
Other Countries	†	1
Total Imports	38	32

* Rs. 47,941.

† Rs. 34,515

In 1932-33 the United Kingdom supplied virtually the whole of the coal-mining machinery and most of the plant used on the Kolar Goldfields. U.S.A. competition is experienced in oil-well equipment and in plant for the non-ferrous mining industry in Burma and elsewhere.

Metal Working Machinery (including Machine Tools).—This heading mainly comprises machine tools of all types :—

<i>Countries of Consignment.</i>	1931-32.	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	14	10	12
Germany	3	3	3
U.S.A.	2	1	1
Other Countries	*	†	†
Total Imports	19	14	16

* Rs. 86,749.

† Rs. 26,767.

‡ Rs. 49,615.

This trade, in which the United Kingdom secures the satisfactory figure of 75%, still suffers from the curtailment of railway purchases and from the reduced industrial demand. The former may be expected to broaden with the expansion of railway capital programmes while the demand for the equipment of the lesser industries of the country already shows signs of reviving. United Kingdom manufacturers are strongly represented and are in a favourable position to take advantage of any improvement.

Oil Crushing and Refining Machinery.—There has been a satisfactory advance in the aggregate trade, of which the United Kingdom has secured a greatly increased percentage. This is probably due to greater demands from the oil companies as the industry for crushing and refining vegetable oils is still suffering from the depression.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	18	12	18
Germany	8	5	6
United States	7	1	3
Other Countries	2	1	*
Total Imports	35	19	27

* Rs. 26,400.

In 1932-33, imports into Burma, which is normally one of the most important markets, shrank to less than Rs.5 lakhs in value and Bengal and Bombay took the greater share of the trade.

Paper Mill Machinery.—Indian paper mills continue to do well under cover of protective duties and the demand on account of renewals and extensions of existing plants has been buoyant. Imports were :—

1931-32.	1932-33.	1933-34.
Rs.6,32,297	Rs.5,31,237	Rs.11,02,623

In 1932-33, the last year for which detailed figures are available, the United Kingdom supplied 91%, Germany and Sweden sending negligible quantities.

Refrigerating Machinery.—Apart from the provision of renewals to the heavy plant for the few large cold storage depots at the ports, the bulk of the trade is in domestic refrigerators, which are still almost entirely drawn from the U.S.A. notwithstanding the 10% margin of Imperial Preference.

1931-32.	1932-33.	1933-34.
Rs.9,89,466	Rs.8,85,439	Rs.9,48,296

In 1932-33 the United Kingdom contributed 13%, mainly heavy plant for the large depots. The U.S.A., however, supplied 80%, chiefly in the form of domestic refrigerators, which are of appropriate design and are energetically distributed. As I stated in my last report, United Kingdom makers of domestic apparatus are late in the field and, although the depreciation of sterling coupled with the 10% preferential duty for a time gave them better opportunity, the progress made has been somewhat disappointing.

Rice and Flour Mill Machinery.—The effects of the depression are still apparent and a further contraction in the total trade is to be recorded.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	5	4	4
Germany	3	3	2
U.S.A.	1	1	0.5
Other Countries	1	1	0.5
Total	10	9	7

It is encouraging to note that United Kingdom makers are retaining their hold of the reduced trade, which is, at the moment, confined to renewals of existing plant.

Sawmill and Woodworking Machinery.—Here again, there has been no material development for several years and imports are largely confined to renewals for sawmills and woodworking machines for the railway carriage and wagon shops.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs.)
United Kingdom	2	2½	2½
Other Countries	1	½	½
Total	3	2½	3

Such competition as is encountered is from the U.S.A. in saw-milling plant and from Germany in woodworking machines.

Sewing and Knitting Machines (including parts).—This valuable trade has suffered severely from the decline in the purchasing power of the Indian consumer and it is therefore all the more satisfactory to note an increase both in the total imports and in the share of

the United Kingdom. The imports of complete machines were as follows :—

Countries of Origin.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	35	29	32
Germany	10	10	11
Other Countries	1	2	1
Total	46	41	44

The numbers of United Kingdom machines rose from 27,838 to 39,804 and those from Germany from 10,681 to 13,795. " Other Countries " included the U.S.A., whence, in 1932-33, 297 machines valued at Rs.1 lakh were imported. Japanese imports, although still negligible, have been steadily growing, 130 machines valued at Rs.27,000 being imported in 1932-33. As I stated in my last report, the widespread organisation of the Singer Sewing Machine Co. (which serves the Indian market from its Clydebank factory) with its depots, schools and hire-purchase arrangements is second to none, and when Indian purchasing power recovers, the United Kingdom share—assisted by the preferential duty of 10%—should show a material advance. The following are the statistics of parts of sewing and knitting machines and accessories :—

1931-32.	1932-33.	1933-34.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
4½	4½	6

Sugar Machinery.—The machinery for some fifty new factories, with an average crushing capacity of 500 tons of cane per day each, was imported during the first half of the year for the October-February, 1933-34 crushing season. These imports were apportioned as follows :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	26	91	1,96
Other Countries	4	62	1,40
Total Imports	30	1,53	3,36

It is satisfactory to note that the United Kingdom percentage has been maintained at 58 in face of severe competition from Dutch, German, Belgian and French manufacturers. The failure of certain Continental machinery has, in fact, contributed to the enhancement of the reputation of United Kingdom plant, which, in practically every case, has given even higher outputs than were guaranteed. Even more business could have been secured

had United Kingdom makers been prepared to accept the unreasonably long credit terms which were offered by many of the Indian companies, risks which they prudently declined to take. There are now signs that the development of factories in the sugar areas of the United Provinces and Bihar and Orissa has reached its maximum, but there is still scope for further plants in other parts of India such as Madras, Mysore, Hyderabad and the Deccan, where adequate supplies of suitable cane can be secured and where a ready market can be found in the vicinity. So far, contracts for only half a dozen new factories have been placed for the 1934-35 crushing season, but there is reason to believe that many promoters are waiting to see the financial results of existing factories since an excise of Rs.1-5-0 per cwt. on factory-produced sugar was imposed in the current year's budget. I therefore anticipate a further revival on a greatly reduced scale next year for the 1935-36 season.

The new factories have fully justified the enterprise of their owners as the following figures showing the all-India factory production of sugar and molasses during the season 1932-33 clearly show :—

Particulars.	1932-33.			1931-32.
	New factories.	Old factories.	Total.	Total.
Cane crushed ... Tons	2,152,053	1,198,178	3,350,231	1,783,499
Sugar produced ... "	187,685	102,492	290,177	158,581
Molasses produced ... "	81,692	48,727	130,419	69,208
Recovery of sugar % cane	8.72	8.55	8.66	8.89
Recovery of molasses % cane.	3.8	4.1	3.9	3.9

The Sugar Technologist, in a note on the production of sugar directly from cane in modern factories in India during the season 1932-33, summarises his conclusions by stating :—

“The season under review marks the first step in the programme of expansion of the sugar industry in India. When expansion is rapid, conditions are generally unstable and efficiency suffers, and this is what has taken place, to a certain extent, in the present instance. But it is a matter for some satisfaction to those concerned with the technical aspects of the present development that, even in the first year of their operation, the new plants have shown results which on the average are not inferior to those of factories established for several years. This augurs well for the future and in course of time, provided cane cultivation is properly organised, machinery is carefully looked after and only well-qualified staff is employed, the efficiency as well as the capacity of the new factories should show progressive improvement and the industry as a whole should eventually find itself on a higher level of all-round efficiency than it has ever attained in the past.”

Tea Machinery.—The year under review witnessed the successful inauguration of the restriction scheme and a material rise in prices which was reflected almost at once in the improved position and prospects of the Tea Companies. The Companies are now disposed to consider prudent capital expenditure on the gardens. Fertilisers receive first attention but the time is near when substantial renewals and improvements in the equipment of the factories will be made. It is anticipated therefore that the imports under this head will be materially increased during the next few years :—

1931-32.	1932-33.	1933-34.
Rs.10,69,126	Rs.21,46,634	Rs.12,28,533

The increase in 1932-33 was due to the installation by many factories of certain newly patented machines. The imports are almost exclusively drawn from the United Kingdom. In 1932-33, Rs.1½ lakhs worth was drawn from Ceylon and Rs.36,526 from Germany.

Typewriters.—The history of the United Kingdom typewriter in India is a long record of inadequate marketing arrangements. This has recently been partially rectified with the result that there has been some slight improvement in the United Kingdom share, aided materially by the preferential margin of 10%.

Countries of Origin.	1932-33.		1933-34.	
	No.	Value (Rs.).	No.	Value (Rs.).
United Kingdom... ..	241	34,737	732	1,05,530
U.S.A.	3,580	5,06,334	5,499	6,02,087
Other Countries	123	20,063	347	37,836
Total	3,944	5,61,134	6,578	7,45,453

The secret of the success of the U.S.A. in this trade lies in their widespread distributing and service organisation.

Other Sorts of Machinery.—This "omnibus" heading includes all types of machinery and plant not specially classified in the Customs Returns. The total values were :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
1,55,16,084	1,51,74,790	1,56,35,149

In 1932-33 the United Kingdom contributed 62%, the U.S.A. 18%, Germany 11%, with small values from Italy, Sweden, Holland and Japan (Rs.1½ lakhs).

Iron and Steel.—The following statement giving the total imports of iron, steel and iron and steel into India during the past three years confirms the forecast in last year's report that the figures for the year 1932-33 would probably mark the lowest point of the

continuous decline from a total import of 1,197,000 tons in 1927-28. The improvement by over 3,000 tons shows some revival of purchasing power and synchronised with an increased output of 104,000 tons by the Tata Iron & Steel Co., Ltd.

Total Imports.	1931-32.	1932-33.	1933-34.
	Tons.	Tons.	Tons.
Iron	3,958	4,972	5,184
Steel	93,884	83,805	80,327
Iron or Steel	273,197	237,179	243,577
Total	371,039	325,956	329,088

Owing to a slight rise in prices, the improvement is even greater if values are taken. Total imports in 1932-33 were valued at Rs.530 lakhs while those in 1933-34 attained a value of Rs.550 lakhs. The main increases in tonnage occurred under the heading of wrought tubes and pipes; hoops and strips; beams, channels, pillars, girders and bridgework; bolts and nuts; fencing materials; cast pipes; black sheets; and rails, chairs and fishplates. On the other hand, there was a further material falling-off in imports of galvanised sheets, steel bars, wire nails, steel wire and railway sleepers and keys. When it is considered that, in times of reduced purchasing power, the local industry increases its share of the local trade, the turn in the tide in 1933-34 is of some significance and vindicates the view, which has always been advanced in these reports, that—in normal times—the Indian market provides not only an outlet for the full output of the Indian Works, but also ample scope for some 750,000 tons of imported material.

Production and Development of the Tata Iron and Steel Works.—

I am indebted to the Tata Iron and Steel Company Limited for the following authoritative statement showing the production and the main items of development at Jamshedpur during the year ended the 31st March, 1934 :—

Production of Pig Iron.

No. of furnaces in existence on 31/3/1934	...	...	...	5
				Tons.
Pig Iron Production	...	...	...	8,41,515
Pig Iron used in the works	...	...	...	6,98,921
Ferro-Manganese production for Works' use	...	...	...	10,536

Furnaces and Converters.

				<i>No. in existence</i>
				<i>on 31/3/1934.</i>
Bessemer Converters (Acid)	...	...	...	3
Open Hearth Furnaces (Basic)	...	...	...	10

Production of Ingots.

				Tons.
Open Hearth Furnaces (Basic)	...	...	...	2,37,006
Duplex Furnaces (Basic)	...	...	...	4,83,911

	No. in existence on 31/3/1934.
<i>Rolling Mills.</i>	
Cogging Mills	2
Rail and Heavy Section Mills	2
Plate Mill	1
Light Section, Bar and Merchant Mills	4
Sheet Bar and Billet Mill	1
Sheet Mill (Stands)	19
35-in. Roughing Mill	1
<i>Production of Semi-Finished Steel.</i>	
(a) Blooming Mill	Tons. 6,30,987
(b) <i>Sheet Bar and Billet Mill</i> :—	
(1) Billets	} Rolled from blooms pro- duced on the Blooming } Mills shown above.
(2) Sheet Bars and Sleeper bars	
(3) Tin Bars and Wide Flats	
<i>Production of Finished Steel.</i>	
Rails 50 lbs. and over (first class only)	Tons. 35,190
Rails 30 lbs. and under	Nil.
Fishplates (first class only)	1,684
Angles, Channels and Tees	65,047
Beams	66,881
Rounds, Squares, Flats, Octagons, Tie Bars, Bearing Plates and Hornchecks	88,208
Plates	49,025
Sheets $\frac{1}{2}$ in. and under, other than galvanised sheets	24,534
Galvanised Sheets	59,134
Blooms and Billets for sale	36,071
Sleepers	3,587
	<hr/> 4,29,361
<i>Plus Sheetbars, Tinbars, Flat bars, Hoe bars and Sleeper bars for sale</i>	1,01,834
Total	<hr/> 5,31,195 <hr/>

1. Sheet Mill Extension II is under consideration.

2. The gas cleaning plant, supplied by Messrs. Lodge-Cotterell, Ltd., Birmingham, is in course of erection and the work is expected to be completed by the end of the calendar year 1934.

Notwithstanding a decline in the output of railway rails due to the curtailment of Railway Board purchases and of beams and sleepers, the production of angles, channels and tees rose by 26,536 tons; beams by 6,426 tons; rounds, squares, flats, octagons and tie bars by 6,586 tons; plates by 20,094 tons; black sheets by 12,032 tons; galvanised sheets by 12,268 tons; blooms and billets by 12,207 tons; and semi-finished material for sale such as sheetbars, tinbars, flatbars, hoebars and sleeper bars by 15,764 tons. The number of sheet mill stands rose from twelve to nineteen and, as the second sheet mill extension is contemplated in the near future, the output of sheets will probably exceed 100,000 tons in the next few years.

The position of the Company will be dealt with at greater length in Chapter II, where the recent Tariff Board enquiry and the Steel Industry Protection Act, 1934, are dealt with exhaustively.

Origin of the Imports of Iron and Steel.—The following statement shows the chief sources of supply of iron and steel with the percentage share of each country in the import trade :—

	United Kingdom.		Germany.		Belgium.		France.		U.S.A.		Other Countries.		TOTAL.
	Tons (thousand).	Share %	Tons (thousand).	Share %	Tons (thousand).	Share %	Tons (thousand).	Share %	Tons (thousand).	Share %	Tons (thousand).	Share %	Tons (thousand).
1913-14 ...	609	59.8	200	19.6	173	17.0	2	0.1	22	2.2	12	1.3	1,018
1919-20 ...	269	63.0	1	0.2	13	3.1	—	—	135	31.6	9	2.1	427
1920-21 ...	498	70.0	15	2.1	69	9.7	2	0.3	113	15.9	15	2.0	712
1921-22 ...	280	45.7	60	9.8	160	26.1	9	1.5	84	13.7	20	3.2	613
1922-23 ...	359	48.1	90	12.1	229	30.7	7	1.0	38	5.1	23	3.0	746
1923-24 ...	429	56.7	61	8.0	217	28.7	5	0.5	18	2.4	26	3.7	756
1924-25 ...	439	50.5	88	10.1	273	31.4	16	1.8	17	2.0	36	4.2	869
1925-26 ...	489	55.3	69	7.8	229	25.9	45	5.1	23	2.6	29	3.3	884
1926-27 ...	406	48.1	79	9.3	257	30.4	33	3.9	29	3.4	41	4.9	845
1927-28 ...	685	57.2	79	6.6	316	26.4	48	4.0	16	1.4	53	4.4	1,197
1928-29 ...	650	55.5	70	6.0	333	28.5	54	4.6	18	1.5	45	3.9	1,170
1929-30 ...	486	49.9	58	6.0	312	32.1	35	3.6	16	1.6	66	6.8	973
1930-31 ...	269	43.8	44	7.2	207	33.7	29	4.7	15	2.4	50	8.2	614
1931-32 ...	164	44.2	26	7.0	118	31.8	16	4.3	5	1.4	42	11.3	371
1932-33 ...	140	43.0	22	6.7	104	31.9	12	3.7	2	0.6	46	14.1	326
1933-34 ...	166	50.5	23	7.0	72	21.9	13	4.0	2	0.6	53	16.0	329

The next statement shows the principal headings under which competition was encountered in 1933-34 :—

Description.	From the	From	From	From	TOTAL
	U.K.	Belgium.	Germany.	U.S.A.		IMPORTS
	Tons.	Tons.	Tons.	Tons.	Tons.
Steel Bars (other than cast steel).	14,953	27,669	3,142	*	66,123
Beams, Channels, Pillars, Girders and Bridgework.	9,159	5,083	2,295	†	19,197
Nuts and Bolts	1,406	3,460	740	‡	7,567
Hoops and Strips	12,762	7,741	3,521	‡	28,070
Nails, Rivets and Washers ...	3,990	2,171	386	‡	10,614
Cast Pipes and Fittings ...	1,795	47	†	‡	3,354
Galvanised Sheets and Plates	51,700	5,521	†	§	60,838
Tinned Plates	5,107	†	†||	218	7,366
Sheets and plates not galvanised or tinned.	20,158	3,117	37	†	23,680
Wrought tubes, pipes and fittings.	12,557	753	3,503	¶	29,046
Wire Nails	241	4,005	1,180	**	11,939
Wire Rope	1,884	†	†	14	2,328
Rails, Chairs and Fishplates...	2,385	213	†	†	3,002
Sleepers and keys of steel or iron for railways.	2,472	316	†	†	2,875
Fencing Materials (including fencing wire).	714	1,060	1,256	†	5,654

* From Luxemburg 12,811 tons and France 5,489 tons.

† Not separately distinguished.

‡ From Sweden 1,401 tons and Norway 1,386 tons.

§ From Japan 3,488 tons.

|| From other countries notably Italy and Germany, 2,041 tons.

¶ From Poland 4,469 tons, France 1,228 tons, U.S.A. 1,794 tons, Japan 952 tons and Holland 899 tons.

** From Japan 4,504 tons.

In some items there has been a marked advance in United Kingdom shipments at the expense of Continental competitors. One of the reasons for the advance is probably the preferential position resulting from the Ottawa Agreement. In wrought steel tubes, the United Kingdom share rose by 2,804 tons, in hoops and strips by 4,784 tons, in steel bars by 3,406 tons, fencing materials by 125 tons. In the outstanding case of galvanised sheets, the United Kingdom share rose from 49,667 to 51,700 tons while that of Belgium fell from 21,103 to 5,521 tons. The import of 3,488 tons (Rs.6 lakhs) of sheets from Japan is significant.

The following brief comments under each heading analyse the competitive position in 1933-34 as compared with the previous year :—

Bars (other than Cast Steel).—The total imports fell in quantity from 69,168 tons to 66,123 tons but rose in value from Rs.57 lakhs to Rs.63 lakhs. Imports from the United Kingdom rose from 11,547 tons (Rs.15 lakhs) to 14,953 tons (Rs.19½ lakhs). Arrivals

from Belgium fell in quantity from 32,003 tons to 27,669 tons but rose slightly in value from Rs.22½ lakhs to Rs.23 lakhs. Conversely, imports from Luxemburg fell from 17,057 tons to 12,811 tons in quantity but values were only reduced from Rs.10½ lakhs to Rs.10 lakhs. Imports from France were slightly higher at 5,489 tons (Rs.4¼ lakhs) and those from Germany at 3,142 tons (Rs.3 lakhs).

Beams, Channels, Pillars, Girders and Bridgework.—It is somewhat remarkable—in view of the prevailing depression and of the success of the Tata Iron and Steel Company in obtaining such structural sections as were ordered—that the total trade advanced from 15,738 tons (Rs.15½ lakhs) to 19,197 tons (Rs.21 lakhs). The United Kingdom share rose from 5,832 tons (Rs.8½ lakhs) to 9,159 tons (Rs.13 lakhs), whereas that of Belgium fell from 5,852 tons (Rs.4¼ lakhs) to 5,083 tons (Rs.4 lakhs) and France from 2,675 tons (Rs.1¾ lakhs) to 1,711 tons (Rs.1¼ lakhs).

Bolts and Nuts.—This trade also expanded from 6,452 tons (Rs.18¼ lakhs) to 7,567 tons (Rs.21 lakhs). The United Kingdom share advanced from 1,030 tons (Rs.4 lakhs) to 1,406 tons (Rs.5¼ lakhs), that of Belgium from 3,253 tons (Rs.6 lakhs) to 3,460 tons (Rs.6¾ lakhs), while imports from Germany rose in quantity from 728 tons to 740 tons but fell in value from Rs.3¼ lakhs to Rs.3 lakhs.

Fencing Materials (including Fencing Wire).—A slight increase in the aggregate trade is to be recorded from 4,524 tons (Rs.14 lakhs) to 5,654 tons (Rs.15 lakhs). Arrivals from the United Kingdom rose from 589 tons (Rs.2 lakhs) to 714 tons (Rs.2½ lakhs). Imports from Germany fell from 1,464 tons (Rs.6 lakhs) to 1,256 tons (Rs.4½ lakhs), those from Belgium from 1,321 tons (Rs.3 lakhs) to 1,060 tons (Rs.2 lakhs). The share of "other countries" rose from Rs.3¼ lakhs to Rs.5¾ lakhs.

Hoops and Strips.—The total trade advanced from 24,345 tons (Rs.27½ lakhs) to 28,070 tons (Rs.35¼ lakhs). It is encouraging to note that, probably due to the preference, arrivals from the United Kingdom rose from 7,978 tons (Rs.10¼ lakhs) to 12,762 tons (Rs.16½ lakhs). Arrivals from Germany also increased from 2,017 tons (Rs.2½ lakhs) to 3,521 tons (Rs.5 lakhs). On the other hand, Belgian imports fell from 10,109 tons (Rs.10½ lakhs) to 7,741 tons (Rs.9¼ lakhs).

Nails, Rivets and Washers (other than Wire Nails).—The total imports remained practically stationary at 10,614 tons valued at Rs.28½ lakhs. Imports from the United Kingdom rose from 3,004 tons (Rs.8 lakhs) to 3,990 tons (Rs.9¼ lakhs). Arrivals from Belgium fell from 2,564 tons (Rs.5½ lakhs) to 2,171 tons (Rs.4 lakhs), those from Norway from 1,529 tons (Rs.4½ lakhs) to 1,386 tons (Rs.3½ lakhs) and Germany from 625 tons (Rs.2½ lakhs) to 386 tons (Rs.1½ lakhs). On the other hand, arrivals from Sweden rose from 1,283 tons (Rs.6¼ lakhs) to 1,401 tons (Rs.6½ lakhs).

Cast Pipes and Fittings.—Here again the total trade rose from 2,096 tons (Rs.6 lakhs) to 3,354 tons (Rs.7½ lakhs). United Kingdom shipments advanced from 1,223 tons (Rs.5 lakhs) to 1,795 tons (Rs.6 lakhs).

Rails, Chairs and Fishplates.—The trade advanced slightly from 1,737 tons (Rs.4½ lakhs) to 3,002 tons (Rs.5 lakhs). The United Kingdom proportion rose from 1,150 tons (Rs.4 lakhs) to 2,385 tons (Rs.4¼ lakhs). Imports from "other countries" were negligible.

Screws.—The total imports shrank from 1,953 tons (Rs.10 lakhs) to 1,447 tons (Rs.6¼ lakhs). Arrivals from the United Kingdom fell from 414 tons (Rs.2¼ lakhs) to 361 tons (Rs.1¼ lakhs) and those from Belgium from 901 tons (Rs.4½ lakhs) to 365 tons (Rs.1½ lakhs). The share of "other countries" was, however, increased. Of the total screws imported in 1933-34, 1,106 tons represents woodscrews and 341 tons metal thread screws.

Galvanised Sheets and Plates.—The total trade declined still further from 72,658 tons (Rs.123¼ lakhs) to 60,838 tons (Rs.113¼ lakhs) due to the intensity of the depression throughout India and particularly in the jute districts of Eastern Bengal and also to the severity of competition from sheets produced by the Tata Company. As a result of the fiscal advantage conferred by the Ottawa Trade Agreement, imports from the United Kingdom rose from 49,667 tons (Rs.87 lakhs) to 51,700 tons (Rs.98¼ lakhs), whereas those from Belgium declined from 21,103 tons (Rs.33 lakhs) to 5,521 tons (Rs.8½ lakhs). Imports from Japan grew from 1,357 tons (Rs.2½ lakhs) to 3,488 tons (Rs.6 lakhs). The output capacity of the Tata Company is now fully 100,000 tons per annum and further extensions are contemplated in the near future.

Tinned Plates.—The steady advance in Indian production, coupled with the depression in Indian industries, has materially reduced the scale of this trade. During the past year, however, the total imports rose from 7,022 tons (Rs.19½ lakhs) to 7,366 tons (Rs.22 lakhs). The share of the United Kingdom fell from 6,906 tons (Rs.19 lakhs) to 5,107 tons (Rs.15½ lakhs). Arrivals from the U.S.A. were trifling but imports from the Continent (Germany and Italy) rose sharply from 116 tons (Rs.35,000) to no less than 2,041 tons (Rs.5¾ lakhs).

Sheets and Plates (not Galvanised or Tinned).—This trade has been fairly well maintained during the depression, the total imports during the past year advancing from 22,085 tons (Rs.27 lakhs) to 23,680 tons (Rs.30½ lakhs). Imports from the United Kingdom rose from 19,043 tons (Rs.24¼ lakhs) to 20,158 tons (Rs.27 lakhs), while those from Belgium advanced slightly from 2,676 tons (Rs.2¼ lakhs) to 3,117 tons (Rs.3 lakhs).

Sleepers and Keys of Steel or Iron for Railways.—The total imports fell slightly from 3,395 tons (Rs.4½ lakhs) to 2,875 tons (Rs.4¼ lakhs). Arrivals from Belgium dropped from 1,408 tons (Rs.1¼ lakhs) to a mere 316 tons (Rs.30,000). On the other hand, imports from the United Kingdom rose from 1,954 tons (Rs.3 lakhs) to 2,472 tons (Rs.4 lakhs).

Wrought Tubes, Pipes and Fittings.—In spite of the depression, this valuable trade advanced from 23,461 tons (Rs.61¾ lakhs) to 29,046 tons (Rs.71½ lakhs). The United Kingdom share rose from 9,753 tons (Rs.28 lakhs) to 12,557 tons (Rs.37¾ lakhs). Imports from Poland rose from 3,611 tons (Rs.8½ lakhs) to 4,469 tons (Rs.8¾ lakhs). Arrivals from Germany, however, fell from 4,385 tons (Rs.10¾ lakhs) to 3,503 tons (Rs.7½ lakhs). Shipments from the U.S.A. also dropped from 1,923 tons (Rs.4¾ lakhs) to 1,794 tons (Rs.4 lakhs) and those from Holland were also reduced from 1,330 tons (Rs.3 lakhs) to 899 tons (Rs.2 lakhs). Imports from France advanced from 322 tons (Rs.¾ lakh) to 1,228 tons (Rs.2½ lakhs).

Wire Nails.—The total imports fell from 13,198 tons (Rs.23¼ lakhs) to 11,939 tons (Rs.20 lakhs). Imports from Belgium shrank from 5,739 tons (Rs.11 lakhs) to 4,055 tons (Rs.6½ lakhs) and those from Germany from 2,335 tons (Rs.4¼ lakhs) to 1,180 tons (Rs.2 lakhs). On the other hand, imports from Japan rose sharply from 3,241 tons (Rs.5 lakhs) to 4,504 tons (Rs.7½ lakhs) and "other countries" from 1,670 tons (Rs.3 lakhs) to 2,009 tons (Rs.3¼ lakhs). Imports from the United Kingdom remained practically negligible at 241 tons valued at Rs.½ lakh.

Wire Rope.—The total imports rose from 2,049 tons (Rs.10¾ lakhs) to 2,328 tons (Rs.11½ lakhs). The United Kingdom share advanced from 1,649 tons (Rs.9 lakhs) to 1,884 tons (Rs.9¾ lakhs).

Aluminium.—The steady decline in the imports of aluminium in all its forms has at last been checked and aggregate values advanced from Rs.22 to Rs.32 lakhs during the year. The figures for 1929-30 were Rs.142 lakhs, so that there is much leeway to be made up.

	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
<i>Unwrought</i>				
Ingots, blocks, bars ...	164	*	125	†
<i>Wrought</i>				
Circles	16,892	14	30,932	24
Sheets	1,544	1	1,744	1
<i>Other Manufactures</i> ...	5,953	7	6,686	7
Total Imports ...	24,553	22	39,487	32

* Rs. 5,593.

† Rs. 9,606.

Particulars relating to the origin of the imports in 1933-34 are not yet available, but in 1932-33, of the circles, the United Kingdom supplied 50%, Japan 36%, France 4% and Switzerland 3%. The U.S.A. which, prior to the formation of the European cartel, used to be the main supplier, only contributed 3% and has been almost out of the market since 1930-31. The relatively unimportant trade in sheets was shared by the United Kingdom (Rs.87,000), Germany (Rs.16,000), trivial quantities coming from Switzerland and the U.S.A. Imports of "other manufactures," comprising mainly wire and utensils, were drawn from the United Kingdom (21%), Germany (54%) and Belgium (15%).

Brass, Bronze and Similar Alloys.—*Mixed or Yellow Metal for Sheathing.*—There has been a slight set-back to the advance recorded last year, and the total figures of 422,366 cwt. compare unfavourably with those of 456,312 cwt. in 1928-29, revealing the severe fall in purchasing power of the people. As yellow metal sheets are the raw material of the common Indian household hollow-ware, fluctuations in imports reflect fairly closely the economic position of the masses.

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	150,091	47	156,345	46
Germany	236,799	72	170,401	47
Japan	95,697	30	95,491	26
Other Countries	290	*	129	†
Total	482,877	1,49	422,366	1,19

* Rs. 11,267.

† Rs. 4,015.

The preferential margin has probably assisted the United Kingdom rollers in maintaining the volume of their shipments and improving their relative position from 31 to 38%.

Other Manufactures (Wrought).—The imports were :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
Rods	4	2
Sheets	2	1
Tubes	1	1
Wire	3	2
Other Sorts	20	12

Copper (Wrought).—The imports of wrought copper during the past two years have been as follows :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
Sheets	96	65
Rods	8	11
Tubes	1	2
Wire (excluding telegraph and telephone wire)	3	2
Other Manufactures	4	3

The next table gives the provenance of the imports :—

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	72,217	28	113,359	38
Germany	192,345	67	103,708	32
Belgium	10,699	4	3,308	1
France	3,201	1	356	*
Japan	22,268	7	30,909	9
U.S.A.	13,056	4	10,548	2
Other Countries	2,419	1	349	1
Total	316,205	1,12	262,537	83

* Rs. 14,017.

The displacement of Germany by the United Kingdom, thanks in part to Imperial Preference and consolidation of the interests of United Kingdom producers, and the intensified competition from Japan are the two outstanding features of the year. Competition from the products of the Indian Copper Corporation tends to increase.

German Silver (including Nickel Silver).—The trade remained stationary.

	1931-32.	1932-33.	1933-34.
Quantity (cwt).	13,551	17,512	17,244
Value (Rs. lakhs)	10	13	12

The United Kingdom in 1932-33 supplied 19%, Italy 40%, Switzerland 14% and Austria 14%.

Railway Plant and Rolling Stock.—The unsatisfactory classification of this item since the discontinuance of the issue of combined statistics in 1928 makes comment somewhat difficult. Rails and permanent-way material are now classified under iron and steel, locomotives appear under machinery (prime movers), while carriages and wagons are included under vehicles.

State-operated Lines.—The only separately classified statistics appearing in the Monthly Returns, on which this report is based are :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
Carriages and parts for railways	3	2½
Wagons and parts for railways	*	½

* Rs. 16,162.

In 1932-33, Rs.12½ lakhs worth of locomotives and parts were imported on account of State Railways, Rs.9½ lakhs being obtained from the United Kingdom and Rs.1½ lakhs from Germany.

Company-worked Lines.—The imports of railway material entering India as private merchandise on account of the Companies' lines were :—

Rails, Chairs and Fishplates.

Country of Origin.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	1,150	4	2,385	4
Belgium	39	*	213	†
Other Countries ...	548	‡	404	1
Total	1,737	4	3,002	5

* Rs. 3,425.

† Rs. 22,005.

‡ Rs. 55,088.

Sleepers and Keys of Steel or Iron for Railways.

Country of Origin.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom... ..	1,954	3	2,472	4
Belgium	1,408	1	316	†
Other Countries ...	33	*	87	‡
Total	3,395	4	2,875	4

* Rs. 3,158.

† Rs. 30,660.

‡ Rs. 9,888.

Railway Locomotive Engines and Tenders and Parts.

Country of Origin.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	26	34
Germany	3	3
U.S.A.	1	2
Other Countries	2	4
Total	32	43

Railway Carriages and Parts.

Country of Origin.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	18	24
Germany	*	8
Belgium	2	1
Other Countries	3	4
Total	23	37

* Rs. 54,964.

Railway Wagons and Parts.

<i>Country of Origin.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	11	8
Germany	1	2
Belgium	1	1
Other Countries	*	1
Total	13	12

* Rs. 56,007.

United Kingdom manufacturers of railway rolling-stock have been severely penalised by the curtailment of capital expenditure and particularly of expenditure in sterling which has been the policy of the Government of India for some years. Locomotives and parts of rolling-stock such as wheels and axles, buffers, springs, brake gear, etc., are now the only items left to be imported. Practically all the wagons, underframes of coaching stock and most of the permanent way material are now made in the country; and plans exist for a locomotive works in India.

Motor Cars.—The progress of the trade over a period of years is clearly seen in the following table, which gives the number of cars imported in each of the post-war years:—

	United Kingdom.	United States (a)	Canada.	France.	Italy.	Other Countries.	Total.
Year 1913-14 (pre-war).	1,669	868	—	111	7	225	2,880
War average (1914-15 to 1918-19).	537	1,681	—	49	28	22	2,317
Year 1919-20 ...	448	9,353	20	3	17	84	9,925
„ 1920-21 ...	2,541	10,120	1,938	192	218	423	15,432
„ 1921-22 ...	790	802	576	158	222	347	2,895
„ 1922-23 ...	449	1,386	1,846	61	131	450	4,323
„ 1923-24 ...	1,005	2,865	3,290	153	370	301	7,984
„ 1924-25 ...	1,882	3,106	3,956	215	235	186	9,380
„ 1925-26 ...	2,399	4,143	4,775	367	860	213	12,757
„ 1926-27 ...	2,546	4,030	4,476	607	1,416	122	13,197
„ 1927-28 ...	3,600	6,031	3,400	538	1,367	186	15,122
„ 1928-29 ...	3,645	10,145	4,366	277	967	167	19,567
„ 1929-30 ...	3,758	9,620	2,318	364	1,150	189	17,399
„ 1930-31 ...	2,885	5,098	3,250	261	917	190	12,601
„ 1931-32 ...	2,178	3,368	676	161	510	327	7,220
„ 1932-33 ...	3,958	1,201	296	84	226	436	6,201
„ 1933-34 ...	5,348	2,227	1,715	62	221	186	9,759

(a) The country of origin of many of the cars imported from the United States of America during the years previous to 1920-21 is Canada.

The exchange advantage which United Kingdom manufacturers had enjoyed vis-a-vis their U.S.A. and Canadian competitors has now been largely neutralised since the fall in the dollar exchange

towards the end of 1933. Registrations of the well-known makes of U.S.A. cars, such as the Chevrolet and the Ford, rose sharply during the latter half of the year under review. There are signs, however, that the Indian car-owner is now paying greater attention to low running costs, the life of the vehicle, and its second-hand selling value, all points which are in favour of the smaller horse-power United Kingdom vehicle. Although more intense competition will probably have to be faced in the future, it is likely that the present vogue for the smaller United Kingdom car will continue and that a considerable amount of the ground gained during the past three years will be retained. If the recent reduction of the horse-power tax in the United Kingdom results, as is hoped, in the mass production of greater numbers of higher horse-power vehicles for the home market, then the United Kingdom manufacturer will, at last, have an opportunity of scaling down his prices to enter the field against his U.S.A. competitors in the market for 20-30 h.p. vehicles, of which the up-country 'bus fleets in India are mainly composed.

Country of Origin.	1932-33.		1933-34.	
	No.	Rs.	No.	Rs.
United Kingdom... ..	3,958	80,05,887	5,348	1,06,14,709
Germany	146	2,09,442	106	1,50,721
France	84	2,27,124	62	1,44,942
Italy	226	4,80,274	221	4,70,023
Canada	296	6,15,770	1,715	25,51,757
U.S.A.	1,201	28,51,862	2,227	36,31,660
Other Countries	290	4,69,259	80	1,30,866
Total	6,201	1,28,59,618	9,759	1,76,94,678

Owing to the revival of U.S.A. and Canadian activity in the latter half of the year consequent upon lower rupee selling prices, notably of Ford and Chevrolet vehicles, the United Kingdom share fell from 63 to 54% of the numbers of cars imported and from 62 to 60% of the values. The local distributing organisations of the half dozen or so leading United Kingdom suppliers to this market have been further consolidated during the year and there is now a refreshing desire on the part of local firms of motor agents to hold a good United Kingdom agency, which is in sharp contrast to the position a few years ago and proves that the business is a lucrative one. The 7½% preference is a valuable help. As I have repeatedly stated, the Indian market is potentially one of the greatest in the Empire and will amply repay all the attention and care that can be given to it. The Central and Provincial Governments are committed to a programme for the improvement and extension of roads throughout the country and there is no doubt that, once the present depression lifts, the expansion of motor transport will proceed at a greatly accelerated pace.

The following statement shows the number of motor vehicles registered in British India on the 31st March, 1934 :—

Provinces.	Motor cars including taxi-cabs.	Motor cycles including scooters and auto-wheels.	Heavy motor vehicles (lorries, buses, etc.).	TOTAL.
	No.	No.	No.	No.
Bengal (including Calcutta) ...	39,005	5,312	5,060	49,377
Bombay City (a)	9,930	516	949	11,395
Bombay Presidency (excluding Bombay City and Sind) (a).	10,827	776	39	11,642
Madras City	14,374	3,196	2,171	19,741
Madras Presidency (excluding Madras City) (a).	7,617	1,382	5,676	14,675
United Provinces (b)	12,806	1,792	4,447	19,045
Punjab	6,253	1,226	5,404	12,883
Burma (a)	9,881	1,077	5,296	16,254
Bihar and Orissa	10,263	1,393	2,483	14,139
Central Provinces (c)	3,411	632	1,724	5,767
Sind	1,815	412	520	2,747
Delhi (c)	8,609	1,495	2,104	12,208
North West Frontier Province ...	3,972	1,552	2,990	8,514
Ajmer-Merwara	866	204	244	1,314
Assam (b)	1,786	153	1,320	3,259
TOTAL	141,415	21,118	40,427	202,960

(a) Actually running.

(b) Figures relate to the year ending December, 1933.

(c) Represent number of vehicles re-registered during the year.

Motor Omnibuses, Vans and Lorries.—The imports more than doubled in number during the year and increased by over 50% in value. This is largely attributable to the revival of demand from the up-country bus owners, resulting from improved economic conditions, synchronising with the re-entry of the favourite U.S.A. vehicles at low prices since the fall in the dollar exchange. The provenance of the imports was as follows :—

Countries of Consignment.	1932-33.		1933-34.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
United Kingdom... ..	517	10	528	12
Canada	338	6	1,243	16
U.S.A.	1,793	25	3,692	37
Other Countries	28	*	33	1
Total	2,676	41	5,496	66

* Rs. 52,099.

The figures for the United Kingdom are disappointing. The rise in values shows that a greater number of the heavier weight vehicles have been imported during the year, but United Kingdom manufacturers have so far made little headway in the vast market for light and comparatively high-powered trucks for 'bus and general transport use. The reduced horse-power tax in the United Kingdom will, it is hoped, give a fillip to the production of this type of vehicle at prices which are competitive with the American trucks of the Chevrolet or Dodge type and with the Ford. There is no doubt that the exact type of vehicle can be, and is being, produced in the United Kingdom, but the price is too high for the Indian who promotes a transport organisation and has only a strictly limited amount of capital. He now purchases U.S.A. and Canadian vehicles on the hire-purchase system, runs them to death, and scraps them after a couple of years or so, thus avoiding the necessity for any repair and maintenance organisation. Wherever transport companies are operated on modern lines, with due attention to maintenance and repairs, the United Kingdom truck has a better chance, but, apart from the few large cities, the transport both of passengers and goods is likely to continue to be carried in light vehicles, which are suited to the needs of the country.

Motor Cycles.—A further reduction is to be recorded in this trade consequent upon the still further reduced purchasing power among the class of Europeans, Anglo-Indians and Indians, who purchase motor cycles. The improvement in the tea industry may give some stimulus to the demand from tea gardens staffs in the near future.

Countries of Consignment.	1932-33.		1933-34.	
	No.	Rs.	No.	Rs.
United Kingdom... ..	699	3,26,887	612	2,98,555
U.S.A.	1	1,620	12	9,054
Other Countries	82	23,012	76	18,945
Total	782	3,51,519	700	3,26,554

The re-appearance of U.S.A. machines is noteworthy. Hitherto, machines of the "Harley Davidson" and "Indian" types have been used for police work in India. In 1932/33 the imports from "other countries" included 47 machines valued at Rs.10,232 from Germany and 6 machines valued at Rs.1,370 from France, the remainder being machines re-exported from Ceylon, Straits Settlements and other British Possessions.

Cycles (other than Motor Cycles and Parts thereof) and Accessories.—The slight improvement in the purchasing power of

the urban population is reflected by a further encouraging increase in the total imports. The figures are :—

	1931-32.	1932-33.	1933-34.
Cycles imported entire or in sections ...	No. 49,672	No. 69,528	No. 88,624
Value of parts of cycles and accessories (excluding rubber tyres).	Rs. (lakhs). 47	Rs. (lakhs). 60	Rs. (lakhs). 64

The aggregate imports of cycles, parts and accessories were drawn as follows :—

Countries of Origin.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	43	52	63
Germany	8	8	6
Japan	12	19	18
Other Countries	2	1	2
Total	65	80	89

The 10% preference has, among other factors, helped United Kingdom suppliers to secure more than the increase in the total trade and the improvement in their share from 65 to 71%. Japanese competition would seem to be checked for the moment, but the import of Japanese sections and accessories at phenomenally low prices still continues, and complete machines are now imported at prices which are attractive to the buyer. The reputation of the United Kingdom machine for long life, durability and value for money is a great asset, which will operate even more powerfully in our favour when purchasing power recovers.

Provisions.—The effects of the depression may be measured by the decline in the trade from a total of Rs.621 lakhs in 1928-29 to Rs.271 lakhs in the year under review. The fall is due first to reduced purchasing power which has seriously affected the consumption of such quasi-luxury articles as biscuits, condensed milk, milk foods and canned fish and, second, to the practical elimination of the imports of vegetable products (vegetable ghee, vegetable fats, or solidified vegetable oils as they are popularly known) resulting partly from the development of local manufacture and partly from the agitation, carried on largely by interested parties,

against their use. The following table gives the source of the imports of provisions during the past two years. :—

<i>Countries of Consignment.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	1,40	1,51
Netherlands	35	24
Straits Settlements	20	20
China (including Hongkong)	8	9
U.S.A.	19	14
Australia	18	16
Other Countries	53	37
Total	2,93	2,71

The preferential duty has contributed towards enabling United Kingdom suppliers not only to increase their percentage from 47 to 55 but to add Rs.11 lakhs to the value of their shipments during a period of declining trade. If non-competitive trade (such as vegetable product and the imports of Oriental produce from the Straits Settlements and China) be eliminated, we find that the United Kingdom supplies no less than 62% as compared with 55% in 1932-33. A study of the following table of articles imported shows that the demand for bottled and canned goods has been maintained while that for the cruder forms of provisions, such as Oriental produce, has declined materially.

<i>Principal Articles.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Bacon and Hams	9	12
Biscuits and Cakes	28	30
Butter	5	6
Canned or bottled fruits	8	10
Tinned or canned fish	9	8
Vegetable Product (vegetable ghee, vegetable fat, etc.)	13	1
Other canned or bottled provisions	52	36
Cheese (including canned)	8	8
Cocoa and Chocolate	3	3
Confectionery	15	17
Farinaceous foods in bulk	26	24
Milk foods for infants and invalids	19	16
Other farinaceous foods	18	26
Jams and jellies	4	6
Milk, condensed and preserved (including milk cream)	49	45
Pickles, chutnies, sauces and condiments	4	6

Liquors.—*Ale, Beer and Porter.*—The following table gives the imports, both quantities and values, during the past two years :—

Countries of Consignment.	1932-33.		1933-34.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom... ..	2,446,565	50	2,183,993	45
Germany	507,657	14	375,638	11
Netherlands	282,211	6	308,304	6
Japan	415,965	4	525,621	5
Other Countries	65,352	2	62,270	2
Total	3,717,750	76	3,455,826	69

When one considers the heavy taxation on imports and the reduced purchasing power of the European and Anglo-Indian communities in India, it is remarkable that the consumption should have been so well maintained. In 1932-33, 2,402,596 gallons of beer were imported in bottle of which the United Kingdom supplied 1,162,598 gallons, Germany 505,074 gallons, Japan 415,654 gallons and Holland 267,935 gallons. Of the beer imported in bulk, amounting to 1,188,570 gallons, the United Kingdom supplied 97%, only trifling quantities being drawn from Holland and Belgium. The imports of stout and porter amounting, in 1933-34, to 114,316 gallons, were almost entirely drawn from the United Kingdom. The preferential duties, which are on a specific basis, have played their part in enabling United Kingdom shippers to keep their share of the trade at 64% in face of the competition of popular brands of German and Dutch beers of the light lager type. The average value of imported Japanese beer was Rs.0.96 per gallon = say 1s. 5½d. as compared with Rs.2 = 3s. in the case of the United Kingdom.

Spirits.—The subjoined table shows the quantities and values of the principal kinds of spirit imported in India:—

Description.	1932-33.		1933-34.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Brandy	113,921	17	118,581	18
Gin	86,078	7	90,630	8
Liqueurs	7,748	2	9,511	2
Rum	2,113	*	1,723	†
Whisky	331,416	55	335,674	56
Spirit present in drugs	102,479	33	110,510	34 ✓
„ perfumed	4,968	5	6,897	7
„ denatured	856,788	8	517,584	7
Other sorts	18,800	7	22,164	6

* Rs.16,493.

† Rs.16,468.

The next table gives the countries of consignment of all spirits :—

Countries of Consignment.	1932-33.		1933-34.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom... ..	475,501	84	492,618	89
Germany	11,268	2	12,445	3
France	121,861	21	127,559	22
Java	856,861	8	521,323	7
United States	47,545	16	45,142	14
Other Countries	11,275	2	14,187	3
Total	1,524,311	1,33	1,213,274	1,38

The spirit trade has shown wonderful resilience in fact of high taxation and reduced purchasing power but has fallen to half the gallonage imported in 1929-30.

Brandy is almost entirely drawn from France with negligible values of re-exported brandy from the United Kingdom and Germany. In 1932-33, of a total of 86,078 gallons of gin, the United Kingdom supplied 82,195 gallons and Holland 3,543 gallons. In the same year, the United Kingdom shipped 330,732 gallons of a total of 331,416 gallons of whisky imported, the imports of cheap spirit from Germany for bazaar consumption having fallen to 284 gallons. Spirit present in drugs, etc. was obtained from the United Kingdom (40%), U.S.A. (44%), France (9%) and Germany (4%). Perfumed spirit was drawn from the United Kingdom (51%), France (18%) and Germany (28%). Java supplies practically the whole of the spirit which is denatured at Indian Custom Houses before clearance, but with the recent development of the Indian sugar industry the trade is declining rapidly.

Wines.—The relatively small imports of wines rose from 165,370 gallons valued at Rs.16 lakhs in 1932-33 to 177,273 gallons valued at Rs.19 lakhs in 1933-34. Of the total imports in the former year, France supplied 35%, the United Kingdom 28%, Italy 17% with lesser values from Spain and Portugal. The United Kingdom share, of course, represents re-exports from the four producing countries.

Paper and Pasteboard.—There has been a setback to the slight recovery last year, the total import aggregating 2,563,606 cwt. valued at Rs.263 lakhs as compared with 2,639,549 cwt. valued at Rs.286 lakhs in 1932-33 and 2,740,400 cwt. valued at Rs.372 lakhs in 1929-30. The following table shows the percentage shares of the principal countries in the total imports :—

—	1913-14 (pre-war year).	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%
United Kingdom ...	56.2	31.2	30.2	27.8	33.7
Norway	5.1	15.0	10.3	14.2	15.2
United States ... ..	.8	4.5	4.5	2.8	2.2
Sweden	3.2	10.4	11.3	14.5	12.7
Netherlands	2.5	7.0	6.4	4.9	4.3
Japan	1.0	3.9	3.9	5.6	4.7
Germany	17.3	9.7	11.0	10.5	7.7
Austria... ..	8.3	10.3	14.3	10.1	9.7
Other Countries ...	5.6	8.0	8.1	9.6	9.8
Total	100	100	100	100	100

The improvement in the United Kingdom share is satisfactory and is due to some extent to the preference.

Packing Paper.—The total trade receded from 324,897 cwt. (Rs.45 lakhs) to 250,268 cwt. (Rs.32 lakhs). The United Kingdom share dropped still further from Rs.3½ to under Rs.3 lakhs, as United Kingdom mills, working on imported raw material, find it almost impossible to compete with Sweden and Norway, countries with ample supplies of cheap wood pulp adjacent to the mills.

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	19,395	4	14,368	3
Sweden	173,327	23	131,946	16
Norway	26,340	3	27,370	3
Germany	31,068	5	11,988	2
Netherlands	10,464	1	8,918	1
Austria	20,933	3	30,923	4
Other Countries	43,370	6	24,757	3
Total	324,897	45	250,268	32

Printing Paper.—In spite of the economic depression the demand for news printing paper grows apace and the total imports under the total classification rose from 679,493 cwt. (Rs.83 lakhs) to 770,582 cwt. (Rs.84 lakhs).

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	44,665	9	46,339	9
Sweden	62,474	7	74,547	7
Norway	230,019	24	248,831	23
Germany	60,911	9	61,973	8
Netherlands	35,980	5	42,118	5
Belgium	4,989	1	5,087	1
Austria	152,099	17	147,123	15
Japan	2,745	1	8,209	1
Other Countries	85,611	10	136,355	15
Total	679,493	83	770,582	84

Here again, the United Kingdom has not been able to make any progress against the competition of Scandinavia and Austria in newsprint and Austria, Germany and Holland in miscellaneous printing papers.

Writing Paper and Envelopes.—There is a preference on most items and the United Kingdom has managed to maintain its position in a reduced trade. United Kingdom manufacturers are well organised with local branches, but find it difficult to compete with Indian mills, which enjoy a protection of 1½ annas per lb. on writing paper. The statistics were :—

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	33,343	15	34,735	15
Sweden	10,518	2	14,812	2
Norway	38,701	8	49,368	9
Germany	10,803	3	5,606	2
Netherlands	11,726	2	8,884	1
Japan	12,188	2	10,617	2
Other Countries	32,374	7	27,333	5
Total	149,653	39	151,355	36

Miscellaneous.—

	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Old newspapers in bags and bales	34	42	41
Other kinds of Paper	25	28	29
Paper Manufactures	10	11	13

The valuable trade in old newspapers is recovering and in 1932-3 the United Kingdom supplied 86% and the U.S.A., whose competition has been less severe since 1930-31, supplied 13%. Other kinds of paper are drawn from the United Kingdom (23%), Sweden (15%), Norway (14%), Germany (14%), Austria (9%) and lesser values from Belgium, France, Czechoslovakia and the United States. The United Kingdom provides 44% of the paper manufactures, the balance being drawn from Germany, Sweden, the U.S.A. and Japan.

Chemicals and Chemical Preparations (excluding Chemical Manures and Medicines).—The remarkable manner in which this vast trade has been maintained in the face of all obstacles is evidenced by the fact that the record imports were Rs.279 lakhs in 1929-30 and the aggregate figures for last year totalled Rs.27 lakhs. The present imports are three times the value of the average of the last five pre-war years. This outstanding development may be attributed firstly to the development of Indian industries in which chemicals constitute the raw material of manufacture and, secondly, to the ceaseless sales, service and research activities of the admirably organised United Kingdom and German groups, whose representatives are constantly stimulating demand and seeking new outlets. The following statement shows the position of the principal countries during the years 1931-32 and 1932-33, the last years for which details of provenance are available :—

<i>Principal Countries of Consignment.</i>	1931-32.	1932-33.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs)</i>
United Kingdom	1,41	1,40
Germany	47	40
Italy	15	15
U.S.A.	12	14
U.S.S.R. (Northern)	2	2
U.S.S.R. (Southern)	5	8
Finland	2	2
Japan	6	13
Netherlands	6	7
Belgium	3	4
Kenya Colony	4	4
Java	—	4
France	4	6
Total Imports (all sources)	2,57	2,71

The next table gives the percentage share of the principal countries of consignment over a series of years covering both the pre-war and post-war periods :—

—	1913-14 (pre-war year).	1914-19 (war average).	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%	%
United Kingdom	74.7	70.4	54.0	54.8	51.6	55.2
Germany... ..	12.4	.7	18.3	18.1	14.9	12.7
U.S.A. ... ..	.3	5.5	5.2	4.6	5.4	5.8
Italy	5.2	2.8	7.3	5.9	5.6	5.7
Kenya Colony ...	—	.3	2.3	1.5	1.6	1.7
Norway ... ..	.5	.5	1.6	.8	.3	.3
Japan	1.5	16.7	1.7	2.3	4.9	8.4
Other Countries...	5.4	3.1	9.6	12.0	15.7	10.2
Total	100	100	100	100	100	100

Unfortunately, detailed figures for 1933-34 are not yet available, but it is hoped that—with the aid of the 10% preference on a wide range of items—the United Kingdom percentage will at least be maintained. Imports of the main United Kingdom specialities, viz., soda ash and caustic soda, are equal to last year, but increased competition in soda compounds is being met from the U.S.S.R. and recently from Japan. The progress made by Japan in the Indian market for all chemicals is shown by Japanese imports of Rs.3½ lakhs in 1928-29, Rs.5 lakhs in 1929-30, Rs.4 lakhs in 1930-31, Rs.6 lakhs in 1931-32 and Rs.13 lakhs in 1932-33. It is anticipated that the 1933-34 figures will be on an even greater scale. The following table shows the total imports under each of the main headings during the past two years :—

	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Acids	7	8
Bleaching Powder	9	9
Carbide of Calcium	7	6
Copper Sulphate	3	4
Disinfectants	7	7
Glycerine	3	4
Potassium Chlorate	11	12
Sodium Bicarbonate	8	9
Sodium Carbonate	65	64
Sodium Cyanide	3	3
Caustic Soda	34	36
Sulphur	19	21

Dyes obtained from Coal-Tar.—Imports were:—

<i>Description.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
<i>Alizarines—</i>		
<i>Dry</i>	*	†
<i>Moist—</i>		
(not exceeding 16%)	2	2
(over 16% but not exceeding 20%)	11	14
(exceeding 20%)	4	4
<i>Anilines—</i>		
<i>Congo Red</i>	11	7
Coupling dyes of the naphthol group, naphthols, rapid fast colours (rapid salts) and bases	30	30
Other salts	11	9
<i>Vat Dyes—</i>		
Indigo	16	16
Other sorts—		
Paste	8	5
Powder	40	47
<i>Sulphur Black</i>	11	13
<i>Metanil Yellow</i>	4	4
<i>Others</i>	69	60
Total of dyes obtained from coal tar	2,17	2,11

* Rs.29,546.

† Rs.56,838.

The next table indicates the principal sources of supply during the years 1931-32 and 1932-33:—

<i>Principal Countries of Consignment.</i>	1931-32. <i>Rs. (lakhs).</i>	1932-33. <i>Rs. (lakhs).</i>
United Kingdom	25	33
Germany	1,70	1,36
Switzerland	15	17
Italy	5	8
U.S.A.	11	8
France	4	10
Japan	*	3
Total Imports (all sources)	2,33	2,17

* Rs. 34,806.

The consolidation and extension of the United Kingdom position during the past few years has been remarkable. It has synchronised with a steady decline in supplies from the U.S.A. and some diminution in arrivals from Germany. The United Kingdom makers now take second place in the Indian market and, with the recent improvement and stability in prices, market conditions are much more healthy.

Soap.—The total imports fell still further in value from Rs.82½ lakhs in 1932-33 to Rs.78 lakhs in 1933-34, but the total quantities rose slightly from 296,341 cwt. to 303,413 cwt. due to increased takings of toilet soap. This decline from the peak level of Rs.171 lakhs per annum in the first five post-war years is most disturbing.

The fall has been accentuated in the case of household and laundry soaps and is due, firstly, to increased production in India and, secondly, to the reduction in purchasing power. As was stated last year, the revenue import duty of 25% has had a strong protective effect and has brought about the establishment of scores of small soap factories all over India. Most of them produce soap which is not comparable with the imported article, but in times of restricted purchasing power and strong national sentiment, they are able to sell their brands against the imported product which is loaded in price with a 25% import duty. The leading United Kingdom group are now producing certain brands from their own factories in India within the tariff wall, a development which is likely to grow. The import statistics are :—

Description.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Household and laundry soap	244,730	49	244,874	44
Toilet soap	43,812	31	52,016	32
Other sorts	7,799	3	6,523	2
Total Imports	296,341	83	303,413	78
<i>of which from—</i>				
United Kingdom	248,063	70	234,210	63
Other Countries	48,278	13	69,203	15
Total	296,341	83	303,413	78

The United Kingdom makers still remain *facile princeps* so far as household and laundry soaps are concerned owing to the excellence of their productions and to the efficient sales and follow-up organisation. In 1932-33 the only competition experienced was that of France with 17,168 cwt. valued at Rs.2½ lakhs. During the past year, however, Japanese soap at very low prices appeared in the market and, as a protective measure, standard flat specific duties of Rs.4 per cwt. on all household and laundry soap when imported in plain bars of not less than one pound in weight and Rs.6/8/- per cwt. on all other sorts of household and laundry soap, were imposed by the Indian Tariff (Amendment) Act in December, 1933. This will indirectly afford some protection to United Kingdom manufacturers of the medium and higher grade products.

So far as toilet soaps are concerned, the duties are now 35% standard and 25% preferential, with a minimum specific duty of Rs.20 per cwt. on the standard rate. In 1932-33 the United Kingdom supplied 79%, the U.S.A. 13%, Japan just over 1% and Germany 1%. U.S.A. competition in the higher-grade branded goods, which are widely advertised and intensively sold, fell away during the period of depreciated sterling, but with the fall in the dollar in 1933, is reappearing with renewed strength. It is likely that Japanese competition will be insistent in the future.

Paints and Painters' Materials.—Paints and Colours.—The total imports advanced from 340,449 cwt. (Rs.70.26 lakhs) to 369,815 cwt. (Rs.70.28 lakhs) but is still well below the 1929-30 figure of 492,701 cwt. valued at Rs.114 lakhs. This is not surprising in view of the establishment of efficient works in this country by half a dozen of the leading United Kingdom makers, who are rapidly extending the range of their productions. The import position is as follows :—

Countries of Consignment.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom... ..	160,652	43	179,417	47
Germany	40,077	9	49,450	8
Japan	56,977	7	46,576	6
U.S.A.	4,889	2	5,819	2
Other Countries	77,854	9	88,553	7
Total	340,449	70	369,815	70

Japanese importations which had steadily advanced in five years from Rs.2 to Rs.7 lakhs are likely to be checked by the imposition in December, 1933, under the terms of the Indian Tariff (Amendment) Act, 1934, of the following minimum specific duties :—

	<i>Per cwt.</i>
(a) Red lead (all sorts)	Rs.4/12/-
(b) White lead (all sorts)	Rs.5/12/-
(c) Zinc white (genuine)	Rs.6/-
(d) Zinc white (reduced)	Rs.4/4/-
(e) Paints, other sorts, moist	
in packing of 1 lb. and over	Rs.8/8/-
in packing of $\frac{1}{2}$ lb. and over, but less than 1 lb.	Rs.11/4/-
in packing of $\frac{1}{4}$ lb. and over, but less than $\frac{1}{2}$ lb.	Rs.17/-
in packing of less than $\frac{1}{4}$ lb.	Rs.24/-

These specific minima apply only to the standard rate of duty of 30% which is imposed on foreign goods and are not applicable to United Kingdom goods, which enjoy the preferential rate of 20%. Consequently, United Kingdom products are likely to derive an indirect advantage.

Painters' Materials.—These comprise :—

Description.	1932-33.		1933-34.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Genuine turpentine	1,788	1	2,766	1
Turpentine substitute	2,166	*	2,174	†
Varnish	29,526	14	27,781	14
Other Kinds	not recorded.	7	not recorded.	7
Total	—	22	—	22

* Rs. 38,218.

† Rs. 40,010.

In 1932-33, the United Kingdom supplied fully two-thirds of the genuine turpentine, small quantities being drawn from Germany, Norway and Sweden. There is also competition from the indigenous industry at Jallo in the Punjab. The United Kingdom supplies the whole of the unimportant quantities of turpentine substitute. The important varnish trade, however, is shared by the United Kingdom (81%), Germany (5%), Belgium (4%), Holland (3%) and the U.S.A. (3%). The main demand for varnishes is from the railway carriage shops and it is significant that one or two of the Indian branch works of United Kingdom manufacturers are now securing a share of their orders.

Drugs and Medicines (excluding Chemicals and Narcotics).—The principal items enumerated under this comprehensive heading are :—

<i>Description.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Asafoetida	1	0.5
Camphor	25	23
Codliver Oil	1	1
Preparations of Opium and Morphia	1	1
Proprietary and Patent Medicines	33	31
Quinine Salts	26	32
Saccharine	2	2
	<hr/>	<hr/>
Total Imports of all kinds	1,86	1,93
	<hr/>	<hr/>

The imports of camphor are shared by Japan, Germany, Italy and Switzerland. There is no United Kingdom interest. Asafoetida is entirely derived from Persia. The small trade in codliver oil is drawn from the United Kingdom and Norway; Holland and Germany supply small quantities. Preparations of opium and morphia are mainly drawn from the United Kingdom with small quantities from Germany and France. The valuable trade in proprietary and patent medicines is highly competitive, the United Kingdom in 1932-33 contributing 40%, Germany 19%, France 15%, the U.S.A. 14% and Italy 4%. Of the quinine salts, the United Kingdom supplied 30%, Germany 40%, Java 11%, with lesser proportions from Holland, Switzerland and the United States. Saccharine is drawn from the United Kingdom (25%), Switzerland (39%) and the U.S.A. (27%). Of the total trade in drugs in 1932-33, the United Kingdom contributed 32%, Japan 10%, U.S.A. 11%, Germany 23%, Italy 4%, Switzerland 2% with lesser proportions from France, Java, Holland and Norway.

The detailed figures for 1933-34 are not yet available so that it is not yet possible to determine the extent to which United Kingdom suppliers have benefited by the 10% preference on proprietary and patent medicines and most other drugs in which they

are interested. The need for a Pure Foods and Drugs Act is still insistent both in the interests of the Indian consumer and of all honest traders. As I have repeatedly stated, United Kingdom manufacturers suffer acutely from the competition of those who sell drugs which do not equal the standard of the British Pharmacopoeia.

Apparel (excluding Hosiery, Boots and Shoes).—The following table shows the imports under each main heading :—

<i>Article.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Apparel (including drapery, uniforms and accoutrements)	40	42
Gold and silver thread	10	6
Hats, caps, bonnets and hatters' ware ...	17	19
Lametta	6	4
Secondhand clothing	8	8
Waterproofed clothing	3	2
	—	—
Total Imports of all kinds	84	81
	—	—

In 1932-33 the United Kingdom supplied 40% of the apparel, the principal competitors being Japan (45%), Germany (5%) and lesser values from China, the U.S.A., Italy and France. Imports from Japan are expanding steadily, but compete more keenly with cheap Continental than with United Kingdom goods. Gold and silver thread was drawn from France (67%) and Germany (27%). Hats, caps, etc., were supplied by the United Kingdom 21%, Japan 40%, Italy 16% and Czechoslovakia 16%. Lametta is a virtual monopoly of Germany and France. As regards second-hand clothing, the U.S.A. is gradually ousting the United Kingdom from this trade, the figures in 1932-33 being the United Kingdom (20%) and the U.S.A. (79%). The small arrivals of waterproofed clothing are almost entirely drawn from the United Kingdom.

The provenance of the total imports was :—

<i>Countries of Consignment.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	24	21
Germany	9	8
France	10	5
Italy	3	3
Japan	25	30
U.S.A.	7	7
Other Countries	6	7
	—	—
Total	84	81
	—	—

By the terms of the Indian Tariff (Textile Protection) Act, 1934, apparel, which had hitherto been assessed at 30% standard and 20% preferential, is now grouped under section 238G of the tariff together with all hosiery; haberdashery; millinery; drapery; hats, caps, bonnets and hatters' ware not otherwise specified at 35% standard and 25% preferential.

Hosiery.—Cotton.—A further recovery is to be noted in 1933-34 :—

	1932-33. Rs. (lakhs.)	1933-34. Rs. (lakhs.)
Stockings and Socks	12	10
Underwear	53	62
Other Sorts	2	5
Total	67	77
<i>of which from</i>		
United Kingdom	*	1
Japan	61	73
U.S.A.	1	†
Other Countries	5	3
Total	67	77

* Rs.61,111 † Rs.53,503

The average values of the hosiery imported, e.g.—3 shillings per dozen singlets—3d. each! gives the clue to the reason why the United Kingdom cannot compete in the bulk trade and merely supplies high grade hosiery for European consumption. Even in this trade there is strong competition from the U.S.A. Japan has effectually displaced the Continent from the bazaar trade but competes with the Indian knitting industry, for whose protection a minimum specific duty of 12 annas per lb. on cotton undervests, knitted or woven, and cotton socks or stockings was imposed from 1st May, 1934.

Woollen.—Despite a recovery in the total imports from Rs.7 to Rs.9 lakhs, they are still only 40% of the figures for 1929-30.

1931-32.	1932-33.	1933-34.
Rs.6,69,114	Rs.6,92,501	Rs.8,82,362

In 1932-33 the United Kingdom supplied 66% and Japan 29%. United Kingdom manufacturers have hitherto enjoyed some 85% of the trade, but the entry of Japan into the trade last year has upset market prices for both imported and indigenous hosiery. In order to afford protection to the local industry an alternative minimum specific duty of 18 annas per pound was added to the general rate of 35% by the Indian Tariff (Amendment) Act, 1934, and came into force in December, 1933.

Haberdashery and Millinery.—The trade receded from the figures of last year, due to reduced imports of lace and embroidery and miscellaneous items. The following headings are included in the classification :—

<i>Article.</i>	1932-33. <i>Rs. (lakhs.)</i>	1933-34. <i>Rs. (lakhs.)</i>
Lace and embroidery	21	16
Towels not in the piece... ..	10	10
Other sorts	37	28
Total	68	54

The provenance of the imports was as follows :—

<i>Principal Countries of Consignment.</i>	1932-33. <i>Rs. (lakhs.)</i>	1933-34. <i>Rs. (lakhs.)</i>
United Kingdom	14	13
Germany	13	10
France	2	1
Switzerland	4	2
Italy	10	7
Japan	18	17
Other Countries	7	4
Total	68	54

In 1932-33 the United Kingdom supplied 14% of the lace and embroidery, Switzerland 13%, Italy 33% (Swiss goods exported from Genoa and Venice), Germany 24% and Austria 5%. Of the towels not in the piece, 96% consist of cheap towels from Japan of a non-competitive grade. The United Kingdom contributed 3% of high grade towels. The comprehensive heading of "other sorts" was shared by the United Kingdom (30%), Germany (21%), Japan (20%), Italy (8%), Czechoslovakia (5%), the U.S.A. (4%) and France (3%).

By the terms of the Textile Protection Amendment Act of 1934 imported embroidered all-overs are now assessed to import duty at 35% standard and 25% preferential; towels take the ad valorem rate of duty applicable to the fabric of which the article is wholly or mainly made (if of cotton, this would be 50% standard and 25% preferential) and unspecified descriptions of haberdashery and millinery are rated at 35% standard and 25% preferential.

Boots and Shoes.—The high standard rate of duty of 30% or 5 annas per pair, whichever is higher, has checked to some extent the imports of Japanese rubber-soled shoes. The aggregate trade

fell from 7,881,520 pairs (Rs.52 lakhs) to 7,313,246 pairs (Rs.47 lakhs). The total imports were classified, according to type, as follows :—

Description.	1932-33.		1933-34.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
All leather	424,910	14	349,036	12
Rubber soled—				
With canvas uppers ...	6,414,283	30	5,920,962	29
With uppers of leather or other material.	35,945	*	103,742	1
All rubber	813,109	3	654,452	3
Of other materials ...	193,273	3	285,054	2

* Rs. 26,898.

In 1932-33 the average price of rubber-soled shoes with canvas uppers was just under 9d. per pair.

The provenance of the imports was as follows :—

Countries of Consignment.	1932-33.		1933-34.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
United Kingdom... ..	206,854	6	128,538	6
Germany	93,085	1	45,938	1
Czechoslovakia	268,462	5	376,994	6
Japan	6,891,760	32	6,619,651	32
Other Countries	421,359	8	142,125	2
Total Imports	7,881,520	52	7,313,246	47

With the exception of some £1,000 worth of rubber-soled shoes with canvas uppers and £2,500 worth of shoes of other materials, the United Kingdom interest is concentrated in the provision of leather footwear, of which, in 1932-33, she supplied 37%, Italy (transit goods from Czechoslovakia) 32%, Czechoslovakia 20% and Germany 5%. The United Kingdom shipments are now little more than one-fourth of their volume in 1928-29, having been ousted by the cheap but attractive products of the Bata Factory at Zlin, Czechoslovakia. There is little sign as yet of any effective United Kingdom reply to the Bata competition, nor, it may be added, is there any sign of the United Kingdom manufacturers taking any steps to overhaul their local organisation or even to investigate conditions on the spot. The Bata Factory is now well-established at Calcutta and a widespread distributing organisation has been improvised.

Leather.—The imports of unmanufactured leather were :—

<i>Description.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Hides, tanned or dressed	2	1
Skins, tanned or dressed	13	13
Unwrought	4	4
Leather Cloth (including artificial leather)	4	5

The imports of tanned or dressed hides were drawn in 1932-33 from the United Kingdom, U.S.A. and Germany. Dressed or tanned skins were obtained from the U.S.A. (51%), Germany (23%) and the United Kingdom (8%). Unwrought leather is supplied by the U.S.A. (42%), the United Kingdom (25%) and Germany (21%). In leather cloth, however, thanks to active selling and organisation, the United Kingdom makers secured 53%, the U.S.A. 21% and France 21%. From the point of view of the United Kingdom manufacturer, the more important trade is that of leather goods :—

<i>Description.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Bags and Trunks	1	1
Pickers	5	5
Picking bands and straps	8	6
Roller skins	6	5
Saddlery and Harness	*	†
Other Sorts	7	6
	* Rs.41,543	† Rs.35,334.

The United Kingdom in 1932-33 supplied 58% of the relatively unimportant trade in bags and trunks, the balance being drawn from Japan and Germany. Leather specialities for the jute and cotton mills are largely a United Kingdom preserve, although competition is increasing from Holland and Germany in pickers, and, in picking bands and straps, the United Kingdom supplied 56%, France 17% and Holland 13% with lesser values from Germany and Belgium. Practically the whole of the roller skins and of the saddlery and harness is imported from the United Kingdom. Of fancy manufactured leathers (other sorts), the United Kingdom sent 59%, the U.S.A. 20% and Germany 9%. The following table shows the origin of the total imports of leather and leather goods :—

<i>Principal Countries of Consignment.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	24	22
Germany	6	5
U.S.A.	11	8
Other Countries	9	11
Total	50	46

Belting for Machinery.—Cotton Belting.

<i>Countries of Origin.</i>					1932-33.	1933-34.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	...	...	...	...	6	5
Other Countries	...	...	...	...	1	*
Total	...	...	...	...	7	5

* Rs.61,368.

In 1932-33, "other countries" included Germany (Rs.32,739) and the U.S.A. (Rs.31,000).

Leather Belting.—The total trade has fallen by one-third since 1929-30 and receded still further from Rs.26 to Rs.23 lakhs. The slight signs of revival in many Indian industries will, doubtless, be reflected in next year's imports:—

<i>Countries of Origin.</i>					1932-33.	1933-34.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	...	...	...	...	16	13
U.S.A.	...	...	...	...	7	8
Other Countries	...	...	...	...	3	2
Total	...	...	...	...	26	23

The fall in the dollar exchange at the end of 1933 has helped to re-establish U.S.A. supplies of high-grade belting, which are actively distributed and compete keenly. The falling-off in the United Kingdom share is disappointing. "Other Countries" in 1932-33 included Japan (Rs.98,000 worth) and the Netherlands (Rs.79,000). As belting is regarded by the Government of India as a raw material of industry, there is no preferential duty and the market is largely a low price market.

Belting of other materials (including coir).

<i>Countries of Origin.</i>					1932-33.	1933-34.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	...	...	...	...	14	13
Germany	...	...	...	...	2	1
U.S.A.	...	...	...	...	1	1
Other Countries	...	...	...	...	3	3
Total	...	...	...	...	20	18

"Other Countries" in 1932-33 included Japan (Rs.2½ lakhs) and small quantities from Canada and Belgium.

Bobbins.—The trade sustained a further setback from Rs.28 to Rs.22 lakhs, which compares with an import of Rs.40 lakhs' worth in 1929-30 and an average of Rs.66 lakhs in the first five post-war years. Activity in the Indian cotton industry is still very

patchy. Ahmedabad Mills have for some time been fully engaged but the Bombay Mills are still having a difficult time and many of them are closed.

Countries of Origin.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	24	19	14
Germany	3	4	3
Other Countries	5	5	5
Total	32	28	22

The United Kingdom share has been steadily declining for some years owing to increasing competition from Germany and Japan. In 1929-30 United Kingdom suppliers secured 88% of the trade but, in spite of the excellence of their productions, which are made from seasoned timber, they suffered from political feeling on the part of certain Indian Millowners coupled with increased activity on the part of Japanese suppliers, whose shipments rose from Rs.2 lakhs in 1928-29 to Rs.5 lakhs in 1932-33.

Books and Printed Matter.—Even the imports of literature of all kinds have been adversely affected by the reduction in buying power, aggregate imports at Rs.49 lakhs comparing with Rs.72 lakhs in 1929-30.

1931-32.	1932-33.	1933-34.
Rs.53,38,433	Rs.46,37,677	Rs.49,32,514

In 1932-33 the United Kingdom contributed 84%, the U.S.A. 8% and Germany 2%. United Kingdom publishing and scholastic supply firms are adequately organised and have been successful in maintaining their position during a difficult period.

Stationery (excluding Paper).—The total trade suffered a setback from Rs.72 to Rs.66 lakhs, which showed a drop of Rs.39 lakhs from the peak of 1929-30.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	36	33	36
Germany	16	21	14
Japan	5	9	9
United States	3	2	2
Other Countries	8	7	5
Total	68	72	66

10% preference is granted on most items (excluding paper and slate pencils). The United Kingdom percentage of 54 compares favourably with 45 in 1932-33 and 53 in 1929-30. It is hoped that much of the Continental and U.S.A. competition will be displaced. Imports from Japan are so low-priced as to be beyond the competitive range. "Other Countries" include Sweden, Italy and Austria.

Tobacco.—The remarkable decline in the total imports of tobacco continues as a result of the fall in the imports of cigarettes from Rs.213 lakhs (£1,600,000) in 1929-30 to Rs.19 lakhs (£143,000) in the year under review. The additional emergency import duties have placed many brands of imported cigarettes beyond the diminished purchasing power of the population. To meet this price difficulty and also to conform to the growing "Swadeshi" sentiment, the Companies concerned have switched over the manufacture of most of their popular brands from their United Kingdom factories to their Indian establishments. The resulting decline by approximately £1½ millions has a serious effect on the United Kingdom position and also on Indian revenues. In the 1934-35 budget in an attempt to restore at least a portion of the revenue on imported cigarettes, the following revised import duties were imposed from March 29, 1934:—25% ad valorem and in addition either Rs.8/2/- per thousand or Rs.3/4/- per pound, whichever is higher. It is hoped that these rates may have the effect of re-stimulating the imports of some of the popular brands.

The following are the principal forms in which tobacco was imported:—

Description.	1931-32.	1932-33.	1933-34.
	lbs.	lbs.	lbs.
Unmanufactured tobacco	2,844,919	5,115,672	4,187,024
Cigars	21,358	15,030	17,146
Cigarettes	1,435,980	831,571	592,995
Tobacco for pipes and cigarettes.	129,433	48,629	50,391
Other Sorts	45,766	40,729	46,981
Total	4,477,456	6,051,631	4,894,537

One of the first results of the transfer of manufacture to Indian factories has been the increased importations of leaf tobacco. Here again, import duties on unmanufactured tobacco were increased on the 29th March, 1934, from Rs.2 standard and Rs.1/8 preferential, if the produce of a British Colony, to Rs.3/4 standard and

Rs.2/12 preferential, if the produce of a British Colony. The provenance of the imports of cigarettes was as follows :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	49	26.3	16.6
China	2.7	1	0.3
Egypt	0.6	0.3	0.3
U.S.A.	0.5	0.5	0.5
Other Countries	0.2	0.9	1.3
Total	53	29	19

Even allowing for the effects of the adjusted import duties and recovery in the purchasing power of the market, it is to be feared that there will be a permanent reduction of approximately £1,000,000 sterling in the United Kingdom export trade.

Rubber Manufactures—Rubber Tyres.—(1) *Pneumatic Motor Covers.*—Notwithstanding an increase from 291,760 to 311,302 in the number of covers imported, the values contracted from Rs.126 to Rs.113 lakhs showing a tendency to use a cheaper type of tyre.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	31	45	71
Germany	8	8	4
France	8	6	3
Italy	12	14	4
Canada	7	5	7
U.S.A.	66	40	16
Other Countries	3	8	8
Total	1,35	1,26	1,13

U.S.A. and Continental tyres have been displaced by the United Kingdom article. Most U.S.A. Companies are now supplying the Indian market from their branch factories in the United Kingdom in order to secure the benefit of the preference. The quantitative rise in the United Kingdom share from 107,528 to 197,411 covers was even greater than that of the values and shows a reduction in average prices. Mention should be made of the recent entry into the market of specially manufactured wheels and axles fitted with rubber tyres for the use of bullock carts. This equipment not only gives a 50% greater load with the same tractive effort, but entails less fatigue on the animals, increases the pace of the traffic and effects a reduction in the expenditure on road maintenance. In order to stimulate this entirely new source of revenue, the Government of India in May, 1934, reduced the import duty on this special

equipment to 15% standard and 5% preferential. The equipment is being adopted with enthusiasm by P.W.D. and other users of transport and it is hoped that, with the combined effects of the lowered duty and the mass production of large numbers, it may be possible to bring the cost down to a figure which will attract the main body of individual bullock cart owners. There are estimated to be from 5 to 9 million bullock carts in India and it will be realised that this far-sighted development on the part of the leading United Kingdom tyre manufacturer may gradually effect a revolution in Indian transport conditions.

(2) *Pneumatic Motor Cycle Covers.*—In view of the relatively small number of motor cycles in use in India, the trade in tyres is of small dimensions :—

	1932-33.	1933-34.
	Rs.	Rs.
From United Kingdom	51,402	63,083
From U.S.A.	7,605	2,420
From Other Countries	21,816	12,593
Total	80,823	78,096

(3) *Pneumatic Cycle Covers.*—The improvement in the trade in pedal cycles is reflected in an expansion in the import of tyres :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	12	15
From Germany	1	*
From France	1	1
From Other Countries	5	5
Total	19	21

* Rs.36,748.

There is evidence to show that United Kingdom suppliers are more than maintaining their position even against low-priced imports from Japan, which in 1932-33 totalled Rs.3 $\frac{3}{4}$ lakhs, but which have not shown any marked increase during the past year.

(4) *Solid Rubber Tyres for Motor Vehicles.*—The trade has been fairly well maintained in view of the extended use of pneumatic tyres on heavy vehicles :—

	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	1.8	2.4
From Germany	0.3	0.6
From U.S.A.	1	0.3
From Other Countries	*	†
Total	3	3.3

* Rs.6,144.

† Rs.5,987.

(5) *Tubes*.—The statistics for the past two years are:—

	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Pneumatic Motor Tubes	18	15
Pneumatic Motor Cycle Tubes	0·27	0·20
Pneumatic Cycle Tubes	10	11

Other Manufactures of Rubber (except Apparel and Boots and Shoes).—The total imports aggregated:—

1931-32.	1932-33.	1933-34.
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
23	22	22½

This comprehensive heading includes mechanical rubbers of all kinds such as vacuum brake fittings, rubber hose, etc., and has been seriously affected by the industrial depression. In 1932-33 the United Kingdom secured 38%, the U.S.A. 22%, Germany 20% and Japan 9%. Japanese competition is growing rapidly and is likely to prove embarrassing. During the last two years, the competition of vacuum brake material, etc., made in the Straits Settlements has been severe. The prices are remarkably low and compete with those quoted by the Japanese.

Instruments, Apparatus, Appliances and parts thereof.—This comprehensive classification is made up as follows:—

<i>Description.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
Electrical Apparatus	2,34	2,31
Musical Instruments	24	30
Optical Instruments	7	8
Cinematograph films—raw	11	15
Cinematograph films—exposed	19	28
Photographic Apparatus	31	29
Scientific Instruments	14	15
Surgical Instruments	14	13
Wireless Apparatus	10	10
Other kinds	21	23
Total Imports of all kinds	3,85	4,02

In 1932-33 the United Kingdom contributed 50% of the total, Germany 17%, U.S.A. 13%, Japan 6% and lesser values came from Holland, Italy, Belgium, Austria, France, Czechoslovakia and Switzerland. Analysing the various sub-headings we find that:—

Musical Instruments.—The United Kingdom in 1932-33 supplied 58%, Germany 22%, Switzerland 8%, Japan 3% and the U.S.A. 2%. German competition is principally in band instruments and talking machine accessories. Switzerland provides gramophone accessories. Japan sends miscellaneous instruments and a few talking machine accessories. The U.S.A. sends some talking machines and accessories. The United Kingdom share would be

very much greater were it not that the principal United Kingdom group of gramophone manufacturers now produce the bulk of their records in their Indian factories.

Optical Instruments.—The trade formerly held by Germany is rapidly passing to Japan. The imports in 1932-33 were derived as follows :—United Kingdom 8%, Japan 65%, Germany 17%. Imports from Japan have quadrupled in five years. If the growing United Kingdom optical instrument industry could be aided with a preference, it would have a good chance of capturing the trade in high-grade instruments now held by Germany and France.

Cinematograph Films—Raw.—The steady expansion in this trade shows the rapid development of the Indian film industry. In 1932-33, the last year for which details are available, the imports were :—

<i>Countries of Consignment.</i>	<i>Length in ft.</i>	<i>Rs. (lakhs).</i>
United Kingdom	5,618,792	2
Germany	11,933,492	6
Belgium	4,206,384	1½
U.S.A.	1,901,611	1
Total Imports (from all sources) ...	25,579,887	11

It is anticipated that when the 1933-34 figures are available the United Kingdom share will be found to have expanded as a result of the 10% preference. The principal market is in Bombay.

Cinematograph Films—Exposed.—The expansion during the last three years from Rs.17 lakhs to nearly Rs.28 lakhs shows the rapidly increasing vogue of the cinema. In 1932-33 the imports were derived as follows :—

<i>Countries of Consignment.</i>	<i>Length in ft.</i>	<i>Rs. (lakhs).</i>
United Kingdom	1,311,100	3·27
Ceylon	2,437,802	2
U.S.A.	4,584,647	12
Germany	165,814	0·4
Total Imports (from all sources) ...	9,501,023	19

When the detailed returns for 1933-34 become available, it is confidently expected that the United Kingdom share will be considerably increased at the expense of the U.S.A. The technique of the United Kingdom productions has improved enormously of recent years and it has been proved conclusively that there is a great and growing market in India for high-grade, wholesome films depicting typical life and scenes in the United Kingdom. In my last report, reference was made to the enterprise of Messrs. Humayun Properties Ltd., Calcutta, in creating a demand throughout India for the best United Kingdom productions. Their success continues and they maintain a constant display not only in their own theatre in Calcutta but in a rapidly increasing circuit of cinemas throughout

India, Burma and Ceylon. I have repeatedly referred to the disinclination of the United Kingdom producers to second such efforts by sending out representatives or, in fact, taking any really adequate steps to cultivate the market. U.S.A. producers are very active with an elaborate organisation supervised by resident representatives. India is undoubtedly one of the most promising outlets in the Empire for British films and I appeal to United Kingdom producers to take some steps to cultivate the market, which will amply repay their efforts. There is no preferential duty on United Kingdom exposed films at present, but it is to be hoped that the Government of India may be prevailed upon to encourage the display of sound, wholesome British productions by granting a fiscal advantage.

Imports of films from Ceylon continue to expand at a rapid rate. In 1932-33, their declared value was Rs.0.08 per foot as compared with an average declared value in the case of imports from the U.S.A. of Rs.0.26 per foot. These would seem to be second-hand films.

Photographic Apparatus.—Although the trade contracted by about Rs.2 lakhs as compared with 1932-33, it is well maintained at Rs.28 lakhs compared with Rs.31½ lakhs in 1929-30. This may be attributed to the spread of the use of photography among Indians encouraged by the service organisation of manufacturers' branches. In 1932-33 the United Kingdom supplied 43%, the U.S.A. 26% and Germany 24%. The preferential duty is having the effect of inducing U.S.A. suppliers to meet the Indian demand from their branch works in the United Kingdom.

Scientific and Philosophical Instruments.—The trade expands steadily despite the depression. The heading includes a wide variety of instruments and apparatus such as laboratory apparatus, surveying instruments, meteorological instruments, nautical instruments, drawing and mathematical instruments and measuring and recording instruments. United Kingdom imports now receive a 10% preference. In 1932-33 the United Kingdom supplied 64%, Germany 28% and the U.S.A. 4%.

Surgical Instruments.—Imports have registered a steady fall since 1929-30. During 1932-33 the United Kingdom supplied 53%, Germany 30% and the U.S.A. 9%. Imports from Japan show an increasing tendency and were valued at Rs.56,381. The trade in low-priced German instruments is mainly among the large numbers of up-country Indian surgeons, to whom price is the main desideratum provided that the instruments are just good enough for the purpose.

Radio Apparatus.—Although the total imports show a slight reduction, it must be remembered that the figures last year were swollen by the imports of commercial plant for the extensions to the main transmitting and receiving stations operated by the Indian Radio and Cable Communications Co., Ltd. Imports during

1933-34 were mainly of radio receiving apparatus and it is noteworthy that the United Kingdom share is reduced to the advantage of the U.S.A., Holland and Japan. The following are the figures for the past two years :—

<i>Countries of Consignment.</i>	1932-33.	1933-34.
	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	8.39	5.72
Germany	0.49	0.57
Netherlands	0.65	0.98
U.S.A.	0.61	1.79
Other Countries	0.23	1.07
Total	10.37	10.13

The State Broadcasting Service operated by the Government of India through the two stations at Bombay and Calcutta is now operating at a profit. Revenue, both from licences and from the share of the import duties, shows such a satisfactory expansion that the inauguration of a third main transmitting station at Delhi towards the end of 1934 is planned. It is hoped, ultimately, to provide India, as funds become available, with main stations at Bombay, Calcutta, Madras, Allahabad, Delhi, Lahore and Nagpur. The more extensive relaying from local stations of the Empire Broadcasting Service maintained by the B.B.C. should result in much greater advantage being taken of that great Imperial asset. Owing to atmospheric conditions during certain months of the year, the reception of the United Kingdom programmes on short-wave sets is not satisfactory. It is generally recognised, however, that when the minor technical difficulties are overcome, the Empire radio broadcast will open up a new vista of amusement and instruction alike to Europeans and educated Indians and will be an Imperial link of the first importance.

Mention should be made of the steps now being taken by the Governments of the Punjab and the North-West Frontier Province and by the Madras Municipality to inaugurate a system of local broadcasting of news, agricultural information and instruction, and simple talks to a selected number of villages. This forward step is being taken with the active support of the Indian Village Welfare Association. The Marconi Company have shown enterprise by the grant of a transmitter and fifteen receiving sets to the North-West Frontier Province, while the British Broadcasting Company have offered a transmitter to the Punjab Government. One or two other United Kingdom manufacturers are taking a close interest in this development, which has such vast potentialities. Provision of finance and the preliminary technical difficulties in devising sufficiently "fool-proof" receiving sets are the limiting factors at the moment, but there seems little doubt that, in a few years time, this bold, far-sighted development will revolutionise the dissemination of news throughout the country and will provide a valuable

market for radio material. United Kingdom manufacturers, with the one or two exceptions already noted, are adopting a sceptical attitude but would do well to keep in touch with a movement which cannot fail to develop a market for their apparatus. Their Dutch and U.S.A. competitors are fully alive to the possibilities while, during the past year, the influx of cheap Japanese components contains a threat of more formidable competition from that quarter.

Electrical Apparatus.—There has been a slight reduction in the total trade from Rs.234 to Rs.231 lakhs, which should be compared with the peak of Rs.361 lakhs in 1929/30. The following statement gives the description and value of the several classes of electrical apparatus imported during the past three years:—

	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Electric Fans and Parts thereof ...	19	22	20
„ Wire and Cables ...	60	59	63
Telegraph and Telephone Instruments...	5	5	12
Electric Lamps and Parts thereof ...	54	55	50
Batteries	11	13	14
Carbons, electric	3	3	3
Accumulators	9	9	8
Electric lighting accessories and fittings, including switches.	8	8	7
Meters	7	10	8
Electro-medical apparatus, including X-ray apparatus.	3	3	3
Switchboards (other than telegraph or telephone).	3	2	3
Unenumerated	41	45	40
Total Imports of all kinds	2,23	2,34	2,31

Analysing these statistics, we find that so far as electric fans are concerned, the total trade fell from Rs.22½ lakhs to Rs.19¾ lakhs, the United Kingdom share being reduced from Rs.13¼ lakhs to Rs.12¾ lakhs. That of Italy remained constant at Rs.4¾ lakhs and American imports rose from Rs.½ lakh to nearly Rs.1 lakh. Imports from “other countries” however, fell sharply from Rs.4¼ lakhs to Rs.1½ lakhs. Under the heading of electric wires and cables, the total imports advanced from Rs.59 lakhs to Rs.63 lakhs, the United Kingdom share being increased from Rs.41 lakhs to Rs.47 lakhs and that of Belgium from Rs.2 lakhs to Rs.2½ lakhs. On the other hand, arrivals from Germany fell from Rs.6 lakhs to Rs.4¼ lakhs, those from Japan from Rs.7 lakhs to Rs.6 lakhs, whereas imports from Holland remained fairly stationary at Rs.1¼ lakhs. Arrivals from the U.S.A. were valued at Rs.1 lakh. Telegraph and telephone apparatus amounting to Rs.12½ lakhs was imported, of which the United Kingdom supplied Rs.9 lakhs. The

imports of gas-filled electric bulbs rose from Rs.14½ lakhs to Rs.15 lakhs. Arrivals from the United Kingdom advanced from Rs.8 lakhs to Rs.8¾ lakhs and those from Holland from Rs.3¼ lakhs to Rs.3½ lakhs. Imports of vacuum electric bulbs totalled Rs.16¾ lakhs in 1932/33 and Rs.16 lakhs in the period under review. The United Kingdom share advanced from Rs.5½ lakhs to Rs.6¼ lakhs, whereas that of Holland fell from Rs.4½ lakhs to Rs.4 lakhs and Japan from Rs.3¼ lakhs to Rs.3 lakhs. Imports of electric bulbs for automobiles amounted to Rs.¾ lakh, of which Rs.21,000 from Holland, Rs.21,000 from Japan and Rs.9,000 from the United Kingdom. In the case of electric bulbs for torches, the total trade fell from Rs.3¼ lakhs to Rs.2½ lakhs. Japanese shipments dropped from Rs.1½ lakhs to Rs.¾ lakh, whereas those from the U.S.A. rose slightly from Rs.1½ lakhs to Rs.1¼ lakhs. Imports from the United Kingdom were negligible at Rs.5,000.

The total trade in batteries rose from Rs.13 lakhs to Rs.13½ lakhs. Imports from the United Kingdom fell from Rs.3½ lakhs to Rs.2 lakhs whereas those from the U.S.A. advanced from Rs.7 lakhs to Rs.8 lakhs, the share of "other countries" also increasing from Rs.2 lakhs to Rs. 3¼ lakhs. The trade in electric lighting accessories and fittings, including switches, amounting to Rs.7½ lakhs, was contributed to by the United Kingdom Rs.3½ lakhs, Germany Rs.2¼ lakhs, the U.S.A. Rs.½ lakh and "other countries" Rs.1¼ lakhs. The trade in meters fell from Rs.10 lakhs to Rs.7¾ lakhs, the United Kingdom share remaining fairly steady at over Rs.5 lakhs, while there was a heavy fall in imports from Germany from Rs.2½ lakhs to Rs.¾ lakh. Electro-medical apparatus (including X-ray apparatus) amounting to Rs.3¼ lakhs was obtained from the United Kingdom Rs.85,000, the U.S.A. Rs.75,000 and "other countries" Rs.1¼ lakhs. Practically the whole of the Rs.3¼ lakhs' worth of switchboards arrived from the United Kingdom. The imports of electrical goods and apparatus, not enumerated, fell from Rs.41½ lakhs to Rs.34¾ lakhs. The United Kingdom share fell slightly from Rs.21½ lakhs to Rs.19¾ lakhs, while that of Germany dropped from Rs.7½ lakhs to Rs.5¼ lakhs and the U.S.A. from Rs.8½ lakhs to Rs.5¼ lakhs.

The provenance of the total imports was as follows:—

<i>Principal Countries of Consignment.</i>					1932-33.	1933-34.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	...	...	...	...	1,22	1,31
Germany	...	...	...	...	34	25
Netherlands	...	...	...	...	11	11
Belgium	...	...	...	...	3	3
Italy	...	...	...	...	6	6
Japan	...	...	...	...	17	15
United States	...	...	...	...	26	24
Other Countries	...	...	...	...	15	16
Total Imports	...	...	...	...	2,34	2,31

In the face of German and U.S.A. competition the 10% preference has been of benefit. The United Kingdom percentage rose from 52 to 56. Italian competition persists in fans. German competition occurs under practically every head but principally in fans, cables, lamps, accessories and miscellaneous apparatus. Dutch imports of lamps are considerable, but arrivals of Dutch cables and wiring are falling-off. The U.S.A. sends mainly batteries, lamps, electro-medical apparatus and unenumerated items. Japan, in 1932/33, provided Rs.6 lakhs' worth of bare electrolytic copper wire, vacuum electric bulbs, lighting accessories and fittings and miscellaneous items.

Earthenware and Porcelain.—The classification includes :—

<i>Articles.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Pipes of Earthenware	*	†
Sanitary Ware	5	6
Other kinds of Earthenware	14	13
Electrical Porcelain	1	‡
Other kinds of Porcelain	29	24
Total Imports	49	43
* Rs.5,902.	† Rs.8,595.	‡ Rs. 59,879.

Imports of earthenware pipes are now confined to specialities. Of the sanitary earthenware, the United Kingdom in 1932/33 supplied 84%, the only serious competition being from Germany (11%). There have been rumours of Japanese competition during the past year, but the leading United Kingdom makers are actively represented and their goods enjoy a high reputation for quality and service. Other kinds of earthenware were, in 1932/33, contributed by the United Kingdom (47%), Japan (34%) and Germany (6%). Imports from Belgium were mostly German goods shipped from Antwerp.

The simple types of insulators are now made in India. Electrical porcelain is only imported for extra high-tension transmission and for special work. Other kinds of porcelain, including cheap tableware, common crockery, etc., were imported, in 1932/33, from Japan (91%), the United Kingdom (3%) and Germany (2%). The Indian market, which was formerly such a valuable one for Staffordshire makers, is now closed to them so far as the trade in cheap goods is concerned since they cannot possibly compete with Japanese prices. Heavy minimum specific duties were recently imposed on imports of foreign domestic earthenware, china and porcelain with the object of protecting the indigenous pottery industry. United Kingdom makers may obtain some indirect benefit in competition with the Continent in medium-grade articles from these duties coupled with the 10% preferential margin, but it is doubtful whether they will make much headway against Japanese competition.

The total imports of earthenware and porcelain in 1933/34 were derived as follows:—

<i>Countries of Consignment.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	12	12
Germany	3	2
Japan	31	26
Other Countries	3	3
Total Imports	49	43

Glass and Glassware.—The following statement shows the types of imported glass and glassware:—

<i>Description.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Bangles	40	27
Beads and false pearls	12	14
Bottles and phials	24	21
Funnels, globes and glass parts of lamps	7	5
Scientific glassware	1	1
Sheet and plate glass	23	21
Tableware	5	5
Other glassware	30	23
Total Imports	1,42	1,22

The severe drop in the imports of glass bangles, beads and trinkets is due, first and foremost, to the severely reduced purchasing power of the people resulting from the agricultural depression and, second, to the substitution of Indian-made bangles and beads. The provenance of the total imports was as follows:—

<i>Countries of Consignment.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
United Kingdom	12	11
Germany	18	13
Belgium	15	11
Austria	1	2
Czechoslovakia	23	20
Italy	2	2
Japan	65	57
Other Countries	6	6
Total	1,42	1,22

The United Kingdom has no interest in the imports of glass bangles or of beads. Japan is rapidly displacing Czechoslovakia from the trade in the former item while beads are drawn from Japan, Czechoslovakia and Italy.

The trade in bottles is one which deserves cultivation by United Kingdom makers. In 1932-33 the imports of sodawater bottles (totalling over Rs.6 lakhs) were supplied by the United Kingdom (53%), Germany (39%) and Japan (4%). For the first time for many years United Kingdom supplies exceeded arrivals from Germany. Other kinds of bottles were drawn from the United

Kingdom (5%), Japan (64%), Germany (20%) and Sweden (4%). The trade in funnels, globes and glass parts of lamps was shared by Germany (53%), Czechoslovakia (14%), Japan (14%), Austria (9%) and the United Kingdom a meagre 3%. The small imports of scientific glassware were drawn from Germany (61%) and the United Kingdom (26%). In plate and sheet glass, however, the United Kingdom supplied 13%, mainly the finer qualities, while Belgium (60%) shipped large quantities of cheap window glass. Imports from Japan accounted for a further 12%, the balance being divided fairly equally between Germany, Holland and Czechoslovakia. Tableware was obtained from the United Kingdom (6%), Japan (77%), Germany (7%), and Belgium (4%). Miscellaneous glassware was drawn from Japan (61%), Germany (14%), the United Kingdom (12%) and lesser values from Belgium, France, Czechoslovakia, Austria and the U.S.A. Glassware is not subject to preferential duties.

Building and Engineering Materials (other than Iron, Steel and Wood).—The reduced activity in new construction is shown in the decline from Rs.134 lakhs in 1929-30 to Rs.64 lakhs in the year under review. The principal items in the classification are the following :—

Description.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Asphalt	21	27	22
Bricks (other than firebricks)	*	†	‡
Firebricks	1	1	1
Portland Cement	38	27	20
Cement (other kinds)	2	2	2
Tiles	13	12	12
Other kinds	9	8	7
Total Imports	84	77	64

* Rs. 5,604. † Rs. 19,619. ‡ Rs. 7,573.

A slowing-down in new road construction and maintenance is shown in the reduced imports of asphalt. Detailed figures for 1933-34 are not yet available but in the previous year the imports were drawn from Mexico, which appeared for the first time in the trade returns, (34%), the U.S.A. (33%), Egypt (21%) and the United Kingdom (4%). Imports from Trinidad, despite the preference, were negligible, but as most B.W.I. asphalt is treated in the United Kingdom and is at present not eligible for preference on re-export thence to India, it suffers from a severe handicap. The Indian demand for asphalt is likely to expand rapidly "pari passu" with the progress of the development programme for roads.

The trifling imports of bricks were mainly drawn from the United Kingdom. Firebricks were all supplied by the United

Kingdom. The important trade in tiles is shared by Italy (33%), Japan (30%), Belgium (12%) and the United Kingdom (14%).

Cement.—The imports of cement were drawn from:—

Countries of Consignment.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	34,288	17	32,068	14
Germany	778	*	183	†
Japan	39,274	8	27,485	6
Other Countries	8,289	4	6,179	2
Total	82,629	29	65,915	22

* Rs.36,425.

† Rs.9,045.

Burma and Southern India are the principal markets for imported cement as they are at present sufficiently remote from Indian cement works not to experience their competition. A market also exists for special cements for under-water dock work, etc., etc.: otherwise, the Indian demand is met from the local works, which produce cement fully equal to British Standard Specification at a reasonable price. Of the imports of cement in 1933-34, 64,031 tons valued at Rs.20 lakhs consisted of Portland Cement and 1,884 tons valued at Rs.2 lakhs included other kinds of cement.

Hardware (excluding Cutlery and Electro-Plated Ware).—Although last year's improvement was almost maintained, the aggregate of Rs.288 lakhs in 1933-34 compares very unfavourably with that of Rs.507 lakhs in 1929-30 and the peak of Rs.524 lakhs in 1927-28. The following table gives the details during the past two years:—

Description.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).
Agricultural Implements	6	6
Buckets of tinned or galvanised iron ... ..	**	||
Builders' hardware	27	21
Domestic hardware, other than enamelled iron-ware	9	8
Enamelled Ironware	23	22
Gas Mantles	9	5
Implements and Tools (other than agricultural implements and machine tools)	35	39
Lamps, metal	41	40
Lamps, glass	*	‡
Parts of lamps other than glass	5	4
Safes and strong boxes of metal	†	§
Stoves	4	4
Other Sorts	1,40	1,39
Total Imports	2,99	2,88

* Rs.20,970.

† Rs.33,559.

‡ Rs.53,765.

§ Rs.22,795.

** Rs. 26,207.

|| Rs. 23,756.

The provenance of the imports during the same years was :—

<i>Countries of Consignment.</i>					1932-33.	1933-34.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
United Kingdom	...	...	...	...	91	98
Sweden	...	...	...	...	15	16
Germany	...	...	...	...	1,08	86
Austria	...	...	...	...	5	4
Japan	...	...	...	...	30	35
U.S.A.	...	...	...	...	17	23
Other Countries	...	...	...	...	33	26
Total					2,99	2,88

The next statement gives the percentage shares of the leading supplies over a period of years :—

—	1913-14 (pre-war year).	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	%	%	%	%	%	%
United Kingdom	57	35	36	37	30	34
Germany...	18	33	30	29	36	30
United States ...	10	12	12	10	6	8
Japan ...	1	5	6	6	10	12
Other Countries...	14	15	16	18	18	16
Total ...	100	100	100	100	100	100

The effects of the 10% preferential margin on all hardware, ironmongery and tools (excluding agricultural implements not otherwise specified, buckets of tinned or galvanised iron and machine tools) are apparent in the displacement of German goods in certain of the higher-grade products for the bazaar trade. The intensified German competition referred to in my last report has received a definite check as it is also being encroached upon by the Japanese products at the lower end of the trade. The slight recovery in imports from the U.S.A. occurred in the latter half of the year since the fall of the dollar.

The following notes give the statistical position in each section of the trade :—

Agricultural Implements.—In 1932-33 the United Kingdom supplied 88%, the U.S.A. 6% and Germany 4%. The implements included in this heading are almost exclusively the better class hoes, forks, etc. used on the European-managed tea gardens of Assam and Southern India. The revival in the tea industry following the success of the restriction scheme should result in a considerable expansion of this business which is less than half the values of 1928-29. So far as the market for the cheaper types of kodolies, mamooties, pickaxes, hammer heads, etc. is concerned,

this is being increasingly met by the products of the Agricultural Implements Co. of Jamshedpur (a branch of the Tata Iron and Steel Co. Ltd.).

Galvanised Buckets.—Imports have virtually ceased for some years so far as the Indian Peninsula is concerned. Prior to 1929-30, Burma consumed from £10,000 to £15,000 worth per annum, but even this trade fell to little more than £1,000 worth last year, of which the United Kingdom supplied practically the whole.

Builders' Hardware such as Locks, Hinges, Door Bolts, etc.—The imports in 1932-33 were drawn from the United Kingdom (18%), Germany (56%) and Sweden (20%). The cheaper types of German products, which have hitherto been so successful in meeting the bazaar demand, which is always present in India provided the price is sufficiently low, are likely to be seriously affected by the increasing domestic production of the simpler forms such as Tower bolts, plain locks, etc., which has received a great stimulus from the present high level of import duties. It is hoped that the preferential duties will divert a considerable portion of the better class Swedish and German trade to British works.

Domestic Hardware.—Arrivals from the United Kingdom in 1932-33 represented 25%, Germany 32%, the U.S.A. 12% and Japan 13%. Imports from the U.S.A. remain fairly stationary, but Japanese shipments are increasing. In the case of both builders' and domestic hardware, the 10% preference should stimulate United Kingdom exports if only the fiscal advantage is followed up by an intensive sales effort.

Enamelled Ironware.—There has been a slight setback in the total trade. The year 1932-33 was remarkable for an increase in arrivals from Japan from Rs.9 lakhs to Rs.16 lakhs. Japan now supplies 70% of the trade, Czechoslovakia 13%, Germany 8% and the United Kingdom 6%. The heavy minimum specific duties imposed in December, 1933, on all foreign imports by the terms of the Indian Tariff Amendment Act, 1934, may check the imports of the cheaper varieties and so protect the Indian aluminium hollow-ware industry, with the products of which they compete. They are not likely to result in the substitution of the Wolverhampton product to any considerable extent in view of the continued disparity in prices.

Gas Mantles.—The trade has fallen considerably since 1932-33 but compares relatively favourably with the imports before the slump. In 1932-33 Germany shipped 74%, the U.S.A. 9% and the United Kingdom 9%. The principal markets are Bombay and Calcutta.

Implements and Tools.—The total imports show a satisfactory expansion by Rs.3 lakhs. In 1932-33 the United Kingdom supplied 52%, the U.S.A. 19% and Germany 18%. Lesser values were

contributed by Sweden, France, Japan and Austria. The fiscal advantage should give British makers an opportunity of recovering much of the trade in the higher grade tools, which has been lost to the U.S.A. and Sweden. It should also be possible to recover a larger share in the better grade bazaar varieties at the expense of Germany. A much more intensive sales effort, however, is required and more interest should be taken in the supervision and support of agents. As I have repeatedly stated, in these times of intense competition it is not sufficient to make a sale, cash against documents, to a merchant in London, and then expect him to do the rest.

Metal Lamps.—The trade has fallen to one-half of the values in 1928-29 due to the depression. Unfortunately, Birmingham exporters have been almost excluded from the market, firstly by the competition of U.S.A. lamps, but of late years by Germany. The imports in 1932-33 were drawn from Germany (87%, representing 2,787,160 lamps valued at Rs.36 lakhs), Austria (5%, representing 127,239 lamps valued at Rs. 2 lakhs) and the United Kingdom (2% representing 21,305 lamps valued at Rs.87,000). U.S.A. competition has fallen almost to zero, but Sweden sent Rs.77,000 worth.

Safes and Strong Boxes of Metal.—The import trade has fallen away to less than £2,000 worth due to the substitution of serviceable safes manufactured by local firms such as the Godrej and Boyce Manufacturing Co. of Bombay and the increasing use of Indian strong boxes made at Multan and elsewhere. Bankers' strong rooms and the highest grades of safes are still supplied by United Kingdom makers when required, but there has been little demand during the past few years owing to the cessation of bank extensions.

Stoves.—The imports have fallen from Rs.10 lakhs in 1929-30 to Rs.4½ lakhs in 1932-33, of which Sweden provided 64%, the United Kingdom 15%, Austria 9% and Germany 7%. Swedish stoves of the "Primus" and other wickless types are very popular and are imported at an average price of Rs.3/8/- say 5s. 3d. Bombay and Calcutta are the principal markets.

Other Sorts.—This miscellaneous classification accounts for one-half of the total imports of hardware. It was shared in 1932-33 by the United Kingdom (40%), Germany (24%), Japan (8%), the U.S.A. (4%), Czechoslovakia (4%) with lesser values from Sweden, Belgium, France, Austria and Italy.

Cutlery.—The classification distinguishes between pruning knives—a United Kingdom trade which is not subject to a preferential duty—and ordinary cutlery, the imports of which from the United Kingdom are subject to a preference of 10%. Imports rose from

Rs.24 to Rs.25½ lakhs last year, but are still Rs.16 lakhs below the figures for 1929-30.

	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Pruning Knives	1	1	1½
Other Kinds	20	23	24
Total Imports	21	24	25½
<i>Of which from—</i>			
United Kingdom	6	7	8
Germany	13	14	14
Other Countries	2	3	3½
Total Imports	21	24	25½

The United Kingdom supplies the whole of the pruning knives, the demand for which will, it is hoped, increase with increasing prosperity among the tea gardens.

The much more important bazaar trade in cutlery has, however, for many years been a preserve of Germany, but it is likely that Japan will obtain a constantly increasing share of the lowest quality imports while, with the aid of the preferential duty, Sheffield makers should at last secure a larger portion of the medium-grade trade. They have always enjoyed the market for the best quality products.

Polishes.—After declining continuously since 1929-30, the total imports expanded last year from Rs.20 to Rs.22 lakhs. The classification is made up as follows :—

Article.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Leather Polish	12	12	12
Metal Polish	4	4	4
Wood Polish	1	*	1
Other Sorts	2	3	5
Total	19	20	22

* Rs. 46,973.

In 1932-33, the United Kingdom supplied 93% of the total. The U.S.A. provided 2% of the leather polish, 3% of the metal polish, 17% of the wood polish and 20% of other sorts. There is, at present, no preferential duty on polishes.

Arms, Ammunition and Military Stores.—The fluctuations of the imports under this heading on account of the Government of India were as follows :—

1931-32.	1932-33.	1933-34.
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
23	38	23

These are, of course, exclusively drawn from the United Kingdom.

There is, however, a much larger import on private account which is made up as follows :—

<i>Description.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Shotgun Cartridges (filled)	8	7
Rifle and other Cartridges (filled)	7	4
Cartridge Cases (empty)	*	†
Explosives	15	20
Firearms and parts thereof	12	10
Gunpowder	1	1
Other Sorts	1	1
	—	—
	44	43
	—	—

* Rs.28,141. † Rs.22,746.

Filled cartridge cases were obtained in 1932-33 from the United Kingdom (90%), the United States (2%), Germany (2%) and Belgium (5%). Small arms and shotgun ammunition of United Kingdom manufacture is popular and is actively distributed. The trifling values of empty cartridge cases were supplied by the United Kingdom (66%) and Germany (28%). The valuable trade in explosives has increased by one-third owing to greatly increased activity in the Kolar goldfields and in the non-ferrous metal mines of Burma. The United Kingdom provided 80%, Belgium 14% and Germany 4%. Belgium supplies gelatine dynamite (Rs. 1½ lakhs) and small values of blasting fuses, detonators and dynamite. German competition is solely in blasting fuses. Of the firearms and parts thereof, the United Kingdom contributed 80%, Germany 6%, Belgium 5% and the U.S.A. 4%. The trade has fallen to less than one-half of its volume in 1928-29 due to reduced purchasing power and to the more rigid application of the Arms Act.

Brushes and Brooms.—This heading includes :—

<i>Description.</i>	1932-33. <i>Rs. (lakhs).</i>	1933-34. <i>Rs. (lakhs).</i>
Paint and Varnish Brushes	2	2
Toilet Brushes	7	4
Other Brushes	3	5
Brooms	*	†
	—	—
Total Imports	13	11
	—	—

* Rs.29,140. † Rs.28,944.

Paint and varnish brushes in 1932-33 were drawn from the United Kingdom (57%), Germany (39%), with small values from Austria and Italy. As regards toilet brushes, however, the position is reversed, the United Kingdom only supplying a negligible value (16%), while the U.S.A. contributed 35%, Germany 29% and Japan 17%. It is a noteworthy fact that retail distributors of toilet articles such as brushes push the sale of the U.S.A. article, which goes to show that U.S.A. exporters are more generous in their terms and that a better retailer's profit is obtainable on the branded and well-advertised U.S.A. product. Other brushes for industrial and general use are supplied by the United Kingdom (47%), Germany (19%), Japan (23%) and the U.S.A. (5%). The small trade in brooms is shared by the Straits Settlements and the United Kingdom. It is to be hoped that the preferential margin assisted by more active advertising and sales distribution will improve the future United Kingdom share of this trade.

Toys and Requisites for Games and Sports.—This quasi-luxury trade, which had fallen from Rs.65 lakhs in 1929-30 to Rs.37 lakhs in 1931-32, has recovered to Rs.47 lakhs in 1932-33 and Rs.53 lakhs in the year under review. The totals were :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
37,04,346	47,32,699	53,35,325

Detailed figures for 1933-34 are not yet available, but in 1932-33 toys accounted for Rs.29 lakhs and were derived from the United Kingdom (12%), Japan (69%), Germany (13%) and the U.S.A. (3%). Imports from Japan more than doubled in value and are rapidly ousting cheap German toys from the market. It is feared that the 10% preference will be of little use against Japanese prices, which are beyond competition. The United Kingdom may, however, be able to deflect some trade from Germany and U.S.A.

Playing cards of a total value of Rs.11½ lakhs were imported from Belgium (37%), Japan (22%), the U.S.A. (19%) and the United Kingdom (19%), while requisites for games and sports were imported to the value of Rs.6½ lakhs and were drawn from the United Kingdom (70%), Norway (11%), Germany (9%) and lesser values from the U.S.A., Japan and France. Although the past few years have witnessed a remarkable growth of sports and games among Indians, the demand for cheap requisites is being increasingly met from Indian factories at Sialkot and other towns in the Punjab. India exported last year over Rs.5 lakhs' worth.

Tea Chests (Entire or in Sections).—The total imports closely follow the fluctuating fortunes of the Indian tea industry and are now on the upward curve :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	37	34	38
Russia	*	†	‡
Finland	2	3	2
Esthonia	6	5	8
Other Countries	5	6	5
Total	50	48	53

* Rs. 31,597.

† Rs. 32,561.

‡ Rs. 36,988.

The imports of metal tea chests into Southern India, which averaged over Rs.2½ lakhs during the previous three years, fell to a trifling Rs.35,000 in 1932-33. Imports of wooden chests from Germany have expanded from Rs.1¼ lakhs in 1930-31 to Rs.3½ lakhs in 1932-33, but these were probably goods in transit from Esthonia and Finland. Arrivals of "Momi" chests from Japan rose from Rs.64,000 in 1929-30 to Rs.96,000 in 1932-33. Although the United Kingdom still secures 72% of the trade, competition from the Baltic countries is growing.

Umbrellas and Umbrella Fittings.—The imports of complete umbrellas, including parasols and sunshades, were as follows :—

Countries of Consignment.	1932-33.		1933-34.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
United Kingdom... ..	28,380	1	30,802	1
Other Countries	280,573	2	708,072	3
Total	308,953	3	738,874	4

The trade is still less than half its volume in 1928-29. The heading of "other countries" included in 1932-33 Rs.1½ lakhs' worth from Japan and Rs.27,000 worth from France.

Umbrella Fittings.—Here again, imports are approximately one-half the total in 1928-29. They were derived as follows :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom... ..	5	3	3
Germany	11	7	5
Japan	10	13	14
Other Countries	2	2	*
Total	28	25	22

* Rs.72,777.

Japanese imports are rapidly outstripping German supplies and have also displaced Italian and French goods. It is to be feared that the disparity between the prices of United Kingdom and Japanese goods is so wide as to render the preferential duty ineffective.

Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls Unset).

Article.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Jewellery	13	30	2
Plate of Gold and Silver	6	4	3
Total	19	34	5

The fall in the statistics for the year has been so remarkable as to cast doubts on the accuracy of the figures. In 1932-33 the imports of jewellery were drawn from the United Kingdom (98%) and very small consignments from Ceylon, France and Italy. The United Kingdom provided 77% of the gold and silver plate, France 10%, Germany 3% and negligible values from Hongkong, Japan and the U.S.A.

Electro-Plated Ware.—Imports have improved slightly but are still handicapped by reduced purchasing power and high duties.

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
2,99,842	2,32,016	2,70,783

The United Kingdom, in 1932-33, supplied 83% and Germany 13%.

Carriages and Carts and Parts thereof.—The total imports were :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
9,00,933	5,83,710	5,91,647

In 1932-33 the United Kingdom contributed 59%, Japan (largely jinrickshas) 11%, Hongkong 12%, China 6% and Germany 4%.

Oil Cloth and Floor Cloth.—The total trade, valued at Rs.12 lakhs in 1929-30, fell from Rs.7 to Rs.6 lakhs :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
5,54,149	7,02,612	5,80,658

In 1932-33 the United Kingdom supplied 51%, Germany 10% and France 5%. The preferential duty should enable the United Kingdom to secure a larger share of the trade.

Furniture and Cabinet Ware.—The trade is reduced to less than half the 1929/30 figures :—

1931-32.	1932-33.	1933-34.
Rupees.	Rupees.	Rupees.
20,10,720	17,64,802	16,88,513

In 1932/33 the United Kingdom sent 35%, Germany 19%, France 10%, Belgium 5%, Japan 6% and the U.S.A. 4%. Bedsteads are mainly obtained from the United Kingdom with some competition from the U.S.A. (camp cots, etc.). Of the wooden furniture (other than bedsteads), the United Kingdom only supplies 34%, the balance being provided by France (28%), Japan, Estonia, Poland, Czechoslovakia and Germany. Germany now sends most of the mouldings, having displaced Italy. Of the furniture (other than bedsteads) made of materials other than wood, the United Kingdom sent 48%, Japan 12%, Belgium 8%, Germany 7%, France 6% and the U.S.A. 5%.

Manures (excluding Oil Cakes).—The imports of fertilisers after falling from Rs.99 lakhs in 1929/30 to Rs.36 lakhs in 1931/32, recovered to Rs.53 lakhs in 1932/33 and remained steady at Rs.52½ lakhs in the year under review. The principal items were :—

Description.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
<i>Nitrogenous.</i>				
Nitrate of Soda ...	1,240	2	2,217	3
Sulphate of Ammonia	37,612	38	29,800	29
Others	407	*	890	1
<i>Potassic.</i>				
Muriate of Potash ...	3,386	5	3,112	4
Others	433	1	717	1
<i>Phosphatic.</i>				
Superphosphate ...	3,478	2	3,000	2
Others	1,088	†	2,109	2
<i>Compounds.</i>				
Ammonium phosphate	1,007	2	3,804	5
Fish Manures	1,675	1	1,007	1
Others	2,350	2	2,890	4
Total Imports ...	52,676	53	49,546	52

* Rs.37,081.

† Rs.50,925.

In 1932/33 the United Kingdom supplied 73%, including practically all the sulphate of ammonia, which was mainly imported into Southern India and Bengal to fertilise rice cultivation. Germany sent 5%, principally muriate of potash. Belgium contributed 5%, largely sulphate of ammonia, nitrate of soda, superphosphate and other phosphates. Holland sent 25% of the superphosphate and Japan 43%. Fish manures were drawn from Arabia. Egypt supplied 21% of the muriate of potash, sharing this trade with Germany, Spain and Palestine.

As I stated last year—and the position remains the same—there are clear signs that the Indian ryot is beginning to appreciate the value of fertilisers, largely as a result of the intensive propaganda campaign of the principal United Kingdom suppliers of sulphate of ammonia following upon years of persuasion on the part of officers of the agricultural departments. Unfortunately, at the present time, all agriculturists are suffering terribly from years of low prices. When the world values of agricultural products rise, however, and the ryot recovers his buying power, we may expect to see a material increase in the imports of all fertilisers and particularly of sulphate of ammonia and phosphates. It is to be hoped that the very fine pioneer work which has been carried on for years by the United Kingdom group of producers will at last bear fruit.

Matches.—The Indian market for matches, which, in the early post-war years, yielded an average annual importation of 12,725,000 gross boxes valued at Rs.177 lakhs, is now supplied by the local factories of the Swedish Match Combine, which have developed under the shelter of the tariff wall. In consequence, the imports were reduced in 1933/34 to 78,718 gross boxes valued at a paltry Rs.74,000 (little more than £5,000). These meagre imports were obtained from Sweden with small values from Japan and the United Kingdom. It should be noted, however, that although the United Kingdom is not interested in the export of matches to India, the London market has a considerable financial interest in the Indian business of the Swedish group.

Packing (Engine and Boiler) of all kinds (excluding Asbestos).—The market in normal times is worth about Rs.5 lakhs, but fell to Rs.2½ lakhs in 1932/33 and then recovered to just under Rs.3 lakhs in the year under review :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
2,51,633	2,49,203	2,86,297

The market is supplied almost entirely by United Kingdom makers, the only foreign imports in 1932/33 being Rs.10,562 from the U.S.A. and Rs.7,191 from France.

Toilet Requisites.—This comprehensive heading includes all articles for toilet use not separately classified elsewhere :—

1931-32.	1932-33.	1933-34.
<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
47,79,746	58,13,685	56,61,474

It will be noted with some surprise that imports of semi-luxury articles such as these should have been so well maintained. This is due to the changed outlook of Young India, of both sexes, towards Western habits and ways and the increasing use of cosmetics, beauty preparations, etc., etc. In 1932/33 the United Kingdom

contributed 35%, the U.S.A. 30%, Japan 14%, France 7%, Germany 6% and Italy 2%. The 10% preference should be of value to United Kingdom exporters but it must be followed up by more active salesmanship and more generous treatment of local retail distributors, who now find that they can usually make a greater profit on the sale of U.S.A. goods and, consequently, take pains to push their sale. Moreover, the U.S.A. firms specialise on widely advertised branded goods, which are energetically followed up by factory representatives as well as wholesale agent. Many United Kingdom manufacturers need to display more interest in the methods of distribution, uses and ultimate destination of their products.

Articles Imported by Post (not included elsewhere).—The postal traffic has fallen-off materially in recent years partly owing to the fact that jewellery, precious stones, gold and silver thread, cigarettes and cinematograph films when imported by post and referred to Collectors of Customs for assessment are now included under their appropriate headings in the import returns. The figures for the last three years are:—

1931-32.	1932-33.	1933-34.
<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
2,96	2,59	2,41

In 1932/33 the United Kingdom supplied 61%, Switzerland 12%, Italy 13%, Germany 3% and France 3%. China and Japan contributed small values.

The cash-on-delivery system with the United Kingdom (known in India as the Imperial value-payable-post system), which is a great convenience to British residents in India, has fallen-off considerably during the depression. The following are the returns of C.O.D. parcels received from the United Kingdom and the Irish Free State in 1931/32 and 1932/33:—

<i>Year.</i>	<i>Number.</i>	<i>Value.</i> £
1931-32	61,720	217,300
1932-33	48,218	141,490

Of these parcels, 2,255 or 4.67% of the total number were returned as undeliverable in 1932/33.

RAW MATERIALS AND SEMI-MANUFACTURED ARTICLES.

Coal.—There has been a substantial recovery after the steady decline in imports from 263,000 tons (Rs.58 lakhs) in 1927-28 to 34,800 tons (Rs.6½ lakhs) in 1932-33. The imports for the past year aggregated 56,351 tons valued at Rs.9 lakhs. The cotton mills in Bombay and Ahmedabad are now using Bengal coal as a result partly of reduced railway rates and partly of appeals for

reciprocal trading from their most important cloth market in Bengal. Imports into Karachi have also fallen to a third of their former volume. The most recent figures are :—

Countries of Consignment.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	15,994	3	9,776	2
Union of South Africa ...	13,516	2	34,740	5
Australia ...	3,015	1	6,165	1
Other Countries ...	2,275	*	5,670	1
Total ...	34,800	6	56,351	9

* Rs.37,180.

Coke.—The relatively unimportant imports of coke are almost equal to their volume in 1930-31 :—

—	1931-32.	1932-33.	1933-34.
Rupees ...	3,05,082	3,16,592	4,41,877
Tons ...	12,144	12,678	19,791

Burma is the only market for coke as the Indian Peninsular is served from indigenous sources. In 1932-33 Natal supplied 10,803 tons valued at Rs.2½ lakhs, the United Kingdom 1,220 tons valued at Rs.49,000 and Germany 655 tons valued at Rs.20,000.

Mineral Oils.—The following are the most recent statistics. It must be borne in mind, however, that Burma supplies enormous quantities of refined petroleum products such as kerosene, petrol and batching oils.

Kerosene Oil.—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
U.S.S.R. ...	1,85	1,64	1,50
Roumania ...	5	23	34
Borneo ...	20	—	—
Persia ...	95	39	2
Celebes and other D.E.I. Islands ...	—	8	—
U.S.A. ...	1,28	18	13
Other Countries ...	*	2	33
Total Imports ...	4,33	2,54	2,32

* Rs.154.

The check to the imports of Soviet Union oil has synchronised with a corresponding increase in imports from Roumania. " Other Countries " in 1932-33 represented Sumatra.

Fuel Oils.—The imports were :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Roumania	2	10	21
Persia	1,38	1,26	1,18
Straits Settlements	4	*	†
Borneo	50	51	53
Other Countries	10	16	7
Total Imports	2,04	2,03	1,99

* Rs.21,375

† Rs.47,871.

The Anglo-Persian Oil Co. Ltd. supplies the bulk of the fuel oils, half of which are imported into Bombay.

Petrol.—There has been a remarkable drop in the imports under the Customs heading of " Petroleum, dangerous, flashing below 76° Fahrenheit, including petrol, benzine and benzol " as the following totals show :—

1931-32	1932-33.	1933-34.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
1,05	37	6

In 1932-33 the imports were drawn from Sumatra (25%), Dutch New Guinea (43%), Germany (11%) and Java (6%). The reduced imports during the past two years are due to the elimination, resulting from exchange difficulties, of arrivals from the U.S.A.

Batching Oils.—The depression in the jute mills of Bengal has resulted in a further reduction of imports to a fresh low-watermark of Rs.35 lakhs.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Borneo (Dutch)	20	18	6
U.S.A.	17	31	28
Other Countries	—	1	1
Total	37	50	35

Other Lubricating Oils.—The United Kingdom has a direct interest in this valuable trade :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	27	21	26
Belgium	*	9	†
U.S.A.	81	74	72
Other Countries	3	5	3
Total	1,11	1,09	1,01

* Rs. 14,942. † Rs. 54,602.

The recovery in the United Kingdom position may be attributed partly to the exchange handicap which operated against the U.S.A. during the first six months of the period and partly to the preferential duty of two annas per gallon, which has been in force since the 1st January, 1933. United Kingdom manufacturers and blenders of lubricating oils are strongly represented with a wide spread distributing organisation. German shipments are steadily expanding and small quantities are occasionally drawn from the Dutch East Indies. The gradual development of aviation should create an increasing market for the finest grade United Kingdom lubricants.

Salt.—In 1930-31 the imports of salt attained a total of 703,64 tons but have fallen steadily since then to a total of 349,246 tons in 1933-34. Since the 31st March, 1933, the temporary additional customs duty on imported salt has been reduced to 2½ annas per maund of 82½ pounds avoirdupois over and above a local excise duty of Rs.1/9/-.

Principal Countries of Consignment.	1932-33.		1933-34.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	24,662	4	527	1
Germany	57,390	10	54,466	8
Spain	27,828	4	2,289	*
Aden and Dependencies	284,884	40	271,685	35
Egypt	39,876	6	10,552	2
Italian East Africa	103,443	14	8,982	1
Other Countries	6,041	1	745	†
Total	544,124	79	349,246	47

* Rs.31,773.

† Rs.11,255.

Bengal imported 309,868 tons and Burma 39,004 tons. Arrivals in other provinces were negligible. The remarkable increase in the share of the United Kingdom during recent years

regrettable as salt provided a most convenient form of ballast for steamers leaving Liverpool, but is inevitable in view of the determination of the Government of India to protect Indian salt production. If the import duty is applied to Aden salt, we may expect the virtual extinction of this once valuable trade.

Sugar.—The protective import duty of Rs.9/1/- per cwt. imposed by the Sugar Protection Act of 1932 has dealt a heavy blow to this great import trade, which has always been one of the mainstays of Customs revenue and which amounted to 1,003,177 tons in 1930-31. Although an Excise duty of Rs.1/5/- per cwt. was imposed by the Indian Budget of 1934-5, this is not likely to check the development of Indian factories under sound management. There are now at least one hundred modern factories operating in India and more are projected. The effects of this revolutionary development within the short space of three years receives eloquent confirmation in the following import statistics, not to mention the dwindling revenue returns.

Sugar, 23 Dutch Standard and above.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	5	14	13
Russia	21	3	—
Java	4,07	3,30	1,98
China	7	3	3
Other Countries	2	17	25
Total Imports	4,42	3,67	2,39

In 1932-33, "other countries" included an exceptional consignment of Rs.13 lakhs from Portuguese East Africa and Rs.3 lakhs' worth from Japan.

Sugar, below 23 Dutch Standard but not below 16 D.S.

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Java	29	*	—
China	2	1	2
Japan	—	2	1
Total Imports	31	3	3

* Rs.912.

Of the imports of Java sugar in 1932-33, Bengal took 86,000 tons (29%), Bombay 87,000 tons (29%), Sind 57,000 tons (19%), Madras 41,000 tons (14%) and Burma 24,000 tons (9%).

Beet Sugar.—India's offtake of beet sugar is spasmodic, varying with the relative price of cane sugar. The imports during the past six years were as follows.—

1928-29.—8,404 tons valued at Rs.16 lakhs.
1929-30.—131,001 tons valued at Rs.225 lakhs.
1930-31.—78,119 tons valued at Rs.87 lakhs.
1931-32.—118,359 tons valued at Rs.125 lakhs.
1932-33.—40,690 tons valued at Rs.42 lakhs.
1933-34.—27,556 tons valued at Rs.28 lakhs.

The following statement shows the provenance :—

Countries of Consignment.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	23	24	24½
Russia	66	9	—
Poland	15	—	—
Germany	18	*	†
Other Countries	3	9	3
Total Imports	1,25	42	27½

* Rs.26,968.

† Rs.6,000.

The imports are exclusively into Karachi (31,891 tons in 1932-33) and Bombay (8,779 tons in 1932-33). In 1932-33 an abnormal shipment of 5,453 tons (Rs.5½ lakhs) from Ecuador, 2,368 tons (Rs.2½ lakhs) from Belgium and 449 tons (Rs.47,000) from Holland were included in "other countries".

The following table gives the other types of imported sugar :—

—	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Sugar, 15 D.S. and below	2	*	†
Molasses	16	11	‡

* Rs. 18,705.

† Rs. 456.

‡ Rs. 68,388.

The disposal of the enormous quantities of molasses which are accumulating as a result of the rapid development of the local industry presents a serious problem, which could best be solved by the manufacture of industrial alcohol. Whatever the solution may be, the import trade is now practically extinct.

IMPORTS INTO THE MARITIME STATES OF KATHIAWAR.

In view of the prominence which the trade of the Kathiawar Ports has recently received on account of the growing diversion to them of imports which formerly entered India via Bombay and of the serious loss of Customs revenue suffered by the Government of India (see paragraph on page 52), it will be of interest to include the following table which shows (a) the growth of the traffic during the past three years, (b) the distribution of imports by countries and (c) the share of the various States :—

VALUES.

Twelve Months, 1st April to 31st March.

	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
DISTRIBUTION OF IMPORTS BY COUNTRIES.			
From United Kingdom	64,10,293	87,91,105	1,14,77,615
" Ceylon	—	39,020	1,53,261
" Straits Settlements	—	44,141	93,465
" Hongkong	34,685	38,008	47,604
" Union of South Africa	—	1,078	71,139
" Kenya Colony	625	1,17,74,211	86,26,103
" Other British Possessions	93,872	92,585	36,052
Total British Empire	65,39,475	2,07,80,148	2,05,05,239
From Russia	27,51,288	92,175	2,58,349
" Sweden	1,10,240	1,44,266	2,30,276
" Norway	61,422	1,71,951	1,18,272
" Denmark	1,381	1,68,166	700
" Poland	—	47,621	97,161
" Germany... ..	33,68,536	37,73,936	33,76,383
" Netherlands	16,56,034	5,29,429	5,89,478
" Belgium	20,71,620	25,12,430	23,59,873
" Luxemburg	—	1,20,605	2,12,267
" France	3,42,792	2,61,375	3,18,321
" Italy	1,49,897	53,486	1,04,154
" Iraq	6,15,310	3,62,372	2,67,772
" Persia	1,59,751	46,545	2,56,461
" Java	70,97,530	71,08,434	61,65,002
" Maskat Territory and Trucial Oman.	5,96,396	4,07,164	1,15,783
" Other Native States in Arabia...	5,24,100	4,34,347	2,59,637
" China (exclusive of Hongkong and Macao).	38,003	65,589	74,882
" Japan	2,25,302	10,13,712	19,64,891
" Egypt	2,38,501	21,60,805	27,71,717
" Portuguese East Africa	—	7,507	6,01,361
" United States of America	10,31,743	9,56,599	8,67,092
" Other Foreign Countries	68,941	1,38,085	2,64,876
Total Foreign Countries	2,11,08,787	2,05,76,599	2,12,74,708
Total	2,76,48,262	4,13,56,747	4,17,79,947
Share of Baroda	55,75,514	58,68,341	48,87,267
" Bhavnagar	75,85,333	2,33,26,629	2,29,94,631
" Jafarabad	71,911	35,894	4,23,445
" Junagadh	24,67,720	13,44,737	23,21,102
" Morvi	17,68,422	19,91,942	24,88,992
" Nawanagar	84,11,100	71,94,780	59,57,053
" Porbandar	17,68,262	15,94,424	27,07,457
Total Imports	2,76,48,262	4,13,56,747	4,17,79,947

A summarised table of the imports by commodities is not available, but the following statement shows the development of a few of the principle items during the past three years :—

Articles.	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton (raw)	3	1,43	1,14
Sugar	1,06	76	75
Iron and Steel (included in following item).	33	36	50
Metals and ores of all kinds	49	63	78
Cotton manufactures	2	14	19
Artificial Silk Manufactures	—	2	7
Machinery	10	21	25
Chemicals	13	13	15
Hardware	3	6	7
Instruments and Apparatus	1	5	7
Oils of all kinds	6	3	11
Paints and Painter's Materials	2	2	3
Paper and Pasteboard	6	7	7
Soap	2	3	3
Rubber manufactures	1	2	1
Motor Cars	4	3	4

It will be observed that raw cotton for use in the mills of Ahmedabad and Upper India, sugar, metals, machinery, cotton manufactures and chemicals constitute the principal items.

The following summarised statistics of the imports into British India from Kathiawar States across the Viramgam-Dhandhuka Customs line are interesting as showing the proportion which finds its way into British India :—

—	1931-32.	1932-33.	1933-34.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Total dutiable foreign goods passed under concession or agreement.	77	2,25	2,17
Total duty-free foreign goods	15	14	14
Total imports into Kathiawar Ports ...	92	2,39	2,31
Balance representing consumption in the States or not otherwise accounted for.	2,76	4,13	4,18
	1,84	1,74	1,87

APPENDIX I

TEXT OF THE INDO-JAPANESE TREATY.

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, and His Majesty the Emperor of Japan, desiring to facilitate trade and commerce between India and Japan, have decided to conclude a Convention for this purpose and have accordingly appointed as their Plenipotentiaries:--

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India;

For India:

The Rt. Hon. Sir John Allsebrook Simon, G.C.S.I., K.C.V.O., M.P.,

His Principal Secretary of State for Foreign Affairs;

The Rt Hon. Sir Samuel John Gurney Hoare, Bt., G.C.S.I., G.B.E., C.M.G., M.P., His Secretary of State for India;

His Majesty the Emperor of Japan:

His Excellency Mr. Tsuneo Matsudaira, His Imperial Majesty's Ambassador Extraordinary and Plenipotentiary at the Court of St. James;

Who, having communicated their full powers, found in good and due form, have agreed as follows:—

Article 1.

The territories to which the present Convention applies are, on the part of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, British India, together with States in India which, by treaty with His Majesty the King or otherwise, may be entitled to be placed with regard to the stipulations of the present Convention on the same footing as British India (such territories being hereinafter referred to as India); and on the part of His Majesty the Emperor of Japan, all the territories and possessions belonging to or administered by His Majesty the Emperor (such territories being hereinafter referred to as Japan).

Article 2.

Articles produced or manufactured in the territories of one of the High Contracting Parties, on importation into the territories of the other, from whatever place arriving, shall not be subjected to duties or charges other or higher than those imposed on like articles produced or manufactured in any other foreign country.

Article 3.

Notwithstanding anything contained in the present Convention, the Government of India shall have the right of imposing or modifying from time to time special customs duties on the importation into India of articles produced or manufactured in Japan, other or higher than those imposed on like articles produced or manufactured in any other foreign country, at such rates as the Government of India may consider to be necessary to correct the effects of any variation of the exchange value of the yen relative to the rupee subsequent to the 31st day of December, 1933; provided that no modification in any such rate shall be made until it has been in force for at least five weeks.

In imposing or modifying or on being requested by the Government of Japan to modify such special customs duties, the Government of India shall give full consideration to all relevant factors which tend to raise the export prices of articles produced or manufactured in Japan, and shall limit the rates of such duties to what is necessary to correct the effects of any

variation of the exchange value of the yen relative to the rupee on the duty-paid value of articles produced or manufactured in Japan and imported into India.

Reciprocally, the Government of Japan shall have the right of imposing or modifying from time to time special customs duties on the importation into Japan of articles produced or manufactured in India, other or higher than those imposed on like articles produced or manufactured in any other foreign country, at such rates as the Government of Japan may consider to be necessary to correct the effects of any variation of the exchange value of the rupee relative to the yen; provided that such right shall not accrue to the Government of Japan so long as the exchange value of the rupee relative to the yen is not below the value of 0.732 yen, and that no modification of any such rate shall be made until it has been in force for at least five weeks.

In imposing or modifying or on being requested by the Government of India to modify such special customs duties, the Government of Japan shall give full consideration to all relevant factors which tend to raise the export prices of articles produced or manufactured in India, and shall limit the rates of such duties to what is necessary to correct the effects of any variation of the exchange value of the rupee below 0.732 yen on the duty-paid value of articles produced or manufactured in India and imported into Japan.

Article 4.

While reserving to the Government of India and to the Government of Japan the right to make such changes in their customs tariffs as may be necessary for the protection of their own interests, the High Contracting Parties agree that when any modification of its customs tariff by either country results in the trade interests of the other being adversely affected in any appreciable measure, the Governments of the two countries shall, upon the request of the Government of the country adversely affected, forthwith enter into negotiations with the object of reconciling as far as possible the interests of the two countries.

Article 5.

The present Convention shall be ratified. The instruments of ratification shall be exchanged in London as soon as possible. The date on which the instrument of ratification of each of the High Contracting Parties has been completed will be communicated to the other through diplomatic channels, and the present Convention shall enter into force, in advance of the exchange of the instruments of ratification, as from the date on which the latter of the two communications required under the present Article shall have been made.

Article 6.

The present Convention shall remain in force until the 31st day of March, 1937.

In case neither of the High Contracting Parties shall have given notice to the other six months before the said date of his intention to terminate the Convention, it shall continue operative until the expiration of six months from the date on which either of the High Contracting Parties shall have given notice of termination to the other.

In witness whereof the respective Plenipotentiaries have signed the present Convention and have affixed thereto their seals.

Done at London, in duplicate, this twelfth day of the seventh month of the 9th year of Showa, corresponding to the twelfth day of July, 1934.

For India :

(L.S.) JOHN SIMON.
(L.S.) SAMUEL HOARE.

For Japan :

(L.S.) T. MATSUDAIRA.

THE PROTOCOL.

At the moment of proceeding this day to the signature of the Convention regarding the Commercial Relations between India and Japan, the undersigned Plenipotentiaries, being duly authorised to that effect, have agreed as follows regarding the importation of Japanese cotton piecegoods into India:—

Article 1.

For the purposes of the present Protocol:—

The expression "cotton year" means a year beginning on the 1st day of January;

The expression "cotton piecegoods year" means a year beginning on the 1st day of April;

A cotton piecegoods year and the cotton year in which that cotton piecegoods year begins are referred to as "corresponding"; and

The expression "yard" means a linear yard.

Article 2.

The customs duties to be imposed on importation into India of cotton piecegoods manufactured in Japan shall not exceed the following rates:—

(a) Plain greys—50 per centum *ad valorem* or 5½ annas per pound, whichever is higher;

(b) Others—50 per centum *ad valorem*.

If hereafter the Government of India should decide to impose a specific duty on cotton piecegoods other than plain greys, it will not impose on such piecegoods, being the manufacture of Japan, a specific duty exceeding 5½ annas per pound.

Article 3.

(1) If in any cotton year 1 million bales of raw cotton are exported from India to Japan, the quantity of cotton piecegoods which may be exported from Japan to India in the corresponding cotton piecegoods year shall be a basic allotment of 325 million yards.

(2) If the exports of raw cotton from India to Japan in any cotton year are less than 1 million bales, the allotment of cotton piecegoods for the corresponding cotton piecegoods year shall be the basic allotment diminished by 2 million yards for every 10,000 bales of the deficit or for any residual quantity thereof exceeding 5,000 bales.

(3) If the exports of raw cotton from India to Japan in any cotton year exceed 1 million bales, the allotment of cotton piecegoods for the corresponding cotton piecegoods year shall be the basic allotment increased by 1½ million yards for every 10,000 bales of the excess or for any residual quantity thereof exceeding 5,000 bales;

Provided that the allotment of cotton piecegoods shall not in any case exceed 400 million yards for any cotton piecegoods year.

(4) If the exports of raw cotton from India to Japan in any cotton year exceed 1½ million bales, the excess shall be added to the quantity of raw cotton exported from India to Japan in the following cotton year for the purpose of determining the allotment of cotton piecegoods for the cotton piecegoods year corresponding to such following cotton year.

(5) For the purposes of the calculations under the present Article and under Articles 4, 5, 6 and 7, any raw cotton or cotton piecegoods which have been imported and then re-exported shall be excluded.

Article 4.

(1) The allotment of cotton piecegoods which may be exported from Japan to India during the first half of any cotton piecegoods year shall be 200 million yards;

Provided that, if in the first half of any cotton piecegoods year the exports of cotton piecegoods from Japan to India exceed the allotment for the whole of that cotton piecegoods year, the allotment for the first half of the following cotton piecegoods year shall be 200 million yards less such excess.

(2) The allotment of cotton piecegoods which may be exported from Japan to India during the second half of any cotton piecegoods year shall be the annual allotment for that year less 200 million yards;

Provided that, if the quantity exported from Japan to India in the first half of any cotton piecegoods year is less than 200 million yards, as increased or diminished under Article 5, the allotment for the second half of that cotton piecegoods year shall include the quantity of the deficit up to a quantity not exceeding 20 million yards.

Article 5.

Notwithstanding anything hereinbefore contained, (a) if less than the allotment for any cotton piecegoods year is exported from Japan to India in that year, the quantity of the deficit up to a quantity not exceeding 20 million yards may be exported in the first half of the following cotton piecegoods year in addition to the allotment for that half-year; and (b) a quantity not exceeding 20 million yards of cotton piecegoods may be exported from Japan to India in any cotton piecegoods year, other than the cotton piecegoods year in which the present Protocol terminates, in addition to the allotment for that year; but such excess shall be deducted from the allotment for the first half of the following cotton piecegoods year.

Article 6.

If the present Protocol should come into effect at any time other than the beginning of a cotton piecegoods year, the first cotton year shall, for the purposes of the Protocol, be deemed to begin on the 1st day of January, 1934, and the first cotton piecegoods year on the 1st day of April, 1934.

Article 7.

(1) For the purposes of the present Protocol cotton piecegoods shall be divided into the four categories of: (a) plain greys, (b) bordered greys, (c) bleached (white) goods, and (d) coloured (printed, dyed or woven) goods; and the allotment for any cotton piecegoods year shall be divided into sub-allotments among these four categories, consisting of portions of the allotment as follows:—

	<i>Per centum.</i>
Plain greys	45
Bordered greys	13
Bleached (white) goods	8
Coloured (printed, dyed or woven) goods	34

and, save as provided in paragraph (2) the export of cotton piecegoods in each category in any cotton piecegoods year shall be restricted to the said portions.

(2) Transfers may be made from one sub-allotment to another, subject to the following conditions:—

(a) The allotment for any cotton piecegoods year shall not thereby be increased;

(b) the amount transferred from a sub-allotment for bordered grey or from a sub-allotment for bleached (white) goods shall not exceed

20 per centum of the amount of such sub-allotment, and the amount transferred from any other sub-allotment shall not exceed 10 per centum of the amount of such sub-allotment; and,

(c) a sub-allotment for bordered greys or a sub-allotment for bleached (white) goods shall not be increased by more than 20 per centum of the amount of such sub-allotment, and any other sub-allotment shall not be increased by more than 10 per centum of the amount of such sub-allotment.

(3) The principles of the present Article shall apply also to quantities of cotton piecegoods exported from Japan to India under Article 5 in excess of the yearly allotments, as if such quantities were yearly allotments.

Article 8.

Nothing contained in the present Protocol shall be deemed to affect the rights of either High Contracting Party under Article 2 or Article 3 of the Convention regarding the Commercial Relations between India and Japan of this day's date.

Article 9.

The present Protocol shall come into force simultaneously with the Convention regarding the commercial relations between India and Japan of this day's date and shall remain in force until the 31st day of March, 1937.

Done at London, in duplicate, this twelfth day of the seventh month of the 9th year of Showa, corresponding to the twelfth day of July, 1934.

For India :	
(L.S.)	JOHN SIMON.
(L.S.)	SAMUEL HOARE.
For Japan :	
(L.S.)	T. MATSUDAIRA.

APPENDIX II

AGREEMENT REACHED BETWEEN THE LANCASHIRE TEXTILE DELEGATION AND THE MILLOWNERS' ASSOCIATION, BOMBAY.

Following the conferences between representatives of the Indian and British Cotton Textile Industries which opened in Bombay on 19th September, 1933, an understanding has been reached to which the respective parties are the Millowners' Association, Bombay, and the British Textile Mission to India.

The parties wish to record their conviction that great benefit has been derived by all concerned from the full and frank exchange of views, the personal contacts which have been established and the greater understanding which both sides have secured of each other's position.

The parties are agreed that it would be in the best interests of the industries they represent to maintain and develop in the future the contacts which have been established, and it is hoped that it will become the practice for views to be exchanged whenever circumstances render it desirable.

The following headings of agreement have been adopted on the assumption that the cotton duty is not increased above the present level of half an anna per lb.

(1) It was agreed that the Indian Cotton Textile Industry is entitled, for its progressive development, to a reasonable measure of protection against the imports of United Kingdom yarns and piecegoods. It was also agreed that under present conditions, owing to lower costs and other factors operating in foreign countries, the Industry required a higher level of protection against them than against the United Kingdom.

(2) As regards cotton piecegoods, it was agreed that if and when the revenue position of the country made it possible for the Government of India to remove the general surcharge on all imports imposed in October, 1931, the Indian side would not make fresh proposals with regard to the duties applicable to the United Kingdom imports.

(3) In the matter of cotton yarns, the Indian side has agreed that so far as imports from the United Kingdom are concerned, the duty may be 5 per cent. ad valorem with a minimum specific duty of $1\frac{1}{4}$ annas per lb.

(4) So far as artificial silk piecegoods are concerned, the Indian side agreed that in the case of the United Kingdom the duties may be as follows:—

30 per cent. ad valorem or $2\frac{1}{4}$ annas per square yard for hundred per cent. artificial silk fabrics; and

30 per cent. or 2 annas per square yard for mixture fabrics of cotton and artificial silk.

(5) In so far as the Empire and other overseas markets for piecegoods and yarns are concerned, it is agreed that any advantages which might be arranged for British goods should be extended to Indian goods, and that India, in markets in which she has no independent quota, should participate in any quota which might be allocated to the United Kingdom. In respect of overseas markets in which Indian mills lack established connections, it is agreed that the Manchester Chamber of Commerce should use its good offices to bring about contacts between Indian manufacturers and British houses which are already established in those markets.

(6) In regard to raw cotton, the Indian side strongly emphasised the urgent necessity of further efforts being made in the United Kingdom to popularise and promote the use of the Indian raw material. They welcomed the undertaking that the British Textile Mission would be prepared to recommend effective action being taken and keep the Indian side regularly in touch with developments. It was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower.

(7) This understanding is limited in its duration to the period ending on 31st December, 1935.

W. CLARE LEES,
Chairman, British Textile Mission.

H. P. MODY,
*Chairman, Millowners' Association,
Bombay.*

Bombay,
28th October, 1933.

APPENDIX III

LETTER FROM SIR JOSEPH BHOBE, K.C.S.I., K.C.I.E., TO SIR WILLIAM CLARE LEES, O.B.E., REGARDING THE RESULTS OF THE LANCASHIRE DELEGATION'S VISIT TO INDIA.

New Delhi, the 25th October, 1933.

DEAR SIR WILLIAM CLARE LEES,

Before the United Kingdom Textile Delegation leaves India I would express to you and your colleagues the gratification of the Government of India and myself at what—apart from its future potentialities—I conceive to be the visible and immediate consequences of your visit. I am particularly glad to learn that by your discussions with the leading representatives of the Indian cotton textile industry you have succeeded in establishing a greater measure of mutual understanding than has ever existed previously between those whom you represent and the cotton industry of India.

2. You will not expect me to comment upon the outcome of the discussions, but I take this opportunity of stating that the Government of India are in full sympathy with the principle of such industrial conferences as those in which you have just taken part, and they will always be prepared to consider most carefully the results of such deliberations. They hope that the precedent now happily established will be followed in the future whenever circumstances make it opportune so to do.

3. You have made certain representations to the Government of India on behalf of the United Kingdom cotton and artificial silk industries. I can assure you that these representations will be carefully and sympathetically considered. It is impossible, owing to the nature of some of your submissions, to give you an immediate reply, but when the time comes for Government to take decisions on the matters in question, your representations will be borne in mind. You understand, I know, that our economic policy has been and will be framed primarily with a view to the best interests of India. But, subject to that basic condition, we are at all times ready and anxious to assist British trade and to foster and enlarge the trade exchanges between Great Britain and this country.

4. Although a full reply to your case is for the time being impracticable, it is possible to give you an assurance on one point. You have mentioned in the course of your representations that the industries which you represent greatly regret the indeterminate character of the provisions relating to their manufactures in the Trade Agreement which was concluded at Ottawa, although you recognise that the circumstances at the time of the Ottawa Conference did in fact make it difficult if not impossible for the Government of India to negotiate a more precise understanding. I can give the assurance that the Government of India will enter into discussions with His Majesty's Government in Great Britain on this point as soon as the negotiations now proceeding with the Japanese Government are concluded. The Government of India recognise the natural wish of an export trade of such great importance to Great Britain to be included within the scope of the Trade Agreement which now exists between the two countries.

5. In conclusion I wish to convey to you my appreciation of the manner in which you have conducted your negotiations in India. You have made many friends not only for yourselves but for the industries you represent. You have removed many misunderstandings and misconceptions in India, and if on your return to the United Kingdom you are able there to perform the same service, you will have made a valuable contribution towards the creation of more cordial relations between India and your own country. It

is my sincere hope that in due course people in India as in the United Kingdom will come to recognise that no better basis for future trade relations could be evolved than that which the visit of your Mission has initiated. Should this come to pass I am sure that India would play her part and that she would always give a warm welcome and every consideration to any representatives of British Trade who might come, as you have, to discuss common problems.

Yours sincerely,

J. W. BHOSE.

Sir William Clare Lees, O.B.E., J.P.,

Chairman of the United Kingdom Textile Delegation,
Bombay.

APPENDIX IV

VALUE OF TRADE WITH PRINCIPAL COUNTRIES, DISTINGUISHING PRINCIPAL ARTICLES.

TABLE A.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
<i>(In thousands of Rupees.)</i>				
UNITED KINGDOM.				
<i>Imports therefrom—</i>				
Animals, living	5.02	9.14	6.77	6.07
Apparel	59.29	23.58	23.71	21.40
Arms, Ammunition, etc.	30.60	57.00	37.09	36.86
Artificial Silk Yarn	—	10.58	14.35	12.90
Asbestos	—	11.16	9.46	11.23
Belting for Machinery	36.26	32.51	35.50	30.52
Bobbins	—	23.60	19.16	13.72
Books and Printed matter	41.05	43.59	38.96	41.90
Boots and Shoes	51.33	6.61	6.21	5.80
Building materials	59.89	34.19	25.64	23.70
Carriages and Carts	19.11	3.74	3.45	3.44
Chemicals	69.55	1,40.78	1,40.08	1,49.02
China clay	—	9.05	8.04	7.60
Coal and Coke	41.33	6.17	3.94	2.65
Cordage and rope	4.39	2.88	2.00	2.49
Cotton—				
Raw	58.67	4.16	4.60	4
Twist and Yarn	3,35,18	1,21,82	1,31,80	95,78
Piecegoods—				
Grey	20,73,55	95,54	1,75,95	1,34,96
White	10,87,38	4,02,02	5,26,79	3,68,98
Coloured	11,29,72	2,85,36	4,87,63	3,54,11
Other manufactures	1,40,25	83,01	99,78	88,95
Cutlery	10,53	5,87	6,51	7,81
Cycles and parts	29,40	43,33	51,96	62,67
Drugs and medicines	54,03	66,67	61,16	70,69
Dyeing and tanning substances	6,90	25,31	33,45	31,10
Earthenware and porcelain	30,50	14,30	12,26	12,24
Flax manufactures	28,83	16,79	16,01	15,80
Furniture	10,84	8,39	6,26	8,84
Glass and glassware	22,26	13,21	12,01	11,13
Haberdashery and millinery	61,21	13,51	13,96	12,72
Hardware	1,88,61	96,16	91,44	97,56

TABLE A—continued.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
Cotton—cont.		<i>(In thousands of Rupees.)</i>		
Instrument, apparatus, etc. ...	1,04,88	1,83,26	1,94,31	2,06,32
Ivory	11,33	5,56	4,66	2,50
Jewellery, etc.	14,51	16,59	32,91	4,26
Jute manufactures	10,09	1,55	1,90	1,39
Leather, including hides, tanned, etc.	38,59	25,07	23,93	22,47
Liquors—				
Ale, beer and porter	45,64	48,81	49,73	45,23
Spirit	69,47	83,08	84,44	89,44
Wines	13,62	5,74	5,72	6,53
Machinery and millwork	4,97,69	7,73,18	7,81,22	6,91,14
Manures	1,68	19,74	39,07	40,78
Metals—				
Aluminium	5,38	7,51	9,45	17,48
Brass	6,13	33,08	55,56	53,04
Copper	1,67,45	28,69	29,75	39,94
Iron	28,88	1,96	2,81	3,02
Iron or steel	6,96,13	3,11,52	2,42,05	2,83,31
Lead	13,99	2,96	2,99	5,10
Steel	42,02	26,19	25,96	31,68
Zinc	14,85	6,63	8,28	8,80
Others	27,43	14,67	15,24	16,72
Motor cars and motor cycles, etc.	74,50	91,17	1,15,68	1,54,15
Oils, mineral	22,31	29,22	27,37	29,93
„ vegetable, animal, etc.	17,76	10,59	10,54	10,84
Packing, engine and boiler	4,98	2,18	2,25	2,65
Paints and painters' materials	56,00	58,95	59,66	63,54
Paper and pasteboard	73,44	75,64	79,83	88,73
Piecegoods of cotton and artificial silk	—	9,61	21,85	18,29
Pitch and tar	8,72	1,96	1,75	1,62
Polishes	9,48	18,15	18,30	20,28
Precious stones	14	2,05	1,93	1,94
Printing materials	14,70	14,46	14,25	16,69
Provisions	1,34,15	1,51,20	1,39,67	1,51,33
Rubber manufactures, including tyres, etc.	16,45	69,34	80,16	1,16,23
Salt	23,44	5,66	4,52	75
Ships, parts of	18,00	9,29	4,13	5,16
Silk manufactures, including yarn	19,07	6,98	11,71	8,15
Soap	56,52	75,05	69,59	63,59
Stationery	41,44	35,95	32,84	35,76
Sugar	25,37	28,17	38,13	38,12
Tallow and stearine	10,43	1,95	1,76	2,15
Tea-chests	41,32	36,95	34,37	38,13
Tobacco	51,83	61,54	34,44	41,13
Toilet requisites	10,35	18,13	20,73	22,15
Toys and requisites for games	16,75	10,65	10,46	11,62
Umbrellas	24,71	6,00	3,68	3,56
Woolen manufactures, including yarn	1,85,24	40,53	71,78	78,58
Other articles	1,50,99	3,04,33	2,53,51	4,25,42
Total	91,58,01	44,81,44	48,70,80	47,62,82

TABLE B.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
JAPAN.				
<i>(In thousands of Rupees.)</i>				
<i>Imports therefrom—</i>				
Ale, beer and porter	3	3,83	4,41	5,04
Apparel	9,17	20,76	25,48	30,18
Artificial silk	—	2,16,26	2,70,63	1,55,81
Bobbins	—	3,64	4,75	5,21
Boots and shoes	16	48,72	31,57	32,41
Brass, bronze, etc.	7	16,97	40,83	32,53
Brushes and brooms	48	90	1,99	1,51
Buttons of all sorts	—	4,24	7,24	6,81
Camphor	11,48	8,49	11,77	13,60
Carriages	11	2,75	68	89
Cement	1	9,47	8,10	5,64
Chemicals	93	6,37	13,26	22,81
Coal and coke	7,02	16	3	5
Copper	27,99	3,55	6,72	8,89
Cotton, raw	9	2,63	85	—
" hosiery	65,23	41,59	61,23	72,51
" piecegoods	6,10	5,45,20	7,85,39	4,43,20
" yarn	6,16	82,82	1,60,71	95,67
" other manufactures	2,12	9,40	11,59	8,02
Drugs and medicines (other than camphor)	1,72	9,09	7,54	5,72
Earthenware and porcelain	4,23	16,74	31,59	25,95
Furniture and cabinetware	71	57	1,08	1,17
Glass and glassware—				
Bangles... ..	5	15,08	22,33	13,39
Beads and false pearls	7,61	3,37	5,45	5,16
Bottles and phials	1,00	8,49	11,95	10,26
Funnels, globes, etc.	58	69	98	1,06
Tableware	1,41	3,49	4,18	4,06
Others	3,35	10,90	20,56	23,08
Haberdashery and millinery	10,88	10,42	18,09	17,22
Hardware	3,59	15,77	30,11	34,77
Instruments	85	8,47	22,99	30,43
Iron or steel	—	3,76	13,89	27,49
Machinery and millwork	63	3,74	4,14	7,75
Matches	28,40	—	5	6
Paints and painters' materials	—	4,13	7,45	6,92
Paper and pasteboard	55	9,78	15,92	12,30
Provisions and oilman's stores	1,57	1,52	3,61	5,70
Rubber manufactures	—	3,04	13,04	18,30
Silk, raw	1,15	1,59	4,71	6,57
Silk manufactures	1,31,45	95,99	2,01,72	2,10,62
Spices, ginger	3,40	19	18	23
Stationery (excluding paper)	2,17	4,74	9,47	9,12
Tea-chests	87	1,04	96	1,89
Toilet requisites	1,31	3,39	8,14	10,02
Toys and requisites for games	3,16	9,66	22,86	33,80
Umbrellas and umbrella fittings	4,91	0,88	14,62	17,03
Wood—timber	32	9,45	2,37	3,73
" —manufactures	71	3,27	5,05	3,72
Woollen manufactures	8	1,52	14,16	33,07
Other articles	10,54	36,45	81,32	1,14,14
Total	3,64,35	13,33,97	20,47,74	16,35,51

TABLE C.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
<i>(In thousands of Rupees.)</i>				
UNITED STATES.				
<i>Imports therefrom—</i>				
Aluminium	4,26	3,40	55	60
Apparel	33	10,21	7,30	7,17
Arms	80	2,66	86	1,06
Belting for machinery	1,11	10,48	8,43	8,68
Boots and shoes	54	19	10	3
Building materials	88	7,17	11,13	11,08
Carriages	72	83	20	5
Chemicals	22	11,90	14,63	15,54
Clocks and watches	3,82	1,22	78	79
Copper	—	7,51	4,44	3,82
Cotton, raw	27,72	2,23,57	3,84,58	63,98
„ piecegoods	26,44	30,50	32,60	16,69
Drugs and medicines	4,18	19,56	20,83	21,92
Dyeing substances	—	10,99	8,36	10,84
Furniture	1,44	1,98	71	74
Glassware	1,17	1,29	53	60
Hardware	24,72	27,17	10,51	22,76
Instruments	5,86	63,39	53,35	57,25
Iron and steel	48,56	14,19	6,28	6,75
Leather	—	10,37	10,96	8,39
Machinery	24,56	1,22,11	81,12	80,73
Manures	—	37	46	50
Motor cars, etc.	8,49	1,41,46	88,68	97,49
Oils, mineral	2,19,66	3,15,64	1,31,11	1,18,86
Paper and pasteboard	1,21	11,35	8,09	5,77
Provisions	3,80	22,10	18,51	13,75
Rubber	16	83,39	52,38	21,36
Spirit	5,34	14,09	15,63	13,95
Stationery	2,05	3,00	2,32	1,68
Sugar	18	64	6	—
Tobacco	5,90	25,46	57,44	27,10
Toilet requisites	2,22	15,53	17,60	13,30
Wood and timber	6,56	3,15	3,53	3,58
Other articles	15,59	66,75	65,03	61,00
Total	4,49,03	12,83,62	11,25,09	7,17,81

TABLE D.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
<i>(In thousands of Rupees.)</i>				
GERMANY.				
<i>Imports therefrom—</i>				
Apparel	14,87	6,90	8,58	8,33
Bobbins	—	2,74	3,79	2,85
Building materials	6,72	2,17	1,62	41
Buttons	—	2,70	4,23	3,88
Carriages	2,81	77	25	73
Chemicals... ..	10,62	46,55	40,48	34,37
Clocks and watches	1,36	4,31	3,54	3,62
Cutlery	7,95	13,23	14,34	13,74
Cycles	1,75	8,23	7,89	6,10
Drugs and medicines	6,19	42,77	43,34	42,79
Dyeing substances	87,40	1,71,36	1,37,17	1,36,79
Glassware	23,69	20,34	17,72	13,44
Hardware	57,24	75,85	1,07,98	86,14
Instruments	13,57	61,42	65,32	55,94
Liquors	19,41	18,43	17,24	14,57
Machinery	30,27	1,12,27	98,06	1,31,77
Manures	2,20	6,15	2,51	2,41
Metals—				
Aluminium	12,16	6,23	3,92	5,94
Brass	1,56	70,41	80,03	50,32
Copper	93,41	28,86	67,24	32,29
Iron	2,86	1,56	4	55
Iron or steel	86,97	41,08	41,75	37,27
Steel	65,19	2,17	3,62	3,68
Zinc	3,24	2,89	3,36	2,61
Motor cars, etc.	5,64	8,83	7,35	5,32
Oils	19,57	8,49	15,91	7,74
Paints and painters' materials	5,58	9,35	11,15	9,20
Paper and pasteboard	21,82	27,49	30,12	20,18
Paper-making materials	1,61	3,42	9	73
Printing materials	1,02	4,00	4,47	4,93
Provisions	5,50	6,07	2,80	2,04
Rubber manufactures	3,82	19,39	14,72	8,99
Salt	9,46	4,82	9,70	8,17
Stationery	5,04	16,60	20,82	14,54
Sugar	3,84	17,83	33	6
Textiles—				
Artificial silk	—	8,92	11,69	6,79
Cotton manufactures	83,71	8,04	8,92	2,95
Haberdashery	22,10	11,05	13,16	9,71
Silk manufactures	16,81	4,21	4,94	3,19
Wool manufactures	90,62	19,99	24,36	15,80
Toys	11,10	5,43	3,84	3,06
Umbrellas	7,66	11,18	7,23	5,02
Other articles	57,03	75,34	73,10	69,29
Total	9,35,56	10,19,84	10,38,72	8,88,25

TABLE E.

Articles.	Pre-war Average	1931-32.	1932-33.	1933-34.
<i>(In thousands of Rupees.)</i>				
BELGIUM.				
<i>Imports therefrom—</i>				
Artificial silk	—	1,73	1,93	1,26
Arms, etc.	26	3,02	3,65	2,27
Building materials	4,04	3,32	1,94	1,71
Cotton manufactures	42,12	3,51	3,29	1,16
Dyeing and tanning substances	10,82	2,00	1,04	2,02
Earthenware and porcelain ...	3,45	46	54	49
Glass and glassware	16,92	12,69	15,03	10,75
Hardware	5,58	2,97	3,49	2,85
Liquors	1,50	1,40	1,15	1,58
Machinery and millwork ...	1,76	26,78	38,62	42,60
Manures	75	4,07	2,84	1,92
Metals—				
Brass	37	68	61	66
Copper	3,54	1,80	3,78	1,07
Iron	15,95	84	2,13	61
Iron or steel	45,46	1,18,67	93,87	55,75
Steel	63,54	33,90	27,17	27,42
Motor cars, etc.	4,15	1,05	86	24
Paints and painters' materials ...	2,08	3,25	3,36	2,54
Paper and pasteboard	5,00	4,51	3,99	4,28
Precious stones	1	28,65	68,71	55,21
Provisions	1,41	4,36	3,72	3,22
Sugar	29	47	2,66	2,87
Woollen manufactures	2,11	2,02	6,87	4,79
Other articles	40,61	39,42	50,59	38,86
Total	2,76,00	3,01,57	3,41,84	2,66,13

TABLE F.

Articles.	Pre-war Average.	1931-32.	1932-33.	1933-34.
<i>(In thousands of Rupees.)</i>				
ITALY.				
<i>Imports therefrom—</i>				
Apparel	6,98	3,64	3,14	3,04
Art, works of	45	83	1,13	46
Building materials	2,57	5,20	5,24	3,32
Buttons	—	3,34	5,64	3,60
Chemicals	4,72	15,06	15,14	15,46
Dyeing and tanning substances	1,49	5,28	7,94	3,20
Fruits and Vegetables	8,48	16,42	19,19	20,37
Glassware	4,26	2,49	2,17	2,30
Instruments	1,70	6,10	7,34	7,23
Liquors	78	1,69	2,10	2,14
Machinery	1,44	13,33	7,34	13,16
Metals—				
Aluminium	9	39	22	32
Brass	1,09	1,97	40	3
German silver	—	2,76	5,00	3,80
Quicksilver	—	6,53	8,62	6,08
Others	67	1,94	1,65	3,76
Motor cars, etc.	66	10,63	4,80	4,70
Paper and pasteboard	79	3,53	3,75	2,22
Rubber manufactures	13	16,77	15,03	4,20
Stone and marble	2,48	2,62	4,06	4,19
Sugar	23	—	—	—
Textiles—				
Artificial silk yarn	—	41,29	47,80	37,57
Cotton—raw	11	4	87	—
—Twist and yarn	4,98	1,23	5	18
—manufactures	45,22	31,89	22,06	2,21
Haberdashery and millinery ...	4,32	8,52	9,82	6,87
Silk manufactures	19,83	19,56	24,38	5,78
Piecegoods of cotton and arti- ficial silk	—	16,04	21,85	16,32
Wool manufactures	4,07	32,02	74,98	61,03
Other articles	27,30	87,66	73,12	57,68
Total	1,44,84	3,58,77	3,94,83	2,91,28

REPORTS by H.M. Trade Commissioners, Commercial Diplomatic and Consular officers on commercial and financial conditions in the following countries, issued, or in course of preparation, by the Department of Overseas Trade.

A.—During the year 1933.

No.		No.	
545	Algeria, Tunisia and Tripolitania ... 3s. 6d. (3s. 8d.)	541	Japan 3s. 6d. (3s. 8d.)
551	Argentina ... 5s. 0d. (5s. 3d.)	550	Netherlands East Indies ... 4s. 6d. (4s. 9d.)
556	Austria 2s. 0d. (2s. 2d.)	552	Newfoundland ... 2s. 0d. (2s. 1d.)
561	China 4s. 9d. (5s. 0d.)	536	Panama 1s. 0d. (1s. 1d.)
548	Czechoslovakia ... 2s. 0d. (2s. 1d.)	534	Philippines ... 1s. 6d. (1s. 7d.)
560	Egypt 4s. 0d. (4s. 2d.)	537	Portuguese E. ... Africa 2s. 6d. (2s. 8d.)
538	Guatemala, Honduras and Nicaragua ... 3s. 0d. (3s. 2d.)	543	Siam 1s. 6d. (1s. 7d.)
540	Hungary 2s. 0d. (2s. 1d.)	542	Spain 2s. 0d. (2s. 2d.)
559	Iraq 1s. 6d. (1s. 7d.)	544	United States ... 4s. 0d. (4s. 3d.)
558	Italy 5s. 0d. (5s. 3d.)		

B.—During the year 1934.

No.		No.	
577	Angola 1s. 6d. (1s. 7d.)	580	Netherlands ... 3s. 0d. (3s. 2d.)
578	Australia ... 4s. 6d. (4s. 9d.)	585	Norway 2s. 6d. (2s. 8d.)
563	Belgian Congo ... 2s. 6d. (2s. 8d.)	572	Paraguay ... 1s. 6d. (1s. 7d.)
576	Belgium 4s. 0d. (4s. 3d.)	592	Peru 2s. 0d. (2s. 1d.)
583	B. E. Africa ... 3s. 3d. (3s. 5d.)	576	Poland 2s. 0d. (2s. 1d.)
587	Canada 4s. 6d. (4s. 9d.)	590	Portugal 2s. 6d. (2s. 8d.)
571	Costa Rica ... 1s. 0d. (1s. 1d.)	586	Roumania ... 2s. 0d. (2s. 1d.)
573	Denmark 2s. 6d. (2s. 8d.)	566	Salvador ... 1s. 9d. (1s. 10d.)
564	Dominican Rep. and Hayti ... 2s. 3d. (2s. 5d.)	565	South Africa ... 2s. 0d. (2s. 2d.)
569	Finland 2s. 6d. (2s. 8d.)	574	S. and N. Rhodesia and Nyasaland 2s. 6d. (2s. 8d.)
581	France 7s. 0d. (7s. 9d.)	568	Switzerland ... 2s. 0d. (2s. 1d.)
562	French W. Africa 1s. 6d. (1s. 7d.)	589	Syria 1s. 6d. (1s. 7d.)
582	Germany 3s. 6d. (3s. 9d.)	591	Turkey 1s. 6d. (1s. 7d.)
579	Greece 2s. 0d. (2s. 2d.)	567	Uruguay ... 1s. 6d. (1s. 7d.)
570	Mexico 1s. 0d. (1s. 1d.)	584	Yugoslavia ... 2s. 0d. (2s. 1d.)
588	Morocco 2s. 3d. (2s. 5d.)		

C.—During the year 1935.

No.		No.	
	Brazil (In preparation)		Ecuador (In preparation)
	Brit. W. Indies ... (In preparation)		Honduras ... (In preparation)
	Bulgaria (In preparation)		India (See Cover)
	Chile (In preparation)		Nicaragua ... (In preparation)

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